

**Sonoma Clean Power Community Choice
Aggregation Implementation Plan and
Statement of Intent
(Second Revised and Updated)**

October 2016



This update to the Sonoma Clean Power CCA Implementation Plan and Statement of Intent makes the following changes to January 2015 version:

1. Adds the County of Mendocino and the cities of Fort Bragg, Point Arena and Willits to the geographic service territory;
2. Updates load forecasts and financials to account for additional customers in the new territory;
3. Makes minor updates the plan to reflect the current SCP program organizational structure, finances and planning.

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CHAPTER 1 – Introduction

The Sonoma Clean Power Authority (“SCPA”) is a public agency located in Sonoma and Mendocino Counties, formed for the purposes of implementing a community choice aggregation (“CCA”) program (“SCP” or the “SCP Program”). Member Agencies of SCP include the County of Sonoma and the Sonoma County Water Agency (“Members” or “Member Agencies”). The County of Mendocino and the municipalities of Cloverdale, Cotati, Fort Bragg, Petaluma, Point Arena, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Willits and Windsor (“Participants” or “Participating Cities”) have elected to participate on the governing board and allow SCP to provide service within their jurisdictions. This Implementation Plan and Statement of Intent (“Implementation Plan”) describes SCP’s plans to expand the implementation of a voluntary CCA program for electric customers within the jurisdictional boundaries of its Member Agencies and Participating Cities that currently take bundled electric service from Pacific Gas and Electric Company (“PG&E”). The SCP Program gives electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. SCP first started serving customers on May 1, 2014 and the planned start date for the County of Mendocino and the cities of Fort Bragg, Point Arena and Willits is June 1, 2017. All current PG&E customers within the new SCP service area will receive information describing the SCP Program and will have multiple opportunities to express their desire to remain full requirement customers of PG&E, in which case they will not be enrolled. Thus, participation in the SCP Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled unless they affirmatively elect to opt out.

SCP’s CCA program enables customers within SCP’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. SCP’s primary objectives in implementing this Program are to provide cost competitive electric services; stimulate and sustain the local economy by developing local jobs in renewable energy and energy efficiency; reduce greenhouse gas emissions related to use of power in Sonoma and Mendocino Counties; implement energy efficiency and demand reduction programs; and develop long-term rate stability and energy reliability for residents through local control. The prospective benefits to consumers include a substantial decrease in greenhouse gas emissions, stable and competitive electric rates, public participation in determining which technologies are utilized to meet local electricity needs, and local/regional economic benefits.

To ensure continuing successful operation of the Program, SCP has hired industry experts in the roles of CEO, Director of Power Services, General Counsel and Regulatory Affairs Manager. Information regarding SCP's procurement process is provided in the program's Resource Plan, available at:
sonomacleanpower.org/scp-resource-plan

In addition, SCP is subject to the requirements of SB 350, and will be preparing an Integrated Resource Plan, which will be provided to the CPUC on the Commission's schedule in 2017.

SCP's Implementation Plan reflects a collaborative effort among SCP, its Members and Participants, and the private sector to bring the benefits of competition and choice to electric customers in Sonoma County. By exercising its legal right to form a CCA Program, SCP enables its Members' and Participants' constituents to access the competitive market for energy services and obtain access to increased renewable energy supplies and reductions in GHG emissions. Absent action by SCP and its individual Members and Participants, most customers would have no ability to choose an electric supplier and would remain captive customers of the incumbent utility.

The California Public Utilities Code provides the relevant legal authority for SCP to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through the SCP Program. The CPUC also has responsibility for registering SCP as a Community Choice Aggregator and ensuring compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs to bundled customers of the incumbent utility.

On August 15, 2013, at a duly noticed public hearing, pursuant to SCP Resolution No. 2013-0005 (a copy of which is included as a part of Appendix A), SCP considered and adopted the original version of this Implementation Plan. On October 4, 2013 the Commission certified the original version of this Implementation Plan. On January 17, 2014 SCP finalized registration as a CCA with the Commission. The SCPA Board of Directors voted unanimously to approve and adopt a revised and updated version of the Implementation Plan at a duly noticed public hearing held on January 8, 2015. And this current version was approved by the SCPA Board of Directors on October 13, 2016 by Resolution No. 2016-005 (also included in Appendix A).

For SCP customers receiving service under prior versions of this Implementation Plan, the Commission established the methodology for determining the cost recovery mechanism, and PG&E approved tariffs for the imposition of the cost recovery mechanism. SCP's newly participating jurisdictions – the County of Mendocino and Cities of Fort Bragg, Point Arena and Willits – have each adopted a resolution and ordinance permitting SCP to provide service within their jurisdictions.¹ To move forward with providing service to the newly participating jurisdictions, SCP now submits this revised and updated Implementation Plan to the CPUC. Following the CPUC's certification of its receipt of this revised and updated Implementation Plan and resolution of any outstanding issues, SCP will begin the customer notification and enrollment process for customers in the newly participating jurisdictions.

Organization of this Implementation Plan

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PU Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation and provides SCP's statement of intent for implementing a CCA program that includes all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

The remainder of this Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: Financial Plan for Expansion to New Cities
- Chapter 5: Customer Enrollment Phasing
- Chapter 6: Load Forecast and Resource Plan
- Chapter 7: Financial Plan for Ongoing Program Operation
- Chapter 8: Ratesetting and Program Terms and Conditions
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination

Appendix A: SCP Resolutions Approving Implementation Plans and Member and Participant Ordinances

Appendix B: Joint Powers Agreement

¹ Copies of individual ordinances adopted by SCP's Members and individual resolutions and ordinances adopted by SCP Participants are included as Appendix A.

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Statement of Intent	Chapter 1: Introduction
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Financial Plan for Expansion to New Cities Chapter 7: Financial Plan for Ongoing Program Operation
Ratesetting and other costs to participants	Chapter 8: Ratesetting and Program Terms and Conditions Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting and Program Terms and Conditions
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Participant rights and responsibilities	Chapter 5: Customer Enrollment Phasing Chapter 9: Customer Rights and Responsibilities
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 3: Organizational Structure Chapter 10: Procurement Process

CHAPTER 2 – Aggregation Process

Introduction

This chapter describes the background leading to the development of this Implementation Plan and describes the process and consequences of aggregation, consistent with the requirements of AB 117.

Beginning in 2010, the Sonoma County Water Agency, the County of Sonoma (“County”) and Sonoma County municipalities began investigating formation of a CCA Program, pursuant to California state law, with the following primary objectives: 1) provide cost competitive electric services; 2) stimulate and sustain the local economy by developing local jobs in renewable energy; 3) reduce greenhouse gas emissions related to use of power in Sonoma County; and 4) develop long-term rate stability and energy reliability for residents through local control. A feasibility study for a CCA Program serving the region and an independent review of the study were both completed in October 2011.

After nearly a year of collaborative work by representatives of the participating municipalities, independent consultants, local experts and stakeholders, the participating municipalities released a draft Implementation Plan in October 2012, which described the planned organization, governance and operation of the CCA Program. Consistent with the Implementation Plan’s described organizational structure, SCP was formed on December 4, 2012 to implement the SCP Program. The original SCP Implementation Plan was submitted to the CPUC on August 20, 2013 and certified by the CPUC on October 4, 2013.

The SCP Program represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within its territory. SCP has expanded the energy choices available to eligible customers through its default service called “CleanStart,” improved net metering program, feed-in tariff and 100 percent local and renewable program called “EverGreen.” Also, SCP is actively developing additional program activity in the areas of electric vehicles and related infrastructure, demand response tools and load aggregation, energy efficiency, and possibly customized pricing options for large energy users.

Process of Aggregation

Before customers of newly participating jurisdictions are enrolled in the Program, they receive two written notices in the mail, from SCP, that provide the information needed to understand the Program’s terms and conditions of service and explain how customers can opt out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at

least thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. The initial enrollment notices will be provided to the next phase of new customers in March 2017. Initial enrollment notices will be provided to subsequent customer phases consistent with statutory requirements.

Customers enrolled in the SCP Program will continue to have their electric meters read and to be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers shows separate charges for generation procured by SCP as well as other charges related to electricity delivery and other utility charges assessed by PG&E.

After service cutover, customers will have approximately 60 days (two billing cycles) to opt out of the SCP Program without penalty and return to the distribution utility (PG&E). SCP customers will be advised of these opportunities via the distribution of two additional enrollment notices provided within the first two months of service. Customers that opt out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by SCP but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth enrollment notice will be deemed to have elected to become a participant in the SCP Program and to have agreed to the SCP Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

SCP Customers will pay the generation charges set by SCP and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9.

SCP's rate setting policies described in Chapter 7 establish a goal of providing rates that are competitive with the projected generation rates offered by the incumbent distribution utility (PG&E). SCP's governing board, with input from SCP's Customer Advisory Committee, sets rates sufficient to recover the costs related to operation of the Program.

SCP's current rates are between 1% and 5% lower than PG&E's rates, current as of September 1, 2016, when all electric charges and fees are compared. Information regarding prevailing SCP Program rates will be disclosed along with other terms and conditions of service in the enrollment notices sent to potential customers.

Once SCP gives definitive notice to PG&E that it will commence service to customers in the newly participating jurisdictions, SCP customers will generally not be responsible for costs associated with PG&E's future electricity procurement contracts or power plant investments. Certain pre-existing generation costs and new generation costs that are deemed to provide system-wide benefits, and which CCAs do not elect to self-procure, will continue to be charged by PG&E to CCA customers through separate rate components, called the Cost Responsibility Surcharge and the New System Generation Charge. These charges are shown in PG&E's electric service tariffs, which can be accessed from the utility's website, and the costs are included in charges paid by both PG&E bundled customers as well as CCA and Direct Access customers.²

Lower Greenhouse Gas Impacts

A second consequence of the Program is an increase in the proportion of energy generated and supplied by qualifying renewable and hydroelectric resources. SCP's resource plan includes procurement of diverse sources of renewable energy sufficient to meet a minimum of 40 percent of the SCP Program's electricity needs for all enrolled customers and greenhouse gas (GHG) emissions that are at least 20 percent lower than PG&E's emissions. SCP's 2015 GHG emissions are forecast to be 45% lower than PG&E's 2015 GHG emissions, but this is still subject to review and third-party verification.

SCP customers may also voluntarily participate in a 100 percent local and renewable supply option called EverGreen. To the extent that customers choose SCP's 100 percent renewable energy option, the renewable content of SCP's power supply will be even greater and the GHG emissions even lower. This renewable energy is currently met with baseload geothermal energy, but is expected to be met by a 50/50 mix of solar photovoltaic and geothermal by the end of 2017. SCP emphasizes procurement from local renewable energy projects to the greatest extent practical.

Energy Efficiency Impacts

A third consequence of the Program will be an increase in energy efficiency program investments and activities. The existing energy efficiency programs administered by the distribution utility have not changed, and are not expected to change, as a result of SCP's operation. CCA customers will continue to pay the public benefits surcharges to the distribution utility which will fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency

² For PG&E bundled service customers, the Power Charge Indifference Adjustment element of the Cost Responsibility Surcharge is contained within the tariffed Generation rate. Other elements of the Cost Responsibility Surcharge are set forth in PG&E's tariffs as separate rate charges paid by all customers (with limited exceptions).

investments ultimately planned for the SCP Program, as described in Chapter 5, will be in addition to the level of investment that would continue in the absence of the SCP Program. Thus, the SCP Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs. SCP may apply for administration of requisite program funding from the CPUC to independently administer energy efficiency programs within its jurisdiction.

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of SCP and its implementation of the CCA program. Specifically, the key agreements, governance, management, and organizational functions of SCP are outlined and discussed below.

Organizational Overview

The SCP Program has a governing board that establishes SCP Program policies and objectives; staff management that is responsible for operating the SCP Program in accordance with such policies, and contractors that provide energy and other specialized services necessary for SCP Program operations.

Governance

The SCP Program is governed by the Sonoma Clean Power Authority's (SCPA) Joint Powers Agreement (JPA). Pursuant to the terms of the JPA, each participating jurisdiction appoints up to one member to serve on SCPA's Board of Directors ("Board"). In the case of the incorporated cities of Mendocino County, one Director represents all three cities. The SCPA Board is comprised of representatives appointed by the municipalities of Cloverdale, Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma, Windsor, the County of Sonoma (which also represents the Sonoma County Water Agency), the County of Mendocino, and one Director jointly representing the cities of Fort Bragg, Point Arena and Willits. The SCP Program is operated under the direction of a Chief Executive Officer appointed by the Board, with legal and regulatory services provided by a Board-appointed General Counsel.

The Board's primary duties are to establish program policies, approve budgets and rates and provide policy direction to the Chief Executive Officer, who has general responsibility for program operations. The Board selects a Chair and other officers from among its membership and may establish an Executive Committee and other committees and sub-committees as needed. The SCPA Board also has established a Community Advisory Committee to provide additional public review of major activities including programs, budgets and rates.

Management

The Chief Executive Officer is an employee of SCP, and the Board is responsible for evaluating and managing the Chief Executive Officer's performance.

The Chief Executive Officer has management responsibilities over the functional areas of Resource Planning, Electric Supply, Local Energy Programs, Finance and

Rates, Customer Services and Regulatory Affairs. In performing his or her obligations to SCP, the Chief Executive Officer utilizes a combination of internal staff and contractors. Certain specialized functions needed for program operations, namely scheduling and customer account management functions, are currently performed by experienced third-party contractors.

Major SCP functions that are managed by the Chief Executive Officer are summarized below.

Resource Planning

SCP must plan for meeting the electricity needs of its customers utilizing resources consistent with its policy goals and objectives. The Chief Executive Officer oversees SCP's Director of Power Services, and Director of Programs who develop SCP's Integrated Resource Plan under the policy guidance provided by the Board and in compliance with California Law and other requirements of California regulatory bodies.

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. SCP currently has a mid-term five year Resource Plan, and is in the process of developing its first long-term resource plan as part of the SB350 IRP process. SCP resource planning will focus on lowering greenhouse gas emissions and limiting customer costs through demand-side load management and efficiency, distributed generation and demand response programs in addition to traditional supply options, which rely on structured wholesale transactions to meet customer energy requirements. SCP's Integrated Resource Plan will be updated and adopted by the Board on an annual basis.

Electric Supply Operations

Electric supply operations encompass the activities necessary for wholesale procurement of electricity to serve end-use customers. These highly specialized activities include the following:

- *Load Forecasting* – develop accurate load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Electricity Procurement* – assemble a diverse portfolio of electricity resources to supply the electric needs of Program customers.
- *Risk Management* – application of standard industry techniques to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the California Independent System Operator (CAISO).

SCP manages these activities primarily with staff, and contracts for scheduling coordination with a third party.

Local Energy Programs

A key focus of the SCP Program is the development and implementation of local energy programs, including load management and efficiency programs, distributed generation programs and other energy programs responsive to community needs. SCP's Director of Programs, under direction from the Chief Executive Officer, is responsible for further development of these programs.

SCP will administer an increasing mix of greenhouse gas reduction, energy efficiency, demand response and distributed generation programs that can be used as cost-effective alternatives to procurement of supply-side resources while supporting the local economy. SCP may attempt to consolidate existing demand-side programs into this organization and will expand energy efficiency offerings to customers throughout its service territory. SCP may apply for CPUC third-party administration of energy programs and use of funds collected through the existing public benefits surcharges paid by SCP customers.

To date, SCP has launched the following Local Energy Programs:

- Contracted for 15.5 MW of new local solar;
- Created a preferred net metering program to expand customer installations of renewable energy;
- Created a broad electric vehicle program that includes test drive events, educational material, negotiated discounts for vehicles, coordination of EV charging infrastructure installation between agencies, a bid into PG&E's 2017 DRAM for aggregated load management with EV charging systems, and Switch Vehicle Lab funding for four schools;
- Established a hotline for help with how to evaluate bids and hire solar installers;
- Developed a demand response app for residential and small commercial customers;

Additional programs are in development.

Finance and Rates

The Chief Executive Officer is responsible for managing the financial affairs of SCP, including the development of an annual budget, revenue requirement and rates; managing and maintaining cash flow requirements; arranging potential bridge loans as necessary and other financial tools.

The Board of Directors has the ultimate responsibility for approving the electric generation rates for SCP's customers. The Chief Executive Officer, in coordination with staff and advisors, consultants and committees of the Board will be responsible for developing proposed rates and options for the Board to consider before

finalization. The final approved rates will general be set to meet the annual budgetary revenue requirement developed by the Chief Executive Officer, including recovery of all expenses and any reserves or coverage requirements set forth in bond covenants or other agreements. In limited circumstances, the Board may choose to adopt rates that utilize reserve funds to offset costs. The Board has the flexibility to consider rate adjustments subject to its adopted policies, provided that the overall revenue requirement is achieved. SCP will administer a standardized set of electric rates and may offer optional rates to encourage policy goals such as economic development or low-income subsidy programs.

SCP may also offer customized pricing options such as dynamic pricing or contract-based pricing for energy intensive customers to help these customers gain greater control over their energy costs. This would provide such customers – mostly large business users – with a greater range of power options than currently available to them.

SCP's finance function is responsible for arranging financing necessary for power purchase, any capital projects, preparing financial reports, and ensuring sufficient cash flow for successful operation of the SCP Program. The finance function plays an important role in risk management by monitoring the credit of energy suppliers so that credit risk is properly understood and mitigated. In the event that changes in a supplier's financial condition and/or credit rating are identified, SCP will be able to take appropriate action, as is provided for in the electric supply agreement(s). The Finance function establishes general credit policies that the SCP Program must follow.

Communications and Customer Services

The customer services function includes general program marketing and communications under SCP's Director of Marketing and Public Affairs, as well as direct customer interface ranging from management of key account relationships to call center and billing operations under SCP's Customer Care Manager and Account Executive. SCP conducts program marketing to raise consumer awareness of SCP and to establish the SCP "brand" in the minds of the public, with the goal of retaining and attracting as many customers as possible into the SCP Program. Communications are sometimes directed at key policy-makers at the state and local level, community business and opinion leaders, and the media.

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, enhances SCP's ability to differentiate itself as a highly customer-focused organization that is responsive to the needs of the community. SCP contracts with a customer call center designed to field customer inquiries and routine interaction with customer accounts, and SCP also has once customer service call center representative in house as part of its staff.

The customer service function encompasses management of customer data. Customer data management services include retail settlements/billing-related activities and management of a customer database. This function processes customer service requests and administers customer enrollments and departures from the SCP Program, maintaining a current database of enrolled customers. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payment data with the distribution utility and SCP, tracking of customer payments and accounts receivable, and issuance of late payment and/or service termination notices (which would return affected customers to bundled service).

The customer data management services function also manages billing-related communications with customers and routine customer notices. SCP has contracted with a third party, who has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions, but SCP has also begun to bring significant services in-house, including some call center representatives and billing analytics.

Legal and Regulatory Representation

The SCP Program requires ongoing regulatory management of compliance filings related to resource plans, resource adequacy, compliance with California's Renewables Portfolio Standard ("RPS"), and overall representation on issues that will impact SCP, its Members, Participants and customers. SCP's General Counsel and SCP's Regulatory Affairs Manager provide these services, and are supported by the three staff in the Power Services department and outside counsel.

SCP's legal and regulatory staff also provide important oversight to the distribution utilities fees on SCP's customers. There is currently no outside organization tasked with ensuring PG&E does not shift costs from bundled customers onto SCP's customers, so this important oversight function currently rests on SCP's staff and consultants.

SCP's General Counsel provides all legal services to SCP, retaining outside counsel as needed.

CHAPTER 4 – Financial Plan for Expansion to New Cities

This Chapter presents SCP's financial plans for the expansion of service to the new territory in Mendocino County. Current program financial performance is strong, with SCP's net position over \$40 million after 26 months of operations. Throughout that time, SCP's customers have collectively saved over \$62 million on their total electric charges, according to data provided by PG&E on their rate comparisons.

Startup Activities

SCP has adequate cash on hand to enter into new contracts for energy and resource adequacy needed to serve Mendocino County.

Over the past two years, SCP has completed the following startup activities for its existing service territory, and now continues to build on this work to serve the new territory in Mendocino County:

- Hired staff and contractors to manage implementation
- Negotiated supplier contracts
 - Electric supply
 - Meter Data Management and Billing
 - Will now negotiate for energy and resource adequacy for new load
- Defined and executed communications plan
 - Customer research/information gathering
 - Media campaign
 - Key customer/stakeholder outreach
 - Informational materials and customer notices
 - Customer call center
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt out and transfers
- Conduct load forecasting
- Establish rates
- Legal and regulatory support
- Financial management and reporting

SCP has also transitioned from a start-up period using debt to bridge cash-flow requirements to the current period where the agency carries no debt. The agency utilizes cash to post collateral for energy and resource adequacy purchases, and has built up over \$25 million in cash reserves to reduce risk.

Staffing and Contract Services

Personnel in the form of SCP staff or contractors will be added incrementally to match workloads involved in the organization, managing contracts, and managing customer outreach/marketing. SCP currently has 14 staff and will grow to around 18 over the next two years.

Capital Requirements

SCP requires capital for three major functions: (1) staffing and contractor costs; (2) other normal business expenses; and (3) working capital and collateral for energy and resource adequacy purchases. Each of these functions and associated capital requirements are discussed below. The finance plan in Chapter 7 provides a more detailed discussion of the capital requirements and Program finances.

After all current debts and liabilities are subtracted from assets, SCP finances as of July 31, 2016 are strong, with a net position of \$41 million.

Operating revenues from sales of electricity are remitted to SCP beginning approximately sixty days after providing energy. This lag is due to the distribution utility's standard meter reading cycle of 30 days and a 30-day payment/collections cycle. SCP uses its cash to pay energy and resource adequacy costs while waiting for bill payments from customers.

No borrowing will be needed to expand SCP's territory into Mendocino County, as SCP has sufficient cash on hand to cover the timing delay between energy expenses and customer receipts.

Financing Plan

The initial start-up funding to launch SCP was provided via a bank credit facility that was established in 2013 and was paid off in 2015. SCP currently carries no debt.

CHAPTER 5 – Customer Enrollment Phasing

SCP enrolled its existing customers in three phases, beginning with most commercial customers in May 2014, and extending to all remaining customers in SCP's initial territory in December 2014. The third enrollment of customers in Cloverdale, Petaluma and Rohnert Park was in June 2015. Customers in Mendocino County will be enrolled in June 2017.

SCP has 193,248 active customer accounts and will offer service to approximately 44,106 additional customer accounts in 2017. SCP forecasts total participation to be at about 88% of eligible customers based on experience with our current customers, meaning that about 12% of eligible customers are expected to opt out and continue to receive bundled service from PG&E.

CHAPTER 6 - Load Forecast and Resource Plan

Introduction

This Chapter describes the planned mix of electric resources and demand reduction programs that will meet the energy needs of SCP's customers using a highly renewable, low greenhouse gas emission, diversified portfolio of electric sources. Several overarching policies govern the resource plan and the ensuing resource procurement activities that will be conducted in accordance with the plan. These key policies are as follows:

- Reduce total greenhouse gas emissions.
- Help customers stabilize and reduce total energy costs.
- Benefit the local economy through investment in infrastructure and energy-related programs.
- Increase the portion of energy provided by diverse and well-integrated renewable electric sources.

SCP's current resource mix includes a renewable energy content of 40% and greenhouse gas emissions about 45% below PG&E's mix. As the SCP Program moves forward, incremental further reductions in the use of fossil fuel sources will be made based on resource availability and cost. Rather than focusing on increases to the percentage of qualifying renewable resources, SCP has shifted to focus more on reducing total GHG emissions. This change in focus is documented in SCP's draft Resource Plan available at SonomaCleanPower.org, a document that will be redrafted as part of SCP's Integrated Resource Plan due in 2017.

SCP seeks to supply customers with local renewable resources to the greatest extent practical, recognizing that local renewable resource development must be weighed with the goal of maintaining competitive rates. SCP's Integrated Resource Plan will also establish ambitious targets for improving customer side load management and energy efficiency as methods of helping reduce customer costs and total greenhouse gas emissions.

The Resource Plan describes how SCP accomplishes the following:

- Procure energy needed to offer two generation rate tariffs: 100 percent local renewable and 40 percent renewable through contracts with experienced, financially stable energy suppliers.

- Continue decreasing GHG emissions and increasing minimum renewable energy supplies based on resource availability and economic goals of the program.
- Administer customer programs to reduce net electricity purchases by 1%-2%, consistent with best practices in the industry.
- Encourage distributed renewable generation through a standardized power purchase agreement or "Feed-In Tariff", an enhanced net energy metering tariff, and technical support for innovative generation projects.

SCP must comply with regulatory rules applicable to California load serving entities. SCP currently contracts with Constellation and Shell to perform the necessary scheduling services to ensure sufficient electric supplies are available to meet the hour-by-hour demands of its customers. SCP adheres to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and transmission contingencies. In addition, SCP is responsible for ensuring that its resource mix contains sufficient production from qualifying renewable energy resources needed to comply with the statewide RPS (For 2016, 25% renewable energy supply and increasing to 33% by 2020 and 50% by 2030). SCP's Resource Plan meets or exceeds all of the applicable regulatory requirements related to resource adequacy and the RPS.

Resource Plan Overview

To meet SCP's objectives and satisfy the applicable regulatory requirements pertaining to SCP's status as a California load serving entity, SCP's Resource Plan includes a diverse mix of power purchases, renewable energy, new customer energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source, and thus increases the likelihood of rate stability. The ultimate goal of SCP's Resource Plan is to minimize customer energy costs and greenhouse gas emissions associated with sources of energy. SCP's power portfolio consists of a broad mix of short and long-term contracts for diverse third-party owned sources, and may include renewable generation assets owned by SCP in the future if and when federal tax laws change so that private ownership is no longer heavily incentivized.

While SCP is currently solely focused on contracting with third parties to produce power, it may explore opportunities in the future for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by SCP or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of SCP's electricity requirements on a

cost-of-service basis. Depending upon market conditions and, importantly, the applicability of future changes in tax incentives for renewable energy development, electricity purchased under a cost-of-service arrangement may be more cost-effective than purchasing renewable energy from third party developers. Any investment decisions will be made following thorough environmental reviews and in consultation with qualified financial and legal advisors.

SCP's Resource Plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its Resource Plan, SCP will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively displace supply-side resources and impacts.

The following table provides a status of SCP's current major supply agreements:

Contract Name	Description	Term
Phase 1/1A	Bundled Conventional, Carbon-Free, and Renewable Energy and Resource Adequacy contract to meet Phase 1 load.	5/2014 through 12/2016
Phase 2 (2016)	Bundled Conventional, Carbon-Free, and Renewable Energy contract to meet Phase 2 load in 2016.	1/2016 through 12/2016
Geysers 1	10-Year Bundled Geothermal and RA. Local. 10 MW in 2014 up to 18 MW in 2020.	5/2014 through 12/2023
Geysers 2	10-Year Bundled Geothermal and RA. Adds to Geysers 1 to achieve 30 MW in 2017 and 50 MW from 2018 through 2026.	1/2017 through 12/2026
Geysers 3	1-Year, 65,000 MWh Bundled Geothermal.	1/2015 through 12/2015
Shaped (2017-2020)	Shaped Energy contract to meet load from 2017 through 2020	1/2017 through 12/2020
Carbon-Free (2017-2020)	Carbon-Free Energy contract.	1/2017 through 12/2020
Bundled Renewable Energy (2017-2020)	Bundled Renewable Energy for Renewable Portfolio Standard (RPS).	1/2017 through 12/2020
Mustang 1	20-Year, 30 MW New Solar PV.	1/2017 through 12/2036

Mustang 3	20-Year, Additional 40 MW New Solar PV.	1/2017 through 12/2036
Mustang 4	1-Year, Additional 30 MW Solar PV.	1/2017 through 12/2017
Floating Solar	25-year, Additional 9 MW New Local Solar PV.	9/2017 through 8/2042
Floating Solar	25-year, Additional 3.5 MW New Local Solar PV.	3/2019 through 2/2044

SCP's proposed resource plan for the years 2014 through 2023 is summarized in the following table:

Sonoma Clean Power
Proposed Resource Plan
(GWh)
2014 to 2023

	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCP Demand (GWh)										
Retail Demand	581	1,987	2,215	2,454	2,621	2,630	2,639	2,648	2,657	2,667
Losses and UFE	35	119	133	147	157	158	158	159	159	160
Total Demand	616	2,106	2,348	2,601	2,778	2,788	2,797	2,807	2,817	2,827
SCP Supply (GWh)										
<u>Renewable Resources</u>	36%	37%	39%	41.0%	45.0%	47.0%	50.0%	52.0%	54.0%	56.0%
Power Purchase Contracts	209	726	874	1,006	1,179	1,236	1,319	1,377	1,435	1,493
Total Renewable Resources	209	726	874	1,006	1,179	1,236	1,319	1,377	1,435	1,493
<u>Carbon-Neutral Resources</u>	44%	41%	36%	41%	38%	37%	34%	34%	34%	34%
Power Purchase Contracts	258	815	792	1,006	996	960	897	900	904	907
Total Carbon Neutral Resources	258	815	792	1,006	996	960	897	900	904	907
<u>Conventional Resources</u>										
Power Purchase Contracts	149	566	682	589	603	592	581	530	478	427
Total Conventional Resources	149	566	682	589	603	592	581	530	478	427
Total Supply	-616	-2,106	-2,348	-2,601	-2,778	-2,788	-2,797	-2,807	-2,817	-2,827

Supply Requirements

SCP's projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile." SCP's rollout plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in the SCP Program unless they opt out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. SCP anticipates an overall customer participation rate of approximately 88 percent of PG&E bundled service customers, based on actual opt-out rates for SCP's current customers. SCP does not automatically enroll direct access service customers.

The participation rate is not expected to vary significantly among customer classes, in part due to the fact that SCP will offer two distinct rate tariffs that will address the needs of cost-sensitive customers as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will continue to be refined as SCP's rollout to new customers continues.

Customer Forecast

Once new customers are enrolled, they will be switched over to service by SCP on their regularly scheduled meter read date over an approximately thirty day period. SCP assumes that customer growth will generally be offset by customer attrition (opt-outs) and energy efficiency improvements over time, resulting in a relatively stable customer base (0.1% annual growth) over the noted planning horizon. Because CCA in California has a relatively short history, it is very difficult to anticipate with any precision the actual levels of customer participation within the SCP Program. SCP believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the historical customer growth within Sonoma County and the potential for continuing customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by SCP for each of the next ten years is shown in the following table:

**Sonoma Clean Power
Retail Service Accounts (End of Year)
2014 to 2023**

Customers	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	140,819	170,096	167,251	199,882	200,081	200,281	200,481	200,681	200,881	201,081
Small Commercial	13,583	17,559	17,670	22,263	22,285	22,307	22,329	22,351	22,373	22,395
Medium Commercial	2,335	2,953	2,917	3,507	3,510	3,513	3,516	3,519	3,522	3,525
Large Commercial	435	537	549	718	718	718	718	718	718	718
Industrial	9	15	13	15	15	15	15	15	15	15
Street Lighting & Traffic	2,106	2,384	2,342	2,792	2,794	2,796	2,798	2,800	2,802	2,804
Agricultural	2,632	2,505	2,506	3,112	3,115	3,118	3,121	3,124	3,127	3,130
Total	161,919	196,049	193,248	232,289	232,518	232,748	232,978	233,208	233,438	233,668

Sales Forecast

The annual electricity needed to serve SCP's retail customers increases from over 616 GWh in 2014 to approximately 2,780 GWh once all customers in Mendocino County have been receiving service for one year. Annual energy requirements are shown below.

**Sonoma Clean Power
Energy Requirements
(GWh)
2014 to 2023**

	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCP Demand (GWh)										
Retail Demand	581	1,987	2,215	2,454	2,621	2,630	2,639	2,648	2,657	2,667
Losses and UFE	35	119	133	147	157	158	158	159	159	160
Total Demand	616	2,106	2,348	2,601	2,778	2,788	2,797	2,807	2,817	2,827

Capacity Requirements

The CPUC's resource adequacy standards applicable to SCP require a demonstration one year in advance that SCP has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, SCP must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin. SCP is also subject to the flexible capacity requirements that were implemented in 2015.

A portion of SCP's capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO, from local reliability areas outside the Greater Bay Area, and from flexible resources capable of increasing and decreasing output quickly. SCP is required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on SCP's forecasted peak load. SCP must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

SCP's resource adequacy requirements for 2014-2016 and forecasted requirements for 2017 are shown in the following table:

**Sonoma Clean Power
Forward Capacity and Reserve Requirements
(MW)
2014 to 2016**

Month	SCP			SCP + Mendocino
	2014	2015	2016	2017
January	-	284	359	303
February	-	288	378	292
March	-	238	290	275
April	-	245	322	306
May	122	240	323	325
June	136	445	433	443
July	125	331	347	420
August	131	422	455	462
September	139	350	431	458
October	128	291	369	389
November	120	336	349	359
December	239	308	356	347

SCP's plan ensures that sufficient reserves will be procured to meet its peak load at all times. SCP's projected annual capacity requirements are shown in the following table:

**Sonoma Clean Power
Capacity Requirements
(MW)
2014 to 2023**

	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Demand (MW)										
Demand	233	437	462	522	522	523	523	524	524	525
Losses and UFE	7	13	14	16	16	16	16	16	16	16
Total Net Peak Demand	240	450	476	537	538	539	539	540	540	541
Coincident Peak Adjustment	-20	-22	-24	-50	-51	-51	-51	-51	-51	-51
Reserve Requirement	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Capacity Reserve Requirement	33	64	68	73	73	73	73	73	73	73
RMR/CAM Allocation	-14	-32	-38	-52	-53	-53	-53	-53	-53	-53
EE/DG/DR Adjustment	0	-5	-15	-32	-32	-32	-32	-32	-33	-33
Resource Category DR	0	-10	-12	-13	-13	-13	-13	-13	-13	-13
SCP Capacity Requirement	239	445	455	462	463	463	464	464	465	465

Local and flexible capacity requirements are functions of the PG&E area resource adequacy requirements and SCP's projected peak demand. SCP works with the CPUC's Energy Division and staff at the California Energy Commission to obtain the data necessary to calculate SCP's monthly local capacity requirement.

**Sonoma Clean Power
Local and Flexible Capacity Requirements
(MW)
2014 to 2023**

	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCP Capacity Requirement	239	445	455	462	463	463	464	464	465	465
Local Capacity Requirement (% of Peak)	16%	24%	38%	40%	40%	40%	40%	40%	40%	40%
Greater Bay Area Share of Local Capacity Requirement (%)	38%	34%	34%	34%	34%	34%	34%	34%	34%	34%
Other PG&E Share of Local Capacity Requirement (%)	62%	66%	66%	66%	66%	66%	66%	66%	66%	66%
SCP Local Capacity Requirement, Greater Bay Area (MW)	15	37	58	63	63	63	63	63	63	63
SCP Local Capacity Requirement, Other PG&E Area (MW)	24	71	113	122	122	122	122	123	123	123
SCP Local Capacity Requirement, Total (MW)	38	108	171	185	185	185	186	186	186	186
Flexible Capacity Requirement (MW)*	N/A	85	98	124	124	124	124	124	124	124

*Flexible Capacity % Requirement Varies By Month (may not coincide with month of peak demand)

SCP has coordinated with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to SCP during 2014-2016. For system resource adequacy requirements, SCP makes month-ahead

showings for each month that SCP plans to serve load, and load migration issues are addressed through the CPUC’s approved procedures.

Renewables Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, SCP is required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining SCP’s renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities apply to SCP.

SCP’s Renewables Portfolio Standards Requirement

SCP’s annual RPS requirements and Program Targets are shown in the table below. Based on planned renewable energy procurement objectives, SCP anticipates that it will significantly exceed the minimum RPS requirements as shown below.

**Sonoma Clean Power
RPS Requirements and Program Targets
(MWh)
2014 to 2023**

	SCP			SCP + Mendocino						
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Retail Sales	581,294	1,987,001	2,215,212	2,453,689	2,620,557	2,629,729	2,638,933	2,648,169	2,657,438	2,666,739
RPS Requirement (% of Retail Sales)	22%	23%	25%	27%	29%	31%	33%	33%	33%	33%
RPS Program Target (% of Retail Sales)	36%	37%	39%	41%	45%	47%	50%	52%	54%	56%
RPS Requirement (MWh)	126,141	462,971	553,803	662,496	759,962	815,216	870,848	873,896	876,955	880,024
RPS Program Target (MWh)	209,332	725,861	873,708	1,006,012	1,179,251	1,235,973	1,319,467	1,377,048	1,435,017	1,493,374
Surplus in Excess of RPS (MWh)	83,191	262,890	319,905	343,516	419,289	420,757	448,619	503,152	558,062	613,350

Purchased Power

Power purchased from utilities, power marketers, public agencies, and/or generators will be a significant source of supply during the first several years. SCP initially contracted to obtain most of its electricity from a third party electric provider. The third party supplier was responsible for procuring a mix of power purchase contracts, including specified renewable energy targets, to provide a stable and cost-effective resource portfolio for the Program. SCP is, however, gradually transitioning to self management of many of these responsibilities through the increasing use of long-term power purchase agreements. In doing so, SCP has improved its ability to provide cleaner, competitively priced power.

Renewable Resources

SCP currently procures most of its renewable power supply from its third party electric suppliers and developers. Long-term PPAs growing to 70 MW of solar, 50 MW of baseload geothermal and 46 MW of wind are executed, and locally, 3 MW of feed-in tariff local solar and 12.5 MW of additional local wholesale solar is also contracted. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered, but SCP has a strong preference for local, regional and California-based projects.

Unbundled Renewable Energy Certificates

SCP has voluntarily chosen to avoid the use of unbundled Renewable Energy Certificates/Credits, except where they may be necessary to support local renewable energy programs or protect the value of California renewable sources, such as during transmissions outages under force majeure.

Energy Efficiency

SCP's energy efficiency goals reflect a strong commitment to increasing energy efficiency within the County, expanding beyond the savings achieved by PG&E's programs. SCP seeks to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that will displace SCP's need for traditional electric procurement activities.

Forecast energy efficiency savings equal to 1 percent of SCP's projected energy sales appears to be a reasonable baseline for the demand-side portion of SCP's resource plan. For example, the National Action Plan for Energy Efficiency states among its key findings "consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales."³ The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs that an energy efficiency goal of one percent, as a percentage of energy sales, is a reasonable level to target.⁴ These savings would be in addition to the savings achieved by PG&E administered programs. Achieving this goal will mean at least a doubling of energy savings relative to the status quo (without the SCP program). SCP programs will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is actually achieved.

³ National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

⁴ Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

SCP will develop specific energy efficiency programs and may seek program funding from the CPUC to administer these energy efficiency programs. Additional details of SCP's energy efficiency plan are currently under development.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., SCP), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to procured capacity that would otherwise be needed to comply with California's resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier as well as customer service benefits.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be allowed to count for local capacity requirements. This resource plan anticipates that SCP's demand response programs would partially offset its local capacity requirements beginning in 2017, and SCP is participating in PG&E's Demand Response Auction Mechanism for 2017 through the use of aggregated, managed electric vehicle charging stations.

PG&E offers several demand response programs to its customers, and SCP intends to recruit those customers that have shown a willingness to participate in utility programs into PG&E's programs or added-value similar programs offered by SCP.⁵ The goal for this resource plan is to meet 5 percent of the SCP Program's total capacity requirements through dispatchable demand response programs that qualify to meet local resource adequacy requirements. This goal translates into approximately 18 MW of peak demand enrolled in SCP's demand response programs. Achievement of this goal would displace approximately 20 percent of SCP's local capacity requirement within the "Other PG&E" Local Reliability Area.⁶

⁵ These utility programs include the Base Interruptible Program (E-BIP), the Demand Bidding Program (E-DBP), Critical Peak Pricing (E-CPP), Optional Binding Mandatory Curtailment Plan (E-OBMC), the Scheduled Load Reduction Program (E-SLRP), and the Capacity Bidding Program (E-CBP). SCP plans to develop its own demand response programs, which may be similar to those currently administered by the incumbent utility.

⁶ The California Public Utilities Commission has defined five local Resource Adequacy areas, including the "Other PG&E" local area (which represents an aggregation of various locations within the PG&E service territory), which have been designated as transmission-constrained. Load serving entities, including SCP, must procure a certain portion of their respective resource adequacy obligations from resources located within these transmission-constrained areas. However, demand response programs may be used to directly reduce local resource adequacy obligations; SCP plans to reduce such obligations through the implementation of effective demand response programs.

SCP intends to adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high. The level of customer payments may be set in relation to the cost of local capacity that can be avoided as a result of the customer's willingness to curtail usage upon request.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called will be considered SCP's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations and deploy technology to automate customer notifications and responses. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. SCP utilizes experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with SCP's environmental policies and the state's Energy Action Plan, clean distributed generation is a significant component of the resource plan. SCP will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within SCP's jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public benefits surcharges. Two programs already administered by SCP include NetGreen, an improved net energy metering program, and ProFIT, a local feed-in tariff with preferred rates.

NetGreen provides a 1 cent premium on production to net metered customers to make up for SCP's lower retail rates and also allows customers to carry-over all financial credits (regardless of kWh balances) to future bills. Every May, SCP customers are cashed-out at the retail generation rate, meaning that any customer with a net surplus in April will be paid for the kWh surplus at SCP prevailing generation rate—historically about four times higher than PG&E's wholesale cash-out rate.

ProFIT is SCP's standard offer feed-in tariff that sets a base rate of \$95 per MWh for local Sonoma County sited, qualifying renewable production on systems under 1 MW. Certain bonuses are available up to \$35 per MWh for five years, based on use of local workforce, size of system and other factors deemed preferred by the SCPA Board of Directors.

SCP also hopes the CPUC will consider allowing CCAs to self-procure all generation resources deemed necessary for system reliability, such as Combined Heat and Power (CHP). If this regulatory action is taken, SCP believes the development of

distributed, possibly renewably fueled, CHP in SCP's territory may be possible, and the likelihood of total energy cost reductions for customers is high.

CHAPTER 7 – Financial Plan for Ongoing Program Operation

This Chapter examines the monthly cash flows expected over the next few years of the SCP Program. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

SCP's cash flow analysis estimates the level of capital that will be required during the phase-in of the newly participating jurisdictions. The analysis focuses on the SCP Program's monthly costs and revenues and specifically accounts for the enrollment of the new SCP Customers described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Services Requirements;
- Exit Fees;
- Staffing and Professional Services;
- Data Management Costs;
- Administrative Overhead;
- Billing Costs;
- Uncollectible Electric Bills;
- Scheduling Coordination;
- Grid Management and other CAISO Charges;
- CCA Bond and Security Deposit;
- Pre-Startup Cost Reimbursement; and
- Debt Service.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the analysis assumes the customer enrollment schedule described herein, and assumes that SCP charges its current rates. SCP rate increases of 3% annually, the approximate long-run average increase in California electric utility

rates, would support the cash flows presented herein.⁷ More detail on SCP's rates can be found in Chapter 8.

Cash Flow Analysis Through Customer Enrollment

The results of the cash flow analysis provide an estimate of the level of capital required for SCP to complete enrollment of customers in the newly participating jurisdictions. This estimated level of capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs or other cash requirements (e.g., deposits) by SCP, along with estimates for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

The cash flow analysis identifies funding requirements in recognition of the potential lag between payments received and payments made during the phase-in period. Financing requirements for the startup period through the end of 2014, including working capital needs was approximately \$6.5 million. That amount was initially borrowed from a bank, but has since be entirely repaid. SCP has no borrowing needs to support cash flow needs associated with the power purchases for expanding to Mendocino County, and forecasts a net positive cash flow through the preparation and start of service to the new territory.

CCA Program Implementation Financials

A financial analysis of the next several years of SCP operation is shown in the following table. Assuming annual generation rate increases equal to 2%, the CCA program is projected to accrue a reserve account balance of approximately \$50 million through the end of 2020. Note, however, that actual figures will vary with adopted rate increases and costs of energy as well as numerous other business expenses, such as staffing, rent, insurance, etc.

⁷ According to the California Energy Commission Utility-wide Weighted Average Electric Utility Prices report, PG&E average electric rates have increased by an average of 4.6% per year since 2000 and 3.4% annually since 2005.

SONOMA CLEAN POWER FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Sonoma Clean Power Five-Year Outlook

	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
REVENUES AND OTHER SOURCES					
Electricity Sales	151,038,000	181,743,618	185,378,000	189,086,000	192,868,000
Evergreen Premium	196,000	216,000	273,280	301,000	331,000
Interest Income	151,000	166,000	188,000	212,000	238,000
Total Revenues and Other Sources	151,385,000	182,125,618	185,839,280	189,599,000	193,437,000
EXPENDITURES AND OTHER USES					
Product	128,482,000	155,492,200	164,513,208	167,079,614	169,637,602
Personnel	2,736,000	3,240,000	3,784,000	3,954,000	4,112,000
Outreach and Communications	777,000	1,165,000	1,057,000	1,004,150	1,034,000
Required Noticing	614,000	1,054,520	730,660	752,580	775,157
Other Professional Services	1,875,000	2,081,000	2,143,000	2,207,000	2,273,000
General and Administration	505,000	572,000	589,000	607,000	625,000
Programs	3,500,000	6,000,000	7,000,000	7,000,000	7,000,000
Total Expenditures	138,489,000	169,604,720	179,816,868	182,604,343	185,456,760
OTHER USES					
Collateral Deposits	2,000,000	2,000,000	1,500,000	1,000,000	0
Capital Outlay	204,000	163,000	142,000	112,000	108,000
DEBT SERVICE	0	0	0	0	0
Total Expenditures, Other Uses and Debt Service	140,693,000	171,767,720	181,458,868	183,716,343	185,564,760
Net Increase/(Decrease) in Available Fund Balance	10,692,000	10,357,898	4,380,412	5,882,657	7,872,240
Accumulated General Reserves (EOY)	29,732,000	38,536,000	42,259,000	47,259,000	53,950,000
Accumulated (or spent) Program Reserves (EOY)	5,247,000	6,801,000	7,458,000	8,340,000	9,521,000

The surpluses achieved during the phase-in period serve to build SCP's credit profile in order to lower the average cost of energy. Actual financial performance will vary from these projections, and will significantly depend on actual energy costs and adopted rates.

CHAPTER 8 - Ratesetting and Program Terms and Conditions

Introduction

This Chapter describes the policies adopted by SCP in setting its rates for electric aggregation services. These include policies regarding rate design, rate objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the SCPA Board of Directors with input from the Customer Advisory Committee. The Board has authority to modify its governing policies from time to time at its discretion.

Rate Policies

SCP will generally establish rates sufficient to recover all costs related to operation of the SCP Program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Board. As a general policy, rates will be uniform for all similarly situated customers enrolled in the SCP Program throughout the service area of SCP.

The primary objectives of the ratesetting plan are to set rates that achieve the following:

- 100 percent local, 100 percent renewable energy supply option "EverGreen";
- Rate competitive tariff option "CleanStart";
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

SCP's goal is to offer competitive rates for the electric services SCP provides to participating customers. For participants in SCP's standard tariff called "CleanStart," the goal is for SCP's rates to be competitive with (meaning usually lower than) PG&E's rates. For participants in SCP's EverGreen 100 percent local and 100 percent renewable energy Tariff, the goal is to offer the lowest possible customer rates that allow for the purchase of such local and renewable energy.

Competitive rates are critical to attracting and retaining key customers. In order for SCP to be successful, the combination of price and value provided by SCP to its customers must be perceived as superior when compared to the bundled utility

service alternative. The value provided by SCP includes lower greenhouse gas emissions and a higher renewable energy content for its electric supply, enhanced energy efficiency and customer programs, community focus and investment, local control, and the benefits that derive from SCP's mission to serve its customers rather than the interests of utility shareholders.

As previously discussed, the SCP Program significantly reduces GHG emissions and increases renewable energy supply to program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for SCP Program customers is the standard tariff, called "CleanStart," which minimizes GHG emissions while maintaining generation rates that are comparable (and usually slightly lower than) PG&E's. The emissions under CleanStart for 2014 were 48% lower than PG&E's GHG emissions, however, SCP understands that there are large fluctuations in year-to-year GHG emissions relating to available hydropower and other factors. As a result, SCP is committed to providing default CleanStart service that is at least 20% lower in GHG emissions than PG&E's service.

SCP also offers its customers EverGreen, a voluntary 100% renewable energy tariff, which supplies participating customers with 100 percent locally-produced 100 percent renewable energy at rates that reflect SCP's actual cost for procuring those energy supplies. Currently, the premium is 2.5 cents per kWh above the CleanStart rate.

Participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, are automatically enrolled in the standard CleanStart Tariff and will continue to receive related discounts on monthly electricity bills through PG&E.

Rate Stability

SCP offers stable rates by hedging its supply costs a broad mix of contract length (short, medium and long) and by including renewable energy sources with stable contract costs. Rate stability considerations may prevent SCP Program rates from directly tracking similar rates offered by the distribution utility, PG&E, and may result in differences from the general rate-related targets initially established for the SCP Program. SCP endeavors to maintain general rate parity with PG&E to ensure that SCP rates are not drastically different from the competitive alternative.

Equity among Customer Classes

SCP's rates are set based on an estimate of cost-of-service considerations by referencing the rates customers would otherwise pay to PG&E. Rate differences among customer classes reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board. Over time, SCP may explore

differentiating its rate structure from PG&E's to support program goals, such as increased use of renewable energy or conservation.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to SCP's customer service call center. Customer understanding also requires rate structures to reflect rational rate design principles (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

SCP's rates must collect sufficient revenue from participating customers to fully fund SCP's annual budget minus any use of program reserves approved by the SCPA Board of Directors. Rates are set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates are adjusted as necessary to maintain the ability to fully recover all of SCP's costs, subject to the disclosure and due process policies described later in this chapter.

Rate Design

SCP generally matches the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in SCP's program. SCP may, however, also introduce new rate options for customers, such as rates designed to encourage customer installation of renewable energy, economic expansion or business retention within SCP's service area.

SCP's current customer total electric charges are between 1% and 5% lower than PG&E's bundled customer charges, when comparing total bills with all generation, transmission and distribution and PG&E fees. SCP customers' total electric charges are subject to change throughout the year due to the fact that SCP customers continue to pay all non-generation electric charges to PG&E, and these charges are subject to frequent adjustment. SCP customers also pay a Power Charge Indifference Adjustment ("PCIA") to ensure that PG&E's remaining customers do not have any increased costs as a result of SCP. There is currently no adopted method to ensure that costs are not shifted from bundled customers onto SCP's customers, so this remains the chief operational risk to SCP to ensure that an effective procedure is eventually implemented to achieve this requirement.

All cost comparisons SCP makes with PG&E are inclusive of all electric charges including transmission, distribution, public purpose, nuclear decommissioning, etc., meaning that SCP only compares the bottom line cost information rather than the

generation component by itself. The PCIA is identified in each of PG&E's rate schedules.

Custom Pricing Options

SCP may work to develop specially tailored rate and electric service products that meet the specific load characteristics or power market risk profiles of larger commercial and industrial customers. This would allow such customers to have access to a wider range of products than is currently available under the incumbent utility and potentially reduce the cost of power for these customers. SCP may provide large energy users with custom pricing options to help these customers gain greater control over their energy costs. Some examples of potential custom pricing options are rates that are based on an observable market index (e.g., CAISO prices) or fixed priced contracts of various terms.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E may participate in NetGreen, offered by SCP. NetGreen allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy costs. The PG&E net metering tariff (E-NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. SCP's NetGreen tariff applies to the generation component of the bill, and the PG&E net energy metering tariff only applies to the utility's portion of the bill. SCP pays customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the SCPA Board.

SCP may also implement tariff and financing programs to provide incentives to residents and businesses to maximize the size of photovoltaic and other renewable energy systems in order to increase the amount of locally-produced renewable power. Current tariffs create an incentive for residents and businesses considering new PV or renewable systems to limit the size of those systems so that annual generation matches annual on-site load. By implementing tariffs and programs to provide an incentive to maximize the output of such systems, SCP can help to increase the amount of local PV and renewable generation with minimal impact on the environment or existing infrastructure.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

Program rates are established in a public process originating with staff assessment of the revenue requirement, presentation of a combined budget and rate proposal to the Community Advisory Committee, followed by presentation of the draft budget and rates to the Board of Directors. Staff then develop a proposed final budget and set of customer rates based on public feedback, first to the Customer

Advisory Committee for recommendation and then for adoption to the SCPA Board of Directors.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt out of the SCP Program and the right to privacy of customer usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth enrollment notice will have agreed to become full status program participants and must adhere to the obligations set forth below. The Board retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of any mass customer enrollment process, a total of four notices is provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice is mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice is sent approximately thirty days later. SCP uses its own mailing service for requisite enrollment notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the enrollment notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying SCP using SCP's designated telephone-based or internet opt-out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they should be transferred to SCP's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer is automatically enrolled.

Following automatic enrollment, a third enrollment notice is mailed to customers, and a fourth and final enrollment notice will be mailed 30 days after automatic enrollment. Opt-out requests made on or before the sixtieth day following start of SCP service will result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay charges associated with the electric services provided by SCP during the time the customer took service from the SCP Program, but will otherwise not be subject to any penalty or transfer fee from SCP.

Customers who establish new electric service accounts within the Program's existing service area will be automatically enrolled in the SCP Program and will have sixty days from the start of SCP service to opt out if they so desire. Such customers will be provided with two enrollment notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing SCP's privacy

policy regarding customer usage information. SCP's Board of Directors has the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate, however, the SCPA Board does not currently impose any such fees.

Termination Fee

Customers that are automatically enrolled in the SCP Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation subject to payment of a Termination Fee. The Termination Fee applies to all SCP customers that elect to return to bundled utility service or elect to take "direct access" service from an energy services provider. Customers that relocate within the SCP service territory have their CCA service continued at the new address. If a customer relocating to an address within the SCP service territory elected to cancel CCA service, the Termination Fee will apply. Program customers that move out of the SCP service territory would not be subject to the Termination Fee.

PG&E will collect the Termination Fee from returning customers as part of the final bill to the customer from the CCA Program.

The Termination Fee varies by customer class as set forth in the table below, subject to adjustment by the SCPA Board as described below.

SCP Fee for Service Termination

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

The Termination Fee is clearly disclosed in the four enrollment notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could be changed prospectively by SCP's Board of Directors, subject to SCP's customer noticing requirements; provided, however, that in no event will any Termination Fee in excess of the amounts set forth above be imposed on any customer leaving before August 1, 2017, except for terminating customers participating in a voluntary tariff. As previously noted, customers that opt out during the statutorily mandated notification period will not pay the Termination Fee that may be imposed by SCP.

Customers electing to terminate service after the initial notification period (that provided them with at least four enrollment notices) are transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received

a minimum of fifteen days prior to that date. Such customers are also liable for any reentry fees and the Transitional Bundled Rate imposed by PG&E, and are required by PG&E to remain on bundled utility service for a period of one year, as described in PG&E's CCA tariffs.

Customer Confidentiality

Consistent with CPUC regulations, SCP has established policies covering confidentiality of customer data. SCP maintains the confidentiality of individual customers' names, service addresses, billing addresses, telephone numbers, account numbers, and electricity consumption, except where reasonably necessary to conduct SCP's business or to provide services to customers, including but not limited to where such disclosure is necessary to (a) comply with the law or regulations; (b) enable SCP to provide service to its customers; (c) collect unpaid bills; (d) obtain and provide credit reporting information; or (e) resolve customer disputes or inquiries. SCP will not disclose customer information for telemarketing, e-mail, or direct mail solicitation. Aggregate data may be released at SCP's discretion. SCP handles customer energy usage information in a manner that is fully compliant with the California Public Utility Commission's required privacy protections for customers of Community Choice Aggregators, as defined in Decision 12-08-045.

Responsibility for Payment

Customers are obligated to pay SCP charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, SCP is unable to direct that electricity service be shut off for failure to pay SCP's bill. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and PG&E Electric Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers are returned to utility service for failure to pay bills in full. PG&E attempts to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for a late payment notice to be provided to the customer within 90 days of the original bill due date. If payment is not received within 30 days from the notice, service will be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes SCP's procurement process.

Procurement Methods

SCP's Board of Directors adopts and maintains a policy governing the scale and types of energy transactions allowed and the approval process for those transactions.

SCP enters into agreements for a variety of services needed to support program development, operation and management. SCP generally utilizes competitive procurement methods, particularly for energy and resource adequacy procurement, but may also utilize bilateral procurement or sole source procurement, depending on the nature of the services to be procured. Competitive procurement generally entails a request for offers, request for proposals or similar process. Bilateral procurement is the purchase of goods or services without a direct competitive process when multiple sources of supply are available and easily reviewed. Sole source procurement is generally to be performed only when the circumstances render no other option, such as can occur in an illiquid market such as resource adequacy during some months.

The Chief Executive Officer or Director of Power Services reports to the SCPA Board a summary of the actions taken with respect to energy transactions at the next SCPA Board meeting.

Authority for terminating agreements generally mirrors the authority for entering into such agreements.

Key Contracts

Electric Supply Contracts

SCP initiated service using a multi-year electricity supply contract with a qualified provider, and has subsequently entered into numerous contracts with additional providers to supply energy, renewables, specified source low/zero carbon energy and resource adequacy products. Since SCP's launch, the agency has executed energy related contracts with at least 18 companies.

Data Management Contract

A data manager provides the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). The data management contract is separate from the electric supply contract, and includes the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements;
- Settlement quality meter data reporting; and
- Reporting and audits of utility billing.

Separation of the data management contract from the energy supply contract gives SCP greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

SCP executed a five-year contract for data management services in late-2013.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of SCP Program termination. The termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. The Board retains authority to modify program policies from time to time at its discretion.

Termination by SCP

SCP offers CCA services for the long term with no planned Program termination date. In the unanticipated event that the majority of the participating jurisdictions decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to the SCPA Board consistent with the terms set forth in the JPA Agreement. Following such notice, the SCPA Board would vote on Program termination subject to voting provisions as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year of advance notice would be provided to PG&E and the CPUC before transferring customers, and SCP would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

SCP has posted a CPUC bond to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

CHAPTER 12 – Appendices

Appendix A: SCPA Board Certification of this Plan

Appendix B: SCP New Participant Ordinances

Appendix C: Sonoma Clean Power Joint Powers Agreement

Appendix A: SCPA Board Certification of this Plan

RESOLUTION NO. 16-005

RESOLUTION OF THE BOARD OF DIRECTORS OF SONOMA CLEAN POWER AUTHORITY (SCPA) APPROVING AND ADOPTING THE SECOND REVISED AND UPDATED IMPLEMENTATION PLAN FOR THE SONOMA CLEAN POWER COMMUNITY CHOICE AGGREGATION PROGRAM, AND AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO SUBMIT THE PLAN TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION AND TO TAKE ALL STEPS NECESSARY TO OBTAIN CPUC APPROVAL OF THE PLAN

WHEREAS, Public Utilities Code §366.2(c) requires a community choice aggregator to approve and file with the California Public Utilities Commission any changes to its Implementation Plan and Statement of Intent; and

WHEREAS, SCPA wishes to update and revise its current Implementation Plan as a result of the decisions by the County of Mendocino and the Cities of Willits, Fort Bragg, and Point Arena to join the SCP program and the approval by the SCPA Board of Directors of those jurisdictions as participants in the SCP program; and

WHEREAS, the Board of Directors has considered adoption of the Second Revised and Updated Implementation Plan at a duly noticed public hearing as required by Public Utilities Code §366.2(c)(3); and

WHEREAS, the Implementation Plan meets all of the requirements of Section 366.2 of the Public Utilities Code; and

WHEREAS, implementation of the Sonoma Clean Power community choice aggregation program will benefit electric customers in the participating jurisdictions and the public interest by reducing greenhouse gas emissions in Sonoma and Mendocino Counties; providing electric power and other forms of energy to customers at a competitive cost, to benefit ratepayers and the local economy; carrying out programs to reduce total energy consumption; stimulating and sustaining the local economy, including by developing or promoting local distributed energy resources; and promoting long-term electric rate stability, energy security, reliability, and resilience;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SONOMA CLEAN POWER AUTHORITY FINDS AND RESOLVES AS FOLLOWS:

1. The foregoing recitals are true and correct.
2. The Second Revised and Updated Implementation Plan for the Sonoma Clean Power community choice aggregation program is approved and adopted.

3. The Chief Executive Officer is authorized and directed to submit the Implementation Plan to the California Public Utilities Commission and to take all steps necessary to obtain CPUC approval of the Plan.

ADOPTED AND APPROVED by the Board of Directors of the Sonoma Clean Power Authority this 13th day of October, 2016, by the following vote:

CITIES	NAME	AYE	NO	ABSTAIN
Cloverdale	Bob Cox	✓		
Cotati	Mark Landman	✓		
County of Sonoma	Efren Carrillo	✓		
Petaluma	Dave King	✓		
Rohnert Park	Don Schwartz	✓		
Santa Rosa	Gary Wysocky			
Sebastopol	Patrick Slayter	✓		
Sonoma	Dave Cook	✓		
Windsor	Bruce Okrepkie			

In alphabetical order by city


 Chair, Sonoma Clean Power Authority

Attest: 
 Secretary, Sonoma Clean Power Authority

Appendix B: SCP New Member Ordinances

ORDINANCE NO. 4363

AN ORDINANCE OF THE BOARD OF SUPERVISORS OF MENDOCINO COUNTY AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING WITH THE SONOMA CLEAN POWER AUTHORITY

The Board of Supervisors of the County of Mendocino, State of California, ordains as follows:

SECTION 1. Mendocino County has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provision of electric services and promoting competitive and renewable energy.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

SECTION 3. The Act expressly authorizes participation in a CCA program through a joint powers agency, and on and on December 4, 2012, the Sonoma Clean Power Authority ("SCPA") was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time ("SCPA Joint Powers Agreement").

SECTION 4. On October 4, 2013, the California Public Utilities Commission certified the "Implementation Plan" for SCPA's CCA program, and on February 20, 2015 approved a First Revised and Updated Implementation Plan, confirming SCPA's compliance with the requirements of the Act.

SECTION 5. On July 16, 2015, the Board of Supervisors of Mendocino County adopted Ordinance No. 4337, determining that implementation of a CCA program is in the public interest and welfare of its residents, and elected to authorize and implement a CCA program within the County of Mendocino.

SECTION 6. Since the adoption of Ordinance No. 4337, the County has heard presentations by the SCPA regarding its CCA program. In order to participate in SCPA's CCA program, the Act requires Mendocino County to individually adopt an ordinance electing to implement its CCA program within the County's jurisdiction.

SECTION 7. Based upon all of the above, the Board elects to implement a Community Choice Aggregation program within the unincorporated areas of Mendocino County, through the County's participation as a "Participant" in the SCPA CCA program as defined in the SCPA Joint Powers Agreement. The Chairman of the Board of Supervisors is hereby authorized to execute any documents necessary for the County's participation in the program.

SECTION 8. If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision

shall not affect the validity of the remaining portions of this Ordinance. The Board of Supervisors of the County of Mendocino hereby declares it would have passed and adopted this Ordinance and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

SECTION 9. This Ordinance shall be effective thirty (30) days from and after the date of its passage.

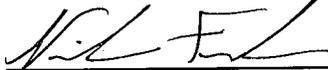
SECTION 10. A summary of this Ordinance shall be published at least once 5 days before adoption and at least once before the expiration of 15 days after its passage in the Ukiah Daily Journal, a newspaper of general circulation published in the County of Mendocino, together with the names of members voting for and against the same.

PASSED AND ADOPTED by the Board of Supervisors of the County of Mendocino, State of California, on this 13th day of September, 2016, by the following vote:

AYES: Supervisors Brown, McCowen, Gjerde, and Hamburg
NOES: None
ABSENT: Supervisor Woodhouse

WHEREUPON, the Chair declared the Ordinance passed and adopted and **SO ORDERED**.

ATTEST: CARMEL J. ANGELO
Clerk of the Board



Deputy

APPROVED AS TO FORM:
Katharine L. Elliott, County Counsel





DAN GJERDE, Chair
Mendocino County Board of Supervisors

I hereby certify that according to the provisions of Government Code section 25103, delivery of this document has been made.

BY: CARMEL J. ANGELO
Clerk of the Board



Deputy

BEFORE THE CITY COUNCIL OF THE CITY OF FORT BRAGG

**AN ORDINANCE AUTHORIZING THE
IMPLEMENTATION OF A
COMMUNITY CHOICE
AGGREGATION PROGRAM BY
PARTICIPATING WITH THE SONOMA
CLEAN POWER AUTHORITY**

ORDINANCE NO. 925-2016

The City Council of the City of Fort Bragg ordains as follows:

SECTION 1. The City of Fort Bragg has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provision of electric services and promoting competitive and renewable energy.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

SECTION 3. The Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 4, 2012, the Sonoma Clean Power Authority ("SCPA") was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time ("SCPA Joint Powers Agreement").

SECTION 4. On October 4, 2013, the California Public Utilities Commission certified the "Implementation Plan" for SCPA's CCA program and on February 20, 2015, approved a First Revised and Updated Implementation Plan, confirming SCPA's compliance with the requirements of the Act.

SECTION 5. On June 16, 2015, the Board of Supervisors of Mendocino County adopted Ordinance No. 4337, determining that implementation of a CCA program is in the public interest and welfare of its residents, and elected to authorize and implement a CCA program within the unincorporated areas of the County of Mendocino; and on September 13, 2016, the Board of Supervisors of Mendocino County adopted Ordinance No. 4363, authorizing the implementation of the SCPA's CCA program within the unincorporated areas of Mendocino County.

SECTION 6. On April 11, 2016 and September 12, 2016, the City Council of the City of Fort Bragg heard presentations and received public comment regarding SCPA's CCA program. In order to participate in SCPA's CCA program, the Act requires the City of Fort Bragg to adopt an ordinance electing to implement SCPA's CCA program in its jurisdiction.

SECTION 7. Based upon all of the above, the City Council of the City of Fort Bragg elects to implement a Community Choice Aggregation program within the City of Fort Bragg, through the City's participation as a "Participant" in the SCPA CCA program as defined in the

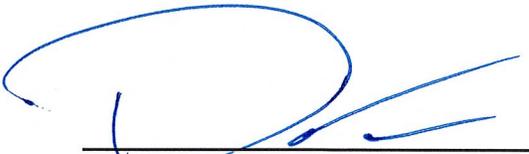
SCPA Joint Powers Agreement. The City Manager is hereby authorized to execute any documents necessary for the City's participation in the program.

SECTION 8. If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Fort Bragg hereby declares it would have passed and adopted this Ordinance and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

SECTION 9. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage. Within fifteen (15) days after the passage of this Ordinance, the City Clerk shall cause a summary of said Ordinance to be published as provided in Government Code §36933, in a newspaper of general circulation published and circulated in the City of Fort Bragg, along with the names of the City Councilmembers voting for and against its passage.

The foregoing Ordinance was introduced by Councilmember Cimolino at a regular meeting of the City Council of the City of Fort Bragg held on September 26, 2016, and adopted at a regular meeting of the City of Fort Bragg held on October 11, 2016, by the following vote:

AYES: Councilmember Cimolino, Deitz, Peters, and Mayor Turner.
NOES: None.
ABSENT: Councilmember Hammerstrom.
ABSTAIN: None.
RECUSED: None.



Dave Turner
Mayor

ATTEST:



June Lemos
City Clerk

PUBLISH: September 29, 2016 and October 20, 2016 (by summary).
EFFECTIVE DATE: November 10, 2016.

ORDINANCE NO. 229

AN ORDINANCE AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING WITH THE SONOMA CLEAN POWER AUTHORITY

The City Council of the City of Point Arena ordains as follows:

SECTION 1. The City of Point Arena has been actively investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provision of electric services and promoting competitive and renewable energy.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

SECTION 3. The Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 4, 2012, the Sonoma Clean Power Authority ("SCPA") was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time ("SCPA Joint Powers Agreement").

SECTION 4. On October 4, 2013, the California Public Utilities Commission certified the "Implementation Plan" for SCPA's CCA program and on February 20, 2015, approved a First Revised and Updated Implementation Plan, confirming SCPA's compliance with the requirements of the Act.

SECTION 5. On June 16, 2015, the Board of Supervisors of Mendocino County adopted Ordinance No. 4337, determining that implementation of a CCA program is in the public interest and welfare of its residents, and elected to authorize and implement a CCA program within the unincorporated areas of the County of Mendocino; and on September 13, 2016, the Board of Supervisors of Mendocino County adopted Ordinance No. 4363, authorizing the implementation of the SCPA's CCA program within the unincorporated areas of Mendocino County.

SECTION 6. On July 26, 2016, the Point Arena City Council heard a presentation and received public comment regarding SCPA's CCA program. In order to participate in SCPA's CCA program, the Act requires the City of Point Arena to adopt an ordinance electing to implement SCPA's CCA program in its jurisdiction.

SECTION 7. Based upon all of the above, the Point Arena City Council elects to implement a Community Choice Aggregation program within the City of Point Arena, through the City's participation as a "Participant" in the SCPA CCA program as defined in the SCPA Joint Powers Agreement. The City Manager is hereby authorized to execute any documents necessary for the City's participation in the program.

SECTION 8. If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The Point Arena City Council hereby declares it would have passed and adopted this Ordinance and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

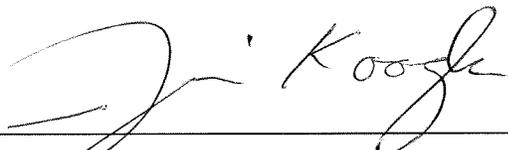
SECTION 9. This ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage. Within fifteen (15) days after the passage of this Ordinance, the City Manager shall cause a summary of said Ordinance to be published as provided in Government Code §36933, in a newspaper of general circulation published and circulated in the City of Point Arena, along with the names of the City Councilmembers voting for and against its passage.

Effective Date and Publication: This Ordinance shall be and the same is hereby declared to be in full force and effect from and after thirty (30) days after the date of its passage. Within fifteen (15) days after the passage of this Ordinance, the City Clerk shall cause a summary of said Ordinance to be published as provided by Government Code §36933, in a newspaper of general circulation published and circulated in the City of Pt. Arena, along with the names of the City Council voting for and against its passage.

PASSED AND ADOPTED: The foregoing Ordinance No. 229 was introduced, passed and adopted at a Regular meeting of the Point Arena City Council on the 27th day of September, 2016, by the following vote. Motion by Councilmember Wasserman, Seconded by Councilmember Ignacio.

Ayes: Koogle, Ignacio, Wasserman
Noes: None
Absent: None
Abstain: None

ATTEST:



Jim Koogle, Mayor



Richard Shoemaker, City Manager/Clerk

ORDINANCE NO. 2016-02

AN ORDINANCE AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING WITH THE SONOMA CLEAN POWER AUTHORITY

SECTION 1. The City of Willits has been investigating options to provide electric services to constituents within its service area with the intent of achieving greater local involvement over the provision of electric services and promoting competitive and renewable energy.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA").

SECTION 3. The Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 4, 2012, the Sonoma Clean Power Authority ("SCPA") was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time ("SCPA Joint Powers Agreement").

SECTION 4. On October 4, 2013, the California Public Utilities Commission certified the "Implementation Plan" for SCPA's CCA program and on February 20, 2015, approved a First Revised and Updated Implementation Plan, confirming SCPA's compliance with the requirements of the Act.

SECTION 5. On June 16, 2015, the Board of Supervisors of Mendocino County adopted Ordinance No. 4337, determining that implementation of a CCA program is in the public interest and welfare of its residents, and elected to authorize and implement a CCA program within the unincorporated areas of the County of Mendocino; and on September 13, 2016, the Board of Supervisors of Mendocino County adopted Ordinance No. 4363, authorizing the implementation of the SCPA's CCA program within the unincorporated areas of Mendocino County.

SECTION 6. On April 27, 2016, the City Council of the City of Willits heard presentations and received public comment regarding SCPA's CCA program. In order to participate in SCPA's CCA program, the Act requires the City of Willits to adopt an ordinance electing to implement SCPA's CCA program in its jurisdiction.

SECTION 7. Based upon all of the above, the City Council of the City of Willits elects to implement a Community Choice Aggregation program within the City of Willits, through the City's participation as a "Participant" in the SCPA CCA program as defined in the SCPA Joint Powers Agreement. The City Manager is hereby authorized to execute any documents necessary for the City's participation in the program.

SECTION 8. If any section, subsection, sentence, clause, phrase or word of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Willits hereby declares it would have passed and adopted this Ordinance and each and all provisions hereof irrespective of the fact that any one or more of said provisions be declared invalid.

SECTION 9. This ordinance shall be and the same is hereby declared to be in full force

and effect from and after thirty (30) days after the date of its passage. Within fifteen (15) days after the passage of this Ordinance, the City Clerk shall cause a summary of said Ordinance to be published as provided in Government Code §36933, in a newspaper of general circulation published and circulated in the City of Willits, along with the names of the City Councilmembers voting for and against its passage.

The foregoing Ordinance was introduced by Councilmember Strong seconded by Councilmember Stranske at a special meeting of the City Council of the City of Willits held on September 26, 2016.

AYES: Stranske, Strong, Madrigal, and Oresntein
NOES: Burton
ABSENT: None

The foregoing Ordinance was introduced by Councilmember _____ seconded by Councilmember _____ and adopted at a regular meeting of the City of Willits held on October 12, 2016, by the following vote:

AYES:
NOES:
ABSENT:



BRUCE BURTON, Mayor
City Council of the City of Willits

ATTEST:


CATHY MOORHEAD, City Clerk

The foregoing instruction is a
correct copy of the original on file
at City Hall, Willits, California

ATTEST:


CATHY MOORHEAD, City Clerk

Appendix C: Sonoma Clean Power Joint Powers Agreement

The second amended and restated joint powers agreement adopted on October 13, 2016 begins on the following page.

Third Amended and Restated Joint Powers Agreement

**Relating to and Creating the
Sonoma Clean Power Authority**

By and Among

The County of Sonoma and
The Sonoma County Water Agency

This Third Amended and Restated Joint Powers Agreement (“Agreement”), effective as of October 13, 2016, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”), and, as of this date, supersedes the original Joint Powers Agreement dated December 4, 2012, the First Amended and Restated Joint Powers Agreement dated June 25, 2013, and the Second Amended and Restated Joint Powers Authority dated July 25, 2013.

RECITALS

- A. The Parties share various powers under California law, including but not limited to the power to generate, buy and sell power and aggregate electric load for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local governments to develop programs to reduce greenhouse gas emissions.
- C. The purposes for the entering into this Agreement include
 - a. Reducing greenhouse gas emissions in Sonoma County and neighboring regions;
 - 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.
- D. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to

solar, wind, geothermal, and biomass energy production, with a preference for local distributed sources and California sources.

- E. The Parties have established a separate public agency, known as the Sonoma Clean Power Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- F. The Parties have adopted an ordinance electing to implement through the Authority a common Community Choice Aggregation program, an electric service enterprise available to cities, counties, and the Sonoma County Water Agency pursuant to California Public Utilities Code Sections 331.1(c) and 366.2 (“CCA Program”).

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1: DEFINITIONS AND EXHIBITS

1.1 Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions

Exhibit B: List of the Parties and Participants

Exhibit C: Annual Energy Use and Voting Shares

ARTICLE 2: FORMATION OF SONOMA CLEAN POWER AUTHORITY

2.1 Effective Date and Term. This Agreement became effective, and the Sonoma Clean Power Authority commenced existence as a separate public agency, on December 4, 2012 (the “Effective Date”). The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

2.2 Formation. There is formed as of the Effective Date a public agency named the Sonoma Clean Power Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.3 Purpose. The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties and Participants are authorized to participate in the CCA Program, as further described in Section 5.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any other energy programs approved by the Authority.

2.4 Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 4.7 through 4.7.6:

2.4.1 to make and enter into contracts;

2.4.2 to employ agents and employees, including but not limited to a Chief Executive Officer;

2.4.3 to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;

2.4.4 to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;

2.4.5 to lease any property;

2.4.6 to sue and be sued in its own name;

2.4.7 to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Sections 53850 et seq. and authority under the Act;

2.4.8 to form subsidiary or independent corporations or entities, if necessary to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;

2.4.9 to issue revenue bonds and other forms of indebtedness;

2.4.10 to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;

2.4.11 to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;

2.4.12 to adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and

2.4.13 to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.

2.5 Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the Sonoma County Water Agency.

2.6 Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act (CEQA).

ARTICLE 3: AUTHORITY PARTICIPATION

3.1 Participation in CCA Program. The Parties may participate in the CCA Program upon the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12). Other incorporated municipalities and counties (“Participants”) may participate in the CCA Program upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a participant in the CCA Program, (b) the adoption, by an affirmative vote of the Board satisfying the requirements described in Section 4.7.3 (or, if demanded by any Director, 4.7.4), of a resolution authorizing the participation of the additional incorporated municipality or county, specifying the participation payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning, and other pre-existing expenditures, and describing additional conditions, if any, associated with participation, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(12) and execution of any necessary program agreements by the incorporated municipality or county, (d) payment of the membership payment, if any, and (e) satisfaction of any conditions established by the Board.

3.2 Continuing Participation. The Parties acknowledge that participation in the CCA Program may change by the addition or withdrawal or termination of Participants. The Parties agree to participate with such other Participants as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Participant shall not affect this Agreement or the remaining Parties’ or Participants’ continuing obligations under this Agreement.

3.3 Participants Not Liable for Authority Debts. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Participants unless the governing board of a Participant agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Participant who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties and Participants agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 3.3 may not be

amended unless such amendment is approved by the governing board of each Participant.

ARTICLE 4: GOVERNANCE AND INTERNAL ORGANIZATION

4.1 Board of Directors. The governing body of the Authority shall be a Board of Directors (“Board”). The composition of the Board shall be as set forth in Section 4.7. Each Director shall serve at the pleasure of the governing board of the Party or Participant who appointed such Director, and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant.

4.2 Quorum. A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

4.3 Powers and Functions of the Board. The Board shall exercise general governance and oversight over the business and activities of the Authority, consistent with this Agreement and applicable law. The Board shall provide general policy guidance to the CCA Program. The Board shall be required to approve any of the following actions:

- a. The issuance of bonds or any other financing even if program revenues are expected to pay for such financing.
- b. The hiring of a Chief Executive Officer and General Counsel.
- c. The appointment or removal of an officer.
- d. The adoption or modification of the annual budget.
- e. The adoption of an ordinance.
- f. The initiation of litigation where the Authority will be the plaintiff, petitioner, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative agency, without approval of the Board.
- g. The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority, except as provided in Section 4.5.2.1.1.
- h. Any agreement between the Authority and any Party or Participant if the total amount payable under the agreement and other agreements with the Party or Participant is more than \$50,000 in any fiscal year.
- i. Termination of the CCA Program.

4.4 Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may exercise all powers of the

Authority, except the powers specifically set forth in Section 4.3 or those powers which by law must be exercised by the Board of Directors. The Chief Executive Officer may enter into and execute any Energy Contract, in accordance with criteria and policies established by the Board.

4.5 Commissions, Boards, and Committees. The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs, and the provisions of this Agreement. All advisory commissions, boards, and committees established by the Board shall comply with the requirements of the Ralph M. Brown Act. The Board may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

4.5.1 Community Advisory Committee. The Board shall establish a Community Advisory Committee consisting of a minimum of seven members and a maximum of eleven members, none of whom may be members of the Board. In appointing members to the Committee, the Board shall use its best efforts to appoint a balanced, diverse group of individuals, a majority of whom represent the interests of customers as ratepayers (both residential and commercial/industrial), and including members having expertise in one or more of the areas of management, administration, finance, or contracts (in either the public or private sector), infrastructure development, renewable power generation, power sales and marketing, energy conservation, public policy development, or public relations. The Board shall publicize the opportunity to serve on the Community Advisory Committee, and shall appoint members of the Community Advisory Committee from those individuals expressing interest in serving, giving a preference to individuals who are customers of the CCA Program. Members of the Community Advisory Committee shall serve staggered four-year terms as determined by the Board of Directors. A member of the Community Advisory Committee may only be removed by the Board of Directors by a two-thirds vote as provided in Section 4.7.5. Each member of the Community Advisory Committee shall have one vote; a majority of members shall constitute a quorum; and a majority of a quorum is sufficient for committee action.

4.5.2 Duties and Powers of Community Advisory Committee. The Community Advisory Committee shall meet at least six times per calendar year, and shall have the following duties and powers:

4.7.2.1 Review of Budget and Rates. The proposed annual budget of the CCA Program and any rates or charges proposed to be imposed by the Authority for CCA Program power or services shall be submitted to the Community Advisory Committee for review and comment. Following review by the Community Advisory Committee of any such matter, the committee shall recommend to the Board that the matter be approved, approved as amended, or disapproved by the Board. The recommendation of the Community Advisory Committee shall be communicated to the Board and noted on the agenda for the meeting at which the Board considers the matter. The Board may impose a reasonable deadline for action on the Community Advisory Committee as necessary to ensure the timely setting of rates by the Authority.

4.5.2.1.1 Temporary Rate Changes. Notwithstanding the requirements in Sections 4.3 and 4.5.2.1, the Chief Executive Officer may change any rate for power sold by the Authority or any charge for services provided by the Authority if (a) the need for the change arises from (i) unforeseen circumstances, (ii) a change in rates or charges imposed on the Authority or its customers by PG&E, the CPUC, or any other regulatory agency, or (iii) technical deficiencies or errors in an existing Authority rate or charge; and (b) the Chief Executive Officer determines, following consultation with the Chair of the Board of Directors, that the change is reasonably necessary for budgetary reasons or to keep the Authority's rates and charges competitive. Changes in rates or charges made by the Chief Executive Officer under this Section shall be brought to the Board of Directors at the next scheduled meeting for consideration and shall expire after 90 days unless ratified by the Board of Directors.

4.5.2.2 Review of Policies and Programs. The Community Advisory Committee may review and may make recommendations with respect to the programs, policies, and operations of the CCA Program to the Chief Executive Officer or to the Board of Directors. The Community Advisory Committee shall have the opportunity to review and comment upon proposals for new programs, policies, or significant operational changes proposed by the Chief Executive Officer for the CCA program. If requested by the Community Advisory Committee, the Chief Executive Officer shall provide the Committee with any information reasonably necessary for the Committee to carry out its duties. Actions of the Community Advisory Committee are advisory only, and Community Advisory Committee action or approval is not a prerequisite to the Board of Directors' or the Chief Executive Officer's action on any item.

4.5.2.3 Reports to the Board. The Community Advisory Committee may prepare or cause to be prepared for presentation to the Board any reports, investigations, studies, or analyses relating to the Authority or the CCA Program.

4.5.2.4 Placing Matters on Board's Agenda. The Community Advisory Committee may place any matter relating to the Authority or the CCA Program on the Board's agenda for consideration and possible action.

4.5.2.5 Support for Community Advisory Committee. The Board shall provide for reasonable and necessary administrative assistance to the Community Advisory Committee. If requested by the Community Advisory Committee, the Chief Executive Officer shall enter into contracts as reasonably necessary to carry out the duties and powers of the Community Advisory Committee; provided, however, that (a) the amount payable under any contract cannot exceed \$20,000 per year, (b) the total amount payable under all contracts cannot exceed \$50,000 per year, and (c) the contracts are in a form acceptable to the Authority's Chief Executive Officer and General Counsel. The Board of Directors may authorize an amount in excess of these expenditure limits if it finds and determines that it is reasonable and necessary to do so for the Community Advisory Committee to perform its obligations.

4.5.2.6 Chief Executive Officer Reports to Community Advisory Committee. The Chief Executive Officer shall prepare, no later than the 20th day of each first month of each fiscal quarter, a report to the Community Advisory Committee on the operations of the Authority during the preceding fiscal quarter. The report shall contain information regarding the financial performance of the Authority during the preceding quarter, the number of accounts served, the amount of power delivered, and a narrative description of energy efficiency, energy conservation, renewable power generation, and other programs carried out by the Authority.

4.5.2.7 Other Delegated Powers. The Board of Directors may delegate such other and further powers and duties to the Community Advisory Committee as it shall determine in its sole discretion.

4.5.2.8 Existing Committees Dissolved. Effective as of the date this Third Amended and Restated Agreement is approved, the Ratepayer Advisory Committee and the Business Operations Committee are dissolved.

4.6 Director Compensation. Directors shall serve without compensation from the Authority. However, Directors may be compensated by their respective appointing authorities. The Board, however, may adopt by resolution a policy relating to the reimbursement by the Authority of expenses incurred by Directors.

4.7 Board of Directors Composition. The Board of Directors shall consist of one appointee from each Participant located within the boundaries of the County of Sonoma, and one joint appointee from the County of Sonoma and the Sonoma County Water Agency. If the Board of Directors approves any other municipality or county as a Participant pursuant to Section 3.1, the Board of Directors shall determine whether such municipality or county (or any combination thereof) may appoint an additional member to the Board of Directors. Each appointee must be an elected member of the governing board of his or her appointing body. Each Party or Participant appointing a member to the Board of Directors may also appoint an alternate to serve in the absence of its Director. Alternates must be either an elected member of the governing board of his or her appointing body, or an employee of the jurisdiction appointing them.

The voting shares of Directors and approval requirements for actions of the Board shall be as follows:

4.7.1. Voting Shares.

Each Director shall have a voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where

(a) “Annual Energy Use” means the annual electricity usage, expressed in kWh, of accounts within a Party’s or Participant’s respective jurisdiction that are served by the Authority; and

(b) “Total Annual Energy” means the sum of all Annual Energy Use, expressed in kWh, of accounts within the jurisdictions of those Parties and Participants who have appointed a director to the Board of Directors.

(c) The combined voting share of all Directors representing the County of Sonoma and the Sonoma County Water Agency shall be based upon the annual electricity usage within the unincorporated area of Sonoma County.

4.7.2. Exhibit Showing Voting Shares. The voting shares of each member of the Board of Directors are set forth in Exhibit C. Exhibit C shall be revised no less than annually as necessary to account for changes in the number of Parties or Participants appointing members to the Board of Directors, and changes in the Parties' and Participants' Annual Energy Use.

4.7.3. Approval Requirements Relating to CCA Program. Except as provided in Sections 4.7.4 and 4.7.5 below, action of the Board shall require the affirmative vote of a majority of Directors present at the meeting.

4.7.4. Option for Approval by Voting Shares. Notwithstanding Section 4.7.3, any Director present at a meeting may demand that approval of any matter related to the CCA Program be determined on the basis of voting shares and by the affirmative vote of a majority of Directors present at the meeting. If a Director makes such a demand with respect to approval of any such matter, then approval of such matter shall require the affirmative vote of a majority of Directors present at the meeting and the affirmative vote of Directors having a majority of voting shares of the Directors present at the meeting, as determined by Section 4.7.1 except as provided in Section 4.7.5.

4.7.5. Special Voting Requirements for Certain Matters.

A. Two-Thirds and Weighted Voting Approval Requirements Relating to Sections 4.5.1, 7.2, and 8.4. Action of the Board on the matters set forth in Section 4.5.1 (removal of member of Community Advisory Committee), Section 7.2 (involuntary termination of a Party or Participant), or Section 8.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors; provided, however, that (a) notwithstanding the foregoing, any Director present at the meeting may demand that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least two-thirds of Directors and the affirmative vote of Directors having at least two-thirds of the voting shares, as determined by Section 4.7.1; (b) when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 33 and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved; and (c) for votes to involuntarily terminate a Party or Participant under Section 7.2, the Director(s) for the Party or Participant subject to involuntary termination may not vote, and the number of Directors constituting two-thirds of all Directors, and weighted vote of each Party or Participant, shall be recalculated as if the Party or Participant subject to possible termination were not a Party or Participant.

B. Seventy Five Percent Special Voting Requirements for Eminent Domain and Participant Contributions or Pledge of Assets.

(i) A decision to exercise the power of eminent domain on behalf of the Authority to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors.

(ii) The imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program shall require a vote of at least 75% of all Directors and the approval of the governing boards of the Parties and Participants who are being asked to make such contribution or pledge.

(iii) Notwithstanding the foregoing, any Director present at the meeting may demand that a vote under subsections (i) or (ii) be determined on the basis of voting shares and by the affirmative vote of Directors, and if a Director makes such a demand, then approval shall require the affirmative vote of at least 75% of Directors and the affirmative vote of Directors having at least 75% of the voting shares, as determined by Section 4.7.1, and when a Director has demanded that the vote be determined on the basis of voting shares and by the affirmative vote of Directors, if any individual Party or Participant's voting share exceeds 25% and the Director(s) for that Party or Participant votes in the negative or abstains or is absent from the meeting, then at least one other Director representing a different Party or Participant shall be required to vote in the negative, or the matter shall be deemed approved. For purposes of this section, "imposition on any Party or Participant of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program" does not include any liabilities or obligations of a withdrawing or terminated party imposed under Section 7.3.

4.8 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board, the Community Advisory Committee, or the governing body of any subsidiary entity or independent corporation established by the Authority shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

4.9 Selection of Board Officers.

4.9.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.9.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.9.3 Treasurer and Auditor. The Sonoma County Auditor-Controller-Treasurer-Tax Collector shall act as the Treasurer and the Auditor for the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

4.10 Administrative Services Provider. The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of a written agreement between the Authority and the appointed administrative services provider or providers (an "Administrative Services Agreement"). The appointed administrative services provider may be one of the Parties. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

ARTICLE 5 IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Preliminary Implementation of the CCA Program.

5.1.1 Enabling Ordinance. Except as otherwise provided by Section 3.1, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

5.1.2 Implementation Plan. The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.7.3.

5.1.3 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any

applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Article 7.

ARTICLE 6 FINANCIAL PROVISIONS

6.1 Fiscal Year. The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 Depository.

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or Participant or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties and Participants at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 Budget and Recovery of Costs.

6.3.1 Budget. The annual budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

6.3.2 CCA Program Costs. The Parties desire that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCA Program, including but limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCA customers receiving such electric services, or from revenues from grants or other third-party sources.

ARTICLE 7: WITHDRAWAL AND TERMINATION

7.1 Withdrawal.

7.1.1 Right to Withdraw. A Party or Participant may withdraw its participation in the CCA Program, effective as of the beginning of the Authority's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to the Authority and each Party and Participant. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board.

7.1.2 Right to Withdraw After Amendment. Notwithstanding Section 7.1.1, a Party or Participant may withdraw its membership in the Authority following an amendment to this Agreement adopted by the Board which the Party or Participant's Director(s) voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party or Participant shall require an affirmative vote of its governing board and shall not be subject to the six month advance notice provided in Section 7.1.1. In the event of such withdrawal, the Party or Participant shall be subject to the provisions of Section 7.3.

7.1.3 Continuing Liability; Further Assurances. A Party or Participant that withdraws its participation in the CCA Program may be subject to certain continuing liabilities, as described in Section 7.3. The withdrawing Party or Participant and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party or Participant from participation in the CCA Program.

7.2 Involuntary Termination of a Party or Participant. Participation of a Party or Participant in the CCA program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's or Additional Participant's participation in the CCA Program upon a vote of Board members as provided in Section 4.7.5. Prior to any vote to terminate participation with respect to a Party or Participant, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party or Participant whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party or Participant has allegedly violated. The Party or Participant subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party or Participant that has had its participation in the CCA Program terminated may be subject to certain continuing liabilities, as described in Section 7.3.

7.3 Continuing Liability; Refund. Upon a withdrawal or involuntary termination of a Party or Participant, the Party or Participant shall remain responsible for any claims, demands, damages, or liabilities arising from the Party or Participant's membership or participation in the CCA Program through the date of its withdrawal or involuntary termination, it being agreed that the Party or Participant shall not be responsible for any liabilities arising after the date of the Party or Participant's withdrawal or involuntary termination. Claims, demands, damages, or liabilities for which a withdrawing or terminated Party or Participant may remain liable include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Party or Participant's load. With respect to such liability, upon notice by a Participant that it wishes to withdraw from the program, the Authority shall notify the Party or Participant of the minimum waiting period under which the Participant would have no costs for withdrawal if the Participant

agrees to stay in the CCA Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party or Participant elects to withdraw before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset actual costs to the remaining ratepayers, and may not include punitive charges that exceed actual costs. In addition, such Party or Participant also shall be responsible for any costs or obligations associated with the Party or Participant's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party or Participant. The Authority may withhold funds otherwise owing to the Party or Participant or may require the Party or Participant to deposit sufficient funds with the Authority, as reasonably determined by the Authority and approved by a vote of the Board of Directors, to cover the Party's or Participant's liability for the costs described above. Any amount of the Party's or Participant's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party or Participant. The liability of any Party or Participant under this section 7.3 is subject and subordinate to the provisions of Sections 2.2 and 3.3, and nothing in this section 7.3 shall reduce, impair, or eliminate any immunity from liability provided by Sections 2.2 or 3.3.

7.4 Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Participant to withdraw its participation in the CCA Program, as described in Section 7.1.

7.5 Disposition of Property upon Termination of Authority. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties and Participants in proportion to the contributions made by each.

7.6 Negotiations with Participants. If the Parties wish to terminate this Agreement, or if the Parties elect to withdraw from the CCA Program following an amendment to this Agreement as provided in Section 7.1.2, but two or more Participants wish to continue to participate in the CCA Program, the Parties will negotiate in good faith with such Participants to allow the Participants to become parties to this Agreement or to effect a transfer of CCA Program operations to another entity.

ARTICLE 8 MISCELLANEOUS PROVISIONS

8.1 Dispute Resolution. The Parties, Participants, and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be settled by binding arbitration in accordance with policies and procedures established by the Board.

8.2 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their

employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Participants, the Authority, or its Directors, officers, or employees.

8.3 Indemnification of Parties and Participants. The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties, the Participants, and the public. The Authority shall defend, indemnify, and hold harmless the Parties and Participants, and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

8.4 Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Board members as provided in Section 4.7.5. The Authority shall provide written notice to all Parties and Participants of amendments to this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

8.5 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties or Participants may not be assigned or delegated without the advance written consent of all of the other Parties and Participants, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties and Participants. This Section 8.5 does not prohibit a Party or Participant from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's or Participant's contributions to the Authority, or the disposition of proceeds which that Party or Participant receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties or Participants under this Agreement.

8.6 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

8.7 Further Assurances. Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

8.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

8.9 Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties and Participants.

Exhibit A

Definitions

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.7.2.

“Authority” means the Sonoma Clean Power Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions, and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities, counties, and the Sonoma County Water Agency pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.3, 2.4, and 5.1.

“Director” means a member of the Board of Directors representing a Party or an Additional Participant.

“Effective Date” means December 4, 2012, the date on which this Agreement became effective and the Sonoma Clean Power Authority began to exist as a separate public agency.

“Energy Contract” means any agreement for the purchase or sale of electrical energy or any related attributes, including but not limited to capacity, resource adequacy, transmission or congestion rights, demand response products, or environmental attributes.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, any required accounting, administrative, technical, or legal services in support of the Authority’s initial activities or in support of the negotiation, preparation, and approval of one or

more Administrative Services Provider Agreements and Program Agreement 1. Administrative and operational costs incurred after the approval of Program Agreement 1 shall not be considered Initial Costs.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Participant” or “Additional Participant” means any incorporate municipality or county electing to participate in the CCA Program.

“Parties” means, collectively, the County of Sonoma and the Sonoma County Water Agency.

“Party” means the County of Sonoma or the Sonoma County Water Agency.

“Total Annual Energy” has the meaning given in Section 4.7.2.

Exhibit B

List of Parties and Participants

Parties: County of Sonoma, Sonoma County Water Agency

Participants: Town of Windsor; City of Cotati; City of Sebastopol; City of Sonoma; City of Santa Rosa; City of Petaluma; City of Rohnert Park; City of Cloverdale

Exhibits C

Annual Energy Use and Voting Shares

Party/Participant	Annual Energy Use (kWh)	Voting Shares
City of Cloverdale	37,537,769	1
City of Cotati	33,051,134	1
City of Petaluma	356,047,033	13
City of Rohnert Park	206,884,365	8
City of Santa Rosa	895,830,982	33
City of Sebastopol	45,381,441	2
City of Sonoma	69,071,078	3
County of Sonoma	949,469,086	35
Town of Windsor	101,875,412	4
Total	2,695,148,300	100