

APPROVED

DEC 04 2014

MARIN CLEAN ENERGY

MARIN CLEAN ENERGY

**BOARD MEETING MINUTES
THURSDAY, NOVEMBER 6, 2014**

7:00 P.M.

**SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901**

Roll Call: Chair Connolly called the regular Board meeting to order at 7:00 p.m. An established quorum was met.

Present: Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Tom Butt, City of Richmond
Keith Caldwell (Alternate) County of Napa
Genoveva Calloway, City of San Pablo
Barbara Coler (Alternate) Town of Fairfax
Damon Connolly, City of San Rafael
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Bob McCaskill, City of Belvedere
Emmett O'Donnell, Town of Tiburon
Kate Sears, County of Marin
Ken Wachtel (Alternate) City of Mill Valley
Ray Withy, City of Sausalito

Absent: Carla Small, Town of Ross

Staff: Dawn Weisz, Executive Officer
Elizabeth Kelly, Legal Director
Beckie Menten, Energy Efficiency Director
Greg Brehm, Director of Power Resources
Kirby Dusel, Technical Consultant
John Dalessi, Technical Consultant
Brian Goldstein, Technical Consultant
Emily Goodwin, Director of Internal Operations
Alex DiGiorgio, Community Affairs Coordinator
Darlene Jackson, Clerk

Board Announcements (Discussion):

There were no Director announcements.

Public Open Time (Discussion):

APPROVED
FEB 11 2 38 PM
MARIN CLEAN ENERGY

Member of the public and advocate Stan Sparrow shared comments regarding the recent elections.

Report from Executive Officer (Discussion)

Executive Officer Dawn Weisz gave the following report:

- She welcomed Alternate, Keith Caldwell from the County of Napa, stated Andrew McCullough will soon be added to the MCE Board as the San Rafael representative, and Genoveva Calloway, is MCE's new representative from the City of San Pablo.
- This Tuesday, the City of Benicia conducted the first reading of their ordinance to approve the JPA agreement and become part of MCE's service territory. The vote was unanimous. Big thanks to Lew Tremaine, MCE founding Board member for participating in the meeting this week.
- This week the CPUC provided the certification letter for the amendment to MCE's Implementation Plan, clearing the way for the new representative from San Pablo to participate.
- Calpine Geysers Field trip was held on October 23rd, and was well attended by MCE staff, technical team and included Board members. Thanks to the Board members who participated.
- Technical Committee meetings will move to 5pm on the second Monday of the month, but the Committee will not be meeting in November.
- Executive Committee will be meeting as usual on Wednesday, November 19th at 9am.
- Save the date for the traditional holiday potluck party on December 12 in San Rafael – same location as last year. Outlook invitation will be going out shortly.

Ms. Calloway was sworn in.

Consent Calendar (Discussion/Action):

- C.1 9.18.14 Board Retreat Minutes
- C.2 10.2.14 Board Minutes
- C.3 Monthly Budget Report
- C.4 Approved Contracts Update
- C.5 1st Addendum to 2nd Agreement with Stion Corp.
- C.6 1st Addendum to 1st Agreement with Today's Sustainability
- C.7 2nd Agreement with Bevilacqua Knight Inc. for Technical Support on Energy Efficiency Program Development

ACTION: It was M/S/C (Greene/Sears) to approve the Consent Calendar consisting of Items C.1 through C.7. Motion carried by the following roll call votes:
Items C.1 and C.2: (10-0-1-4) Ayes: Connolly, Athas, Sears, Haroff, Butt, Withy, McCaskill, O'Donnell, Bailey, Green; Noes: None; Absent: Small; Abstain: Coler, Calloway, Wachtel and Caldwell.

Items C.3-C.7: (14-0-1) Ayes: Connolly, Athas, Sears, Haroff, Butt, Withy, McCaskill, O'Donnell, Bailey, Green, Coler, Calloway, Wachtel and Caldwell; Noes: None; Absent: Small.

Appointment of Chair and Vice Chair for MCE Board (Discussion/Action):

ACTION: It was M/S/C (Greene/Athas) to nominate and appoint Kate Sears as Chair and Tom Butt as Vice Chair to the MCE Board. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

Resolution No. 2014-07 Honoring MCE Board Member Damon Connolly (Discussion/Action):

The Board of Directors recognized MCE Board Member Damon Connolly, serving as the City of San Rafael's representative to MCE, from November 2007 to the present. Director Connolly was elected Chair in 2011. He contributed insightful guidance, thoughtful and practical decision-making especially during MCE's formative years and has shown his dedication and commitment as a member. The Board of Directors and staff thanked him for his support in the agency and adopted Resolution 2014-07 honoring him for his service.

ACTION: It was M/S/C (Athas/Green) to adopt Resolution No. 2014-07 Honoring MCE Board Member Damon Connolly. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

BREAK

A brief celebratory break commenced, and thereafter, the Board meeting reconvened to Open Session.

Appointment of Directors to MCE Standing Committees (Discussion/Action):

Director Green and Director Haroff have expressed interest in filling the two available seats on the Executive Committee. The two Directors were therefore recommended for appointment to the Executive Committee.

ACTION: It was M/S/C (Bailey/Sears) to approve the recommended appointment of Directors Green and Haroff to the MCE Executive Committees. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

MCE Integrated Resource Plan (Discussion/Action):

Greg Brehm, Director of Power Resources, provided an overview of the MCE Integrated Resource Plan (IRP) which has been completed and is being recommended for approval by the

Board. The purpose of the IRP is (1) to quantify resource needs over the planning period; (2) to prioritize resource preferences and set forth other relevant energy procurement policies; and (3) to provide guidance to program management with regard to the procurement of various energy products that will be necessary to promote successful, ongoing operation of the MCE program.

The IRP looks out over the next ten years to establish the resource priorities and policies that will be used in procuring energy for MCE customers, and also allows potential renewable energy project developers to make informed investment decisions and to match project timelines to MCE's resource requirements. Mr. Brehm reviewed key policy objectives established for the program and changes made to the 2013 IRP and asked for Board approval.

Chair Connolly opened the public comment period and there were no speakers or questions or comments from Directors.

ACTION: It was M/S/C (Sears/Haroff) to approve MCE Integrated Resource Plan. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

Noble Addendum for Data Management Services (Discussion/Action):

Emily Goodwin, Director of Internal Operations, presented the item and provided a brief overview of the request for approval of the Draft Third Addendum for MCE's data management and customer service operations which will enable a savings of approximately \$35,000 to \$40,000 per month. She noted that prior addendums are attached to the staff report as follows:

- A Master Professional Services Agreement for Data Manager Services between Sempra Energy Solutions (now Noble Americas Energy Solutions, LLC) and Marin Energy Authority, dated February 5, 2010;
- First Addendum for Data Manager Services between Noble Americas Energy Solutions, LLC and Marin Energy Authority dated March 1, 2012;
- Second Amendment for Data Manager Services between Noble Americas Energy Solutions, LLC and MCE dated February 7, 2013; and
- Draft Third Addendum for Data Manager Services between Noble Americas Energy Solutions LLC, and MCE.

Ms. Goodwin highlighted the additional scope of services and modified fee structure included in the Second Addendum. The proposed Third Addendum is predominantly a fee reduction available to MCE due to economies of scale established following recent partnerships between Noble and other CCA programs. Noble has offered to extend the same pricing structure to MCE that exists for Sonoma Clean Power and the City of Lancaster beginning December 1, 2014 through April 30, 2019. MCE is currently paying a \$30,000 monthly service fee and \$1.50 per meter per month. The proposal includes paying \$1.50 per meter per month for the first

100,000 meters, \$1.25 for meters 100,001 – 200,000 in number. The cost goes down to \$1.10 per meter per month for meters in excess of 300,000. If call center features were removed from the scope, MCE would receive a deduction of \$0.15 per meter per month from each pricing tier above.

With the removal of the current monthly service fee of \$30,000 and the adjustments made to the per meter charge, MCE will realize a monthly savings of roughly \$35,000 to \$40,000 upon execution of the Third Addendum. Also, during recent negotiations between Noble and MCE, Noble was willing to include additions to the scope of the Agreement without added charges such as:

- The provision of SmartMeter data support
- Ensuring sufficient call center staffing regardless of other non-MCE CCA enrollment periods
- Expansion of translation services to serve a more diversified demographic
- Enhanced on-bill repayment billing support for MCE's Energy Efficiency program

Ms. Goodwin recommended the Board authorize execution of the Third Addendum for Data Manager Services between Noble Americas Energy Solutions and MCE. Director Sears commented that she was very pleased to see that the balanced payment plan program is part of the contract, and Directors concurred.

Chair Connolly opened the public comment period, and seeing no speakers, entertained a motion.

ACTION: It was M/S/C (Sears/Greene) to execute the Third Addendum for Data Manager Services between Noble Americas Energy Solutions and MCE. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

MCE Office Space Update (Discussion/Action):

Ms. Goodwin presented the item stating the MCE office is moving from this building to 700 5th Avenue in San Rafael. She presented a schematic design of renderings showing the ability to hold Board meetings in the building, use of the conference room for public meetings, and an energy efficiency demonstration library. She then gave an update on the schedule stating the only change is that the demolition permit is now planned for issuance one month earlier than expected. MCE and the external design team have worked closely with the City of San Rafael, the Fire Department and MMWD to make progress happen so quickly and efficiently.

Ms. Goodwin then presented a visual overview and discussed various features of the renovated building space, including the building's incorporation of skylights, the parking lots, the front entrance and the outside staff lounge area. This discussion led to review of the official demolition and construction plans. She invited Directors to visit the space.

Chair Connolly asked for questions of the Board and public comment and there were none.

Agreement with Puget Sound Energy to Supply MCE's Voluntary Renewable Energy Requirements (Discussion/Action):

Greg Brehm, Director of Power Resources, stated that through the IRP update process, staff identified a small open position need and requested proposals from established counterparties and brokers, and the agreement with Puget Sound Energy was selected as a result of that process.

Mr. Brehm gave the staff report, stating the agreement with Puget Sound Energy (PSE) will fulfill the balance of MCE's voluntary needs through 2014. If executed, the PSE agreement would address the balance of MCE's 2014 voluntary renewable energy requirements (through specified REC deliveries), including a reserve amount of 32,000 MWhs to be used in future reporting periods.

Puget Sound Energy is the Pacific Northwest's largest utility producer of renewable energy. Product delivered under the proposed agreement would come from one or more of four large wind farms located in Washington State that are owned and operated by PSE:

- Wild Horse Wind and Solar Facility in Kittitas County
- Hopkins Ridge Wind Facility in Columbia County
- Lower Snake River Wind Facility in Garfield County
- Klondike III Wind Facility in Sherman County

Specified contract volumes will complement MCE's existing renewable energy supply with output from regionally located generators. The timing of anticipated deliveries also aligns with MCE's 2014 procurement needs. PSE is a new counterparty for MCE and the agreement brings additional credit facilities to MCE.

Directors had the following questions/comments:

- Questioned differences between Bucket 1 and 2 products vs. these Bucket 3/ Green-e deliveries; and is this product used to get MCE's percentage of renewable power over 50% for 2014. Over time with the EDP wind project coming online next year, there will be a reduction in MCE's unbundled REC purchases; and
- Referring to the example of the 4 wind facilities, PSE's facilities produce up to 773 megawatts of electricity, enough to meet the power demands of approximately 230,000 homes.

Mr. Brehm commented that there are changes in the contract and he asked for comments or concerns of the Board. There were no questions of the Board or public comment.

ACTION: It was M/S/C (Caldwell/Greene) to approve agreement with Puget Sound Energy to Supply MCE's Voluntary Renewable Energy Requirements. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

Agreement with WM Renewable Energy, LLC for Renewable Power Supply (Discussion/Action):

Greg Brehm, Director of Power Resources, gave a PowerPoint presentation, stating staff received an unsolicited offer from Waste Management Renewable Energy (WMRE) which entails a power purchase agreement through which MCE would buy electric energy and capacity from a new landfill gas-to-energy project to be located in Novato at the existing Redwood Landfill site. WM Renewable Energy produces over 550 megawatts of electricity, from over 138 sites, which is enough to power more than 440,000 homes. This energy is equivalent to offsetting over 2.2 million tons of coal per year.

The Redwood landfill gas to energy project is a good fit for MCE's resource portfolio based on the following considerations:

- The project size supports MCE's planned expansion and future renewable energy requirements
- Timing of initial energy deliveries under the agreement is aligned with planned reduction in renewable energy deliveries under SENA agreement
- The project is being operated/expanded by an experienced team, which is currently supplying power from more than 138 similar projects
- The project is located within Marin county, California and meets the highest value renewable portfolio standards category ("Bucket 1")
- The project is highly viable and in the final stages of a 10 year development
- Energy from the project is priced at a moderate premium compared to recent offers

Executive Officer, Dawn Weisz stated this project was discussed at MCE's Ad-Hoc Contracts Committee meeting and Director Bailey could provide additional information discussed in the committee meeting.

Director Bailey commented that it is slightly more expensive but reasonably priced, local and renewable. It fits Bucket 1 requirements and he believes it will work well. Director Brehm noted the contract is for 20 years and it was stated that the project will bring a new product into MCE's portfolio called a RIN (Renewable Identification Number). This product indicates that the source of the power can be tracked from the renewable generator directly to an electric vehicle charging program; this dynamic results in renewable offsets that can be sold/purchased. Directors commented that methane will be put to good use and not simply burned off.

Director Coler also noted that she thinks it could be applicable to BAAQMD's GHG emissions trades and credits program.

Chair Connolly opened the public comment period, and there were no public comments.

ACTION: It was M/S/C (Bailey/Haroff) to approve agreement with WM Renewable Energy, LLC for Renewable Power Supply. Motion carried by the following roll call vote: (14-0-1) Ayes: Connolly, Coler, Athas, Calloway, Sears, Haroff, Butt, Withy, McCaskill, Wachtel, O'Donnell, Bailey, Caldwell, Greene; Noes: None; Absent: Small.

Energy Efficiency Update (Discussion):

Energy Efficiency Director, Beckie Menten, gave an historical account of the efforts to incorporate community input on the energy efficiency program design, including the first invitation only community meeting, outreach to different communities with workshops focusing on how they use energy, where energy efficiency fits as a priority and associated barriers to programming. She said the Napa workshop was focused on vineyards, the West Marin workshop was focused on dairies, and the Novato workshop focused on residential programs and was held in conjunction with Resilient Neighborhoods. The information gathered at these workshops informed program design and was also presented at the Board Retreat.

Research was also conducted to identify and examine existing programs and from there they pulled together the program design descriptions presented in the packet. Tonight represents the first opportunity to hold Board review and feedback on those designs. Staff's target is to submit this material for public comment next Friday and the public comment period would continue through February. The Draft Program Implementation Plan is the fundamental component of the application to the CPUC to be completed by the end of this year.

Ms. Menten described materials contained in the Board packet and the program design description, flow chart and logic models, and said the concept is to try and bring people in for public comment at the highest level of design. Next steps will be to take this packet and move into an actual Program Implementation Plan which will be the "meat" of the application. The goal is to design a customer facing program to ensure a comprehensive GHG reduction such that it is straight forward and easy for people to accomplish. They are also trying to design a program that has declining incentives over time, through a concept called Market Transformation which is an energy efficiency program that has key metrics that are tagged as market transformation indicators and as they are achieved, result in a decrease in the financial incentive the program provides. This approach would create a long-term framework for cost-effectiveness.

She presented a variety of flow charts and logic models for multi-family, residential, industrial, agricultural, commercial, and workforce development programs which assist in integrating programs for the customer. The concept is to include everything from energy efficiency, distributed generation, water, transportation opportunities, demand response and solar through a single point of contact for the customer. The logic models forces program administrators and designers to define program activities such as financing and training. They

are forced to connect each activity to tangible, concrete outputs. For each output, one is forced to connect every single output to a short term, intermediate and long-term outcome. This activity has forced designers to connect program activities to long-term goals.

From a customer's perspective, Ms. Menten presented the program logic models and flow charts, noting there are over 129 programs in PG&E's portfolio alone, from third party programs that are targeted to specific technologies, all the way to comprehensive programs designed to look at building systems. MCE's goal is to help customers to get immediately to the point where they can have a positive, streamlined experience.

Key obstacles include:

- Huge ramp-up investment and identification of funding;
- The administrative burden of an integrated application;
- Attaining a metric that aligns with state policy and looks at cost per ton to avoid GHG emissions;
- A CCA Energy Efficiency proceeding which holds CCAs to achieving a 1.25 TRC (Total Resource Cost) requirement. MCE can use this requirement as evidence of our need to reach beyond the gaps and hard to reach sectors;
- Lack of access to customer data;
- Competition from other programs most often seen in the commercial sector;
- Uncertain and shifting regulatory framework; and
- Brand recognition

Staff will simultaneously be working on measures eligible for incentives and programs and identifying metrics for success and exploring alternative cost effective metrics. They will then move to write the program implementation plans, which include delivery channels and market strategies. Director Menten reported that BKi, a technical consultant, has been hired to develop metrics for the single point of contact program. She discussed upcoming outreach efforts and public input which will feed into the program implementation plan. Staff will return in February with the Draft Implementation Plan and technical components of the program for the Board's review.

Chair Connolly suggested having a dialogue with other Boards and Councils to schedule presentations, and Directors indicated the importance of having concrete numbers prepared to share during presentations. Directors then discussed next steps and staffing plans. Ms. Menten confirmed that consultants would be primarily used during the ramp-up phasing and she envisioned needing at least one full-time equivalent per customer sector and someone to oversee their work, or a ramp-up of 8 FTE for the Efficiency Department. If we are successful, we may need to hire more. Ms. Menten commented on the Sonoma County Energy Independence Program model and said they used consulting and temporary hires and were then able to establish the correct number of FTE positions based on demand. Regarding funding, the work would be funded through the energy efficiency rate payers via application to the CPUC.

Chair Connolly called for public comments and there were none.

Communications Update (Discussion):

Community Affairs Coordinator Alex DiGiorgio welcomed new Board members Director Calloway of San Pablo and Director Caldwell of Napa County and provided the following update regarding Napa's Community Outreach Plan:

- MCE's first of five enrollment notices will be mailed to customers in unincorporated Napa County on Monday, November 10;
- Inserts are being included in the enrollment notices to provide cost comparisons under current rates;
- Two Town Hall meetings will be held in different parts of Napa County;
- MCE enrollment will occur in Napa in February;
- MCE staff are participating in numerous meetings, presentations and events
- A paid advertising campaign is underway
- MCE staff are working with the Community Advisory Group for feedback and direction with community outreach;
- Staff met with Napa County Supervisors;
- A Napa-specific web page has been created which includes an interactive map for identifying unincorporated areas versus incorporated.

Alex also presented ads that are currently published in Marin County newspapers and buses featuring local residents and businesses.

Regulatory and Legislative Updates (Discussion/Action):

Beth Kelly, Legal Director, referred to a list of acronyms for use by Directors. She referred to page 353 of the packet which provides an executive summary of regulatory affairs for October 2014 covering the IOU 2014-15 Energy Storage Procurement (A.14-02-006); the 2014 Long-Term Procurement Planning (LTPP) (R.13-12.010), the 2015 Energy Efficiency & Rolling Portfolios (EE) (R.13-11-005), Development of Distribution Resource Plans (DRP) (R.14-08-013), and CAISO Load Granularity Refinements (LGR).

Director Kelly explained that each topic before the California Public Utilities Commission (CPUC) has a home, each called a proceeding. MCE is currently involved in a new proceeding related to Integrated Demand Side Management (IDSM), which will serve as an umbrella proceeding for several other proceedings. There are many barriers to deploying IDSM which include data issues, billing issues, coordination issues, cost issues, and particularly incentive alignment issues. MCE is very involved in this and their comments will be submitted tomorrow; MCE will later file reply comments. Once this is done, she will have a better idea on what policy direction is looking like at the CPUC, but it could be a very impactful proceeding and closely tied to work which Becky Menten is undertaking, which is the cutting edge of energy efficiency. She stated

that their main emphasis is how to get to grid neutrality and have people access their energy savings on the grid in a fair way, and this will be presented in more detail next month.

Director Kelly stated the two main additional PG&E charges hitting customers' pocketbooks are called the Power Charger Indifference Adjustment (PCIA) and the Cost Allocation Mechanism (CAM). These charges represent energy that PG&E is buying which is broken down in electricity and capacity.

Director Kelly then briefly explained PCIA which is an "exit fee" imposed on departing load that is intended to protect bundled utility customers. CAM is a mechanism for passing through resource adequacy-related procurement costs within an IOU's service territory. PG&E procures a resource and needed capacity and capacity costs are allocated to all customers. There have been steps taken by MCE to address these added charges for their customers. In 2014, customers are paying almost \$13 million for PG&E's past procurement. Furthermore, customers are paying \$4.7 million for basically over-priced capacity. This adds 18% to procurement costs which is \$130 every single year from an average residential customer.

Notwithstanding these fees, MCE customers are paying less than PG&E even with these additional fees. Looking at the total of these fees, MCE could use this \$17.7 million to put back into customers' pockets, make the state greener, add more renewable procurement to our portfolio, and to support green jobs and energy efficiency programs. MCE believes this is an issue of fairness and how to maintain competitive neutrality.

The main issue with the PCIA is "stranded costs." The way to prevent "stranded costs" is for PG&E to procure appropriately for customers leaving their service. MCE is working on this issue in the long term procurement plan (LTPP) proceeding.

Additionally, the CPUC issued a White Paper on CAM and said they have been working with the CPUC Policy and Planning Division and Energy Division to pursue MCE's objective; to protect CCA procurement autonomy. Also, we are ensuring that our long term procurement is considered to reduce CAM and to improve the fairness of the CAM methodology.

These are important steps in the right direction and the current proceedings before the CPUC could have lasting impacts for future customers in bringing down costs. For new customers, they will need to see a ratcheting down and phasing out of the PCIA over a two year period to get to the point where customers are not bearing this cost on a long term basis.

Directors discussed their understanding of PCIA which was anticipated to be phased out. Ms. Kelly noted factors that affect this are market prices being low right now and stranded costs therefore being high. The amount PG&E is out of the money under this methodology means there is more money that PG&E can collect. Another contributing factor is that PG&E entered into renewable and other contracts years ago that are just now coming on line, and as for ratcheting down, they are really looking at 25 years out. Executive Officer Weisz noted that also


in 2012, MCE was part of a large coalition that pushed the CPUC to overhaul the way the PCIA calculation was done. The CPUC denied this request.

Board and Staff Matters (Discussion):

There were no Board Member or staff announcements.

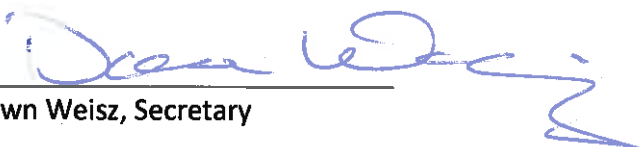
Adjournment:

The Board of Directors adjourned the meeting at 10:00PM to the next regular Board meeting on December 4, 2014.



Chairperson

Attest:



Dawn Weisz, Secretary

APPROVED
DEC 04 2014
MARIN CLEAN ENERGY