



MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY | UNINCORPORATED SOLANO COUNTY
BENICIA | CONCORD | DANVILLE | EL CERRITO | LAFAYETTE | MARTINEZ | MORAGA | OAKLEY | PINOLE
PITTSBURG | RICHMOND | SAN PABLO | SAN RAMON | WALNUT CREEK

**Board of Directors Meeting
Thursday, November 21, 2019
7:00 P.M.**

**Charles F. McGlashan Board Room, 1125 Tamalpais Avenue, San Rafael, CA 94901
Mt. Diablo Room, 2300 Clayton Road, Suite 1150, Concord, CA 94920**

Agenda Page 1 of 2

1. Roll Call/Quorum
2. Public Open Time (Discussion)

CLOSED SESSION

3. Conference with Legal Counsel – Existing Litigation
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of Case: PG&E Bankruptcy Petition #: 19-30089, MCE as an
Interested Party and Creditor
4. Roll Call/Quorum
5. Board Announcements (Discussion)
6. Public Open Time (Discussion)
7. Report from Chief Executive Officer (Discussion)
8. Consent Calendar (Discussion/Action)
 - C.1 Approval of 6.20.19 Meeting Minutes
 - C.2 Approval of 9.18.19 Meeting Minutes
 - C.3 Approved Contracts Update



Agenda material can be inspected at 1125 Tamalpais Avenue, San Rafael, CA 94901 on the Mission Avenue side of the building and at One Concord Center, 2300 Clayton Road, Concord, CA 94520 at the Clayton Road entrance. The meeting facilities are in accessible locations. If you are a person with a disability and require this document in an alternate format (example: Braille, Large Print, Audiotape, CD-ROM), you may request it by using the contact information below. If you require accommodation (example: ASL Interpreter, reader, note taker) to participate in any MCE program, service or activity, you may request an accommodation by calling (415) 464-6032 (voice) or 711 for the California Relay Service or by e-mail at djackson@mceCleanEnergy.org not less than **four work days** in advance of the event.

- 9.** Receive Applicant Analysis and Consider 1. Resolution 2019-05 of the Board of Directors of MCE approving the Cities of Vallejo and Pleasant Hill as Members of MCE; 2. Amendment 14 to the MCE JPA Agreement; and 3. Direction to Submit Amendment No. 7 to the MCE Implementation Plan and Statement of Intent (Discussion/Action)
- 10.** FY 2019/20 Operating Fund Budget Amendment (Discussion/Action)
- 11.** Resolution 2019-06 Establishing a Operating Reserve Fund (Discussion/Action)
- 12.** Amendments to MCE's Policy 013: Reserve Policy (Discussion/Action)
- 13.** Resolution 2019-07 Approving and Authorizing the Execution and Delivery of a Revolving Credit Agreement with JPMorgan Chase Bank, N.A. (Discussion/Action)
- 14.** New Board Member Additions to Committees (Discussion/Action)
- 15.** Low Income Families and Tenants Application to the CPUC (Discussion)
- 16.** Overview of California Electric Vehicle Infrastructure Program (CALeVIP) and how MCE could benefit (Discussion)
- 17.** Regulatory and Legislative Updates (Discussion)
- 18.** Board Matters & Staff Matters (Discussion)
- 19.** Adjourn

MCE BOARD MEETING MINUTES
Thursday, June 20, 2019
7:00 P.M.

Mt. Diablo Room
2300 Clayton Road, Suite 1150
Concord, CA 94520

Charles F. McGlashan Board Room
1125 Tamalpais Avenue
San Rafael, CA 94901

Called to Order: Chair Kate Sears called the regular meeting to order at 7:02 p.m.

Present: Sloan Bailey, Town of Corte Madera (*San Rafael*)
Tom Butt, City of Richmond (*San Rafael*)
Barbara Coler, Town of Fairfax (*San Rafael*)
Ford Greene, Town of San Anselmo (*San Rafael*)
Kevin Haroff, City of Larkspur (*San Rafael*)
Sue Higgins, City of Oakley (*Concord*)
Bob McCaskill, City of Belvedere (*San Rafael*)
Andrew McCullough, City of San Rafael (*San Rafael*)
Elizabeth Pabon-Alvarado, City of San Pablo (*Concord*)
Elizabeth Patterson, City of Benicia (*Concord*)
Scott Perkins, City of San Ramon (*Concord*)
Rupert Russell, Town of Ross (*San Rafael*)
Vincent Salimi, City of Pinole (*Concord*)
Kate Sears, County of Marin (*San Rafael*)
John Vasquez, County of Solano (*Concord*)
Robert Storer, Town of Danville Alternate (*Concord*)
Justin Wedel, City of Walnut Creek (*Concord*)
Ray Withy, City of Sausalito and City of Mill Valley (*San Rafael*)

Absent: Mike Anderson, City of Lafayette
Denise Athas, City of Novato
John Gioia, Contra Costa County
Greg Lyman, City of El Cerrito
Tim McGallian, City of Concord
Shanelle Scales-Preston, City of Pittsburg
Rob Schroder, City of Martinez
Renata Sos, Town of Moraga
Brad Wagenknecht, County of Napa
Jon Welner, Town of Tiburon

**Staff
& Others:** Jessica Brooks, Assistant Board Clerk
Mike Callahan, Senior Policy Counsel

MCE BOARD MEETING MINUTES
 Sherry Clark, Administrative Assistant
 John Dalessi, Operations Director
 Thursday, June 20, 2019
 7:00 P.M.
 Darlene Jackson, Board Clerk
 Sam Kang, Resource Planning
 Vicken Kasarjian, Chief of the Dialo Room
 Justin Kudo, Strategic Planning Director
 2300 Clayton Road, Suite 1150
 Justin Marquez, Communications Director
 Concord, CA 94520
 Catalina Murphy, Legal Counsel
 Troy Nordquist, Charles E. McGlashan Board Room
 1125 Tamalpais Avenue
 Grace Peralta, Residential Program Manager
 San Rafael, CA 94901
 Garth Salisbury, Director of Public Affairs
 Taylor Sherman, Administrative Services Assistant
 Heather Shepard, Director of Public Affairs
 Dawn Weisz, Chief Executive Officer

Swearing in of New Board Member

CEO, Dawn Weisz conducted the Oath of Office for new Board member John Vasquez, County of Solano and he was welcomed to the Board.

1. Roll Call/Quorum:

Director Kate Sears called the regular meeting to order at 7:02 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were none.

3. Public Open Time (Discussion)

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

4. Report from Chief Executive Officer (Discussion)

CEO Dawn Weisz, reported the following:

- Johnathan Koltz, Legal Advisor to CPUC Commissioner Martha Guzman-Aceves was introduced and welcomed.
- The Cities of Vallejo and Pleasant Hill have completed all the steps necessary to request MCE membership. Vacaville and Dixon have also expressed interest.
- Calendar invitations have been sent out for the Board Retreat on Wednesday, September 18th from 9AM-5PM at the City of Richmond Memorial Auditorium. Please RSVP as soon possible. Let Jessica or Darlene know if you have suggested topics.
- Grace Peralta, Residential Program Manager was introduced and provided a brief update on MCE's LIFT program.

5. Consent Calendar (Discussion/Action)

Thursday, June 20, 2019

- C.1 Approval of 3.21.19 Meeting **7:00 P.M.**
- C.2 Approved Contracts Update
- C.3 Updated MCE Voting Sheet **At Mt. Diablo Room**
- C.4 Resolution 2019-2300 **2300 Clayton Road, Suite 1150** Interest Code
- C.5 Professional Services Agreement **Concord, CA 94520** Marketing and Media
- C.6 Resolution 2019-04 Accepting an Administrative Extension to November 30, 2019 of the Credit Agreement **Chillicothe, Missouri City Room** the Principal Amount of \$25,000,000 **1125 Tamalpais Avenue**
- C.7 MCE Treasurer's Report **San Rafael, CA 94901** Investments

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

Action: It was M/S/C Coler/Greene) to **approve Consent Calendar items: C.1-C.4, C.6, and C.7.** Item **C.5** was pulled for further discussion. Motion carried by unanimous vote. (Abstained on **C.1:** Director Pabon-Alvarado).

Action: It was M/S/C (Coler/Haroff) to **approve Consent Calendar item C.5.** Motion carried by unanimous vote. (Director Bailey recused himself on C.5).

(Absent: Directors: Anderson, Athas, Gioia, Lyman, McGallian, Scales-Preston, Schroder, Sos, Wagenknecht, Welner).

6. De-energizing, Critical Facilities and Emergency Alert Systems (Discussion)

Woody Baker-Cohn, Marin County Sheriff's Office/OES, presented this item and addressed questions from Board members.

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

Action: No action required.

7. Proposed MCE Rate Changes for July 1, 2019 (Discussion/Action)

Justin Kudo, Strategic Analysis & Rates Manager and John Dalessi, Operations & Development, presented this item and addressed questions from Board members.

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

Action: It was M/S/C (Greene/Patterson) **1) to Authorize MCE staff to adjust MCE rates so that they provide an average 0.3% total bill savings relative to PG&E using PG&E's 2019 ERRA rates effective July 1st or as soon as possible thereafter, and make additional rate changes linked to the 2019 ERRA if PG&E's ERRA rate changes are delayed or bifurcated, and require additional alignment to achieve the 0.3% total bill savings and, 2) to Authorize staff to implement EV2A,**

standby rates, and new time-of-use commercial rates effective July 1st or as soon as possible thereafter, providing for an average 0.3% total bill savings from PG&E.

Recommendation #1 - Motion carried by roll call vote: Yays – 14, Noes – 4 (Directors: Perkins, Russell, Salimi, and Storer)

Recommendation #2 - Motion carried by roll call vote: Yays – 16, Noes – 2 (Directors Perkins and Storer)

(Absent: Directors Anderson, Athas, Gioia, Lyman, McGallian, Scales-Preston, Schroder, Sos, Wagenknecht, Welner).

8. New Board Member Additions to Committees (Discussion/Action)

CEO Dawn Weisz, introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Coler/Greene) to **add the following Board Members to the 2019 Ad Hoc Audit Committee: Bob McCaskill, Andrew McCullough, and Ray Wityh** (Absent: Directors: Anderson, Athas, Gioia, Lyman, McGallian, Scales-Preston, Schroder, Sos, Wagenknecht, Welner).

9. Adjustment of Scope of Work for Executive Committee (Discussion/Action)

Catalina Murphy, Legal Counsel, introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Coler/Greene) to **approve adjustments to the Scope of Work for Executive Committee** (Absent: Directors: Anderson, Athas, Gioia, Lyman, McGallian, Scales-Preston, Schroder, Sos, Wagenknecht, Welner)..

10. Regulatory and Legislative Updates (Discussion)

Mike Callahan, Senior Policy Counsel, introduced this item and addressed questions from Board members.

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

Action: No action required.

11. Board Matters & Staff Matters (Discussion)

There were no announcements.

12. Adjournment

Chair Kate Sears adjourned the meeting at 9:52 p.m. to the next scheduled Board Meeting on September 18, 2019.

Kate Sears, Chair

Attest:

Dawn Weisz, Secretary

MCE
BOARD RETREAT MEETING MINUTES
Wednesday, September 18, 2019
9:00 A.M.
City of Richmond Memorial Auditorium
403 Civic Center Drive
Richmond, CA 94804

Call to Order: Chair Kate Sears called the Special Meeting to order at 9:15 a.m.

Present:

Mike Anderson, City of Lafayette
Sloan Bailey, Town of Corte Madera
Tom Butt, City of Richmond
John Gioia, County of Contra Costa
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Greg Lyman, City of El Cerrito
Bob McCaskill, City of Belvedere
Elizabeth Pabon-Alvarado, City of San Pablo
Elizabeth Patterson, City of Benicia
Scott Perkins, City of San Ramon
Kate Sears, County of Marin
John Vasquez, County of Solano
Justin Wedel, City of Walnut Creek
Ray Withy, City of Mill Valley and City the City of Sausalito
Brad Wagenknecht, County of Napa

Absent:

Denise Athas, City of Novato
Lisa Blackwell, Town of Danville
Barbara Coler, Town of Fairfax
Sue Higgins, City of Oakley
Andrew McCullough, City of San Rafael
Tim McGallian, City of Concord
P. Rupert Russell, Town of Ross
Vincent Salimi, City of Pinole
Shanelle Scales-Preston, City of Pittsburg
Rob Schroder, City of Martinez
Renata Sos, Town of Moraga
Jon Welner, Town of Tiburon

Staff: Jessica Brooks, Assistant Board Clerk
Sherry Clark, Administrative Services Assistant
John Dalessi, Operations and Development
Kirby Dusel, Resource Planning and Renewable Energy Programs
Brian Goldstein, Resource Planning & Implementation
Alice Havenar-Daughton, Director of Customer Programs
Darlene Jackson, Board Clerk
Sam Kang, Resource Planning
Vicken Kasarjian, Chief Operating Officer
Shaheen Khan, Director of Human Resources, Diversity, and Inclusion
Justin Kudo, Strategic Analysis and Rates Manager
Justine Parmelee, Manager of Administrative Services
Garth Salisbury, Director of Finance
Lindsay Saxby, Power Supply Contracts Manager
Taylor Sherman, Administrative Services Assistant
Heather Shepard, Director of Public Affairs
Shalini Swaroop, General Counsel
Dawn Weisz, Chief Executive Officer
Brett Wiley, Customer Programs Manager

1. Roll Call/Quorum

Roll call was conducted and quorum established.

2. Public Open Time (Discussion)

There were no comments.

3. Opening Remarks (Discussion)

Opening remarks were provided by Chair Sears. She noted that this is the first year MCE has not gone through an expansion in its service area, which has allowed MCE to focus on other important work, such as the following 2019 accomplishments:

- MCE completed its first FIT projects in East Contra Contra County (Oakley), as well as in Napa County (American Canyon), unveiling two solar installations that will be delivering power to MCE customers for the next 20 years.
- MCE completed its first solar electric vehicle charging project on the parking lot of the San Rafael office and helped install EV charging stations at workplaces across our service area.
- MCE remained fiscally strong and earned our second credit rating signaling our fiscal strengths to the market and other stakeholders.

- Customer participation in 100% renewable energy is growing. As of today, 20 of our member municipalities have chosen deep green for their municipal load.
- State-wide the CCA movement has grown and currently there are 19 CCAs in operation, half of which were formed last year.

MCE BOARD RETREAT MEETING MINUTES

Wednesday, September 18, 2019

CEO Dawn Weisz, provided the following brief report:

City of Richmond Memorial Auditorium

- A huge thank you to Darlene Jackson and Jessica Brooks for providing critical and executive support as well as support to the Board.
- The presence and anticipated participation of CPUC Commissioner Martha Guzman-Aceves and possible attendance of Commissioner Liane Randolph was noted. Ms. Weisz also set parameters under which dialogue and questions should be presented to the Commissioners. There should be no side-bar conversations related to agenda items or other items that should remain public.
- A few housekeeping items were noted and the first program speaker was introduced.

4. MCE Accomplishments and Goals (Discussion)

Departmental accomplishments and goals were presented by the following staff members and questions from the Board were addressed:

- Lindsay Saxby, Manager of Power Resources
- Heather Shepard, Director of Public Affairs
- Alice Havenar-Daughton, Director of Customer Programs

Chair Sears opened public comment period and there were no speakers.

5. Challenges and Opportunities (Discussion)

Perspectives on this topic were shared by the following staff members and consultants, and questions from the Board were addressed:

- Lindsay Saxby, Manager of Power Resources
- Kirby Dusel, Resource Planning and Renewable Energy Programs
- Brian Goldstein, Resource Planning & Implementation
- Heather Shepard, Director of Public Affairs
- Vicken Kasarjian, Chief Operating Officer
- Justin Kudo, Strategic Analysis and Rates

CPUC Commissioner, Martha Guzman-Aceves, briefly participated in the challenges and opportunities discussion and entertained questions from the Board.

Chair Sears opened public comment period and there were no speakers.

6. MCE Accomplishments and Goals (Discussion)

Wednesday, September 18, 2019

Departmental accomplishments and goals were presented by the following staff members, and questions from the Board were addressed:

- Justine Parmelee, Manager of Administrative
- Shaheen Khan, Director of Human Resources, Diversity, and Inclusion
- Garth Salisbury, Director of Finance
- Shalini Swaroop, General Counsel

Chair Sears opened public comment period and there were no speakers.

7. Technology in Practice (Discussion)

- **7a** - Brett Wiley, Customer Programs Manager, lead the Electric Vehicle Scorecard AB 1236 discussion and introduced Tyson Eckerle, Deputy Director of Zero Emission Vehicle Infrastructure in the Governor's Office of Business and Economic Development (Go Biz). Questions from the Board were addressed.
- **7b** - CEO Vicken Kasarjian introduced Tom Willard, CEO of Sage Renewables who presented on Battery Storage & Distributed Energy Resources (DERs) and addressed questions from the Board.

Chair Sears opened public comment period and there were no speakers.

8. Emerging Issues (Discussion)

CEO Weisz presented this item which allowed the Board to further discuss and address previously discussed topics.

Chair Sears opened public comment period and there were no speakers.

9. Board Member & Staff Matters (Discussion)

There were not announcements.

10. The Board Chair adjourned the Special Meeting at 3:33 P.M. to the next Regular Board Meeting on October 17, 2019.

MCE

Kate Sears, Chair

BOARD RETREAT MEETING MINUTES
Wednesday, September 18, 2019
9:00 A.M.

City of Richmond Memorial Auditorium
403 Civic Center Drive
Richmond, CA 94804

Attest:

Dawn Weisz, Secretary



November 21, 2019

TO: MCE Board of Directors
 FROM: Bill Pascoe, Power Supply Contracts Manager
 RE: Approved Contracts Update (Agenda Item #08 – C.3)

Dear Board Members:

SUMMARY: This report summarizes agreements entered into by the Chief Executive Officer and if applicable, the Chair of the Technical Committee since the last regular Board meeting in June. This summary is provided to your Board for information purposes only.

Review of Procurement Authorities

In March 2018, your Board adopted Resolution 2018-03 which included the following provisions:

The CEO and Technical Committee Chair, jointly, are hereby authorized, after consultation with the appropriate Committee of the Board of Directors, to approve and execute contracts for Energy Procurement for terms of less than or equal to five years. The CEO shall timely report to the Board of Directors all such executed contracts.

The CEO is authorized to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board of Directors.

The Chief Executive Officer is required to report all such contracts and agreements to the MCE Board of Directors on a regular basis.

November Board 2019	Purpose	Maximum Annual Contract Amount	Term of Contract
June, 2019	Sale of Resource Adequacy	(\$100,000)	Under 1 Year
June, 2019	Purchase of Bundled Renewable Energy	\$120,000	Under 1 Year
June, 2019	Purchase of Resource Adequacy	\$2,700,000	Under 1 Year
June, 2019	Sale of Resource Adequacy	(\$1,800,000)	Under 1 Year
June, 2019	Sale of Resource Adequacy	(\$27,000)	Under 1 Year
June, 2019	Purchase of Carbon Free Energy	\$288,750	Under 1 Year
June, 2019	Purchase of Bundled Renewable Energy	\$120,000	Under 1 Year

July, 2019	Sale of Resource Adequacy	(\$11,000)	Under 1 Year
July, 2019	Purchase of Bundled Renewable Energy	\$850,000	Under 1 Year
July, 2019	Sale of Resource Adequacy	(\$50,000)	Under 1 Year
July, 2019	Sale of Resource Adequacy	(\$55,000)	Under 1 Year
July, 2019	Sale of Resource Adequacy	(\$60,000)	Under 1 Year
July, 2019	Sale of Resource Adequacy	(\$12,000)	Under 1 Year
July, 2019	Sale of Carbon Free Energy	(\$836,550-\$861,300)	Under 1 Year
July, 2019	Purchase of Bundled Renewable Energy	\$1,462,500	Under 1 Year
July, 2019	Purchase of Bundled Renewable Energy	\$600,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$1,250,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$3,465,000	Under 1 Year
August, 2019	Sale of Resource Adequacy	(\$150,400)	Under 1 Year
August, 2019	Sale of Resource Adequacy	(\$52,000)	Under 1 Year
August, 2019	Sale of Resource Adequacy	(\$455,000)	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$7,000,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$25,300,000	1-5 Years
August, 2019	Sale of Resource Adequacy	(\$475,000)	1-5 Years
August, 2019	Purchase of Bundled Renewable Energy	\$6,900,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$3,750,000	1-5 Years
August, 2019	Sale of Resource Adequacy	(\$320,000)	Under 1 Year

August, 2019	Sale of Resource Adequacy	(\$1,100,000)	1-5 Years
August, 2019	Purchase of Carbon Free Energy	\$8,500,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$3,900,000	1-5 Years
August, 2019	Purchase of Resource Adequacy	\$33,200,000	Over 5 Years
August, 2019	Purchase of Resource Adequacy	\$22,000,000	1-5 Years
September, 2019	Purchase of Resource Adequacy	\$5,300,000	1-5 Years
September, 2019	Sale of Resource Adequacy	(\$3,900,000)	1-5 Years
September, 2019	Sale of Resource Adequacy	(\$55,000)	Under 1 Year
September, 2019	Purchase of Resource Adequacy	\$4,100,000	1-5 Years
September, 2019	Sale of Resource Adequacy	(\$3,850,000)	1-5 Years
September, 2019	Purchase of System Energy	\$29,000,000	1-5 Years
September, 2019	Purchase of System Energy	\$62,300,000	1-5 Years
September, 2019	Purchase of Bundled Renewable Energy	\$637,500-\$850,000	1-5 Years
September, 2019	Purchase of Resource Adequacy	\$2,360,000	1-5 Years
September, 2019	Purchase of Resource Adequacy	\$2,400,000	1-5 Years
September, 2019	Purchase of Resource Adequacy	\$4,750,000	1-5 Years
October, 2019	Sale of Bundled Renewable Energy	(\$0-\$1,718,750)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$436,650)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$90,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$4,050,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$370,000)	1-5 Years

October, 2019	Sale of Resource Adequacy	(\$45,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$487,500)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	487,500	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$82,500)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	85,500	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$24,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$92,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$20,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$80,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$16,000)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$297,500	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$768,000)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$2,850,000	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$7,500)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$176,250	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$211,500)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$42,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$95,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$460,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$36,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$355,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$110,000)	1-5 Years

October, 2019	Purchase of Resource Adequacy	\$715,000	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$925,000)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$235,000	1-5 Years
October, 2019	Purchase of Resource Adequacy	\$435,593	1-5 Years
October, 2019	Purchase of Resource Adequacy	\$232,000	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$340,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$184,500)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$85,000	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$85,000)	1-5 Years
October, 2019	Purchase of Resource Adequacy	\$154,000	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$220,000)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$16,000	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$397,500	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$93,500)	Under 1 Year
October, 2019	Purchase of Resource Adequacy	\$126,000	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$130,000)	1-5 Years
October, 2019	Sale of Resource Adequacy	(\$590,000)	1-5 Years
October, 2019	Purchase of Resource Adequacy	\$3,200,000	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$450,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$144,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$288,000)	Under 1 Year
October, 2019	Sale of Resource Adequacy	(\$90,000)	Under 1 Year

<i>October, 2019</i>	<i>Sale of Resource Adequacy</i>	<i>(\$360,000)</i>	<i>Under 1 Year</i>
<i>October, 2019</i>	<i>Sale of Resource Adequacy</i>	<i>(\$360,000)</i>	<i>Under 1 Year</i>
<i>October, 2019</i>	<i>Sale of Resource Adequacy</i>	<i>(\$36,000)</i>	<i>Under 1 Year</i>
<i>October, 2019</i>	<i>Sale of Resource Adequacy</i>	<i>(\$190,000)</i>	<i>1-5 Years</i>
<i>October, 2019</i>	<i>Sale of Resource Adequacy</i>	<i>(\$10,600)</i>	<i>Under 1 Year</i>

Fiscal Impact: Expenses and revenue associated with these Contracts and Agreements that are expected to occur during FY 2019/20 are within the FY 2019/20 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation: Information only. No action required.



November 21, 2019

TO: MCE Board of Directors

FROM: Jenna Famular, Community Development Manager
John Dalessi, Operations and Development

RE: Receive Applicant Analysis and Consider 1. Resolution 2019-05 of the Board of Directors of MCE Approving the Cities of Vallejo and Pleasant Hill as Members of MCE; 2. Amendment 14 to the MCE JPA Agreement; and 3. Direction to Submit Amendment No. 7 to the MCE Implementation Plan and Statement of Intent (Agenda Item #09)

ATTACHMENTS:

- A. MCE Applicant Analysis for 2021
- B. Resolution 2019-05 of the Board of Directors of MCE
- C. Amendment 14 to the MCE JPA Agreement
- D. Addendum No. 7 to MCE Implementation Plan and Statement of Intent
- E. Policy 007 – New Customer Communities
- F. MCE Membership Application Checklist

Dear Board Members:

SUMMARY:

On January 15, 2019, MCE opened an “inclusion period” for interested jurisdictions in both Solano County and Contra Costa County to complete the steps required to join MCE as a member. The inclusion period was established to create efficiencies in workflow, achieve economies of scale, and streamline procurement procedures. The inclusion period was closed on June 30, 2019. During this inclusion period the City of Vallejo, located in Solano County, and the City of Pleasant Hill, located in Contra Costa County, completed all requirements to submit a membership request to MCE.

The City of Vallejo received presentations from MCE before their city council and voted unanimously to request membership with MCE on May 28, 2019. Vallejo represents a population of approximately 122,000 individuals and would be the third jurisdiction in Solano County to join MCE after the enrollment of the City of Benicia in 2014, and the pending April 2020 enrollment of unincorporated Solano County.

The City of Pleasant Hill received a presentation from MCE before their city council and voted

unanimously with one abstention to request membership with MCE on June 3, 2019. Pleasant Hill represents a population of approximately 35,000 individuals and would be the 15th jurisdiction in Contra Costa County to join MCE after the enrollment of the City of Richmond in 2013, the Cities of El Cerrito and San Pablo in 2015, the Cities of Lafayette and Walnut Creek in 2016, and the Cities of Concord, Martinez, Oakley, Pinole, Pittsburg, and San Ramon, Towns of Danville and Moraga, and unincorporated Contra Costa County in 2018.

The request of these jurisdictions to join MCE requires MCE Board approval subject to positive results from the quantitative applicant analysis. The quantitative analysis is completed for the purpose of determining environmental benefits such as incremental increases in renewable energy deliveries and expected reductions in greenhouse gas emissions, as well as potential financial impacts related to the addition of customers located within the Cities of Vallejo and Pleasant Hill. The analysis has been completed and is attached hereto.

The impacts of this prospective membership expansion are positive, demonstrating increases in renewable energy sales, expected reductions in greenhouse gas emissions, and positive fiscal impacts for MCE and its customers¹. It is estimated that the additional customer base would yield annual net revenues of \$6.4 million on average, resulting in a positive fiscal impact on MCE and the existing customer base. These benefits could supplement MCE reserves, expand funding for clean energy or local energy programs, or help to maintain competitiveness of MCE rates. The analysis also indicates that service to the new customers would increase the amount of renewable energy being used in California's energy market by approximately 110,666 MWh per year while reducing GHG emissions by up to 122 metric tons of carbon dioxide equivalent per year.

On February 8, 2017, the California Public Utilities Commission (CPUC) passed Resolution E-4907, which delays the timeline by which a new member jurisdiction may begin service with a community choice aggregator. As a result, the City of Vallejo and City of Pleasant Hill will not be permitted to begin service until 2021. To begin service in 2021, Resolution E-4907 requires the submission of an Addendum to MCE's Implementation Plan and Statement of Intent by the end of calendar year 2019. This Addendum is similar in structure to Addendum No. 6, which was submitted in 2018, prior to MCE's upcoming expansion, and is attached here as Addendum No. 7.

General budgetary impacts of the recommended actions will be positive, as increases in revenues will more than compensate for increased expenses after enrollment occurs. Specific budgetary impacts would therefore be reflected in the FY 2020/21 budget.

Recommendation

1. Approve Resolution 2019-05 of the Board of Directors of MCE approving the Cities of Vallejo and Pleasant Hill as Members of MCE
2. Approve Amendment 14 to the MCE JPA Agreement
3. Direct staff to submit Amendment No. 7 to the MCE Implementation Plan and Statement of Intent.

¹ Note that any rate/financial impacts are based on wholesale electricity pricing at the time of analysis. Such pricing is subject to change and actual rate/financial impacts will be based on wholesale electricity pricing offered to MCE at the time of power supply contract execution.

Marin Clean Energy Applicant Analysis for 2021

November 2019

SUMMARY

MCE's policy regarding new membership requires the completion of a quantitative analysis as part of the preliminary evaluative process. The primary focus of the quantitative analysis is to determine the anticipated fiscal impacts that would affect MCE's existing customer base following the addition of the prospective new communities. The quantitative analysis must demonstrate that the addition of the prospective new communities is projected to result in a neutral or positive fiscal impact for MCE and the existing customer base; this is a threshold requirement that must be met before proceeding with further membership activities. In addition, the quantitative analysis addresses the projected environmental impacts that would result from offering MCE service to the prospective new communities. More specifically, the analysis prospectively determines whether or not the new communities will accelerate greenhouse gas (GHG) reductions (beyond those reductions already achieved by MCE's existing membership) while increasing the amount of renewable energy being used within California's energy market.

MCE has received membership requests from Pleasant Hill and Vallejo, both of which have taken the requisite steps to be considered for membership in MCE. Membership would entail expansion of MCE service to customers within these cities. The results of the quantitative analysis are summarized in this report.

In general, the quantitative analysis indicates a positive effect for existing MCE customers following the addition of prospective customers located within the applicant jurisdictions. **It is estimated that the additional customer base would yield annual net revenues of \$6.4 million on average, resulting in a positive fiscal impact on MCE and the existing customer base. These benefits could supplement MCE reserves, expand funding for clean energy or local energy programs, or help to maintain competitiveness of MCE rates. The analysis also indicates that service to the new customers would increase the amount of renewable energy being used in California's energy market by approximately 110,666 MWh per year while reducing GHG emissions by up to 122 metric tons of carbon dioxide equivalent per year.**

BACKGROUND

Since its inception in 2010, MCE has successfully undergone several expansions with the most recent occurring in April 2018, and another planned for April 2020. Initially serving approximately 8,000 customers in May 2010, MCE has grown over the years to its current customer base of more than 480,000 electric customers. Past expansions have been beneficial in reducing MCE's average costs and contributing to MCE's ability to achieve its environmental goals while maintaining competitive rates. MCE's expansion phases are summarized in Table 1.

Table 1: MCE Expansion History

MCE Phase No.	Status & Description of Phase	Implementation Date
Phase 1: 8,000 Accounts	Complete: MCE Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies.	May 7, 2010
Phase 2A: 5,700 Accounts	Complete: Additional commercial and residential accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies (incremental addition to Phase 1).	August 2011
Phase 2B: 74,000 Accounts	Complete: Remaining accounts within Marin County.	July 2012
Phase 3: 33,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the City of Richmond.	July 2013
Phase 4A: 18,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County, subject to economic and operational constraints.	February 2015
Phase 4B: 34,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the City of San Pablo, the City of Benicia and the City of El Cerrito, subject to economic and operational constraints.	May 2015
Phase 5: 84,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the Cities of American Canyon, Calistoga, Lafayette, Napa, Saint Helena, Walnut Creek and the Town of Yountville.	September 2016
Phase 6: 218,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within Contra Costa County (unincorporated areas); the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga.	April 2018
Phase 7: 11,000 Accounts	Scheduled: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Solano County	April 2020

In evaluating requests for membership, MCE uses qualitative and quantitative criteria listed below. The focus of the present analysis is to address criteria A, B, and C.

Membership Criteria:

- A. Including new communities is projected to result in a neutral or positive fiscal impact for MCE and the existing customer base.
- B. Including new communities will enhance strength of local programs, including an increase in distributed generation, and will accelerate greenhouse gas reductions on a larger scale.
- C. Including new communities will increase the amount of renewable energy being used in California's energy market.
- D. There will be an increase in opportunities to launch and operate MCE energy efficiency programs to reduce energy consumption and reliance on fossil fuels.
- E. New opportunities are available to deploy local solar and other distributed renewable generation through the MCE Net Energy Metering Tariff and Feed in Tariff.
- F. Greater demand for jobs and economic activity is likely to result from service in new communities.
- G. Inclusion of new communities is likely to create stronger voice for MCE at the State and regulatory level.

ANALYSIS

MCE conducted an analysis of the potential new electric customers to estimate the revenues and costs associated with extending MCE service to the applicant jurisdictions. The analysis incorporated historical monthly electric usage data provided by PG&E for all current electric customers located within the service boundaries of Pleasant Hill and Vallejo.

Table 2 summarizes the aggregate account and electricity usage data for the major customer classifications. The electric data indicates the potential for 64,300 new MCE customers with a potential increase in annual electricity sales approximating 509,569 MWh per year. The aggregate peak demand of these customers is estimated at 92 MW.¹

Table 2: 2018 Applicant Electric Data

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (kWh)
Residential	58,772	291,416	413
Small Commercial	4,345	65,909	1,264
Medium Commercial	392	72,901	15,498
Street Lighting	530	4,590	722
Other Non-Residential	233	74,753	26,736
Total	64,272	509,569	661
*Peak Demand (MW)			92

*Estimate based on PG&E customer usage profiles

As compared to the current MCE customer base, summarized in Table 3 below, the applicant communities include a similar mix of customer service classifications, with a slightly higher proportion of residential customers. Aggregate per capita electricity consumption is lower in the new communities by approximately 27% overall. Other non-residential customer data have been aggregated to comply with the 15/15 customer confidentiality rule.

¹ These figures are for bundled electric customers of PG&E and exclude customers taking service from non-utility energy service providers through the state's direct access program as well as certain accounts on generation service contracts. These figures are unadjusted for expected customer participation rates.

Table 3: Estimated Annual MCE Electricity Data (Current Customers)

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (KWh)
Residential	430,493	2,464,349	477
Small Commercial	40,751	706,524	1,445
Medium Commercial	3,560	679,093	15,895
Large Commercial	1,865	759,954	33,952
Industrial	49	517,383	883,056
Agricultural and Pumping	3,274	76,663	1,951
Street Lighting	3,973	31,468	660
Total	483,966	5,235,433	901
Peak Demand (MW)			1,005

In regard to seasonal consumption patterns, electricity usage in the applicant communities exhibit a more pronounced winter peak than does the current MCE customer base. These differences can be seen in comparing Figure 1 and Figure 2 below.

Figure 1: Applicant Communities Projected 12-Month Hourly Load Profile (KW)

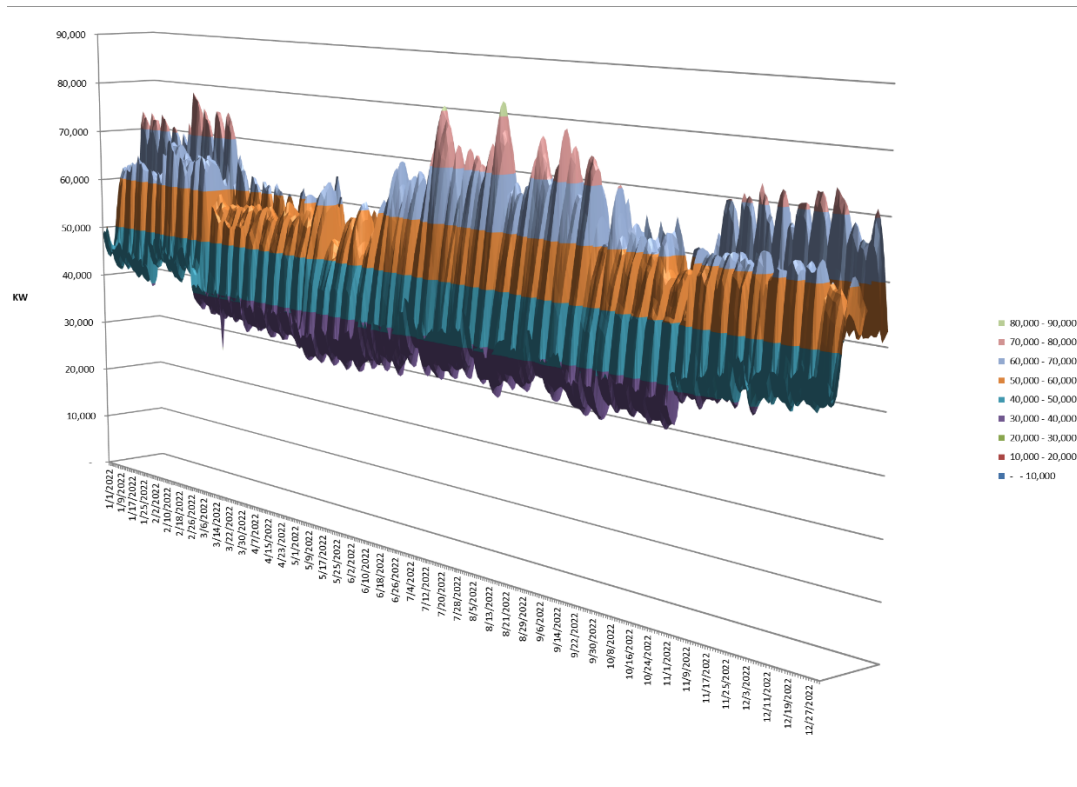


Figure 2: MCE Current Customer Base Projected 12-Month Hourly Load Profile (KW)

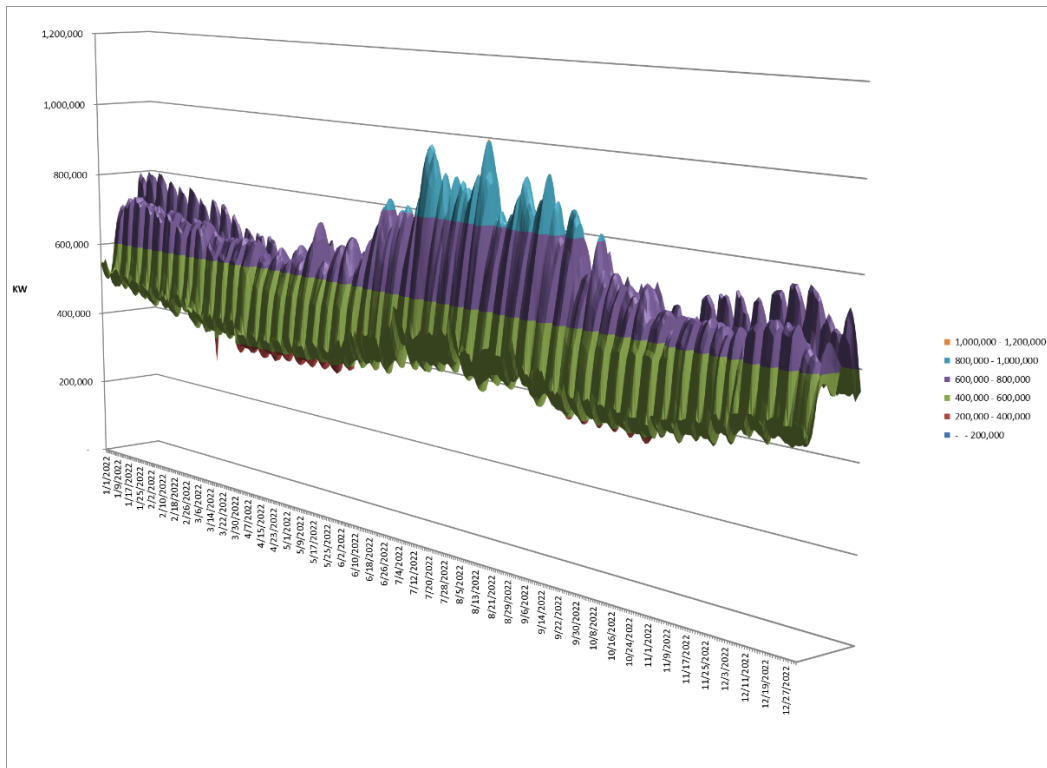
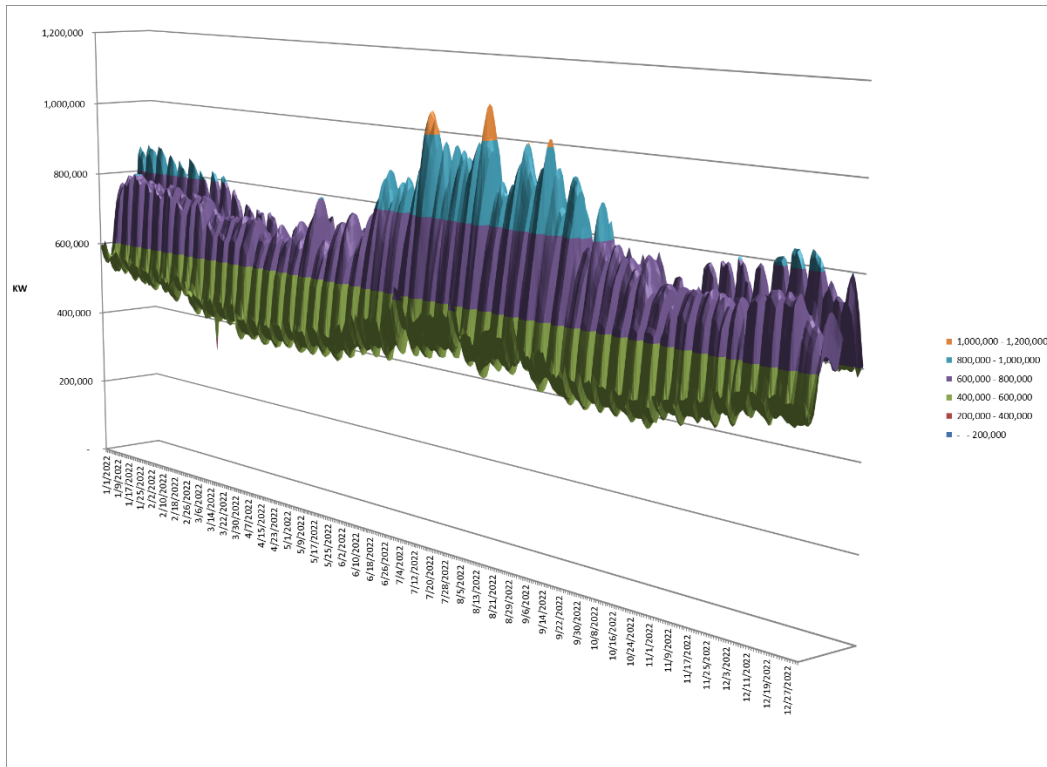


Figure 3: MCE Projected Hourly Load Profile Including Applicant Communities



FISCAL IMPACTS

For purposes of the fiscal impact analysis, it was assumed that service would be initiated to the new communities in April 2021 and that 90% of customers who would be offered MCE service would elect to participate. This would equate to an increase in annual MCE electricity sales of 460,905 MWh or approximately 9%. In order to quantify rate impacts, the incremental revenues and costs were examined for the first two complete fiscal years beginning April 1, 2021 and continuing through March 31, 2023.

The incremental revenue surplus, based on the difference between projected revenues and costs directly related to the addition of these customers, represents the fiscal benefit related to expansion. Incremental revenues were projected based on forecast sales by customer type and current MCE rates. The incremental cost analysis accounts for ongoing costs related to additional power supplies, customer billing, customer service support (call center), PG&E service fees, incremental staffing and legal costs, communications and ongoing customer notices associated with serving the additional customers.

Table 4 presents the estimated potential fiscal impacts for the first two fiscal years inclusive of the new communities' enrollment.

Table 4: MCE Fiscal Impact from Applicant Communities

	FY 2021/2022	FY 2022/2023
Volume (MWh)	445,129	461,500
Revenue	\$38,191,409	\$39,447,985
Costs		
Power Supply Cost	\$28,468,097	\$31,733,898
Billing and Other Costs	\$1,178,477	\$1,145,250
Total Cost	\$29,646,574	\$32,879,148
Fiscal Benefit	\$8,544,835	\$6,568,837
% Benefit	≈2%	≈1%

In consideration of current market conditions, the fiscal impact analysis indicates that the addition of the applicant communities' customers to MCE's total customer base would provide benefits to MCE and its existing ratepayers; it is estimated that expanding MCE service to the applicant communities would provide a financial benefit of approximately 1-2% of annual revenues. This benefit accrues due to the margins generated by a higher sales volume; economies of scale as fixed administrative costs can be spread over a larger sales base; and a reduction in MCE's average power supply costs, as the cost of marginal power purchases is below MCE's average cost of power.

CAPITAL AND LIQUIDITY IMPACTS

Although minimal, additional costs related to the expansion would be incurred during the fiscal year preceding the first described in this study (attributed to initiation of service to the new customers). These costs would be incurred for marketing and outreach, customer noticing, regulatory, legal, internal operations, resource planning and electric procurement activities that would be necessary to incorporate the new member communities and their customers into MCE and provide outreach to the new customers. MCE has sufficient cash liquidity to fund the growth in customers and energy sales related to the expansion.

FISCAL IMPACT SENSITIVITIES

The fiscal impact estimate is based on current power supply pricing and rates, which could change prior to the time service for the new member communities commences. Additionally, actual customer participation may vary from the currently projected 90% participation rate. A sensitivity analysis was performed to evaluate the risk associated with these variables. The sensitivity results, shown in Table 5, indicate that fiscal impacts will be positive under a reasonable range of possible scenarios.

Table 5: Fiscal Impact Sensitivities (FY 2021/2022)

Scenario	Fiscal Impact
	<u>FY 2021/22</u>
Base Projection	\$8,544,835
Power Costs + 20%	\$4,921,010
75% Participation Rate	\$7,134,183

RENEWABLE ENERGY IMPACTS

Renewable energy requirements were calculated for the applicant communities to ensure compliance with the statewide Renewables Portfolio Standard (RPS) as well as the more aggressive MCE renewable energy content standards adopted by MCE (currently set at a minimum 60% for Light Green customers; MCE procures 100% renewable energy for all customers participating in the voluntary Deep Green and Local Sol service options). In consideration of MCE's internally established renewable energy targets, the total renewable energy requirement associated with prospective expansion to the applicant municipalities would be approximately 288,115 MWh annually. Per MCE's internally established renewable energy procurement plans, 100% of this additional renewable energy requirement would be fulfilled utilizing PCC1 certified bundled renewable energy.

Relative to California's statutory minimums (which must be met by PG&E and other retail sellers), enrolling the applicant communities' electric customers in MCE service would increase the amount of renewable energy being used in California's energy market by approximately 110,666 MWh annually. .

Table 6: Renewable Energy Impacts (CY 2022)

	Annual MWh
Retail Sales	460,905
MCE Renewable Energy Standard	288,114
State Renewable Portfolio Standard	177,448
Increase in Renewable Energy	110,666

GREENHOUSE GAS EMISSIONS IMPACTS

In general, MCE's net incremental purchases of GHG-free energy to serve the new customer load are expected to reduce electric sector GHG emissions. This anticipated outcome seems reasonable because such incremental purchases are assumed to displace GHG-emitting energy generated within or imported into California. The incremental GHG-free energy purchased by MCE, less any excess GHG-free energy sold off and not otherwise retained by PG&E for the benefit of its customers, would represent the net change in GHG-free energy resulting from the extension of MCE service to the new communities.

Based on resource planning targets for 2022, MCE would purchase 37.5% of the new community energy requirements from large hydro-electric sources, in addition to the 62.5% supplied by qualifying renewable sources.² This equates to an estimated 461 GWh of GHG-free energy purchases per year on behalf of the new customers. The increase in GHG-free energy, and the resultant reduction in GHG emissions attributable to these customers joining MCE, is also influenced by changes to PG&E's supply mix as it loses load to CCA providers. When such transitions have occurred, PG&E's past practice has been to sell excess qualifying renewable energy (to market participants, including CCAs) while retaining other GHG-free energy supply (i.e., large hydro and nuclear). Such practice has resulted in reductions to PG&E's reported and estimated carbon emissions over time. Stated somewhat differently, as CCA sales in Northern California have increased, the emissions intensity associated with PG&E's supply portfolio has gone down. If PG&E's practice continues, the entirety of MCE's incremental hydro-electric purchases (173 GWh) as well as the incremental qualifying renewable purchases that are in excess of the RPS (111 GWh) can be assumed to displace GHG emitting supply that would otherwise be purchased or produced by PG&E. If PG&E retains its hydroelectric and nuclear energy sources when customers depart, it needs to buy less carbon-emitting supply due to its reduced overall energy requirements; in the case of MCE, new customers are immediately served with a near-GHG-free supply, resulting in an overall reduction in electric sector emissions as previous purchases from carbon-emitting sources are effectively discontinued. The associated GHG emission reduction can be estimated by multiplying the 284 GWh of GHG-free energy by the 0.428 metric tons per MWh emissions rate associated with unspecified source system energy. This equates to approximately 122 metric tons of GHG emissions reduction per year, which can be considered the high end of the estimated impact.

A lower impact would result if PG&E were to sell off excess GHG-free energy or if a share of these resources were to be allocated to MCE when new CCA customers commence service. Discussions are underway at the California Public Utilities Commission as part of the Power Charge Indifference Adjustment (PCIA) reform proceeding to address how GHG-free energy, which is subject to the PCIA cost recovery mechanism, might be allocated to CCAs. If this allocation takes place, MCE's incremental procurement of GHG-free energy for the new communities would be reduced by the amount of the allocation received from the PG&E portfolio. The proportion of large hydro-electricity in the PG&E portfolio that is subject to potential allocation is estimated to make up approximately 11% of MCE's load, and the net increase in MCE's GHG free purchases for the new communities would be

² Assumes a similar mix of new customers subscribing to MCE's Light Green Service offering (60% renewable) as well as Deep Green and Local Sol Service offerings (both of which are 100% renewable) relative to MCE's current customer base. For purposes of this discussion, large hydro-electric sources include purchases from Asset Controlling Suppliers (ACS), which primarily rely on power produced by hydro-electric systems – ACS systems are assigned ultra-low emission factors by the California Air Resources Board, reflecting the predominant use of hydroelectricity and other clean-energy sources.

approximately 233 GWh (122 GWh of large hydro and 111 GWh of qualifying renewable energy). This equates to an annual GHG emissions reduction of approximately 100 metric tons, which can be considered the low end of the estimated impact.

RESOLUTION NO. 2019 – 05

A RESOLUTION OF THE BOARD OF DIRECTORS OF MCE APPROVING THE CITY OF VALLEJO AND CITY OF PLEASANT HILL AS MEMBERS OF MCE

WHEREAS, 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”); and,

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint power agency, and on December 19, 2008, Marin Clean Energy (“MCE”), (formerly the Marin Energy Authority) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time (“MCE Joint Powers Agreement”); and,

WHEREAS, on February 2, 2010, the California Public Utilities Commission Certified the “Implementation Plan” of MCE, confirming MCE’s compliance with the requirements of the Act; and,

MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, requested membership in MCE was made by the City of Vallejo on May 28, 2019 and the City of Pleasant Hill on June 3, 2019; and

WHEREAS, the ordinance approving membership in MCE was approved by the City of Vallejo on May 28, 2019 and the City of Pleasant Hill on June 3, 2019; and

WHEREAS, the applicant analysis for the City of Vallejo and City of Pleasant Hill was completed on October 21, 2019, and yielded a positive result;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Board of Directors of MCE that the City of Vallejo and the City of Pleasant Hill are approved as members of MCE.

PASSED AND ADOPTED at the regular meeting of the MCE Board of Directors on the 21st day of November by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
County of Contra Costa				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of San Ramon				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Walnut Creek				
Town of Yountville				

KATE SEARS, CHAIR

ATTEST:

DAWN WEISZ, SECRETARY

AI #9_Att. C: Amendment No. 14 to MCE JPA Agrmnt
**AMENDMENT NO. 14 TO MARIN CLEAN ENERGY
JOINT POWERS AUTHORITY AGREEMENT**

1. Exhibit B to the Agreement, which includes a “List of the Parties” to the Agreement, is hereby amended to reflect the Marin Clean Energy (formerly the Marin Energy Authority) current membership, which includes the following local public entities:

County of Marin
Contra Costa County
County of Napa
County of Solano
City of American Canyon
City of Belvedere
City of Benicia
City of Calistoga
City of Concord
Town of Corte Madera
Town of Danville
City of El Cerrito
Town of Fairfax
City of Lafayette
City of Larkspur
City of Martinez
City of Mill Valley
Town of Moraga
City of Napa
City of Novato
City of Oakley
City of Pinole
City of Pittsburg
City of Pleasant Hill
City of San Ramon
City of Richmond
Town of Ross
Town of San Anselmo
City of San Pablo
City of San Rafael
City of Sausalito
City of St. Helena
Town of Tiburon
City of Vallejo
City of Walnut Creek
Town of Yountville

2. Exhibit C to the Agreement, which specifies “Annual Energy Use” for each party to the Agreement, is hereby amended to reflect annual energy use within each member’s jurisdiction inclusive of the City of Vallejo and City of Pleasant Hill.

3. Exhibit D to the Agreement, which specifies “Voting Shares” for each party to the Agreement, is hereby amended to reflect the current voting shares of each member in accordance with the provisions of Section 4.9.2 of the Agreement.

4. This Amendment No. 14 does not limit the authority of the Board to update Exhibits B, C and D in the future without further amending the Agreement as provided by Sections 1.3 and 4.9.2.3 of the Agreement.

This Amendment No. 14 to the Marin Clean Energy Joint Powers Authority Agreement was duly adopted by the Board of Directors in accordance with Article 8.4 of this Agreement on November 21, 2019.

Exhibit C**Marin Clean Energy****- Annual Energy Use -**

The Exhibit C is effective as of November 21, 2019.

MCE Member Community	kWh (2018)
City of American Canyon	68,863,048
City of Belvedere	7,559,724
City of Benicia	109,006,957
City of Calistoga	25,789,501
City of Concord***	501,470,719
Town of Corte Madera	43,648,487
County of Contra Costa***	681,702,620
Town of Danville***	159,892,242
City of El Cerrito	57,473,778
Town of Fairfax	17,686,976
City of Lafayette	93,395,203
City of Larkspur	42,300,429
City of Martinez***	146,808,415
City of Mill Valley	44,162,656
County of Marin	231,127,804
Town of Moraga***	43,500,705
City of Napa	301,529,775
County of Napa	290,789,633
City of Novato	181,481,295
City of Oakley***	104,385,215
City of Pinole***	61,147,704
City of Pittsburg***	400,751,543
City of Pleasant Hill**	132,226,068
City of Richmond	375,238,422
Town of Ross	9,582,633
Town of San Anselmo	32,112,858
City of San Ramon***	297,534,056
City of Saint Helena	48,272,027
City of San Pablo	63,560,391
City of San Rafael	219,591,665
City of Sausalito	31,737,097
County of Solano*	170,226,648
Town of Tiburon	29,117,609
City of Vallejo**	352,291,219
City of Walnut Creek	340,868,665
Town of Yountville	31,866,947
MCE Total Energy Use	5,748,700,734

Retail electric sales are quantified in the following manner: 1) for existing Member(s) that received MCE generation service during the entirety of CY 2018, historical billing records have been compiled to quantify actual retail sales; 2) for Member(s) that commenced MCE generation service during CY 2018 (receiving such services for a portion of the 2018 calendar year), historical retail sales reflect 2018 customer usage data provided by PG&E for any pre-enrollment months and actual MCE customer billing records for post-enrollment months; and 3) for any Member(s) that have yet to receive MCE generation service, retail sales estimates have been derived in consideration for historical 2018 customer usage data, as provided by PG&E, adjusted via an estimated opt-out assumption reflective of average actual historical opt-out rates observed by MCE.

* Expected to receive MCE service in CY 2020

** Expected to receive MCE service in CY 2021

*** First received MCE service in CY 2018.

Exhibit D**Marin Clean Energy****- Voting Shares -**

This Exhibit C is effective as of November 21, 2019.

MCE Member Community	kWh (2018)	Section 4.9.2.1	Section 4.9.2.2	Voting Share
City of American Canyon	68,863,048	1.39%	0.60%	1.99%
City of Belvedere	7,559,724	1.39%	0.07%	1.45%
City of Benicia	109,006,957	1.39%	0.95%	2.34%
City of Calistoga	25,789,501	1.39%	0.22%	1.61%
City of Concord***	501,470,719	1.39%	4.36%	5.75%
Town of Corte Madera	43,648,487	1.39%	0.38%	1.77%
County of Contra Costa***	681,702,620	1.39%	5.93%	7.32%
Town of Danville***	159,892,242	1.39%	1.39%	2.78%
City of El Cerrito	57,473,778	1.39%	0.50%	1.89%
Town of Fairfax	17,686,976	1.39%	0.15%	1.54%
City of Lafayette	93,395,203	1.39%	0.81%	2.20%
City of Larkspur	42,300,429	1.39%	0.37%	1.76%
City of Martinez***	146,808,415	1.39%	1.28%	2.67%
City of Mill Valley	44,162,656	1.39%	0.38%	1.77%
County of Marin	231,127,804	1.39%	2.01%	3.40%
Town of Moraga***	43,500,705	1.39%	0.38%	1.77%
City of Napa	301,529,775	1.39%	2.62%	4.01%
County of Napa	290,789,633	1.39%	2.53%	3.92%
City of Novato	181,481,295	1.39%	1.58%	2.97%
City of Oakley***	104,385,215	1.39%	0.91%	2.30%
City of Pinole***	61,147,704	1.39%	0.53%	1.92%
City of Pittsburg***	400,751,543	1.39%	3.49%	4.87%
City of Pleasant Hill**	132,226,068	1.39%	1.15%	2.54%
City of Richmond	375,238,422	1.39%	3.26%	4.65%
Town of Ross	9,582,633	1.39%	0.08%	1.47%
Town of San Anselmo	32,112,858	1.39%	0.28%	1.67%
City of San Ramon***	297,534,056	1.39%	2.59%	3.98%
City of Saint Helena	48,272,027	1.39%	0.42%	1.81%
City of San Pablo	63,560,391	1.39%	0.55%	1.94%
City of San Rafael	219,591,665	1.39%	1.91%	3.30%
City of Sausalito	31,737,097	1.39%	0.28%	1.66%
County of Solano*	170,226,648	1.39%	1.48%	2.87%
Town of Tiburon	29,117,609	1.39%	0.25%	1.64%
City of Vallejo**	352,291,219	1.39%	3.06%	4.45%
City of Walnut Creek	340,868,665	1.39%	2.96%	4.35%
Town of Yountville	31,866,947	1.39%	0.28%	1.67%
MCE Total Energy Use	5,748,700,734	50.00%	50.00%	100.00%

Retail electric sales are quantified in the following manner: 1) for existing Member(s) that received MCE generation service during the entirety of CY 2018, historical billing records have been compiled to quantify actual retail sales; 2) for Member(s) that commenced MCE generation service during CY 2018 (receiving such services for a portion of the 2018 calendar year), historical retail sales reflect 2018 customer usage data provided by PG&E for any pre-enrollment months and actual MCE customer billing records for post-enrollment months; and 3) for any Member(s) that have yet to receive MCE generation service, retail sales estimates have been derived in consideration for historical 2018 customer usage data, as provided by PG&E, adjusted via an estimated opt-out assumption reflective of average actual historical opt-out rates observed by MCE.

* Expected to receive MCE service in CY 2020

** Expected to receive MCE service in CY 2021

*** First received MCE service in CY 2018.

MARIN CLEAN ENERGY

ADDENDUM NO. 7 TO THE REVISED COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS MCE EXPANSION TO THE
CITIES OF VALLEJO AND PLEASANT HILL



November 21, 2019

For copies of this document contact Marin Clean Energy in San Rafael, California or
visit www.mcecleanenergy.org

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CHAPTER 1 – INTRODUCTION

The purpose of this document is to make certain revisions to the Marin Clean Energy Implementation Plan and Statement of Intent in order to address the expansion of Marin Clean Energy (“MCE”) to the cities of Vallejo and Pleasant Hill. MCE is a public agency that was formed in December 2008 for purposes of implementing a community choice aggregation (“CCA”) program and other energy-related programs targeting significant greenhouse gas emissions (“GHG”) reductions. At that time, the Member Agencies of MCE included eight of the twelve municipalities located within the geographic boundaries of Marin County: the cities/towns of Belvedere, Fairfax, Mill Valley, San Anselmo, San Rafael, Sausalito and Tiburon and the County of Marin (together the “Members” or “Member Agencies”). In anticipation of CCA program implementation and in compliance with state law, MCE submitted the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 9, 2009. Consistent with its expressed intent, MCE successfully launched the Marin Clean Energy CCA program (“MCE” or “Program”) on May 7, 2010 and has been serving customers since that time.

During the second half of 2011, four additional municipalities within Marin County, the cities of Novato and Larkspur and the towns of Ross and Corte Madera, joined MCE, and a revised Implementation Plan reflecting updates related to this expansion was filed with the CPUC on December 3, 2011.

Subsequently, the City of Richmond, located in Contra Costa County, joined MCE, and a revised Implementation Plan reflecting updates related to this expansion was filed with the CPUC on July 6, 2012.

A revision to MCE’s Implementation Plan was then filed with the Commission on November 6, 2012 to ensure compliance with Commission Decision 12-08-045, which was issued on August 31, 2012. In Decision 12-08-045, the Commission directed existing CCA programs to file revised Implementation Plans to conform to the privacy rules in Attachment B of the aforementioned Decision.

During 2015, the County of Napa and the Cities of Benicia, El Cerrito, and San Pablo joined MCE; service was extended to customers in unincorporated Napa County during February 2015 and to customers in Benicia, El Cerrito and San Pablo during May 2015. To address the anticipated effects of these expansions, MCE filed with the Commission a revision to its Implementation Plan on July 18, 2014 to address expansion to the County of Napa (the Commission subsequently certified this revision on September 15, 2014). Following the Commission’s certification of this revision, MCE submitted Addendum No. 1 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of San Pablo (“Addendum No. 1”) on September 25, 2014 (and the Commission subsequently certified Addendum No. 1 on October 29, 2014); and Addendum No. 2 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City

of Benicia (“Addendum No. 2”) on November 21, 2014 (the Commission subsequently certified Addendum No. 2 on December 1, 2014); and Addendum No. 3 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of El Cerrito (“Addendum No. 3”) on January 7, 2015 (the Commission subsequently certified Addendum No. 3 on January 16, 2015).

On April 21, 2016, MCE’s Board of Directors (the “Board” or “Governing Board”) unanimously adopted Resolution No. 2016-01, which approved the cities of American Canyon, Calistoga, Lafayette, Napa, St. Helena and Walnut Creek as well as the Town of Yountville as members of MCE. On this date, MCE’s Board also approved the related Addendum No. 4 to its Revised Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 4”), which addressed expansion to such Communities. Addendum No. 4 was submitted to the Commission on April 22, 2016; Addendum No. 4 was certified by the Commission thereafter on May 6, 2016.

On July 20, 2017, MCE’s Board adopted Resolution No. 2017-06, which approved Contra Costa County (unincorporated areas); the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga as members of MCE. On this date, MCE’s Board also approved the related Addendum No. 5 to its Revised Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 5”), which addressed expansion to such Communities. Addendum No. 5 was submitted to the Commission on September 25, 2017; Addendum No. 5 was certified by the Commission thereafter on December 21, 2017.

MCE’s Board approved the membership request of Solano County (unincorporated areas) on October 18, 2018 via Resolution No. 2018-12, which also approved the related Addendum No. 6 to MCE’s Revised Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 6”), addressing service delivery within the unincorporated areas of Solano County. Addendum No. 6 was submitted to the Commission on November 20, 2018; Addendum No. 6 was certified by the Commission thereafter on February 19, 2019.

More recently, MCE’s Board approved the membership request of the cities of Vallejo and Pleasant Hill on November 21, 2019 via Resolution No. 2019-05, and staff prepared this Addendum No. 7 to MCE’s Revised Community Choice Aggregation Implementation Plan and Statement of Intent (“Addendum No. 7”), which addresses service delivery within the cities of Pleasant Hill and Vallejo. MCE’s Board also approved Addendum No. 7 on November 21, 2019.

The MCE program currently provides electric generation service to approximately 472,000 customers, including a cross section of residential and commercial accounts. During its more than nine-year operating history, non-member municipalities have monitored MCE’s progress, evaluating the potential opportunity for membership, which would enable customer choice with respect to electric generation service. In response to such inquiries, MCE’s Board adopted Policy 007, which established a formal process and specific criteria for new member additions. In particular, this policy identifies several threshold requirements, including the specification that

any prospective member evaluation demonstrate rate-related savings (based on prevailing market prices for requisite energy products at the time of each analysis) as well as environmental benefits (as measured by anticipated reductions in greenhouse gas emissions and increased renewable energy sales to CCA customers) before proceeding with expansion activities, including the filing of related revisions/addenda to this Implementation Plan. As MCE receives new membership requests, staff will follow the prescribed evaluative process of Policy 007 and will present related results at future public meetings. To the extent that membership evaluations demonstrate favorable results and any new community completes the process of joining MCE, this Implementation Plan will be revised through a related addendum, highlighting key impacts and consequences associated with the addition of such new community/communities.

In response to public interest and MCE's successful operational track record, the cities of Vallejo and Pleasant Hill requested MCE membership, consistent with MCE Policy 007, and respectively adopted the requisite ordinance for joining MCE. As previously noted, MCE's Board approved such membership requests at a duly noticed public meeting on November 21, 2019 through the adoption of Resolution No. 2019-05.

This Addendum No. 7 describes MCE's expansion plans to include the cities of Vallejo and Pleasant Hill. MCE intends to enroll such customers in its CCA Program during the month of April 2021, consistent with the Commission's requirements per Resolution E-4907, which define relevant timing for Implementation Plan filing in advance of service commencement. According to the Commission, the Energy Division is required to receive and review a revised MCE implementation plan reflecting changes/consequences of additional members. With this in mind, MCE has reviewed its revised Implementation Plan, which was filed with the Commission on July 18, 2014, as well as previously filed and certified Addendums, and has identified certain information that requires updating to reflect the changes and consequences of adding the cities of Vallejo and Pleasant Hill as well as other forecast modifications, which reflect the most recent historical electric energy use within MCE's existing service territory. This Addendum No. 7 reflects pertinent changes that are expected to result from the new member addition as well as updated projections that are considerate of recent operations. This document format, including references to MCE's most recent Implementation Plan revision (filed with the Commission on July 18, 2014 and certified by the Commission on September 15, 2014), which is incorporated by reference and attached hereto as Appendix E, addresses all requirements identified in Public Utilities Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to MCE's anticipated expansion.

CHAPTER 2 – CHANGES TO ADDRESS MCE EXPANSION TO THE CITIES OF VALLEJO AND PLEASANT HILL

As previously noted, this Addendum No. 7 addresses the anticipated impacts of MCE's planned expansion to the cities of Vallejo and Pleasant Hill, as well as other forecast modifications reflecting the most recent historical electric energy use within MCE's existing service territory.

As a result of this member addition, certain assumptions regarding MCE's future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 7, MCE represents that such information shall remain unchanged relative to the July 18, 2014 Implementation Plan revision.

With regard to the defined terms Members and Member Agencies, the following Communities are now signatories to the MCE Joint Powers Agreement and represent MCE's current membership:

Member Agencies	
City of American Canyon	City of Novato
City of Belvedere	City of Oakley
City of Benicia	City of Pinole
City of Calistoga	City of Pittsburg
City of Concord	City of Pleasant Hill
County of Contra Costa	City of Richmond
Town of Corte Madera	Town of Ross
Town of Danville	Town of San Anselmo
City of El Cerrito	City of Saint Helena
Town of Fairfax	City of San Pablo
City of Lafayette	City of San Rafael
City of Larkspur	City of San Ramon
County of Marin	City of Sausalito
City of Martinez	County of Solano
City of Mill Valley	Town of Tiburon
Town of Moraga	City of Vallejo
City of Napa	City of Walnut Creek
County of Napa	Town of Yountville

Throughout this document, use of the terms Members and Member Agencies refer to the aforementioned Communities. To the extent that the discussion herein addresses the process of aggregation and MCE organization, each of these communities is now an MCE Member and the electric customers of such jurisdictions have been or will be offered CCA service consistent with the noted phase-in schedule.

Aggregation Process

MCE's aggregation process was discussed in Chapter 2 of MCE's July 18, 2014 Revised Implementation Plan. This first paragraph of Chapter 2 is replaced in its entirety with the following verbiage:

As previously noted, MCE successfully launched its CCA Program, MCE, on May 7, 2010 after meeting applicable statutory requirements and in consideration of planning elements described in its initial Implementation Plan. At this point in time, MCE plans to expand agency membership to include the cities of Vallejo and Pleasant Hill. These communities have requested MCE membership, and MCE's Board of Directors subsequently approved this membership request at a duly noticed public meeting on November 21, 2019.

Program Phase-In

Program phase-in was discussed in Chapter 5 of MCE's July 18, 2014 Revised Implementation Plan. Chapter 5 is replaced in its entirety with the following verbiage:

MCE will continue to phase-in the customers of its CCA Program as communicated in this Implementation Plan. To date, six complete phases have been successfully implemented. A seventh phase will commence in April 2020 (including service commencement to customers located within unincorporated areas of Solano County), and an eighth phase will commence in April 2021 (including service commencement to customers located within the cities of Vallejo and Pleasant Hill), as reflected in the following table.

MCE Phase No.	Status & Description of Phase	Implementation Date
Phase 1: 8,500 Accounts	Complete: MCE Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies.	May 7, 2010
Phase 2A: 6,100 Accounts	Complete: Additional commercial and residential accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies (incremental addition to Phase 1).	August 2011
Phase 2B: 79,000 Accounts	Complete: Remaining accounts within Marin County.	July 2012
Phase 3: 35,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the City of Richmond.	July 2013

MCE Phase No.	Status & Description of Phase	Implementation Date
Phase 4A: 14,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County, subject to economic and operational constraints.	February 2015
Phase 4B: 30,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the City of San Pablo, the City of Benicia and the City of El Cerrito, subject to economic and operational constraints.	May 2015
Phase 5: 83,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within the Cities of American Canyon, Calistoga, Lafayette, Napa, Saint Helena, Walnut Creek and the Town of Yountville.	September 2016
Phase 6: 216,000 Accounts	Complete: Residential, commercial, agricultural, and street lighting accounts within Contra Costa County (unincorporated areas); the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga.	April 2018
Phase 7: 11,000 Accounts	Pending Customer Enrollment: Residential, commercial, agricultural, and street lighting accounts within Solano County (unincorporated areas).	April 2020 (planned)
Phase 8: 58,000 Accounts	Pending Implementation Plan Certification: Residential, commercial, agricultural, and street lighting accounts within the cities of Vallejo and Pleasant Hill.	April 2021 (planned)

This approach has provided MCE with the ability to start slow, addressing problems and unforeseen challenges associated with a small, manageable CCA program before offering service to successively larger groups of customers. Following completion of Phase 8 customer enrollments, MCE expects to serve a customer base of approximately 544,000 accounts. This approach has also allowed MCE and its energy suppliers to address all system requirements (billing, collections and payments) under a phase-in approach that was designed to minimize potential exposure to uncertainty and financial risk by “walking” (when serving relatively small account totals) prior to “running” (when serving much larger account totals). The Board may evaluate other phase-in options based on future market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

Sales Forecast

With regard to MCE’s sales forecast, which is addressed in Chapter 6, Load Forecast and Resource Plan, MCE assumes that total annual retail sales will increase to approximately 5,560 GWh following Phase 8 expansion. The following tables have been updated to reflect the impacts of planned expansion to MCE’s new membership.

Chapter 6, Resource Plan Overview

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MCE Demand (GWh)													
Retail Demand	-91	-185	-570	-1,110	-1,252	-1,710	-2,103	-3,036	-4,535	-5,454	-5,613	-6,002	-6,165
Distributed Generation	0	2	4	5	9	14	135	121	139	472	554	668	768
Energy Efficiency	0	0	0	0	1	3	3	5	7	10	16	22	29
EV Demand	0	0	0	0	0	0	-22	-29	-38	-75	-95	-147	-192
Losses and UFE	-5	-11	-34	-66	-74	-102	-119	-176	-266	-303	-308	-328	-334
Total Demand	-97	-195	-601	-1,172	-1,316	-1,795	-2,106	-3,115	-4,693	-5,350	-5,446	-5,787	-5,894
MCE Supply (GWh)													
<u>Renewable Resources</u>													
Generation	0	0	0	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	23	50	289	564	645	926	1,089	1,709	2,577	3,093	3,188	3,409	3,476
Total Renewable Resources	23	50	289	564	645	926	1,089	1,709	2,577	3,093	3,188	3,409	3,476
<u>Conventional/Hydro Resources</u>													
Generation	0	0	0	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	74	145	312	608	670	869	1,017	1,406	2,116	2,257	2,258	2,378	2,418
Total Conventional/Hydro Resources	74	145	312	608	670	869	1,017	1,406	2,116	2,257	2,258	2,378	2,418
Total Supply	97	195	601	1,172	1,316	1,795	2,106	3,115	4,693	5,350	5,446	5,787	5,894
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0	0	0	0

Chapter 6, Customer Forecast

	May-10	Aug-11	Jul-12	Jul-13	Feb-15	May-15	Sep-16	Apr-18	Apr-20	Apr-21
MCE Customers										
Residential	7,354	12,503	77,345	106,510	120,204	145,874	225,128	421,325	430,493	485,540
Commercial & Industrial	579	1,114	9,913	13,098	15,316	17,884	27,274	44,708	46,226	50,929
Street Lighting & Traffic	138	141	443	748	1,014	1,156	1,866	3,670	3,973	4,470
Ag & Pumping	-	<15	113	109	1,467	1,467	1,700	2,051	3,274	3,292
Total	8,071	13,759	87,814	120,465	138,001	166,381	255,968	471,754	483,966	544,231

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MCE Customers													
Residential	7,354	12,503	77,345	106,510	106,510	145,874	225,128	226,254	421,325	423,432	430,493	485,540	487,968
Commercial & Industrial	579	1,114	9,913	13,098	13,098	17,884	27,274	27,410	44,708	44,932	46,226	50,929	51,184
Street Lighting & Traffic	138	141	443	748	748	1,156	1,866	1,875	3,670	3,688	3,973	4,470	4,492
Ag & Pumping	-	<15	113	109	109	1,467	1,700	1,709	2,051	2,061	3,274	3,292	3,308
Total	8,071	13,759	87,814	120,465	120,465	166,381	255,968	257,248	471,754	474,113	483,966	544,231	546,952

Chapter 6, Sales Forecast

Marin Clean Energy Energy Requirements (GWH) 2010 to 2022													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MCE Energy Requirements (GWh)													
Retail Demand	91	185	570	1,110	1,252	1,710	2,103	3,036	4,535	5,454	5,613	6,002	6,165
Distributed Generation	0	-2	-4	-5	-9	-14	-135	-121	-139	-472	-554	-668	-768
Energy Efficiency	0	0	0	0	-1	-3	-3	-5	-7	-10	-16	-22	-29
EV Demand	0	0	0	0	0	0	22	29	38	75	95	147	192
Losses and UFE	5	11	34	66	74	102	119	176	266	303	308	328	334
Total Load Requirement	97	195	601	1,172	1,316	1,795	2,106	3,115	4,693	5,350	5,446	5,787	5,894

Chapter 6, Capacity Requirements

Marin Clean Energy Capacity Requirements (MW) 2010 to 2022													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Demand (MW)													
Retail Demand	28	46	182	233	234	318	441	682	1,068	1,293	1,434	1,590	1,648
Distributed Generation	-	(1)	(2)	(3)	(5)	(8)	(77)	(81)	(94)	(337)	(395)	(476)	(548)
Energy Efficiency	-	-	-	-	-	-	(1)	(1)	(2)	(2)	(4)	(5)	(7)
EV Load	-	-	-	-	-	-	10	13	18	34	43	67	88
Losses and UFE	2	3	11	14	14	19	22	37	59	59	65	71	71
Total Net Peak Demand	30	47	191	244	243	328	396	650	1,050	1,048	1,143	1,246	1,252
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	29	37	36	49	59	97	157	157	171	187	188
Capacity Requirement Including Reserve	34	55	220	281	279	378	455	747	1,207	1,205	1,314	1,433	1,440

Chapter 6, Renewables Portfolio Standards Energy Requirements

Marin Clean Energy RPS Requirements (MWH) 2010 to 2022													
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
*Retail Sales	91,219	183,741	566,640	1,105,310	1,241,233	1,693,246	1,986,409	2,938,886	4,427,137	5,047,013	5,137,828	5,459,349	5,560,303
Baseline	-	18,244	36,748	113,328	221,062	269,348	394,526	496,602	793,499	1,283,870	1,564,574	1,695,483	1,954,447
Incremental Procurement Target	18,244	18,504	76,580	107,734	48,286	125,179	102,076	296,897	490,371	280,704	130,909	258,964	186,270
Annual Procurement Target	18,244	36,748	113,328	221,062	269,348	394,526	496,602	793,499	1,283,870	1,564,574	1,695,483	1,954,447	2,140,717
% of Current Year Retail Sales	20%	20%	20%	20%	22%	23%	25%	27%	29%	31%	33%	36%	39%

*Net of Energy Efficiency and Distributed Generation

**Marin Clean Energy
RPS Requirements and Program Renewable Energy Targets
(MWh)
2010 to 2022**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
*Retail Sales (MWh)	91,219	183,741	566,640	1,105,310	1,241,233	1,693,246	1,986,409	2,938,886	4,427,137	5,047,013	5,137,828	5,459,349	5,560,303
Annual RPS Target (Minimum MWh)	18,244	36,748	113,328	221,062	269,348	394,526	496,602	793,499	1,283,870	1,564,574	1,695,483	1,954,447	2,140,717
Annual L/T Target (Minimum MWh)	-	-	-	-	-	-	-	-	-	-	-	1,270,391	1,391,466
Program Renewable Target (MWh)	22,805	49,610	288,986	563,708	645,441	926,138	1,088,592	1,709,269	2,576,571	3,093,269	3,187,727	3,409,230	3,475,780
Program Target (% of Retail Sales)	25%	27%	51%	51%	52%	55%	55%	58%	58%	61%	62%	62%	63%
Voluntary Margin of Overprocurement (MWh)	4,561	12,862	175,658	342,646	376,094	531,612	591,989	915,770	1,292,701	1,528,695	1,492,243	1,454,783	1,335,063

**Net of Energy Efficiency and Distributed Generation*

Chapter 6, Energy Efficiency

**Marin Clean Energy
Energy Efficiency Savings Goals
(GWh)
2010 to 2022**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MCE Retail Demand	91	185	570	1,110	1,252	1,710	2,103	3,036	4,535	5,454	5,613	6,002	6,165
MCE Energy Efficiency Goal	0	0	0	0	-1	-3	-3	-5	-7	-10	-16	-22	-29

Chapter 6, Demand Response

**Marin Clean Energy
Demand Response Goals
(MW)
2010 to 2022**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Capacity Requirement (MW)	34	55	220	281	279	378	455	747	1,207	1,205	1,314	1,433	1,440
Greater Bay Area Capacity Requirement (MW)	5	9	35	44	44	40	48	80	125	184	140	153	153
Demand Response Target	-	-	-	-	-	-	-	-	-	3	7	18	18
Percentage of Local Capacity Requirement	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	5%	12%	12%

Chapter 6, Distributed Generation

**Marin Clean Energy
Distributed Generation Projections
(MW)
2010 to 2022**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
DG Capacity	-	1	2	3	5	8	77	81	94	337	395	476	548

Financial Plan

With regard to MCE’s financial plan, which is addressed in Chapter 7, Financial Plan, MCE has updated its expected operating results, which now include projected impacts related to service expansion within MCE’s new member Communities. The following table reflects updated operating projections in consideration of these planned expansions.

Chapter 7, CCA Program Operating Results

Marin Clean Energy Summary of CCA Program Phase-In (January 2010 through December 2022)													
CATEGORY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
I. REVENUES FROM OPERATIONS (\$)													
ELECTRIC SALES REVENUE	10,610,804	16,454,790	44,052,111	78,782,938	96,577,968	134,474,212	165,289,480	212,418,679	329,232,524	394,124,032	439,431,454	473,371,817	485,917,013
LESS UNCOLLECTIBLE ACCOUNTS	(29,176)	(140,371)	(299,942)	(540,077)	(662,078)	(921,934)	(1,126,363)	(1,442,225)	(2,351,872)	(2,679,857)	(2,988,287)	(3,218,773)	(3,304,486)
TOTAL REVENUES	10,581,628	16,314,419	43,752,169	78,242,861	95,915,890	133,552,278	164,163,116	210,976,455	326,880,652	391,444,174	436,443,167	470,153,044	482,612,527
II. COST OF OPERATIONS (\$)													
(A) ADMINISTRATIVE AND GENERAL (A&G)													
STAFFING	321,117	430,659	1,077,759	1,386,303	1,825,000	2,710,500	4,728,650	6,151,600	6,920,156	8,815,978	8,988,798	9,258,461	9,536,215
CONTRACT SERVICES	1,035,333	848,063	3,131,840	4,457,964	4,572,751	4,838,757	6,326,457	7,370,528	9,017,602	11,358,760	11,248,420	12,114,311	12,453,441
IOU FEES (INCLUDING BILLING)	19,548	60,794	287,618	584,729	660,114	877,953	1,124,270	1,261,350	1,775,059	2,094,612	2,163,897	2,440,807	2,581,087
OTHER A&G	191,261	189,204	249,729	302,806	373,125	610,500	791,750	1,284,784	1,398,107	4,004,000	4,139,080	4,263,252	4,391,150
SUBTOTAL A&G	1,567,259	1,528,720	4,746,946	6,731,802	7,430,990	9,037,711	12,971,126	16,068,262	19,110,924	26,273,350	26,540,195	28,076,832	28,961,894
(B) COST OF ENERGY	7,418,662	11,881,494	35,805,704	68,624,319	84,358,061	118,264,445	144,457,641	190,345,081	264,842,182	322,023,009	364,323,036	390,554,165	410,616,109
(C) DEBT SERVICE	654,595	394,777	747,729	1,195,162	1,195,162	2,451,457	458,000	228,875	21,945	253,000	253,000	253,000	253,000
TOTAL COST OF OPERATION	9,640,516	13,804,991	41,300,380	76,551,283	92,984,212	129,753,613	157,886,767	206,642,218	283,975,051	348,549,359	391,116,230	418,883,997	439,831,003
CCA PROGRAM SURPLUS/(DEFICIT)	941,112	2,509,428	2,451,789	1,691,578	2,931,677	3,798,665	6,276,350	4,334,236	42,905,601	42,894,815	45,326,937	51,269,047	42,781,524

Expansion Addendum Appendices

Appendix A: Marin Clean Energy Resolution 2019-05

Appendix B: Joint Powers Agreement

Appendix C: City of Pleasant Hill Ordinance

Appendix D: City of Vallejo Ordinance

Appendix E Marin Clean Energy Revised Implementation Plan and Statement of Intent (July 18, 2014)

Appendix A

Marin Clean Energy Resolution 2019-05

RESOLUTION NO. 2019 – 05

A RESOLUTION OF THE BOARD OF DIRECTORS OF MCE APPROVING THE CITY OF VALLEJO AND CITY OF PLEASANT HILL AS MEMBERS OF MCE

WHEREAS, 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”); and,

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint power agency, and on December 19, 2008, Marin Clean Energy (“MCE”), (formerly the Marin Energy Authority) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time (“MCE Joint Powers Agreement”); and,

WHEREAS, on February 2, 2010, the California Public Utilities Commission Certified the “Implementation Plan” of MCE, confirming MCE’s compliance with the requirements of the Act; and,

MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, requested membership in MCE was made by the City of Vallejo on May 28, 2019 and the City of Pleasant Hill on June 3, 2019; and

WHEREAS, the ordinance approving membership in MCE was made by the City of Vallejo on May 28, 2019 and the City of Pleasant Hill on June 3, 2019; and

WHEREAS, the applicant analysis for the City of Vallejo and City of Pleasant Hill was completed on October 21, 2019, and yielded a positive result;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Board of Directors of MCE that the City of Vallejo and the City of Pleasant Hill are approved as member of MCE.

PASSED AND ADOPTED at the regular meeting of the MCE Board of Directors on the 21st day of November by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
County of Contra Costa				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of San Ramon				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Walnut Creek				
Town of Yountville				

KATE SEARS, CHAIR

ATTEST:

DAWN WEISZ, SECRETARY

Appendix B
Joint Powers Agreement

Appendix C

City of Pleasant Hill Ordinance

ORDINANCE NO. 930

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PLEASANT HILL
APPROVING THE MARIN CLEAN ENERGY JOINT POWERS AGREEMENT AND
AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION
PROGRAM

WHEREAS, the City of Pleasant Hill has been actively investigating options to provide electric services to constituents within its service area with the intent of promoting use of renewable energy and competitive retail choice and reducing energy-related greenhouse gas emissions; and

WHEREAS, Assembly Bill (AB) 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2 *et seq.*; hereinafter referred to as the "Act") 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"); and

WHEREAS, AB 32 was signed into law in 2006 establishing the goal of reducing the State's greenhouse gas emissions to 1990 levels by 2020; and

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency, and to this end, the City of Pleasant Hill has been evaluating a CCA program through Marin Clean Energy ("MCE"), established as a joint powers authority pursuant to California Government Code § 6500 *et seq.*; and

WHEREAS, in February 2, 2010, the California Public Utilities Commission certified the Implementation Plan of MCE, confirming MCE's compliance with the requirements of the Act; and

WHEREAS, electricity in Pleasant Hill is generated and provided by Pacific Gas and Electric (PG&E) and there is not presently an alternative provider in the City. PG&E is currently working to add more renewable energy to its power mix under California's renewable portfolio standard and is on track to have 33 percent renewables by the end of 2020; and

WHEREAS, the City of Pleasant Hill is committed to the development of renewable energy generation and energy efficiency improvements, reduction of greenhouse gases, protection of the environment, and fully supports MCE's current electricity procurement plan, which targets more than 50% renewable energy content; and

WHEREAS, the City of Pleasant Hill finds it important that its residents, businesses, and public facilities have alternative choices to energy procurement beyond PG&E; and

WHEREAS, the City of Pleasant Hill finds that joining MCE will offer Pleasant Hill customers choice in their power provider and will help the City meet the State goal set out in AB 32; and

WHEREAS, in order to become a member of MCE, the MCE Joint Powers Agreement requires the City to adopt an ordinance electing to implement a CCA program within its jurisdiction by and through its participation in MCE; and

WHEREAS, MCE will govern and operate the CCA program on behalf of the City. The City's participation in MCE will include membership on the Board of Directors as provided in the Joint Powers Agreement; and

WHEREAS, MCE will enter into agreements with electric power suppliers and other services providers and, based on these agreements, MCE plans to provide power to residents and businesses at rates that are competitive with those of the incumbent utility; and

WHEREAS, California Public Utilities Code § 366.2 allows customers the right to opt-out of the MCE CCA program and continue to receive service from PG&E. Customers who desire to continue to receive service from PG&E will be able to do so at any time; and

WHEREAS, on June 3, 2019, the City Council held a public meeting at which time interested persons had an opportunity to testify either in support or in opposition to implementation of the MCE CCA program within the City.

NOW, THEREFORE, the City Council of the City of Pleasant Hill does ordain as follows:

SECTION 1. CEQA. This ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment because it involves an organizational activity of a local government. 14 Cal. Code Regs. § 15378(a). The ordinance is expressly exempt from CEQA because it is an organizational or administrative activity of governments that will not result in direct or indirect physical change in the environment. 14 Cal. Code Regs. § 15378(b)(5). The ordinance is also exempt from CEQA because it is merely a change in organization of local agencies. 14 Cal. Code Regs. § 15320. Further, the ordinance is exempt from CEQA because there is no possibility that the ordinance or its implementation, which would only result in the formation of a governmental organization, would have a significant negative effect on the environment. 14 Cal. Code Regs. § 15061(b)(3). The City of Pleasant Hill shall cause a Notice of Exemption to be filed as authorized by CEQA and the State CEQA Guidelines.

SECTION 2. AUTHORIZATION TO IMPLEMENT A COMMUNITY CHOICE AGGREGATION PROGRAM. Based upon the foregoing, the City hereby elects to implement a CCA program within the jurisdiction of the City by participating in the MCE CCA program, as described in the MCE Joint Powers Agreement (Exhibit 1), and authorizes the City Manager, or designee, to execute the Joint Powers Agreement.

SECTION 3. SEVERABILITY. If any section, subsection, sentence, clause, phrase or portion of this ordinance is held for any reason to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of

this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

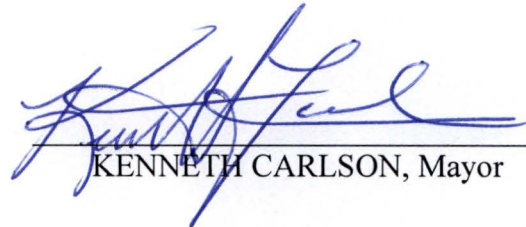
SECTION 4. EFFECTIVE DATE. This ordinance shall take effect 30 days after its adoption.

Within fifteen days after the passage of this ordinance, the City Clerk shall cause it or a summary of it to be posted in the three places designated by resolution of the City Council.

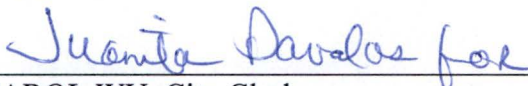
The foregoing ordinance was introduced at a regular meeting of the City Council of the City of Pleasant Hill held on the 3rd day of June, 2019.

ADOPTED and ordered posted at a meeting of the City Council of the City of Pleasant Hill, held on the 17th day of June, 2019, by the following vote:


AYES:	Flaherty, Harris, Rinn, Carlson
NOES:	None
ABSENT:	None
ABSTAIN:	None
RECUSE:	Noack


KENNETH CARLSON, Mayor

ATTEST:


CAROL WU, City Clerk

APPROVED AS TO FORM;


JANET E. COLESON, City Attorney

Appendix D
City of Vallejo Ordinance

ORDINANCE NO. 1815 N.C. (2d)

**AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE
AGGREGATION PROGRAM IN THE CITY OF VALLEJO AND APPROVING THE MCE
CLEAN ENERGY JOINT POWERS AGREEMENT**

WHEREAS, on September 24, 2002, the Governor of California signed into law Assembly Bill 117 (Statute 2002, Chapter 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 electricity load of its residents and businesses in a Community Choice Aggregation program ("CCA"); and

WHEREAS, on September 27, 2006, Assembly Bill (AB) 32, the Global Warming Solutions Act, was signed into law establishing the goal of reducing California's greenhouse gas "(GHG)" emissions to 1990 levels by 2020; and

WHEREAS, the Act expressly authorizes participation in a CCA through a joint powers agency, and on December 19, 2008, MCE Clean Energy ("MCE") was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time; and

WHEREAS, on February 2, 2010, the California Public Utilities Commission certified the "Implementation Plan" of MCE, confirming MCE's compliance with the requirements of the Act; and

WHEREAS, on March 13, 2012, the Vallejo City Council adopted the Vallejo Climate Action Plan ("CAP"); and

WHEREAS, the CAP outlines ways in which the City can reduce GHG emissions by 15% below 2008 baseline levels identified as 588,040 including renewable energy options; and

WHEREAS, electricity is generated and provided by Pacific Gas and Electric ("PG&E") for the majority of Vallejo residents and businesses. PG&E is currently meeting the 33% renewable portfolio standard to its power mix as required by Executive Order-S-14-08; and

WHEREAS, the City of Vallejo is committed to the development of renewable energy generation and energy efficiency improvements, reduction of GHGs, and protection of the environment in supporting Marin Clean Energy's (MCE) electricity procurement plan that offers customers a minimum energy content of 60% renewable to up to 100% renewable; and

WHEREAS, MCE primarily sources from non-polluting renewables such as solar, wind, geothermal, bioenergy, and hydroelectric; and

WHEREAS, the City of Vallejo finds it important that residents, businesses, and public facilities have alternative choices to energy procurement beyond PG&E; and

WHEREAS, the City of Vallejo finds that joining MCE will offer the majority of customers a choice in their provider of electric generation and help meet the GHG emission reduction goals of both AB 32 and the City of Vallejo CAP; and

WHEREAS, the MCE Joint Powers Agreement requires the City of Vallejo to individually adopt a

resolution requesting membership in the MCE Joint Powers Authority and adopt an ordinance electing to implement a Community Choice Aggregation (CCA) program within its jurisdiction.


THEREFORE, THE VALLEJO CITY COUNCIL ORDAINS AS FOLLOWS:

- Section 1.** The recitals above are true and correct and are incorporated by this reference and constitute findings in this matter.
- Section 2.** Joining a CCA does not constitute a "project".
- Section 3.** The Vallejo City Council authorizes the implementation of a Community Choice Aggregation Program in the City of Vallejo and directs the City Manager to execute the MCE Clean Energy Joint Powers Agreement.
- Section 4.** Any portion of this ordinance deemed invalid or unenforceable shall be severed from the remainder, which shall remain in full force and effect.
- Section 5.** This ordinance shall take effect 30 days after its adoption.

First read at a regular meeting of the Council of the City of Vallejo held on the 28th day of May 2019 and finally adopted at a regular meeting of the Council of the City of Vallejo on the 11th day of June 2019 by the following vote:

AYES: Mayor Sampayan, Vice Mayor Pippin, Councilmembers Dew, Brown, McConnell, Miessner, Sunga, and Verder-Aliga
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:


BOB SAMPAYAN, MAYOR


DAWN G. ABRAHAMSON, CITY CLERK

Appendix D

Marin Clean Energy Revised Implementation Plan and Statement of Intent (July 18,2014)

MARIN CLEAN ENERGY

REVISED COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT



July 18, 2014

For copies of this document contact Marin Clean Energy in San Rafael, California or visit www.mcecleanenergy.org

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CHAPTER 1 – Introduction

Marin Clean Energy (“MCE”; MCE was formerly known as the “Marin Energy Authority” or “MEA”), a public agency, was formed in December 2008 for the purposes of implementing a community choice aggregation (“CCA”) program and other energy-related programs targeting significant greenhouse gas emissions (“GHG”) reductions. At that time, the Member Agencies of MCE included eight of the twelve municipalities located within the geographic boundaries of Marin County: the cities/towns of Belvedere, Fairfax, Mill Valley, San Anselmo, San Rafael, Sausalito and Tiburon and the County of Marin (together the “Members” or “Member Agencies”). In anticipation of CCA program implementation and in compliance with state law, MCE submitted the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 9, 2009. Consistent with its expressed intent, MCE successfully launched its CCA program, Marin Clean Energy (“MCE” or “Program”), on May 7, 2010 and has been successfully serving customers since that time.

During the second half of 2011, four additional municipalities within Marin County, the cities of Novato and Larkspur and the towns of Ross and Corte Madera, joined MCE, and a revised Implementation Plan reflecting updates related to said expansion was filed with the CPUC on December 3, 2011.

Subsequently, the City of Richmond, located in Contra Costa County, joined MCE, and a revised Implementation Plan reflecting updates related to this expansion was filed with the CPUC on July 6, 2012.

A revision to MCE’s Implementation Plan was then filed with the Commission on November 6, 2012 to ensure compliance with Commission Decision 12-08-045, which was issued on August 31, 2012. In Decision 12-08-045, the Commission directed existing CCA programs to file revised Implementation Plans to conform to the privacy rules in Attachment B of this Decision.

Since its expansion to the City of Richmond, numerous communities have contacted MCE regarding membership opportunities, including specific requests to join MCE and initiate related CCA service within these respective jurisdictions. In response to these inquiries, MCE’s governing board adopted Policy 007, which establishes a formal process and specific criteria for new member additions. In particular, this policy identifies several threshold requirements, including the specification that any prospective member evaluation demonstrate rate-related savings (based on prevailing market prices for requisite energy products at the time of each analysis) as well as environmental benefits (as measured by anticipated reductions in greenhouse gas emissions and increased renewable energy sales to CCA customers) before proceeding with expansion activities, including the filing of related revisions to this Implementation Plan. As MCE receives new membership requests, staff will follow the prescribed evaluative process of Policy 007 and will present related results at future public meetings. To the extent that membership evaluations demonstrate favorable results and any new community completes the process of joining MCE, this Implementation Plan will be

revised through an amendment to highlight key impacts and consequences related to the addition of the new community/communities.

Also, consistent with MCE's mission statement, MCE launched its first energy efficiency portfolio in late 2012, initially providing multi-family energy efficiency services to MCE customers only. In early 2013, MCE launched a portfolio of energy efficiency programs available to all ratepayers in its service territory, not just MCE customers. Energy efficiency and other local programs continue to be a robust and growing portion of MCE's operating activities.

MCE gives electric customers of the Member Agencies an opportunity to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution system. To date, the electricity delivered to MCE customers has included over 27 percent Renewables Portfolio Standard ("RPS") qualifying renewable energy, an amount which has surpassed all reporting entities, including the incumbent utility. Over the course of MCE's phased implementation schedule, all current PG&E customers within MCE's service area will receive information describing the Program and will have multiple opportunities to express their desire to remain bundled customers of PG&E, in which case they will not be enrolled in the Program. Thus, participation in the CCA Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled unless they affirmatively elect to opt-out of the CCA Program.

The MCE program has received considerable interest from other communities in response to its innovative, environmentally-focused energy service alternative, which now provides electric generation service to approximately 120,000 customers, including a cross section of residential and commercial accounts. During its four-year operating history, non-member municipalities have monitored MCE progress, evaluating the potential opportunity for membership, which would enable customer choice with respect to electric generation service. In response to public interest and MCE's successful operational track record, the County of Napa has requested MCE membership, consistent with MCE Policy 007, and adopted the requisite ordinances for joining MCE. MCE's Board of Directors approved the County of Napa's membership request at a duly noticed public meeting on June 5, 2014 (through the approval of Resolution No. 2014-03) and the County of Napa's Board of Supervisors completed its final reading of the requisite CCA ordinance (Ordinance No. 1391) on July 15, 2014.

This revision of the Marin Clean Energy Community Choice Aggregation Implementation Plan and Statement of Intent ("Revised Implementation Plan") describes MCE's expansion plans to include the County of Napa. According to the Commission, the Energy Division is required to receive and review a revised MCE implementation plan reflecting changes/consequences of additional members. With this in mind, MCE has reviewed its revised Implementation Plan, which was filed with the Commission on November 6, 2012, and has identified certain information that requires updating to reflect the changes and consequences of adding the new member and to address MCE's name change (from MEA to MCE), which occurred via Resolution No. 2013-11 of MCE's Governing Board on December 5, 2013. This Revised Implementation Plan reflects such changes and includes related projections that account for MCE's planned expansion.

Implementation of MCE has enabled customers within MCEs service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. MCE’s primary objective in implementing this Program continues to focus on increased utilization of renewable energy supplies for the purpose of promoting significant GHG emissions reductions. To date, MCE has achieved this objective by offering customers two energy supply options: 1) a minimum 50 percent renewable content, which will be the default service option for participating customers¹; or 2) 100 percent renewable content. The prospective benefits to consumers include a substantial increase in renewable energy supply, 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 successful operation of the MCE program, MCE has received assistance from experienced energy suppliers and contractors in providing energy services to Program customers. As a result of a competitive solicitation process and subsequent contract negotiations, a highly qualified firm, Shell Energy North America (“SENA”) was selected as MCE’s initial energy services provider and scheduling coordinator. Since this initial solicitation, MCE has completed numerous procurement activities in an effort to accommodate the increasing electric energy requirements of a growing customer base, including the execution of various power purchase agreements with new and existing renewable energy projects. Such purchases have served to diversify MCE’s energy supply portfolio, reflecting the use of multiple fuel sources, contract term lengths and resource locations, among other considerations. To serve the increasing energy requirements resulting from expanded membership MCE anticipates that its existing supply agreement with SENA may be amended and/or supplemented with additional purchases from other qualified suppliers of requisite energy products to reflect the Program’s increased future needs. Information regarding SENA is contained in Chapter 10.

MCE’s Implementation Plan reflects a collaborative effort among MCE, its Members, and the private sector to bring the benefits of competition and choice to Member residents and businesses. By exercising its legal right to form a CCA Program, MCE has enabled its Members’ constituents to access the competitive market for energy services and obtain access to increased renewable energy supplies and resultant reductions in GHG emissions. Absent action by MCE or its individual Members, most customers would have no ability to choose an electric supplier and would remain captive customers of their incumbent utility.

The California Public Utilities Code provides the relevant legal authority for MCE 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 MCE’s CCA Program. The CPUC has also registered MCE as a Community Choice Aggregator and continues to ensure compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and

¹ MCE customers received nearly 29 percent RPS-qualifying renewable energy in 2013. The default renewable energy content, which includes RPS-qualifying renewable energy and supplemental renewable energy credit purchases, was voluntarily increased from 25% to 50% beginning in January, 2012.

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. Each of these milestones has been accomplished. The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E now has approved tariffs for imposition of the cost recovery mechanism. Finally, each of MCE's Members has adopted an ordinance to implement a CCA program through its participation in MCE (copies of the ordinance adopted by MCE's newest member, the County of Napa, is included as Appendix D). Following the CPUC's certification of its receipt of this Revised Implementation Plan and resolution of any outstanding issues, MCE will take the final steps needed to expand CCA service to MCE's new member, including customer notification and enrollment.

Organization of this Implementation Plan

The content of this Revised Implementation Plan complies with the statutory requirements of AB 117. Because MCE has already successfully implemented its CCA program, this Revised Implementation Plan includes narrative discussion, updates and projections focused on on-going operation and expansion of the MCE program rather than previously completed implementation efforts. As a result, certain sections of this document are now substantially abbreviated. Consistent with requirements identified in PU Code Section 366.2(c)(4), this Revised Implementation Plan addresses:

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

To promote consistency with MCE's original January 25, 2010 Implementation Plan, the remainder of this Revised Implementation Plan is organized as follows:

- Chapter 2: Aggregation Process
- Chapter 3: Organizational Structure
- Chapter 4: CCA Startup
- Chapter 5: Program Phase-In
- Chapter 6: Load Forecast and Resource Plan
- Chapter 7: Financial Plan
- Chapter 8: Ratesetting
- Chapter 9: Customer Rights and Responsibilities
- Chapter 10: Procurement Process
- Chapter 11: Contingency Plan for Program Termination
- Appendix A: Marin Clean Energy Resolution 2014-03
- Appendix B: County of Napa, Resolution 2014-59
- Appendix C: Joint Powers Agreement
- Appendix D: County of Napa, CCA Ordinance – Ordinance No. 1391

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
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan and Funding Chapter 7: Financial Plan
Ratesetting and other costs to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Participant rights and responsibilities	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 10: Procurement Process
Statement of Intent	Chapter 1: Introduction

CHAPTER 2 – Aggregation Process

Introduction

As previously noted, MCE successfully launched its CCA Program, MCE, on May 7, 2010 after meeting applicable statutory requirements and in consideration of planning elements described in its January 25, 2010 Implementation Plan. At this point in time, MCE plans to expand agency membership to include the County of Napa. This community has requested MCE membership, and MCE's Board of Directors subsequently approved the membership request at a duly noticed public meeting.

As planned, the residents and businesses within MCE's expanded service territory will be offered electric generation service from MCE's currently operating CCA program, MCE, which represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the region. Through the MCE program eligible customers have received expanded energy choices, including the creation of a 100% renewable energy product and 100% local solar product. In effect, MCE provides Marin residents and businesses with four electric service options, which include: 1) the default 50% (minimum) renewable energy service option – Light Green; 2) a 100% renewable energy service option – Deep Green – which can be chosen on a voluntary basis; 3) a 100% local solar energy service option – Sol Shares – in which customers can enroll on a voluntary basis²; or 4) bundled energy service from the incumbent utility. It remains MCE's long-term goal to supply its customers entirely with clean, renewable energy, subject to economic and operational constraints.

Each of the Member Agencies has adopted an ordinance to implement a CCA program through its participation in MCE. A Revised Implementation Plan was adopted at a duly noticed public hearing of MCE on June 5, 2014.

Process of Aggregation

All customers currently enrolled in the MCE program were appropriately noticed. Before additional phases of customers are enrolled in the Program, MCE will mail at least two written notices to customers, beginning at least two calendar months, or sixty days, in advance of the date of commencing automatic enrollment, that will provide information needed to understand the Program's terms and conditions of service and explain how these 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 one calendar month, or thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. At least two follow-up opt-out notices will be mailed to these customers within the first two calendar months, or sixty days, of service.

² The Sol Shares program is currently accepting customer enrollments but will not begin delivering electric power to participating customers until the 2015 calendar year. In the meantime, Sol Shares enrollees may continue taking MCE service under the Light Green or Deep Green service options.

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

After service cutover, customers will be given two additional opportunities to opt-out of the Program and return to the distribution utility (PG&E) following receipt of their first and second bills. 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 MCE 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 opt-out notice will be deemed to have elected to become a participant in the Program and to have agreed to the 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

Customers will pay the generation charges set by MCE 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. MCE's rate setting policies are described in Chapter 7. MCE will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by MCE's governing board.

Information regarding current Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment opt-out notices sent to potential customers.

Program customers are not expected to be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments that are made on behalf of utility bundled service customers. Certain pre-existing generation costs will continue to be charged by PG&E to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in PG&E's tariff, which can be accessed from the utility's website.

Renewable Energy Impacts

The MCE program has substantially increased the proportion of energy generated and supplied to its customers by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet a minimum of 50 percent of the Program's electricity needs. Customers of MCE may voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose to participate in this voluntary program, the renewable content of MCE's power supply would increase. The renewable energy requirements of MCE customers are being supplied through contractual arrangements, but may be delivered, at an indeterminate point in the future, by new renewable generation resources developed by or for

MCE subject to then-current considerations (such as development costs, regulatory requirements and other concerns).

Energy Efficiency Impacts

Energy efficiency is an important component of the MCE mission statement. MCE currently administers over \$4 million in ratepayer funded energy efficiency programs under the purview of the California Public Utilities Commission. MCE launched energy efficiency programs in late 2012 under the authority of Public Utilities Code section 381.1 (e-f). This 2012 plan focused specifically on providing multi-family energy efficiency services to MCE customers only. In early 2013, MCE launched a full portfolio of energy efficiency services, available to all ratepayers in MCE service territory, under the authority in PUC 381.1 (a-d). Energy efficiency is included in the MCE Integrated Resources Plan, and both local energy efficiency potential and energy efficiency accomplishments are utilized to inform future estimates of procurement needs. This relationship is described further in Chapter 6.

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of MCE

Organizational Overview

The MCE program is governed by MCE's Board of Directors ("Board"), appointed by the Members. MCE is a joint powers agency created in December 2008 and formed under California law. Originally, the County of Marin and eight municipalities within the geographic boundaries of the County became Members of MCE and elected to offer the Program to their constituents. Since that time, the remaining four municipalities within Marin, which include the cities of Novato and Larkspur and the towns of Ross and Corte Madera, have requested and received approval for MCE membership as has the City of Richmond and, most recently, the County of Napa. MCE (formerly known as "The Marin Energy Authority") is the CCA entity that has registered with the CPUC and has been responsible for implementing and managing the program pursuant to MCE's Joint Powers Agreement ("JPA Agreement" or "Agreement"). The Program is operated under the direction of an Executive Officer, who has been appointed by the Board. The Executive Officer reports to the Board comprised of one representative from each participating Member of MCE. Those who are eligible to serve as representatives on the Board include elected officials from the then-current County Board of Supervisors representing Marin County as well as the County of Napa (one Board representative has been selected from the Marin County Board of Supervisors; another Board representative, who will soon begin serving on MCE's governing board, has been selected by the County of Napa's Board of Supervisors) and the City and Town Councils (one representative has been selected from each of the City and Town Councils) of the Members.

The Board's primary duties are to establish program policies, set rates and provide policy direction to the Executive Officer, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has also determined necessary staffing levels, individual titles and related compensation ranges for the organization. The Board may also adjust staffing levels and compensation over time in response to varying workloads, specific programs and/or general responsibilities of MCE.

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

The Board has established a Chairman and other officers from among its membership and has established an Executive Committee and Technical Committee and may establish other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). MCE may also establish an "Energy Commission" formed of Board-selected designees. The Energy Commission would have responsibility for evaluating various issues that may affect MCE and its customers, including rate setting, and would provide analytical support and recommendations to the Board in these regards.

The Executive Officer has responsibilities over the functional areas of Finance, Regulatory Affairs, and Operations. In performing these responsibilities, the Executive Officer utilizes a combination of internal staff and contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, are performed by experienced third-party contractors.

Governance

MCE has a Board of Directors consisting of one representative from each Member. Following satisfaction of certain administrative conditions, the Board will soon add an additional representative from the County of Napa. The Board meets at regular intervals to provide the overall management and guidance for MCE. All Board meetings are public and held in accordance with the Ralph M. Brown Act.

Decisions by MCE are under voting procedures defined in the JPA Agreement, attached hereto as Appendix C. All votes on a particular matter are subject to the two-tiered approval process described in the JPA Agreement.

Officers

MCE has a Chair and Vice-Chair elected to one-year terms by the Board of Directors. Both the Chair and Vice-Chair must be members of the Board. In addition, MCE has a Board Clerk and Auditor; neither of which will be members of the Board of Directors. The JPA Agreement provides further detail with respect to each of these positions.

Committees

MCE may form various committees comprised of Board designees from the Member communities. Appointments would be made based on various skill sets and expertise that will be useful in evaluating matters affecting MCE and its customers, specifically issues related to rate setting, procurement of energy products and other technical matters. These committees would provide the Board with recommendations and related analysis to support policy-level decisions of the Board. MCE may elect to have additional committees or working groups to address various topics. Any additional committees and their functions will be determined by the Board of Directors at the time each committee is created. At present, MCE has formed the following standing committees: 1) the Executive Committee; and 2) the Technical Committee. MCE also utilizes Ad Hoc Committees from time to time on an as-needed basis.

Addition/Termination of Participation

The JPA Agreement provides for the addition of new participants subject to the affirmative vote of MCE's Board of Directors pursuant to the voting structure described in the Agreement. The Board has determined the specific terms and conditions under which new Members can be admitted and has recently approved the membership request received from the County of Napa. Following the satisfaction of certain administrative requirements determined by the

Board, a representative from the new Member will be added to the Board and will begin participating in governance activities.

A JPA Member can withdraw itself from the JPA subject to the specific terms and conditions contained in the JPA Agreement.

Agreements Overview

There are two principal agreements that govern MCE and the initial operation of its CCA Program: the JPA Agreement and Program Agreement No. 1 (PA-1). Each of these agreements and its functions are discussed below.

Joint Powers Agreement

The JPA Agreement created MCE and delineates a broad set of powers related to the study, promotion, development, and conduct of electricity-related projects and programs. The JPA Agreement describes MCE as having broad powers, but a very limited role without implementing agreements (“program agreements”) to carry out specific programs. This structure is intended to provide flexibility for MCE to undertake other programs in the future that may be unrelated to CCA on behalf of all or a subset of MCE’s Members. The Board has limited decision making authority regarding land use within the Member communities. Any issues involving land use within Member communities will be raised with the potentially affected Member. The land use and building regulations of each Member shall apply to any JPA facilities located within the jurisdiction of that Member. Any amendments to the JPA Agreement will be subject to prior approval by the Board.

The first program agreement or PA-1, discussed in greater detail below, provides for electric generation service to customers of the CCA Program. At MCE’s Members’ discretion, future program agreements could provide for other energy related programs or subsequent energy transactions.

Program Agreement No. 1

PA-1 consists of three components: 1) the Edison Electric Institute (“EEI”) Master Power Purchase & Sale Agreement (“Master EEI Agreement”), which is a standard industry contract used by public and private utilities across the United States; 2) the EEI Master Power Purchase & Sale Agreement Cover Sheet, which provides additional detail related to MCE’s specific transaction, identifying exceptions, clarifications and areas of applicability that modify the standard terms and conditions of the Master EEI Agreement; and 3) one or more Confirmations, inclusive of any amendments thereto, which is referenced in the Master EEI Agreement and defines the commercial terms of MCE’s transaction. PA-1 is the agreement under which MCE currently procures a significant portion of the electric supply services for MCE customers. PA-1 specifies a five year delivery period, which commenced on May 7, 2010 and ends on May 6, 2015. PA-1 specifies a full requirements energy product, including electric energy, renewable energy, capacity, ancillary services and scheduling coordination services. Based on contract negotiations, PA-1 specifies fixed annual prices for each year of the delivery period and

insulates municipal funds/budgets of the Member Agencies before, during and after the delivery period. PA-1 was executed by MCE and its energy supplier, SENA, on February 5, 2010 and has since incorporated a series of amendments to accommodate Program expansion. It is MCE's intent to provide for the additional energy requirements of future MCE customers by negotiating other contracts for requisite energy products and/or subsequent amendments to PA-1, which will be completed prior to commencement of service to CCA customers located within the unincorporated areas of the County of Napa. MCE anticipates that SENA will continue in its role as MCE's primary energy supplier and scheduling coordinator over the near-term (through December 31, 2016) but will also pursue supply arrangements with renewable energy generators to supplement planned renewable energy deliveries from SENA.

Agency Operations

MCE conducts program operations through its own internal staff and through contracts for services with third parties. MCE has its own General Counsel to manage its legal affairs. MCE's Executive Officer will have responsibility for day-to-day operations of the Program. To assist the Executive Officer, MCE has hired a full-time Administrative Assistant and a Clerk. Other staff positions may be added as necessary to include positions in finance, customer services, energy efficiency and other local energy programs, and operations.

Major MCE functions that are performed and managed by the Executive Officer are summarized below.

Resource Planning

MCE is charged with developing both short (one and two-year) and long-term resource plans for the program. The Executive Officer manages staff and contractors to develop the resource plan under the guidance provided by the Board and in compliance with California Law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. MCE's technical team develops integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The CCA Program requires an independent planning function despite day-to-day supply operations being contracted to a third party energy supplier. Plans are updated and adopted by the Board on an annual basis.

Portfolio Operations

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

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of program customers.

- *Risk Management* – standard industry techniques are employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *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.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

MCE has initially contracted with an experienced and financially sound third party, SENA, to perform most of the portfolio operation requirements for the CCA Program. These requirements include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. PA-1 is the contractual instrument that has been developed for this purpose; additional detail related to PA-1 is provided in the preceding discussion.

MCE will approve and adopt a set of *Program Controls* that will serve as the risk management tools for the Executive Officer and any third party involved in the program's portfolio operations. Program Controls will define risk management policies and procedures and a process for ensuring compliance throughout the organization. During initial operations, SENA will bear the majority of program operational risks, pursuant to the terms and conditions of PA-1.

Operations & Local Energy Programs

A key focus of the CCA Program will be the development and implementation of local energy programs for its Members, including energy efficiency programs, net energy metering, distributed generation programs and other energy programs responsive to Member interests. The Executive Officer is responsible for further development of these Programs. To assist the Executive Officer in this regard, MCE has hired additional staff to oversee program operations and local energy program administration as well as develop energy efficiency marketing strategies, perform customer outreach and conduct related analyses to support chosen courses of action. As experience is gained from the retail energy side of the CCA Program, MCE will continue enhancing its local energy programs to achieve MCE's desired goals and objectives.

MCE is currently administering energy efficiency and distributed (solar) generation programs that can be used as alternatives to procurement of supply-side resources. MCE may also implement demand response programs in the future. For the time being, MCE has launched various small-scale pilot projects to explore demand response opportunities within its service territory. MCE will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory.

Rate Setting

The Board of Directors has the ultimate responsibility for setting the electric generation rates for the Program's customers. The Executive Officer in cooperation with technical staff and appropriate advisors, consultants and committees of the Board is responsible for developing proposed rates and options for the Board to consider before finalization. The final approved rates must, at a minimum, meet the annual revenue requirement developed by the Executive Officer, including any reserves or coverage requirements set forth in electric supply agreements and/or bond covenants. The Board has the flexibility to consider rate adjustments within certain ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Financial Management/Accounting

The Executive Officer in cooperation with technical staff, advisors and consultants is responsible for managing the financial affairs of MCE, including the development of an annual budget and revenue requirement; managing and maintaining cash flow requirements; potential bridge loans and other financial tools; and a large volume of billing settlements. The Executive Officer uses contractors and/or staff in support of these activities, as appropriate.

The Finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. This function also plays an important role in risk management by monitoring the credit of suppliers so that credit risk is properly understood and mitigated by the Program. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Program will be able to take appropriate action, as would be provided for in the electric supply agreement. The Finance function establishes credit policies that the program must follow.

The retail settlements (customer billing) is contracted out to an organization with the necessary infrastructure and capability to handle in excess of 138,000 accounts during full Program phase-in and near-term expansion (to the County of Napa), which is scheduled to occur in February 2015. This function is described under Customer Services, below.

Customer Services

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, is necessary. This includes both a call center designed to field customer inquiries and routine interaction with customer accounts. The Executive Officer is responsible for the Customer Services function and uses staff and/or contractors in support of these activities as appropriate.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. 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 payments data with the distribution utility and MCE, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with MCE credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. MCE has initially contracted with a third party, Noble Americas Energy Solutions ("Noble"), which has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

MCE conducts Program marketing and key customer account management functions. These responsibilities will include the assignment of account representatives to key accounts, which will ensure high levels of customer service to these businesses, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Effectively administering communications, marketing messages, and delivering information regarding the CCA Program to all customers is critical for the overall success of the CCA Program.

Legal and Regulatory Representation

The CCA Program requires ongoing regulatory representation to file resource plans, resource adequacy, compliance with California RPS, and overall representation on issues that will impact MCE, its Members and MCE customers. MCE maintains an active role at the CPUC, CEC, and, as necessary, FERC and the California legislature. Day-to-day analysis and reporting of pertinent legal and regulatory issues is completed by the Program's in-house legal and regulatory staff and/or qualified contractors.

MCE also retains legal services, as necessary, to administer MCE, review contracts, and provide overall legal support to the activities of MCE.

Roles and Functions

The Board performs the functions inherent in its policy-making, management and planning roles. MCE is the public face of the Program and has a direct role in marketing, communications and customer service. Other highly specialized functions, such as energy supply and data management, are contracted out to third parties with sufficient experience, technical and financial capabilities. The functions that are currently being performed by MCE's Board of Directors, the Executive Officer and third parties are specified below:

Organization	Roles/Functions/Activities
MCE Board of Directors	<i>Executive/Policy/Legal</i>
Executive Officer	<i>Finance</i>
	<i>Legal and Regulatory</i> <ul style="list-style-type: none"> - <i>Legal support</i> - <i>Participation in regulatory proceedings</i> - <i>Regulatory reporting</i>
	<i>Marketing/Communications</i>
	<i>Rates & Support</i> <ul style="list-style-type: none"> - <i>Rate policy</i> - <i>Rate design</i> - <i>Cost-of-service planning</i>
	<i>Resource Planning</i> <ul style="list-style-type: none"> - <i>Load research</i> - <i>Load forecasting</i> - <i>Supply-side/Demand side portfolio planning</i>
	<i>Supply Operations</i> <ul style="list-style-type: none"> - <i>Procurement</i> - <i>Contract Negotiation</i> - <i>Invoice Reconciliation</i>
	<i>Contract Management</i> <ul style="list-style-type: none"> - <i>RFP/RFQ Administration</i> - <i>Invoice Reconciliation & Issue Resolution</i> - <i>Project Development Status Monitoring</i>
	<i>Customer Service</i> <ul style="list-style-type: none"> - <i>Account representatives</i> - <i>Energy efficiency/DG program management</i>
Energy Suppliers	<i>Supply Operations</i> <ul style="list-style-type: none"> - <i>Procurement</i> - <i>Scheduling coordination</i> - <i>Settlements (ISO/Wholesale)</i> - <i>Short-term load forecasting</i>
Customer Account Services Provider/Data Manager (Noble)	<i>Account Management (Customer Information System)</i> <ul style="list-style-type: none"> - <i>Customer switching</i> - <i>New customer processing</i> - <i>Data exchange (EDI)</i> - <i>Payment processing (AR/AP)</i> - <i>Billing and retail settlements</i> - <i>Call center</i>

Staffing

Staffing requirements for the above MCE functions will be approximately ten full time equivalent positions, once the customer phase-in is complete and the program is fully operational. These staffing requirements are in addition to the services provided by the third party energy suppliers and the data manager. The Executive Officer will have discretion whether to internally staff these required functions or to contract for these services.

The following table shows the staffing plan for Marin Clean Energy at initial full-scale operational levels, following full phase-in. Customer service for the mass market residential and small commercial customers will be provided by the Program's third party customer account services provider.

**Current Staffing for the Marin Clean Energy
Community Choice Aggregation Program**

Position	Staff (Full Time Equivalents)
Executive Officer	1
<i>Internal Operations</i>	
Director of Internal Operations	1
Business Analyst	1
Clerk	1
Human Resources Coordinator	0.5
Administrative Associate	1
<i>Public Affairs</i>	
Communications Director	1
Manager of Account Services	1
Account Manager 1	2
Community Affairs Coordinator	1
Communications Associate	1
<i>Energy Efficiency</i>	
Energy Efficiency Director	1
Energy Efficiency Specialist	2
<i>Legal & Regulatory</i>	
Legal Director	1
Regulatory Counsel	1
Regulatory Analyst	1
Regulatory Assistant	1
<i>Electric Supply</i>	
Director of Power Resources	1
Program Specialist	1
Special Assignment Intern	0.5
Total Staffing	21

Longer-term staffing needs will include additional energy efficiency and distributed generation activities and potentially the creation of an internal organization to perform the portfolio operations and account services functions that are currently performed under contract arrangements.

CHAPTER 4 – CCA Startup

As previously noted, MCE successfully launched the MCE program on May 7, 2010. To ensure successful operation during the implementation and start-up period, MCE utilized a mix of staff and contractors in its CCA Program implementation. The following table illustrates start-up responsibilities as well as expectations for near-term (two to five years), and long-term staffing roles.

Expectations for Staffing Roles

Function	Start-Up	Near-Term (2 to 5 Years)	Long-Term
Program Governance	MCE Board	MCE Board	MCE Board
Program Management	MCE EO	MCE EO	MCE EO
Outreach	MCE EO	MCE EO	MCE EO
Customer Service	MCE EO	MCE EO	MCE EO
Key Account Management	MCE EO	MCE EO	MCE EO
Regulatory	Third Party (MCE EO support)	MCE EO (Regulatory Analyst support)	MCE EO (Regulatory Analyst support)
Legal	MCE EO	MCE EO	MCE EO
Finance	MCE EO	MCE EO	MCE EO
Rates: Develop & Approve	MCE EO (third Party support) MCE Board	MCE EO (third Party support) MCE Board	MCE EO (third party support) MCE Board
Resource Planning	Third Party (MCE EO support)	MCE EO (third party support)	MCE EO (third party support)
Energy Efficiency	MCE EM (third Party Support)	MCE EO (Program Energy Efficiency Staff)	MCE EO (Program Energy Efficiency Staff)
Resource Development	MCE EO (third party support)	MCE EO (third party support)	MCE EO (third party support)
Portfolio Operations	Third Party	Third Party (MCE EO support)	MCE EO (third party support)
Scheduling Coordinator	Third Party	Third Party	Third Party (potentially MCE EO)
Data Management	Third Party	Third Party	Third Party (potentially MCE EO)

Staffing Requirements

Staff will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. Actual staff will be dependent upon several factors, including the ability to

recruit and hire qualified staff and personnel policies ultimately established by the Executive Officer and the Board of Directors.

CHAPTER 5 – Program Phase-In

MCE will continue to phase-in the customers of its CCA Program as communicated in this Implementation Plan. To date, four phases have been successfully implemented, and a fifth phase will commence in February 2015.

- Phase 1. Complete: MCE Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load.
- Phase 2. Complete: Additional commercial and residential accounts, comprising an approximately 20 percent of total customer load (incremental addition to Phase 1).
- Phase 3. Complete: Remaining accounts within Marin County.
- Phase 4. Complete: Residential, commercial, agricultural, and street lighting accounts within the City of Richmond.
- Phase 5. February 2015: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County, subject to economic and operational constraints.

This approach has provided MCE with the ability to start slow, addressing any problems or unforeseen challenges on a small manageable program before gradually building to full program integration for an expected customer base of approximately 138,000 accounts, following service commencement to customers within the unincorporated areas of the County of Napa. This approach has also allowed MCE and its energy supplier(s) to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential exposure to uncertainty and financial risk by “walking” prior to ultimately “running”.

MCE will offer service to all customers on a phased basis expected to be completed within twenty four to thirty six months of initial service to Phase 1 customers, which occurred on May 7, 2010. Phase 2 was implemented in August, 2011. Phase 3 of the Program began in July, 2012. Phase 4 was implemented in July, 2013 and included all residential, commercial, agricultural, and street lighting customers within the City of Richmond. Phase 5 is planned to begin in February 2015 and will include all residential, commercial, agricultural, and street lighting customers within the unincorporated areas of Napa County. The Board may evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

CHAPTER 6 - Load Forecast and Resource Plan

Introduction

This Chapter describes MCE's proposed ten-year integrated resource plan, which will create a highly renewable, diversified portfolio of electricity supplies capable of meeting the electric demands of MCE's retail customers, plus sufficient reliability reserves.

This integrated resource plan reflects a progression towards MCE's long-term, programmatic goal of 100 percent renewable energy supply. Within five years of program commencement (2015), this significant commitment to renewable resources is projected to result in MCE meeting approximately 52 percent of its total electric needs through renewable resources. As the Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the Program. MCE's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources through partnerships with experienced public power developers/operators, significant purchases of renewable energy from third party suppliers and the purchase of Renewable Energy Certificates ("RECs") from the market. The resource plan also sets forth ambitious targets for improving customer side energy efficiency as well as for potential deployment of approximately 14 MW of new distributed solar capacity within the jurisdictional boundaries of MCE by 2019 (year ten of Program operations).

The plan described in this section would accomplish the following by 2019:

- Procure energy needed to offer two generation rate tariffs: 100 percent Deep Green and 50 percent (minimum) Light Green.
- Increase the aggregate RPS-eligible renewable energy supply of the Program to a minimum 33 percent by 2020.
- Continue increasing renewable energy supplies of the Program to approximately 52 percent by 2015 based on resource availability and economic goals of the program.
- Develop partnership(s) with experienced public power developer(s) to responsibly evaluate development opportunities for Program-owned/controlled renewable generating capacity.
- Achieve significant reductions in greenhouse gas emissions within the Member Agencies.

MCE is responsible for complying with regulatory rules applicable to California load serving entities. MCE has arranged for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its customers. MCE has adhered 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/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve the Program's customers, even if there were to be a need for the Program to cease operations and return customers to PG&E. In addition, MCE is responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide

renewable portfolio standards. The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the renewable portfolio standard.

Resource Plan Overview

The criteria used to guide development of the proposed resource plan included the following:

- Environmental responsibility and commitment to renewable resources;
- Price/rate stability;
- Reliability and maintenance of adequate reserves; and
- Cost effectiveness.

To meet these objectives and the applicable regulatory requirements, MCE's resource plan includes a diverse mix of power purchases, renewable energy, new 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. The ultimate goal of MCE's resource plan is to maximize use of renewable resources subject to economic and operational constraints. The result is a resource plan that will source approximately 52 percent of MCE's resource mix from renewable resources by 2015. The planned resource mix is initially comprised of power and renewable energy credit purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by MCE.

Eventually, MCE may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by MCE or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of MCE's electricity requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with the Marin Communities' financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, MCE may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MCE as it works to achieve increasing levels of renewable energy supply to its customers.

MCE'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 integrated resource plan, MCE will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively

displace supply-side resources. Included in this plan is a targeted deployment of over 14 MW of distributed solar by 2019.

MCE's proposed resource plan for the years 2010 through 2019 is summarized in the following table:

Marin Clean Energy Proposed Resource Plan (GWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Demand (GWh)										
Retail Demand	-91	-185	-570	-1,110	-1,294	-1,545	-1,582	-1,582	-1,582	-1,582
Distributed Generation	0	1	1	5	12	16	22	23	25	25
Energy Efficiency	0	0	0	6	6	4	8	12	16	16
Losses and UFE	-5	-11	-34	-66	-77	-91	-93	-93	-92	-92
Total Demand	-96	-196	-603	-1,166	-1,353	-1,616	-1,646	-1,640	-1,634	-1,634
MCE Supply (GWh)										
<u>Renewable Resources</u>										
Generation	0	0	0	0	0	0	0	219	219	219
Power Purchase Contracts	23	50	291	566	673	803	838	635	651	667
Total Renewable Resources	23	50	291	566	673	803	838	854	870	886
<u>Conventional Resources</u>										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	73	146	312	599	680	813	807	786	764	748
Total Conventional Resources	73	146	312	599	680	813	807	786	764	748
Total Supply	96	196	603	1,166	1,353	1,616	1,646	1,640	1,634	1,634
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for MCE's resource plan is a projection of participating customers and associated electric consumption. 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". The electric sales forecast and load profile will be affected by MCE's plan to introduce the Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. It is anticipated that MCE's contracted energy supplier will bear a portion of the financial risks associated with deviations from the electric sales forecast during the initial operating period. It will be the obligation of this energy supplier to appropriately reflect these risks in the full requirements energy price. MCE's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in MCE's electricity 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. MCE anticipated an overall customer participation rate of approximately 80 percent during Phase 1, when service is being offered to the service accounts that are affiliated with MCE's participating members (municipal accounts) and a subset of residential, commercial and/or industrial customers, totaling approximately 20 percent of total customer load. The actual participation rate for Phase 1 was very similar to MCE's projection. Participation rates for

Phase 2 were approximately 80 percent of bundled service customers and 0 percent of direct access customers. Participation rates for Phases 3 and 4 are projected to range from 70 percent to 80 percent, with the lower figure used as the basis for load projections contained in this plan. The participation rate is not expected to vary significantly among customer classes, in part due to the fact that MCE will offer two distinct rate tariffs that will address the needs of cost-sensitive customers within the Marin Communities as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as MCE's public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by MCE on their regularly scheduled meter read date over an approximately thirty day period. The number of accounts served by MCE at the end of each phase is shown in the table below.

Marin Clean Energy					
Enrolled Retail Service Accounts					
Phase-In Period (End of Month)					
	May-10	Aug-11	Jul-12	Jul-13	Feb-15
MCE Customers					
Residential	7,354	12,503	77,345	106,510	120,204
Small Commercial	522	605	8,934	11,829	13,761
Medium And Large Commercial And Industrial	57	509	949	1,269	1,555
Street Lighting & Traffic	138	141	443	748	1,014
Ag & Pump.	-	< 15	113	109	1,467
Total	8,071	13,759	87,814	120,465	138,001

MCE assumes that MCE customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base over the noted planning horizon. Because MCE is the first program of its kind within California, it is very difficult to anticipate with any precision the actual levels of customer participation within this CCA program. MCE believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the limited build-out potential within a significant portion of MCE's service territory and the observed rate of customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by MCE for each of the referenced ten-year planning periods is shown in the following table:

Marin Clean Energy
Retail Service Accounts (End of Year)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Customers										
Residential	7,354	12,503	77,345	106,510	106,510	120,204	120,204	120,204	120,204	120,204
Small Commercial	522	605	8,934	11,829	11,829	13,761	13,761	13,761	13,761	13,761
Medium And Large Commercial And Industrial	57	509	979	1,269	1,269	1,555	1,555	1,555	1,555	1,555
Street Lighting & Traffic	138	141	443	748	748	1,014	1,014	1,014	1,014	1,014
Ag & Pump.	-	< 15	113	109	109	1,467	1,467	1,467	1,467	1,467
Total	8,071	13,759	87,814	120,465	120,465	138,001	138,001	138,001	138,001	138,001

Sales Forecast

MCE's forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve MCE's retail customers increases from approximately 200 GWh in 2011 to approximately 1,600 GWh at full roll-out, which includes planned expansion to the County of Napa. Annual energy requirements are shown below.

Marin Clean Energy
Energy Requirements
(GWH)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Energy Requirements (GWh)										
Retail Demand	91	185	570	1,110	1,294	1,545	1,582	1,582	1,582	1,582
Distributed Generation	0	-1	-1	-5	-12	-16	-22	-23	-25	-25
Energy Efficiency	0	0	0	-6	-6	-4	-8	-12	-16	-16
Losses and UFE	5	11	34	66	77	91	93	93	92	92
Total Load Requirement	96	196	603	1,166	1,353	1,616	1,646	1,640	1,634	1,634

Capacity Requirements

The CPUC's resource adequacy standards applicable to MCE require a demonstration one year in advance that MCE 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, MCE must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of MCE's capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. MCE must also meet requirements for flexible capacity such that a portion of MCE's resource adequacy requirements are met from qualifying flexible resources. MCE is required to demonstrate its local and flexible capacity requirements for each month of the following calendar year. MCE must demonstrate compliance or request a waiver from the

CPUC requirement as provided for in cases where local capacity is not available. MCE complies with the forward and monthly resource adequacy requirements administered by the state regulatory agencies.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Demand (MW)										
Retail Demand	28	46	182	233	233	286	286	286	286	286
Distributed Generation	(0)	(1)	(4)	(8)	(11)	(15)	(15)	(17)	(17)	(17)
Energy Efficiency	-	-	-	(1)	(1)	(1)	(2)	(3)	(3)	(3)
Losses and UFE	2	3	11	13	13	16	16	16	16	16
Total Net Peak Demand	30	47	189	237	235	287	285	283	282	282
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	28	36	35	43	43	42	42	42
Capacity Requirement Including Reserve	34	55	218	273	270	330	328	325	324	324

MCE will continue to coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to MCE following load migration to CCA service. For system resource adequacy requirements, MCE will make month-ahead showings for each month that MCE plans to serve load, and any load migration issues will be addressed through the CPUC's approved procedures. MCE will work with the California Energy Commission and CPUC prior to commencing service to additional customers to ensure it meets its local, system and flexible resource adequacy obligations through its agreements with its chosen electric suppliers.

Renewable Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, MCE 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 MCE's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to MCE.

California's RPS program is currently undergoing reform. On April 12, 2011, Governor Jerry Brown signed SB x1 2, requiring public and private utilities as well as community choice aggregators to obtain 33 percent of their electricity from renewable energy sources by December 31, 2020. MCE is familiar with California's new RPS, including certain procurement quantity

requirements identified in D.11-12-020 (December 1, 2011). To date, MCE has significantly exceeded California's RPS, providing MCE customers with over 29 percent RPS-eligible renewable energy delivered to MCE customers in 2012. A similar renewable energy percentage, approximating 28.7 percent, was supplied to MCE customers in 2013.

MCE's Renewable Portfolio Standards Requirement

MCE's annual RPS requirements are shown in the table below. When reviewing this table, it is important to note that MCE projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity (an additional 14 MW by 2019), resulting in a slight downward trend in projected retail electricity sales.

Marin Clean Energy RPS Requirements (MWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales	91,219	185,493	570,144	1,110,487	1,293,681	1,544,971	1,581,999	1,581,999	1,581,999	1,581,999
Baseline	-	18,244	37,099	114,029	222,097	280,729	359,978	395,500	427,140	458,780
Incremental Procurement Target	18,244	18,855	76,930	108,069	58,631	79,249	35,522	31,640	31,640	31,640
Annual Procurement Target	18,244	37,099	114,029	222,097	280,729	359,978	395,500	427,140	458,780	490,420
% of Current Year Retail Sales	20%	20%	20%	20%	22%	23%	25%	27%	29%	31%

Based on planned renewable energy procurement objectives, MCE anticipates that it will significantly exceed the minimum RPS requirements as shown below.

Marin Clean Energy RPS Requirements and Program Renewable Energy Targets (MWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales (MWh)	91,219	185,493	570,144	1,110,487	1,293,681	1,544,971	1,581,999	1,581,999	1,581,999	1,581,999
Annual RPS Target (Minimum MWh)	18,244	37,099	114,029	222,097	280,729	359,978	395,500	427,140	458,780	490,420
Program Target (% of Retail Sales)	25%	27%	51%	51%	52%	52%	53%	54%	55%	56%
Program Renewable Target (MWh)	22,805	50,083	290,773	566,348	672,714	803,385	838,459	854,279	870,099	885,919
Surplus In Excess of RPS (MWh)	4,561	12,984	176,745	344,251	391,985	443,407	442,960	427,140	411,320	395,500
Annual Increase (MWh)	22,805	27,278	240,690	275,575	106,366	130,671	35,075	15,820	15,820	15,820

Resources

MCE has begun evaluating opportunities for future investment in renewable generating assets. Such opportunities will be evaluated on a case by case basis in consideration of resource location, market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by MCE or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of MCE's electricity

requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with MCE's financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, MCE may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MCE as it works to achieve increasing levels of renewable energy supply to its customers.

Purchased Power

Power purchased from utilities, power marketers, public agencies, and/or generators will likely be the predominant source of supply from 2010 to 2015 (MCE may consider the development of certain renewable energy projects, subject to Board approval, which may supply electric generation to MCE customers as soon as January 2016) and may still remain a significant source of power in the event that MCE considers the development of its own renewable generation assets. During the period from 2010 – 2016, MCE plans to contract with SENA for a substantial portion of its electricity needs under a full requirements power supply agreement, and SENA will be 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. Deliveries under this agreement have been supplemented with purchases of other energy products from qualified renewable project developers, asset owners and power marketers. Based on terms established in this third-party contract, MCE will continue to substitute electric energy generated by MCE-owned/controlled renewable resources for contract quantities in the event that such resources become operational during the delivery period.

Renewable Resources

MCE will initially secure necessary renewable power supply from SENA. MCE has supplemented the renewable energy provided under the initial full requirements contract with direct purchases of renewable energy from renewable energy facilities.

For planning purposes, MCE should anticipate procurement from the following types of large scale renewable resources in the near to midterm, which would require little or no transmission expansion to ensure deliverability:

- Local resources (solar, wind, biogas, biomass);
- Wind resources in Solano County;
- Existing Qualifying Facilities with expiring PG&E contracts;
- Expansion and re-powering of wind resources in Alameda County;
- Geothermal in Lake and Sonoma Counties;
- Local biomass projects; and

- Renewable Energy Certificates.

Medium and Long-Term Renewable Potential

For mid and long term planning purposes, MCE should anticipate procurement from the following types of large scale renewable resources³:

- Wind imports from the Tehachapi Area;
- Wind imports from the Pacific Northwest;
- Geothermal imports from Nevada;
- Geothermal imports from the Imperial Valley;
- Photovoltaic solar imports from California's Central Valley; and
- Solar CSP imports from Southern California (Riverside and San Bernardino Counties).

Although this resource plan identifies likely resource types and locations, it is not possible to predict what projects might be proposed in response to MCE's future solicitations for renewable energy or that may stem from discussions with other public agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by MCE's Board of Directors. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of MCE's load zone, as defined by the CAISO.

Energy Efficiency

This section addresses the treatment of energy efficiency as a component of MCE's integrated resource plan. As described below there are opportunities for significant cost effective energy efficiency programs within the region, and MCE will seek to maximize end-use customer energy efficiency to the greatest extent practical. MCE first received funding to implement energy efficiency programs through the 'elect to administer' portion of the Public Utilities Code (section 381.1 e-f), wherein MCE has the authority to collect funds which have already been collected from MCE customers to support an energy efficiency plan that complies with the legislative intent. MCE submitted a plan for the use of 2012 program funding, focusing exclusively on multi-family customers; this plan was certified by the Commission in August, 2012.⁴

On a parallel track, MCE submitted an application to administer funds as an independent program administrator, an option which was clarified by SB 790 (2011) and reinforced in a recent CPUC Decision on CCA and Energy Efficiency⁵. This suite of programs offers energy efficiency services for multi-family, small commercial and single family sectors with financing

³ In the long term, new technologies such as wave or tidal energy may become economically feasible as well.

⁴ Resolution E-4815 California Public Utilities Commission. August 23, 2012.

⁵ Decision 14-01-033. Decision Enabling Community Choice Aggregators to Administer Energy Efficiency Programs. January 16, 2014.

programs available to support all programs. MCE plans to grow the energy efficiency and local program department over time.

Baseline Energy Efficiency Potential Estimates

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.”⁶ The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs energy efficiency goals of one percent, as a percentage of energy sales, is a reasonable level to target.⁷ Forecast achievable energy efficiency equal to one percent of the CCA’s forecast energy sales, as indicated in the table below, appears to be a reasonable and conservative baseline for the demand-side portion of CCA’s resource plan. Targeted program savings would be in addition to the savings achieved by PG&E administered programs.

	Marin Clean Energy Energy Efficiency Savings Goals (GWH) 2010 to 2019									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Retail Demand	91	185	570	1,110	1,294	1,545	1,582	1,582	1,582	1,582
MCE Energy Efficiency Goal	0	0	0	-6	-6	-4	-8	-12	-16	-16

CCA Program Energy Efficiency Goals

The Program’s energy efficiency goals reflect a strong commitment to increasing energy efficiency within the County and expanding beyond the savings achieved by PG&E’s programs. MCE’s goal is to increase annual savings through energy efficiency programs to two percent (combined MCE and PG&E programs) of annualized electric sales, as has been adopted by the State of New York, by the end of 2018. Achieving this goal would mean at least a doubling of energy savings relative to the status quo situation without the CCA program. MCE programs will focus on closing the gap between the vast economic potential of energy efficiency within MCE’s service territory and what is actually achieved, while designing programs based on community input that align with MCE’s mission statement.

The following table summarizes the estimated energy efficiency potential for each type of energy efficiency initiative:⁸

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

⁷ Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

⁸ California Energy Efficiency Potential Study Volume 1, California Measurement Advisory Council (CALMAC) Study ID: PGE0211.01, May 24, 2006, Figure 12-2: Distribution of Electric Energy Market Potential, Existing Incentive Levels through 2016.

California Energy Efficiency Market Potential

EXISTING RESIDENTIAL	53.0%
Existing Commercial	18.0%
Existing Industrial	14.0%
Residential New Construction	1.0%
Commercial New Construction	6.0%
Industrial New Construction	1.0%
Emerging Technologies	7.0%

The retrofit of existing buildings represents 85 percent of the total forecast energy efficiency market potential. Studies show that the residential customer sector presents the largest untapped efficiency gains.

MCE has ramped up the Energy Efficiency department since the first funding authorization in late 2012. MCE's energy efficiency department continues to refine energy savings estimates and develop portfolios in line with customer expectations and local patterns of energy use. Additional details of MCE's energy efficiency plans are set forth in a separate planning document.⁹

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., MCE), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the 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 and customer service benefits to the customer.

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. MCE has launched several small scale pilots to explore the possibilities for local DR programs. This resource plan anticipates that MCE's demand response programs would partially offset its local capacity requirements beginning in 2016.

PG&E offers several demand response programs to its customers, and MCE intends to recruit those customers that have shown a willingness to participate in utility programs into MCE's demand response programs.¹⁰ The goal for this resource plan is to meet 5 percent of the Program's total capacity requirements (by 2018) through dispatchable demand response

⁹ Marin Energy Authority's Proposal to Administer Energy Efficiency Programs Pursuant to Public Utilities Code 381.1(e) and (f) for 2012, June 22, 2012.

¹⁰ 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). MCE has started to develop and implement its own demand response programs on a pilot basis.

programs that qualify to meet local resource adequacy requirements. This goal translates into approximately 13 MW of peak demand enrolled in MCE's demand response programs. Achievement of this goal would displace approximately 32 percent of MCE's local capacity requirement within the Greater Bay Area.

**Marin Clean Energy
Demand Response Goals
(MW)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Capacity Requirement (MW)	34	55	218	273	270	330	328	325	324	324
Demand Response Target	-	-	-	-	-	-	4	12	16	16
Percentage of Local Capacity Requirement	0%	0%	0%	0%	0%	0%	8%	24%	32%	32%

MCE's initial DR pilots offer the opportunity to explore DR programs and develop administrative capabilities related to this component of the MCE service offering. MCE plans to leverage experiences and lessons learned from these initial pilots to develop 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 should be related 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 should be included in MCE's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. MCE will likely utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with MCE's environmental policies and the state's Energy Action Plan, clean distributed generation is a significant component of the integrated resource plan. MCE will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within MCE's jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges. MCE has also implemented an aggressive net energy metering program to promote local investment in distributed generation.

There are significant associated environmental benefits and strong customer interest in distributed PV systems. The economics of PV should improve over time as utility rates continue to increase and the costs of the systems decline with technological improvements and added manufacturing capacity. MCE can also promote distributed PV without providing direct financial assistance by being a source of unbiased consumer information and by facilitating customer purchases of PV systems through established networks of pre-qualified vendors. It may also provide direct financial incentives from revenues funded by customer rates to further support use of solar power within the Marin Communities. As previously noted, MCE has

provided direct incentives for PV by offering an aggressive net metering rate to customers who install PV systems so that customers are able to sell excess energy to MCE.

MCE's CCA customers will contribute funds to the California Solar Initiative (CSI) through the public goods charge collected by PG&E, and will be eligible for the incentives provided under that program for installation of PV systems. The California Solar Initiative provides \$2.2 billion of funding to target installation of 1,940 MW of solar systems within the investor owned utility service areas by 2017. All electric customers of PG&E, SCE, and SDG&E are eligible to apply for incentives. Approximately 44 percent of program funding is allocated to the PG&E service territory. Assuming solar deployment would be proportionate to funding, the program is intended to yield approximately 775 MW of solar within the PG&E service area. A minimum of 17 MW should be deployed within the service territory of MCE.

California Solar Initiative Deployment

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
IOU Territory Target (MW)	705	882	1,058	1,235	1,411	1,587	1,764	1,940	1,940	1,940
Total Funding (\$Millions)	240	240	240	160	160	160	5	0	0	0
PG&E Funding (\$Millions)	105	105	105	70	70	70	2	0	0	0
PG&E Incentives Share	44%	44%	44%	44%	44%	44%	40%	40%	40%	40%
PG&E Area Deployment (MW)	309	386	463	540	617	694	705	776	776	776
MCE Share of PG&E Load	0.1%	0.3%	0.8%	1.5%	1.8%	2.1%	2.1%	2.1%	2.1%	2.1%
MCE Solar Deployment (MW)	0	1	4	8	11	15	15	17	17	17

MCE will work to ensure that customers within its jurisdiction take full advantage of this solar incentive and will develop programs of its own with the goal of doubling the CSI deployment targets shown above.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the phase-in period of the CCA Program and identifies the anticipated financing requirements for the overall CCA Program by MCE. 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

This cash flow analysis estimates the level of working capital that will be required during the phase-in period. In general, the components of the cash flow analysis can be summarized into two distinct categories: (1) Cost of CCA Program Operations, and (2) Revenues from CCA Program Operations. The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with the CCA Program phase-in period, and specifically account for the transition or “Phase-In” of CCA Customers from PG&E’s service territory 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 Service Requirements;
- Exit Fees;
- Staffing Requirements;
- Contractor Costs;
- Infrastructure Requirements;
- Billing Costs;
- Scheduling Coordination;
- Grid Management Charges;
- CCA Bond Premiums;
- Interest Expense; and
- Franchise Fees.

The focus of this cash flow analysis is during the phase-in period.

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 cash flow analysis assumes the customer phase-in schedule noted above, and assumes that MCE’s CCA Program provides a Light Green Tariff at comparable generation rates to those of the existing distribution utility for each customer class and a 100 percent Green Tariff at a premium reflective of

incremental renewable power costs. A third service option, which is planned to begin serving customers during the 2015 calendar year, is Sol Shares. The voluntary Sol Shares service option will supply participating customers with 100 percent locally generated solar electricity – MCE is currently accepting enrollments in the Sol Shares program.

Over time, MCE's preference for renewable energy will significantly reduce its exposure to volatile input costs (fuel – natural gas) associated with natural gas-fired generation, which are expected to increase steadily, and potentially significantly, for the foreseeable future. Because a significant portion of MCE's power supply will be from renewable energy sources, upward price pressures on its power supply should be significantly reduced over long-term operations.

Projected long-term cost savings can be passed on to Program customers in the form of lower generation rates or can be applied to the procurement of additional renewable energy supplies (moving the program's renewable energy supply closer to its 100 percent goal), energy efficiency programs or other energy/climate initiatives within the scope of broad-based powers established for MCE. Ultimately, MCE will have flexibility when making these decisions and can respond to the evolving needs of local residents and businesses when developing rate tariffs and energy/climate-focused programs.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of working capital required for MCE to move through the CCA phase-in period. This estimated level of working 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 by MCE, along with an assumption 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.

With the assumptions regarding payment streams, the cash flow analysis identifies funding requirements while recognizing the potential lag between payments received and payments made during the phase-in period. The estimated financing requirements for the phase-in period, including working capital, based on the phase-in of customers as described above is approximately \$3 million. Working capital requirements reach this peak immediately after enrollment of the Phase 3 customers.

CCA Program Implementation Feasibility Analysis

In addition to developing a cash flow analysis which estimates the level of working capital required to get MCE through full CCA phase-in, a summary analysis that evaluates the feasibility of the CCA program during the phase-in period has been prepared. The difference between the cash flow analysis and the CCA feasibility analysis is that the feasibility analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same.

The results of the feasibility analysis are shown in the following table. Under these assumptions, over the entire phase-in period the CCA program is projected to accrue a reserve account balance of approximately \$17 million.

Marin Clean Energy
Summary of CCA Program Phase-In
(January 2010 through December 2015)

CATEGORY	2010	2011	2012	2013	2014	2015
I. REVENUES FROM OPERATIONS (\$)						
ELECTRIC SALES REVENUE	10,610,804	16,454,790	44,052,111	79,097,747	100,075,912	125,116,985
LESS UNCOLLECTIBLE ACCOUNTS	(21,453)	(102,807)	(220,261)	(395,489)	(500,380)	(625,585)
TOTAL REVENUES	10,589,351	16,351,983	43,831,851	78,702,259	99,575,532	124,491,400
II. COST OF OPERATIONS (\$)						
(A) ADMINISTRATIVE AND GENERAL (A&G)						
STAFFING	321,117	430,659	1,077,759	1,386,303	1,825,000	1,993,875
CONTRACT SERVICES	1,035,333	848,063	3,131,840	4,457,964	4,611,420	4,898,007
IOU FEES (INCLUDING BILLING)	19,548	60,794	287,618	584,729	660,114	745,569
OTHER A&G	191,261	189,204	249,729	302,806	373,125	398,084
SUBTOTAL A&G	1,567,259	1,528,720	4,746,946	6,731,802	7,469,659	8,035,535
(B) COST OF ENERGY	7,418,662	11,881,494	35,566,066	69,037,682	85,826,553	111,605,979
(C) DEBT SERVICE	654,595	394,777	747,729	1,195,162	1,195,162	1,151,494
TOTAL COST OF OPERATION	9,640,516	13,804,991	41,060,742	76,964,646	94,491,374	120,793,009
CCA PROGRAM SURPLUS/(DEFICIT)	948,835	2,546,992	2,771,109	1,737,613	5,084,158	3,698,392

The surpluses achieved during the phase-in period serve as operating reserves for MCE in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

Marin Clean Energy Financings

It is anticipated that three financings may be necessary in support of the CCA Program. The anticipated financings are listed below and discussed in greater detail.

CCA Program Start-up and Working Capital (Phases 1 and 2)

As previously discussed, the start-up and working capital requirements for the CCA Program were approximately \$2 million. These costs are currently being recovered from retail customers through retail rates.

CCA Program Working Capital (Phase 3)

Working capital for Phase 3 was \$3 million financed through a short term credit agreement from a commercial bank.

CCA Program Working Capital (Phase 4)

MCE utilized existing, internally generated funds to cover costs associated with the Phase 4 customer expansion.

CCA Program Working Capital (Phase 5)

MCE anticipates it will have sufficient internally generated funds to fund the Phase 5 customer expansion. If additional funds are required, a short term credit agreement would be used to support the expansion.

Renewable Resource Project Financing

MCE's CCA Program may consider large project financings for renewable resources (likely wind, solar, biomass or geothermal), which may total as much as \$375 million (combined). These financings would only occur after a sustained period of successful Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. Such financing would likely occur after several successful years of operating history have been observed and following MCE's receipt of an institutional credit rating. In the event that such financing becomes necessary, funds would include any short-term financing for the renewable resource project development costs, and would extend over a 20- to 30-year term.

The security for such bonds would likely be a hybrid of the revenue from sales to the retail customers of MCE, including a Termination Fee as described in Chapter 9, and the renewable resource project itself.

The following table summarizes the potential financings in support of the CCA Program:

Proposed Financing	Estimated Total Amount	Estimated Term	Estimated Issuance
Start-Up and Working Capital	\$2 million	No longer than 7 years	Early 2010
Working Capital Phase 3	\$3 million	No longer than 5 years	Mid 2012
Potential Renewable Resource Project Financings	\$375 million (aggregate)	20 to 30 years	Undetermined

CHAPTER 8 - Ratesetting and Program Terms and Conditions

Introduction

This Chapter describes MCE's rate setting policies for electric aggregation services. These include policies regarding rate design, objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

Rate Policies

MCE has established rates sufficient to recover all costs related to operation of the 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 of Directors. As a general policy, rates will be uniform for all similarly situated customers enrolled in the Program throughout the service area of MCE, comprised of the jurisdictional boundaries of its members.

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

- 100 percent renewable energy supply option – Deep Green Tariff;
- 100 percent local solar energy supply option – Sol Shares Tariff
- Rate competitive tariff option – Light Green Tariff (at 50 percent renewable energy);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The goal is to offer competitive rates for the electric services MCE provides to participating customers. For Deep Green participants, the goal is to offer the lowest possible customer rates with an incremental monthly cost premium of approximately 10 percent. For Sol Shares customers, the goal is to offer rates that are generally reflective of local, small utility scale solar development costs, which will initially relate to prices paid under MCE's Feed-In Tariff.

Competitive rates will be critical to attracting and retaining key customers. As discussed above, the principal long-term Program goal is to achieve 100 percent renewable energy supply subject to economic and operating constraints. As previously discussed, the Program will significantly increase renewable energy supply to Program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Program customers will be the Light Green service option, which will maximize renewable energy supply (minimum 50 percent) while maintaining competitive generation rates to those currently offered by PG&E. MCE will also offer its customers a voluntary Deep Green Tariff, which will supply participating

customers with 100 percent renewable energy supply at rates that reflect the Program's cost for procuring necessary energy supplies. As previously noted, MCE will be offering a third service option, Sol Shares, which is planned to begin serving customers during the 2015 calendar year. The voluntary Sol Shares service option will supply participating customers with 100 percent locally generated solar electricity – MCE is currently accepting enrollments in the Sol Shares program.

As previously suggested, the default tariff for Program customers will be the Light Green Tariff. Consistent with this MCE policy, participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the Light Green Tariff and will continue to receive related discounts on monthly electricity bills. Based on projected participation in each tariff, the amount of renewable energy supplied to Program customers as a percentage of the Program's total energy requirements is projected to approximate 52 percent in 2015.

Rate Stability

MCE will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that program rates relative to PG&E's may differ at any point in time from the general rate targets set for the Program. Although MCE's rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly from year-to-year based on energy market conditions such as natural gas prices, the utilities' hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base. MCE will have more flexibility in procurement and ratesetting than PG&E to stabilize electricity costs for customers.

Equity among Customer Classes

MCE's policy will be to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will 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 of Directors.

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 MCE's customer service call center. Customer understanding also requires rate structures to make sense (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

MCE's rates must collect sufficient revenue from participating customers to fully fund MCE's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric

sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of MCE's costs, subject to the disclosure and due process policies described later in this chapter.

Rate Design

MCE will generally match 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 MCE's program. MCE may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within MCE's service area.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from MCE. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. 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. The objective is that MCE's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. MCE will pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the MCE Board.

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

The Executive Officer, with support of appropriate staff, advisors and committees, will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates will be approved at a public meeting of the Board of Directors no sooner than thirty one (31) days following public posting of the proposed rates (which shall occur on MCE's website) - during this thirty one-day review period, affected customers will be able to provide comment on the proposed rate changes.

MCE will initially adopt customer noticing requirements similar to those the CPUC requires of PG&E. These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation within the respective jurisdictions of MCE's Member Agencies. This notice will be published within ten days of MCE's public posting of the subject rate change. Such notice will state that a copy of said application and related exhibits may be examined at the offices of MCE and shall include the locations of such offices

MCE will furnish notice of its application to its customers affected by the proposed increase, either by including such notice as an on-bill message with the regular bill for charges transmitted to such customers or by mailing such notice postage prepaid to such customers.

The notice will state the amount of the proposed increase expressed in percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of MCE to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the CCA Program and the right to privacy of customer energy 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 opt-out notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the MCE Board from time to time.

By adopting this Implementation Plan, the MCE Board approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify program policies from time to time at its discretion.

Customer Notices

As part of the customer enrollment process, at least four notices will be 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. MCE will mail at least two written notices to customers, beginning at least two calendar months, or sixty days, in advance of the date of commencing automatic enrollment. MCE will likely use its own mailing service for requisite opt-out notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the opt-out notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying MCE using MCE's designated, telephone-based opt out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they will be transferred to MCE'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 would be automatically enrolled.

Following automatic enrollment, at least two notices will be mailed to customers within the first two calendar months, or sixty days, of service. Opt-out requests made on or before the sixtieth day following start of MCE service would result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay MCE's charges for electric services provided during the time the customer took service from the Program, but will otherwise not be subject to any penalty or transfer fee from MCE.

New customers who establish service within the Program service area will be automatically enrolled in the Program. Such customers will be mailed two opt-out notices within two calendar months, or sixty-days, of enrollment. MCE's Board of Directors will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would help prevent potential gaming, particularly by large customers, and aid in resource planning by providing additional control over the Program's customer base. Entry fees would not be practical to administer, nor would they be necessary, for residential and other small customers.

Termination Fee

Customers that are automatically enrolled in the 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 may apply to all Program customers that elect to return to bundled utility service or elect to take “direct access” service from an energy services provider. Program customers that relocate within the Program’s service territory would have their CCA service continued at the new address. If a customer relocating to an address within the Program service territory elected to cancel CCA service, the Termination Fee may apply. Program customers that move out of the Program’s service territory would not be subject to the Program’s Termination Fee.

The Termination Fee will consist of two parts: an Administrative Fee set to recover the costs of processing the customer transfer and other administrative or termination costs and a Cost Recovery Charge (“CRC”) that would apply in the event MCE is unable to recover the costs of supply commitments attributable to the customer that is terminating service. PG&E will collect the Administrative Fee from returning customers as part of the final bill to the customer from the CCA Program and will collect the CRC as a lump sum or on a monthly basis pursuant to a negotiated servicing agreement between MCE and PG&E.

The Administrative Fee would vary by customer class as set forth in the table below.

Administrative Fee for Service Termination

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

The customer CRC will be equal to a pro rata share of any above market costs of MCE’s actual or planned supply portfolio at the time the customer terminates service. The proposed CRC is similar in concept to the Cost Responsibility Surcharge charged by PG&E, and it is designed to prevent shifting of costs to remaining Program customers. The CRC will be set on an annual basis by MCE’s Governing Board as part of the annual ratemaking process. At this time, MCE’s CRC is set to zero.

If customers terminate service, MCE anticipates it will re-market the excess supply and recover all or the majority of its costs. Depending upon market conditions, the CRC may not be needed for recovery of stranded costs. However, MCE’s ability to assess a Cost Recovery Charge, if necessary, can be an important condition for obtaining financing for MCE’s power supply. The low cost financing will, in turn, enable MCE to charge rates that are competitive with PG&E’s.

The Termination Fee will be clearly disclosed in the four opt-out notices sent to customers during the sixty-day period before automatic enrollment and following commencement of

service. The fee could be changed prospectively by MCE's Board of Directors, subject to MCE's customer noticing requirements. As previously noted, customers that opt-out during the statutorily mandated notification period will not pay the Termination Fee that may be imposed by MCE.

Customers electing to terminate service after the initial notification period that provided them with at least four opt-out notices would be 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. Customers who voluntarily transfer back to PG&E after the initial notification period that provided them with at least four opt-out notices would also be liable for the nominal reentry fees imposed by PG&E as set forth in the applicable utility CCA tariffs. Such customers would also be required to remain on bundled utility service for a period of one year, as described in the utility tariffs.

Customer Confidentiality

MCE has established policies covering confidentiality of customer data. These policies are fully compliant with the California Public Utility Commission's required privacy protection rules for CCA customer energy usage information detailed within Decision D.12-08-045. MCE's policies will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data may be released at MCE's discretion or as required by law or regulation.

Responsibility for Payment

Customers will be obligated to pay MCE charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, MCE will not be able to direct that electricity service be shut off for failure to pay MCE's bill. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would 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.

Customer Deposits

Customers may be required to post a deposit equal to two months' estimated bills for MCE's charges to obtain service from the Program. MCE has adopted a related policy, Rule No. 002, which specifies the circumstances under which a customer deposit will be required. This policy

specifies that “An applicant who previously has been a customer of PG&E or MCE and whose electric service has been discontinued by PG&E or MCE during the last twelve months of that prior service because of nonpayment of bills, may be required to reestablish credit by depositing the amount prescribed in Rule 003 (Deposits) for that purpose.” Rule No. 002 also states that, “A customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the amount prescribed in Rule 003 (Deposits). This rule will apply regardless of whether or not service has been discontinued for such nonpayment¹¹.” Rule 003 specifies that the amount of deposit for such a customer shall be equal to two months’ estimated charges for MCE service. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E. To date, MCE has not collected any customer deposits.

¹¹ A customer whose service is discontinued by MCE is returned to PG&E generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes MCE's initial procurement policies and the key third party service agreements by which MCE has obtained operational services for the CCA Program. By adopting the original Implementation Plan, MCE's Board of Directors approved general procurement policies to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

MCE has entered into agreements for a variety of services needed to support program development, operation and management. It is anticipated MCE will utilize Competitive Procurement, Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

MCE utilized a competitive solicitation process to enter into agreements with SENA, which provides electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of MCE's Executive Officer or Board of Directors.

The Executive Officer periodically reports (e.g., quarterly) to the Board a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

Key Contracts

Electric Supply Contract

MCE successfully negotiated an electricity supply contract with SENA (through December 31, 2016). For the initial years of program operations, SENA will supply a significant portion of the electricity delivered to MCE customers. For the post-2016 period, MCE will be obligated to complete additional solicitations to secure its resource requirements. In anticipation of this future obligation, MCE has initiated procurement efforts, focusing on necessary renewable energy supply and resource adequacy capacity, to facilitate the transition from full requirements service to a managed portfolio of contracts/resources. This proactive, ongoing approach will avoid dependence on market conditions existing at any single point in time. Under the initial full requirements contract, SENA has committed to serving the composite electrical loads of customers in the Program. SENA also serves as MCE's certified Scheduling

Coordinator and will schedule the loads of all customers in the Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. SENA is wholly responsible for the Program's portfolio operations functions and managing the predominant supply risks for the term of the contract. SENA must also meet the Program's renewable energy goals and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

Certain financial risks related to changes in Program loads during the term of the agreement are borne by SENA, within the ranges specified in the electric supply agreement. The supplier has also committed to deliver a specific quantity of RPS-eligible renewable energy, as determined by MCE, during each year of the agreement term. The supplier is also required to procure sufficient renewable energy to meet the requirements of serving customers enrolled in the Deep Green MCE service option.

Data Management Contract

Noble Americas Energy Solutions will provide 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). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract...¹²

The data manager is responsible for the following services:

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

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the data management contract from the energy supply contract gives MCE greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

¹² The contractor performing account services may be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

As previously noted, MCE selected SENA as its energy supplier through a competitive solicitation process, which was administered in mid-2009. Additional information regarding SENA is provided below.

Shell Energy North America

Shell Energy North America (US), L.P. (SENA) is a leading supplier of energy and associated services in North America. SENA provides natural gas, electrical energy and capacity, scheduling and asset optimization, risk management, and renewable energy and environmental products to a wide variety of customers. SENA is 100% owned by Royal Dutch Shell Company and its subsidiaries. SENA owns and manages a variety of energy assets in the West, including generation, a portfolio of renewable energy, transmission capacity, natural gas production, liquefied natural gas capacity, natural gas storage capacity, and natural gas pipeline capacity. SENA's West Region operation includes regional offices in San Diego, Portland, Spokane, Berkeley, Salt Lake City, Denver and Mexico City, with 7 X 24 power and gas operations in San Diego and Spokane.

SENA has an extensive list of public and privately owned customers in the West, including all WECC region investor-owned utilities, twenty-five publicly owned (municipal) electric utilities/other public agencies in California, and publicly owned utilities/public agencies in neighboring states. SENA's West Region full requirements power experience includes provision of retail electric service, including provision of resource adequacy, for direct access customers in California.

Renewable energy products offered by SENA include renewable energy, bundled renewable energy, landfill gas, biogas and renewable energy credits. SENA states it is actively developing renewable portfolios and provides related services such as scheduling and shaping of intermittent energy. SENA's affiliate, Shell WindEnergy, develops and owns wind generation in California and other parts of North America. SENA also offers a variety of environmental products including emission offsets and other carbon reducing products.

SENA is rated A- by S&P and A2 by Moody's.

CHAPTER 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of Program termination. By adopting the original Implementation Plan, MCE's Board of Directors approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that MCE would terminate the Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed 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 Marin Clean Energy

MCE will offer services for the long term with no planned Program termination date. In the unanticipated event that the majority of the Member's governing bodies (County Board of Supervisors and/or City/Town Councils) decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to MCE consistent with the terms set forth in the JPA Agreement. Following such notice, MCE would vote on Program termination subject to a two-tiered vote, 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 advance notice would be provided to PG&E and the CPUC before transferring customers, and MCE 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.

MCE will post a bond or maintain funds held in reserve 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 (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. MCE will post financial security in the

appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

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: MCE Resolution 2014-03

Appendix B: County of Napa, Resolution 2014-59

Appendix C: Marin Clean Energy Joint Powers Agreement

Appendix D: County of Napa, CCA Ordinance – Ordinance No. 1391



POLICY NO. 007 – NEW CUSTOMER COMMUNITIES

Whereas MCE’s founding mission is to address climate change by using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs; and

Whereas creating opportunities for customer electric service in new communities may allow MCE to further progress towards its founding mission; and

Whereas MCE currently provides a minimum 50% renewable energy supply to all MCE customers (through its default Light Green retail service option), which substantially exceeds similar renewable energy supply percentages provided by California’s investor-owned utilities (IOUs); and

Whereas the inclusion of new communities to MCE’s membership will increase state-wide renewable energy percentages due to 1) MCE’s specified minimum renewable energy supply percentage of 50%, and 2) access to its 100% renewable option; and

Whereas the inclusion of new communities to MCE’s membership will also decrease greenhouse gas emissions within the Western United States as a result of minimum renewable energy supply percentages exceeding such percentages provided by California’s IOUs; and

Whereas the inclusion of new communities reaffirms the viability of community choice aggregation, and provides an incentive for other cities and counties to pursue more renewable energy options within their own jurisdictions.

Therefore, it is MCE’s policy to explore and support customer electric service in new communities to further agency goals.

In consideration of the above MCE may allow access to service in new communities through two channels, affiliate membership or special-consideration membership, as applicable.

Affiliate membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is not more than 30 miles from MCE existing county jurisdiction, and
3. Customer base in new community is 40,000 or less or is within a County already served by MCE.

Special-consideration membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is more than 30 miles from MCE existing jurisdiction and/or the customer-base in the new community is greater than 40,000.

MCE Membership Application Checklist

- √ Request for load data for PG&E signed by Mayor, City Manager, Board president or Chief County Administrator
- √ Adoption of a resolution requesting membership in MCE
- √ Adoption of the ordinance required by the Public Utilities Code Section 366.2(c)(10) to join MCE's CCA program, adopted governing Board, subject to MCE Board approval
- √ Executed 'Agreement for Services' or 'Memorandum of Understanding' (if during inclusion period) to cover:
 - Community agrees to publicize and share information about MCE with community during the 6 month enrollment period. Options to publicize include but are not limited to website, social media, public events, community workshops, and newsletter announcements (where feasible), as well as distribution of flyers and handouts provided by MCE at community offices
 - Community agrees to provide desk space for up to 2 MCE staff during the 6 month enrollment period, and agrees to consider ongoing desk space availability if needed for effective and efficient outreach.
 - Community agrees to assign staff member as primary point of contact with MCE. Assigned staff member will support and facilitate communication with other community staff and officials, as well as provide input and high-level assistance on community outreach.
 - Community agrees to cover of quantitative analysis cost, not to exceed \$10,000; waived under inclusion period.



My community.
My choice.

MCE 2021 Expansion Analysis

MCE Inclusion Process

Applicant Analysis for the Cities of
Pleasant Hill and Vallejo
November 2019

Purpose of Analysis

Evaluate applications for MCE membership submitted by the Cities of Pleasant Hill and Vallejo

Per Policy No. 007, criteria A-C: Would allowing for MCE service in new communities accomplish the following?

- Result in a neutral or positive fiscal impact for MCE and the existing customer base
- Accelerate greenhouse gas reductions
- Increase amount of renewable energy being used in California energy market



MCE 2021 Expansion Analysis

City of Pleasant Hill

- Located in Contra Costa County
- Voted to request MCE membership on June 3, 2019
- Would be the 15th Contra Costa jurisdiction to join MCE

Population
35,000

City of Vallejo



Population
122,000

- Located in Solano County
- Voted to request MCE membership on May 28, 2019
- Would be the 3rd Solano County jurisdiction to join MCE

New Communities: Timeline

Nov 2019 – MCE's Board votes to include new communities

Dec 2019 – MCE submits updated Implementation Plan to CPUC

Feb 2020 – CPUC certifies updated Implementation Plan

Spring 2021 – Service starts to new customers

MCE Key Statistics (Annual Projected)

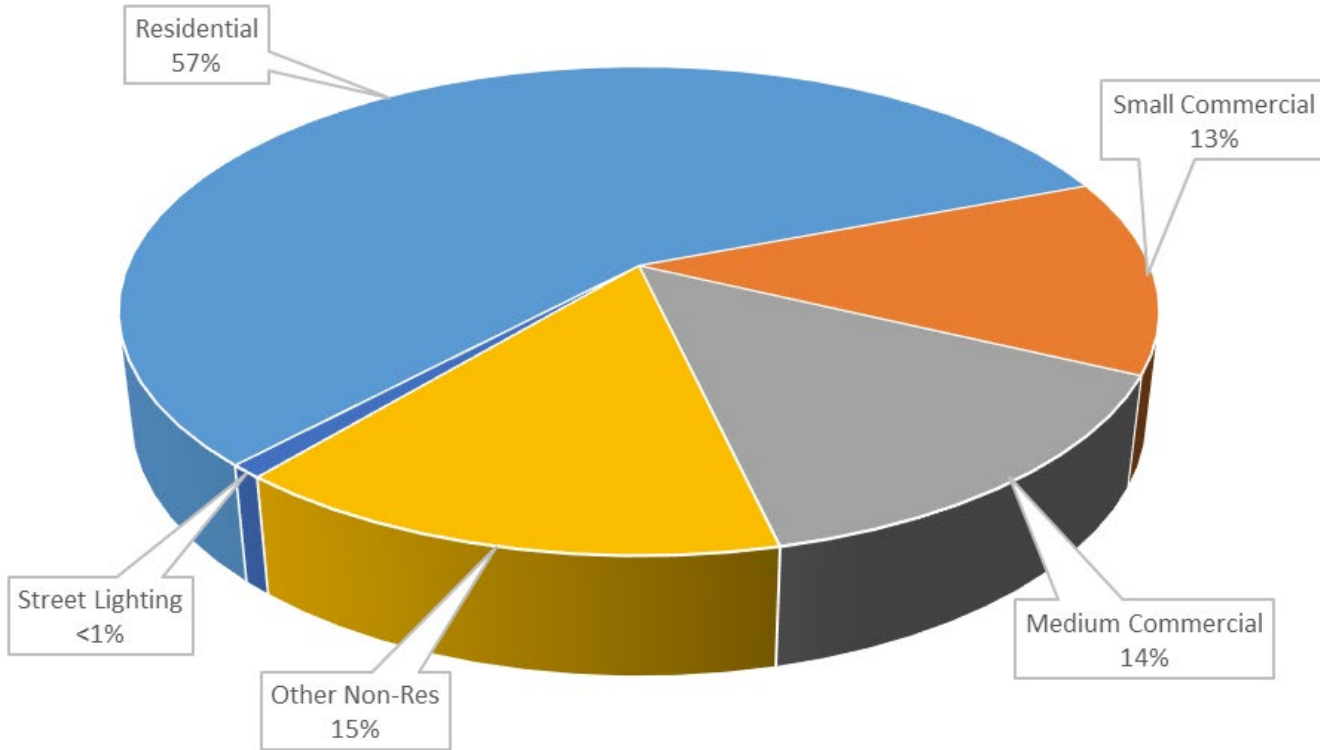
- Customer base ~ 483,500
- Annual energy sales ~ 5,235,000 MWh
- Peak demand ~ 901 MW
- Renewable energy content 60+%
- Carbon free content 90%-100%
- Annual revenues ~\$440 million

New Communities: Customer Base

Classification	Accounts	Annual Energy (MWh)	Average Per Customer (kWh/Month)
Residential	58,772	291,416	413
Small Commercial	4,345	65,909	1,264
Medium Commercial	392	72,901	15,498
Street Lighting	530	4,590	722
Other Non-Residential	233	74,753	26,736
TOTAL	64,272	509,569	661
Peak Demand (MW)			92

New Communities: Electricity Use

Distribution of Customer Usage



Impact Analysis: Key Assumptions

- Service to commence in April 2021
- 90% customer participation rate
- Incremental revenues projected assuming currently effective MCE rates
- Incremental cost analysis accounts for: additional power supply, customer billing, call center support, PG&E service fees
- Revenue surplus, if any, represents fiscal benefit or surplus

Incremental Revenue & Cost Summary

	FY 2021/2022	FY 2022/2023
Volume (MWh)	445,129	461,500
Revenue	\$38,191,409	\$39,447,985
Costs		
Power Supply Cost	\$28,468,097	\$31,733,898
Billing and Other Costs	\$1,178,477	\$1,145,250
TOTAL COST	\$29,646,574	\$32,879,148
Fiscal Benefit	\$8,544,835	\$6,568,837
% Benefit (relative to combined revenue)	~2%	~1%

Minimal implementation costs will be incurred during pre-expansion fiscal year for marketing and outreach, customer noticing, regulatory, legal, internal operation, resource planning and electric procurement activities.

Sensitivity Analysis

MCE 2021 Expansion Analysis

Scenario	Fiscal Impact FY 2021/2022
Base Projection	\$8,544,835
Power Costs + 20%	\$4,921,010
75% Participation Rate	\$7,134,183

Renewable Energy

- In first full year (2022), MCE would supply up to 288,114 MWh of renewable energy to new communities
- Would increase sales of renewable energy in new communities by 110,666 MWh per year

Greenhouse Gasses

MCE 2021 Expansion Analysis

- MCE to buy between 233,000 and 284,000 additional carbon free (renewable and large hydro) MWh to serve the new communities
- Estimated to reduce emissions by 100 to 122 metric tons of CO₂e per year

MCE 2021 Expansion Analysis Summary

Quantitative analysis findings are favorable:

- Fiscal benefit to MCE of \$4.9-8.5 million per year
- Up to 110,666 MWhs/year of increased renewable energy sales
- Up to 122 metric tons of annual GHG reductions



November 21, 2019

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance

RE: FY 2019/20 Operating Fund Budget Amendment (Agenda Item #10)

ATTACHMENT: Proposed FY 2019/20 Operating Fund Budget Amendment

Dear Board Members:

SUMMARY:

In March 2019, your Board approved MCE's Fiscal Year (FY) 2019/20 Operating Fund Budget. The Budget authorizes Staff to spend funds within the limits set forth in each budget line item and to collect revenue. In May 2019, the Board approved increases in rates designed to better align revenues with cost recovery among rate classes and to be in a position to meet MCE's Reserve Targets by the end of the current fiscal year. Staff is not requesting any changes to the Operating Fund expense line items as operating expenses (excluding Cost of Energy) have come in at or below the budgeted amounts so far this fiscal year. An amendment to the FY 2019/20 Operating Fund Budget is proposed to reflect the anticipated increase in revenues as a result of the rate increases, to update the Cost of Energy line item to better reflect energy cost projections for the remainder of the fiscal year and to create and initially fund a Resiliency Fund.

Operating Fund Budget Amendment Detail

The attached Proposed FY 2019/20 Operating Fund Budget Amendment sets forth changes to the following budget line items:

Energy Revenue – (+\$61,208,438 17.2% increase): Energy Revenue – Electricity (net of allowance) is based on estimates of customer electricity usage and retail electricity rates and bi-lateral wholesale sales of energy and Resource Adequacy (RA) capacity to other counterparties. The increase in revenue results from the rate increases effective 7/1/2019, slightly higher than expected customer electricity usage and more robust wholesale sales of energy and RA.

Cost of Energy – (+\$15,195,000 5.0% increase): Cost of Energy includes expenses associated with purchase of energy, costs for RA capacity, charges by the California Independent Systems Operator (CAISO) for scheduled load, and services performed by the CAISO as the Balancing Authority. The proposed increase in the Cost of Energy budget line item is intended to accommodate purchases of energy and resource adequacy that were resold via wholesale transactions (previously netted from Cost of Energy) and higher load charges due to higher than expected customer demand.

Change in Net Position – (+\$45,233,000): The projected increase in Net Position from the budgeted amount of \$14,339,000 is projected to increase by \$45,233,000 as a result of the higher energy revenue even after factoring in the higher cost for the energy. The bulk of this increase is due to the rate change approved by your Board in May. This change results in a total projected increase to the Net Position of \$59,572,000.

Resiliency Fund: Staff is proposing the creation of a Resiliency Fund and initial funding in the amount of \$3,000,000. The creation of this proposed Resiliency Fund is in large part a response to PG&E's Public Safety Power Shutoff (PSPS) events. These events are significantly impacting the safety, reliability, health and welfare of customers including vulnerable MCE customers and critical care facilities. At MCE, we want to help empower our customers by piloting advanced technology such as battery storage and small-scale microgrids to retain essential supply during PSPS events and naturally occurring outages while minimizing use of carbon-emitting generators.

Through Resiliency projects, MCE would pilot and implement structured rates, incentives, facilitation, education, installation and aggregation of storage devices in our service area. Priority locations may include multi-family and senior housing, Offices of Emergency Services, fire stations, community centers, hospitals, and schools.

Such storage devices, especially when co-located with roof top solar, would provide some of the needed support to retain, as much as possible, our customers' quality of life while in PSPS events. Outside of PSPS events, MCE would use these resources to perform virtual aggregation and optimize MCE's load serving capability better aligning MCE energy demand shape with supply shape. For example, charging storage devices when solar energy is plentiful, and discharging them in the evening when wholesale prices are higher and fewer renewable resources are available, creates both economic and environmental benefits.

FISCAL IMPACT: The primary net impact of the proposed FY 2019/20 Operating Fund Budget Amendment is a \$45,233,000 increase in the budgeted contribution to the Net Position for a total contribution of \$59,572,000. This increase is projected to allow MCE to meet and slightly exceed its Reserve Target at 105% by the end of the current 2019/20 Fiscal Year. Budgeted expenditures include contingencies and Staff expects that the actual contribution to the Net Position will likely exceed the amended budgeted contribution to the Net Position.

RECOMMENDATION: Recommend that the MCE Board approves the proposed FY 2019/20 Operating Fund Budget Amendment to include the creation and initial funding of a Resiliency Reserve in the amount of \$3,000,000.

**Marin Clean Energy
Operating Fund
Fiscal Year 2019/20
From April 1, 2019 through March 31, 2020**

	Approved Budget	Proposed Amendment	Amended Budget Variance (Under) Over	Amended Budget Variance (Under) Over %
ENERGY REVENUE				
Revenue	\$355,550,000	\$416,758,000	\$61,208,000	17.22%
ENERGY EXPENSE				
Cost of energy	317,119,000	333,094,000	15,975,000	5.04%
NET ENERGY REVENUE	38,431,000	83,664,000	45,233,000	117.70%
OPERATING EXPENSE				
Personnel	8,791,000	8,791,000	0	0.00%
Data Manager, Calpine	6,270,000	6,270,000	0	0.00%
Technical and scheduling services	917,000	917,000	0	0.00%
Service fees - PG&E	2,073,000	2,073,000	0	0.00%
Legal and Policy Services	1,060,000	1,060,000	0	0.00%
Communication Services	1,573,000	1,573,000	0	0.00%
Other Services	1,184,000	1,184,000	0	0.00%
General and Administration	1,664,000	1,664,000	0	0.00%
Occupancy	1,014,000	1,014,000	0	0.00%
Finance and Contingency	1,370,000	1,370,000	0	0.00%
TOTAL OPERATING EXPENSES	25,916,000	25,916,000	0	0.00%
OPERATING INCOME	12,515,000	57,748,000	45,233,000	361.43%
NONOPERATING REVENUES				
Grant Income	1,748,000	1,748,000	0	0.00%
Other Income	0	0	0	0.00%
Interest income	1,400,000	1,400,000	0	0.00%
TOTAL NONOPERATING REVENUES	3,148,000	3,148,000	0	0.00%
NONOPERATING EXPENSES			0	
Banking Fees and Financing Costs	253,000	253,000	0	0.00%
Grant related consultants - TerraVerde	1,071,000	1,071,000	0	0.00%
TOTAL NONOPERATING EXPENSES	1,324,000	1,324,000	0	0.00%
CHANGE IN NET POSITION	14,339,000	59,572,000	45,233,000	315.45%
Budgeted net position beginning of period	91,577,000	91,577,000	0	0.00%
BUDGETED NET POSITION END OF PERIOD	105,916,000	151,149,000	45,233,000	0.00%
Transfer to Resiliency Fund	0	3,000,000	3,000,000	100.00%
Transfer to Local Renewable Energy Development	846,000	846,000	0	0%
TOTAL CAPITAL EXPENDITURES, INTERFUND	846,000	3,846,000	3,000,000	
TRANSFERS & OTHER				0.00%
BUDGETED NET INCREASE IN OPERATING FUND BALANCE	105,070,000	147,303,000	42,233,000	40.20%



November 21, 2019

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance
Maira Strauss, Senior Financial Analyst

RE: Resolution 2019-06 Establishing an Operating Reserve Fund
(Agenda Item #11)

ATTACHMENTS: Resolution 2019-06 Establishing an Operating Reserve Fund

Dear Board Members:

SUMMARY:

Staff proposes the creation of an Operating Reserve Fund (ORF) to allow MCE to defer revenue in years when financial results are strong to be used in future years when financial results are not as strong or are stressed. Deferring revenue to be used in future years would allow MCE to avoid sudden rate increases to address unanticipated spikes in energy costs, or conversely, to offset reductions in rate levels (and net revenues) to address large increases in the PCIA. Using deferred revenue in a future year would allow MCE to minimize the near-term impact on rates and net revenues while remaining in compliance with debt and counterparty financial covenants.

Introduction: In the last five years MCE has grown considerably in terms of load, customers served, services provided and in the sophistication of its operations and finances. MCE was the first CCA to achieve an investment grade credit rating and is now the first to have two such ratings. If MCE is to reach its goal of providing 85% renewable and 100% GHG free energy on a cost competitive basis in ten years, the agency will have to utilize all of the available tools including potentially directly owning generation or storage assets. Investment in generation or storage assets, once identified, would likely be achieved through a combination of MCE retained earnings and tax-exempt debt.

Staff proposes creating an Operating Reserve Fund to be funded from MCE revenues. The type of fund that is being recommended would be created under the Government Accounting Standard Board (GASB) Standard 62. GASB 62 is very specific in that current revenues would be “deferred” into the fund when it is determined that excess revenues are available to make deposits into the fund. From an accounting standpoint, a deferral of current revenue into the ORF would result in a reduction in a like amount of revenue in that fiscal year which would reduce net revenues and the consequent addition to MCE’s Net Position. By deferring revenues into the ORF before it is recognized as revenue, MCE would effectively “bank” revenue for use in a future fiscal year.

Bank and Bond Covenants: If MCE intends to access the tax-exempt capital markets, the agency would need to agree to a number of covenants including a Rate Covenant and a Debt Service Coverage Ratio. These covenants would be required to protect (and attract) bond investors in the offering and would require that MCE produces net revenues sufficient to pay debt service with a specific minimum margin (e.g. coverage of annual debt payments by 1.5 times). The ORF could be drawn upon to allow MCE to meet its Rate and Debt Service Coverage Ratio covenants if needed.

Governance: Creation of the Operating Reserve Fund requires a Resolution by the MCE Board of Directors as attached. In addition, any deferral of current revenues into the fund and/or withdrawals from the fund in the future would require action by the MCE Board.

Fiscal Impacts: Creation of the Operating Reserve Fund would have no fiscal impact. Deferring revenues into the ORF would have a commensurate negative effect on net revenues in that fiscal year. Withdrawals from the ORF would have commensurate positive effect on net revenues in that fiscal year.

Recommendation: Approve Resolution 2019-06 Establishing an Operating Reserve Fund.

RESOLUTION 2019-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY ESTABLISHING AN OPERATING RESERVE FUND

WHEREAS, Marin Clean Energy (MCE) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, on February 18, 2016, the Board of Directors adopted a Reserve Policy (Policy 013), the terms of which, as amended from time to time, provide a policy framework for accumulating and maintaining a reserve in MCE's general operating fund (the "General Reserve") at a target funding level as part of MCE's annual budget and rate setting processes; and

WHEREAS, Policy 013 contemplates that the General Reserve may be utilized to satisfy working capital requirements, procure energy at competitive rates, adhere to loan covenants, cover unanticipated expenditures, and support rate stability, among other things; and

WHEREAS, the Board of Directors deems it prudent to establish, designate, and maintain, separately from the General Reserve, an operating reserve fund (the "Operating Reserve Fund") to provide a contingency available to satisfy financial covenants, rate stabilization, and such other matters as may be approved from time to time by the Board of Directors, and to be funded as deferred surplus revenues from time to time following annual funding and maintenance of the General Reserve at the level and in the manner specified in Policy 013.

NOW, THEREFORE, BE IT RESOLVED, by the MCE Board of Directors:

A. The Board of Directors hereby establishes an operating reserve fund designated the "Operating Reserve Fund," which shall be accounted for as a separate fund from all other MCE funds, although amounts credited to it may be commingled with other funds of MCE. The Operating Reserve Fund shall be subject to the Investment Policy (Policy 014) adopted by the Board of Directors, as in effect and amended by the Board of Directors from time to time.

B. The Board of Directors hereby authorizes the Director of Finance, the Treasurer, and their respective designees to deposit, from time to time, such amount as each such officer may determine as prudent and appropriate into the Operating Reserve Fund from any source of legally available surplus funds; provided, the Board of Directors later approves such deposit at the next scheduled meeting of the Board of Directors.

C. The Operating Reserve Fund shall be recognized by GASB 62 and provide a contingency available upon approval by the Board of Directors to satisfy financial covenants, rate stabilization, and such other matters as may be approved from time to time by the Board of Directors.

D. The Director of Finance, the Treasurer, and any designee appointed by the Director of Finance or the Treasurer, are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the purposes of this Resolution.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 21st day of November 2019, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				

City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Walnut Creek				
Town of Yountville				

CHAIR, MCE

Attest:

SECRETARY, MCE



November 21, 2019

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance
Maira Strauss, Senior Financial Analyst

RE: Amendments to MCE's Policy 013: Reserve Policy (Agenda Item #12)

ATTACHMENTS: Proposed Amended MCE Policy 013: Reserve Policy (Redlined Version)

Dear Board Members:

SUMMARY:

In February 2016 your Board approved MCE Policy 013: Reserve Policy and in May 2018 your Board approved amendments to simplify the calculations and to extend the target date to meet the Reserve goals to March 31, 2020. Adequate Reserves enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan or debt covenants, cover unanticipated expenditures, support rate stability and have been cited by both Moody's and Fitch as one of MCE's primary credit strengths.

As a result of the rate increases enacted this fiscal year and slightly better operating performance, Staff anticipates reaching the financial goals of the current Reserve Policy by the targeted date of March 31, 2020. Staff reviews the Reserve Policy annually and proposes changes as needed. Changes proposed at this time appear in the attached proposed Reserve Policy and include the following;

1. Increasing the Reserve target from 40% to 60% of annual budget
2. Increasing the Liquidity target from 140 days to 240 days cash on hand
3. Directing the Reserve levels to be for the current fiscal year as opposed to the ensuing fiscal year, and
4. Extending the target date for achieving MCE's proposed Reserve and Liquidity targets from March 31, 2020 to March 31, 2022

Reserve Goals: Given the suggested updates to the Reserve Policy above, the Reserve target would be calculated as 60% of energy and operating costs for the then current fiscal year. For instance, the FY 2020/21 target Net Position would be equal to 60% of projected operating and energy expenses in that year.

These proposed changes in the targeted Reserve amounts are designed to put MCE in a better financial/liquidity position commensurate with an “A” rated utility. While financial reserves are but one aspect of an overall credit rating, the rating agencies have stated that ample reserves are the best buffer against future financial uncertainty and for the long term viability of MCE in a more competitive energy market environment.

Liquidity Goals: Additions to MCE Reserves are established through the budget and rate setting processes. Reserves contribute to MCE’s liquidity. Liquidity – defined as unrestricted cash, marketable investments and unused bank lines of credit – is important for ensuring MCE’s financial strength and “days liquidity on hand” is an established metric used by industry participants and rating agencies to assess MCE’s credit worthiness. The current target of 140 days liquidity on hand is generally associated with organizations that have investment grade credit ratings. Staff proposes increasing the Liquidity target to 240 days by fiscal year 2021/22. These proposed liquidity levels are commensurate with a financially strong utility capable of withstanding prolonged rate competition, one that has the ability to potentially invest some of its cash to acquire capital assets and to be in line with utilities that have stronger “A” ratings.

The Reserve and Liquidity calculation methodologies and projections appear in Table A below for information and illustrative purposes and are intended to be read in conjunction with the proposed Reserve Policy.

Table A: Reserve and Liquidity Projections

MCE Reserve & Liquidity Requirement Targets		FY 2018/19 (Audited)	FY 2019/20	FY 2020/21	FY 2021/22	
Reserve Projections	A	Reserve Target (%)	40%	40%	60%	60%
	B=A*K	Reserve Target (\$)	128,093,200	143,604,162	235,115,922	238,305,960
	C	Projected Actual Reserves (\$)*	91,577,000	151,149,000	216,900,000	271,029,000
	D=C/B	Reserves Actual (%)	71%	105%	92%	114%
Liquidity Projections	E	Projected Unrestricted Cash and Invstmnts (\$)	60,788,000	115,006,271	174,191,171	217,109,471
	F	Projected Unused Bank Line (\$)**	25,000,000	40,000,000	40,000,000	50,000,000
	G=E+F	Trotal Projected Liquidity (\$)	85,788,000	155,006,271	214,191,171	267,109,471
	H=G*365/K	Projected Days Liquidity on Hand	98	158	200	245
	I	Target Days Liquidity on Hand	140	140	240	240
	J=K*I/365	Liquidity Target (\$)	122,829,000	137,703,000	257,661,000	261,157,000
Annual Expenses	K	Projected Annual Operating Expenses + Cost of Energy for the Current Fiscal Year (\$)	320,233,000	359,010,404	391,859,870	397,176,600

* Projections are based on MCE’s current retail electricity rates

** MCE’s bank line will increase to \$40,000,000 on December 1, 2019

Fiscal Impacts: The proposed Reserve Policy has an indirect fiscal impact by providing a policy framework for adding to and maintaining Reserves as part of MCE’s annual budget and rate setting processes.

Recommendation: Approve the proposed amendments to MCE Policy 013: Reserve Policy.



POLICY 013: Reserve Policy

Policy Statement

MCE will adopt budgets and establish rates that provide for a growing Reserve until target funding levels are met.

The Reserve will grow to and be maintained at a funding level equal to or exceeding 640% of projected energy and operating expenses for the upcoming-current fiscal year. The Reserve will be accounted for as the Net Position in MCE's financial statements.

The MCE Board will adopt budgets and establish rates for MCE with the goal of building and maintaining Reserves at or above the target level by March 2020, subject to MCE's ability to meet operational expenditures and maintain competitive rates.

Policy Purpose

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the maintenance and potential improvement in development of a future stand-alone MCE's stand-alone credit ratings.

Adequate Reserves will enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan or bond covenants, cover unanticipated expenditures, and support rate stability.

Relationship to the Budget, Liquidity and Periodic Review

By setting rates and authorizing expenditures through approved Budgets, MCE determines targeted additions to Reserves. Staff will carefully monitor MCE's liquidity to ensure it meets the objectives of the organization with the goal of securing 140240 days liquidity on hand¹. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE activities or the acquisition of generating assets.

¹ Days liquidity on hand = (unrestricted cash and investments + unused bank lines of credit) x 365 / (operating expenses + cost of energy, each for the upcoming-current fiscal year)



November 21, 2019

TO: MCE Board of Directors

FROM: Vicken Kasarjian, Chief Operating Officer
Maira Strauss, Senior Finance Analyst

RE: Resolution 2019-07 Approving and Authorizing the Execution and Delivery of a Revolving Credit Agreement with JPMorgan Chase Bank, N.A. (Agenda Item #13)

ATTACHMENTS: A. Resolution 2019-07 Approving and Authorizing the Execution and Delivery of a Revolving Credit Agreement with JPMorgan Chase Bank, N.A.
B. Draft of Revolving Credit Agreement with JPMorgan Chase Bank, N.A.
C. Draft Fee Agreement of Revolving Credit Agreement with JPMorgan Chase Bank, N.A.

Dear Board Members:

Summary:

Due to the upcoming expiration of the current Credit Facility with River City Bank, MCE Staff surveyed the bank market to determine if there are more competitive Credit Facility options to best meet MCE's financial objectives. Staff received proposals from JP Morgan Chase Bank, River City Bank and Barclays Bank PLC. Staff selected JP Morgan Chase Bank due to overall better terms and lower cost.

MCE Staff negotiated a new three-year Credit Facility Agreement with JPMorgan Chase Bank, N.A. The new Agreement would replace MCE's Credit Agreement with River City Bank, which will expire on November 30, 2019. The new Agreement would increase the amount of the Credit Facility, and would allow MCE to borrow funds if needed and order the issuance of letters of credit to support power purchase contracts.

Highlights of the proposed Credit Facility Agreement (Attachment A):

- Increases MCE's available credit line from \$25,000,000 to \$40,000,000, which enhances MCE's overall liquidity for any short-term working capital needs;
- Supports MCE's power procurement program because it can be used to meet collateral requirements of individual power contracts with higher rated Letters of Credit provided by JPMorgan Chase Bank (Aa2/ A+/ AA);
- Enhances MCE's investment grade credit ratings. Liquidity is one of the factors considered when credit agencies determine their rating. Investment grade ratings can

often allow MCE to negotiate more favorable financial terms with power suppliers and vendors;

- The three-year term provides some protection against credit market disruptions;
- JPMorgan Chase Bank has the ability to increase the amount of the line of Credit Facility if needed.

Fiscal Impact:

Costs associated with the proposed Revolving Credit Agreement are included in the FY 2019/20 Budget.

Recommendation:

Adopt Resolution 2019-07 Approving and Authorizing the Execution and Delivery of a Revolving Credit Facility Agreement with JPMorgan Chase Bank, N.A.

RESOLUTION NO. 2019-07

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
MARIN CLEAN ENERGY APPROVING AND AUTHORIZING
THE EXECUTION AND DELIVERY OF A REVOLVING CREDIT AGREEMENT
WITH JPMORGAN CHASE BANK, N.A.**

WHEREAS, Marin Clean Energy (“MCE”) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, MCE has determined the need for a revolving line of credit to be used for general agency purposes and to provide credit support for future power purchase contracts; and

WHEREAS, MCE staff has negotiated the terms of a revolving line of credit with JPMorgan Chase Bank, N.A. (the “Revolving Credit Agreement”); and

WHEREAS, the Revolving Credit Agreement allows MCE to borrow cash or to direct the issuance of standby letters of credit in an aggregate principal amount not to exceed \$40,000,000, to be used for general corporate purposes or as credit support for MCE’s forward purchases of energy; and

WHEREAS, the information required to be obtained and disclosed with respect to the Revolving Credit Agreement in accordance with Government Code Section 5852.1 is set forth in the report accompanying this Resolution.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of MCE that the Board hereby authorizes and approves:

(i) the execution and delivery of the Revolving Credit Agreement with JPMorgan Chase Bank, N.A. and any related, ancillary documents;

(ii) the Board Chair and Chief Operating Officer as authorized representatives of MCE (“Authorized Representatives”);

(iii) the Authorized Representatives to execute and deliver the Revolving Credit Agreement and any such related, ancillary documents in substantially the same form presented to the Board of Directors of MCE, with such modifications as such Authorized Representatives shall approve as in the best interests of MCE; and

(iv) the Authorized Representatives to borrow and authorize advances or standby letters of credit from time to time under the Revolving Credit Agreement in such amounts as in their judgment should be borrowed and to execute and deliver any requests or other documents and agreements as any Authorized Representative may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of the Revolving Credit Agreement.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 21st day of November 2019, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of San Ramon				

	AYES	NOES	ABSTAIN	ABSENT
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Walnut Creek				
Town of Yountville				

CHAIR, MCE BOARD

ATTEST:

SECRETARY, MCE BOARD

REVOLVING CREDIT AGREEMENT

Dated as of November 29, 2019,

by and between

**MARIN CLEAN ENERGY,
as Borrower**

and

**JPMORGAN CHASE BANK, N.A.,
as Lender**

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EXHIBITS

- Exhibit A – Form of Opinion of Chapman and Cutler LLP
- Exhibit B – Form of Compliance Certificate
- Exhibit C – Form of Borrowing Request
- Exhibit D-1 – Form of Letter of Credit Request
- Exhibit D-2 – Short Form Letter of Credit Application
- Exhibit D-3 – Form of Continuing Agreement for Commercial and Standby Letters Of Credit

REVOLVING CREDIT AGREEMENT

This **REVOLVING CREDIT AGREEMENT**, dated as of November 29, 2019 (together with all amendments and supplements hereafter, this “*Agreement*”) is by and between MARIN CLEAN ENERGY, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (together with its successors and assigns, “*Borrower*”), and JPMORGAN CHASE BANK, N.A. (together with its successors and assigns, the “*Lender*”).

WITNESSETH:

WHEREAS, Borrower has requested, and Lender has agreed to make available to Borrower, a revolving credit facility upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Borrower and the Lender agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 **Definitions.** As used in this Agreement:

“*Adjusted LIBO Rate*” means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“*Affiliate*” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Annual Debt Service*” means, as of any date of calculation, for any Fiscal Year or other designated four fiscal quarter period, the sum of (a) all interest and fees (including facility fees, undrawn fees and commitment fees) due and payable on the Loans, other Parity Debt and other Subordinate Debt (or, in the case of projected Annual Debt Service, projected to be due and payable) in such Fiscal Year or other designated four fiscal quarter period and (b) (i) in the case of Working Capital Loans, Reimbursement Loans, and other Parity Debt (comprising other working capital loans), the quotient obtained by dividing the average daily outstanding principal balance of the Loans, other Parity Debt loans (comprising other working capital loans), during such Fiscal Year or other designated four fiscal quarter period by 3, and (ii) in the case of Revolving Credit Exposure (excluding therefrom Working Capital Loans and Reimbursement Loans), other Parity Debt (not comprising other working capital loans), and other Subordinate Debt the quotient obtained by dividing the average daily outstanding principal balance of the Revolving Credit Exposure (excluding therefrom Working Capital Loans and the Reimbursement Loans), other Parity Debt (not comprising other working capital loans), and other Subordinate Debt during such

Fiscal Year or other designated four fiscal quarter period by 10. Provided that, to the extent interest on any debt is subject to a Swap Contract, MCE shall treat such interest payments due on such debt as being equal to the net amount paid and received by MCE under such Swap Contract.

“*Anti-Corruption Laws*” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower from time to time concerning or relating to bribery or corruption.

“*Applicable Law*” means (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“*Applicable Margin*” has the meaning set forth in the Fee Agreement.

“*Audited Financial Statements*” has the meaning set forth in Section 4.6.

“*Authorized Representative*” means an Authorized Representative of the Borrower, and any other individual designated from time to time as an “Authorized Representative” in a certificate executed by the Borrower and delivered to the Lender.

“*Availability Period*” means the period from and including the Closing Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitment.

“*Bank Agreement*” means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for, bonds or notes of the Borrower secured by or payable from Revenues (including Net Revenues) on parity with, or subordinate to the payment of, the Obligations.

“*Banking Day*” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

“*Base Rate*” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus 0.5% per annum, and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; provided that for the purpose of this definition, the Adjusted LIBO Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the LIBO Rate, respectively. If the Base Rate is being used as an alternate rate of interest pursuant to Section 2.11 hereof, then the Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“*Base Rate Borrowing*”, when used in reference to any Loan or Borrowing of a Loan, refers to whether such Loan or Borrowing bears interest at a rate determined by reference to the Base Rate.

“*Basic Documents*” means, at any time, each of the following documents and agreements as in effect or as outstanding, as the case may be, at such time: (a) this Agreement, including schedules and exhibits hereto, (b) the Fee Agreement, and (c) and any other documents executed and delivered by Borrower in connection with this Agreement or the Fee Agreement, if any. For the avoidance of doubt, PPAs are not Basic Documents.

“*Board*” means the Board of Directors of the Borrower.

“*Borrower*” has the meaning set forth in the introductory paragraph hereof.

“*Borrowing*” means the making, conversion or continuation of a Loan.

“*Borrowing Request*” means a request by the Borrower for a Borrowing in accordance with Section 2.3 and in the form of Exhibit C hereto.

“*Business Day*” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or San Francisco are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term “*Business Day*” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“*Cash Collateral Loan*” means a Loan (or a portion of a Loan) the proceeds of which are deposited with a Person other than the Borrower in order to secure the Borrower’s payment obligations under one or more PPAs or to make a termination payment under PPAs.

“*Change in Law*” means the occurrence after the date of this Agreement of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) compliance by the Lender (or, for purposes of Section 2.12(b), by any lending office of the Lender or its holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Lender for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a “*Change in Law*,” regardless of the date enacted, adopted or issued.

“*Closing Date*” means the first date on which the conditions precedent set forth in Section 3.1 hereof are satisfied and/or waived in writing by the Lender.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, including regulations, rulings and judicial decisions promulgated thereunder.

“*Commitment*” means the commitment of the Lender to make Loans and to issue Letters of Credit, expressed as an amount representing the maximum aggregate amount of the Lender’s Revolving Credit Exposure hereunder, as such commitment may be reduced from time to time pursuant to Section 2.8. The initial amount of the Commitment is \$40,000,000.

“*Connection Income Taxes*” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“*Consulting Engineer*” means the engineer, engineering firm or consulting firm retained from time to time by Borrower to provide independent analysis and planning advice regarding the business strategy and operations of Borrower.

“*Control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “*Controlling*” and “*Controlled*” have meanings correlative thereto.

“*Debt*” of any Person means, at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all debt of others secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person, (f) all Guarantees by such Person of debt of other Persons, (g) the net obligations of such Person under any Swap Contract and (h) all obligations of such Person to reimburse or repay any bank or other Person in respect of amounts paid or advanced under a letter of credit, credit agreement, liquidity facility or other instrument. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

“*Debt Service Coverage Ratio*” means, for any fiscal quarter of the Borrower, the quotient obtained by dividing Net Revenues by Annual Debt Service, in each case as determined for the four consecutive fiscal quarter periods ended on the last date of such fiscal quarter.

“*Debt Service Coverage Ratio Notice*” has the meaning set forth in Section 5.1(q) hereof.

“*Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“*Default Rate*” has the meaning set forth in the Fee Agreement.

“*Designated Jurisdiction*” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“*dollars*” or “*\$*” refers to lawful money of the United States of America.

“*Electronic Signature*” means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“*Employee Plan*” means an employee benefit plan covered by Title W of ERISA and maintained for employees of the Borrower.

“*Environmental Laws*” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Eurodollar*” when used in reference to any Loan or Borrowing of a Loan, refers to whether such Loan, or the Loan comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

“*Event of Default*” has the meaning set forth in Section 6.1 hereof.

“*Excluded Taxes*” means, with respect to the Lender or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender or such Participant is organized or in which its principal office is located and (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Borrower is located.

“*FATCA*” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“*Federal Funds Effective Rate*” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate, provided that if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

“*Fee Agreement*” means the Fee Agreement of even date herewith between the Borrower and the Lender, as supplemented and amended from time to time.

“*Fiscal Year*” means each twelve-month period commencing on July 1 of a calendar year and ending on June 30 of the following calendar year.

“*Fitch*” means Fitch Ratings, Inc.

“*FRB Board*” means the Board of Governors of the Federal Reserve System of the United States of America.

“*GAAP*” means generally accepted accounting principles in the United States of America from time to time as set forth in (a) the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and (b) statements and pronouncements of the Government Accounting Standards Board, as modified by the opinions, statements and pronouncements of any similar accounting body of comparable standing having authority over accounting by governmental entities.

“*Governmental Approval*” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any Governmental Authority.

“*Governmental Authority*” means the government of the United States or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantees*” means, for any Person, all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations of such Person to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor of another Person against loss.

“*Impacted Interest Period*” has the meaning assigned to it in the definition of “*LIBO Rate*.”

“*Indemnified Taxes*” means (a) Taxes other than Excluded Taxes and (b) to the extent not otherwise described in (a) hereof, Other Taxes.

“*Interest Election Request*” means a request by the Borrower to convert or continue a Revolving Borrowing (other than a Base Rate Borrowing of a Reimbursement Loan) in accordance with Section 2.5.

“*Interest Payment Date*” means, (a) with respect to any Base Rate Loan, the first Business Day of the month, and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part.

“*Interest Period*” means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one or three months; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding

Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Revolving Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“*Interpolated Rate*” means, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Lender (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available that exceeds the Impacted Interest Period, in each case, at such time.

“*Investment Policy*” means the investment guidelines of the Borrower as in effect on the date hereof, as such investment guidelines may be amended from time to time in accordance with State laws.

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

“*Joint Powers Agreement*” means the Joint Powers Agreement of Borrower effective as of December 19, 2008, and as amended from time to time.

“*Law*” means any treaty or any Federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, policy, guideline, supervisory standard, order or decree of any court or other Governmental Authority.

“*LC Disbursement*” means a payment made by the Lender pursuant to a Letter of Credit.

“*LC Exposure*” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time.

“*Letter of Credit*” means any letter of credit issued pursuant to this Agreement.

“*Letter of Credit Fees*” has the meaning set forth in the Fee Agreement.

“*Lender*” has the meaning set forth in the introductory paragraph hereof.

“*LIBO Rate*” means, with respect to any Eurodollar Borrowing for any Interest Period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “*Impacted Interest Period*”) then the LIBO Rate shall be the Interpolated Rate.

“*LIBO Screen Rate*” means, for any day and time, with respect to any Eurodollar Borrowing for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate for U.S. Dollars for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Lender in its reasonable discretion, provided that if the LIBO Screen Rate shall be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

“*Lien*” means, with respect to any asset, (a) any lien, charge, claim, mortgage, security interest, pledge or assignment of revenues of any kind in respect of such asset or (b) the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“*Loans*” means the loans made by the Lender to the Borrower pursuant to this Agreement, including, without limitation, Cash Collateral Loans, the Working Capital Loans and the Reimbursement Loans.

“*Material Adverse Change*” means any material or adverse change in the business, operations, properties, assets, liability, condition (financial or otherwise) or prospects of the Borrower which, in the reasonable determination of the Lender, calls into question the Borrower’s ability to perform Borrower’s Obligations hereunder.

“*Material Adverse Effect*” means (a) a Material Adverse Change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Borrower; (b) a material impairment of the rights and remedies of any Lender under this Agreement or any other Basic Document, or of the ability of the Borrower to perform its Borrower’s Obligations under this Agreement and any other Basic Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability of Borrower’s Obligations under this Agreement or any other Basic Document to which Borrower is a party.

“*Material Litigation*” shall have the meaning assigned to such term in Section 4.5.

“*Maturity Date*” means the date on which Commitment is scheduled to expire pursuant to its terms, initially 5:00 p.m. (New York time) on the third anniversary of the Closing Date (*i.e.*, November 29, 2022), or such later date to which the Maturity Date may be extended pursuant to Section 2.17 and, if any such date is not a Business Day, the next preceding Business Day.

“*Maximum Rate*” means the maximum non-usurious interest rate that may, under applicable federal law and applicable state law, be contracted for, charged or received under such laws.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Net Revenues*” means, for any period and as of any date of determination, the amount obtained by subtracting Operating and Maintenance Costs from Revenues, in each case for such period as of such date.

“*NYFRB*” means the Federal Reserve Bank of New York.

“*NYFRB Rate*” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Banking Day, for the immediately preceding Banking Day); provided that if none of such rates are published for any day that is a Business Day, the term “*NYFRB Rate*” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Lender from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“*Obligations*” means all obligations of the Borrower to the Lender or any Participant arising under or in relation to this Agreement and the Fee Agreement, including repayment of Loans, the Undrawn Fee, the Letter of Credit Fees and LC Disbursements.

“*Operating and Maintenance Costs*” shall be determined in accordance with the accrual basis of accounting in accordance with GAAP and shall mean the reasonable and necessary costs paid or incurred by Borrower for maintaining and operating the System, including costs of electric energy and power generated or purchased, costs of transmission and fuel supply, and including all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of Borrower that are charged directly or apportioned to the maintenance and operation of the System, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of Borrower such as fees and expenses of an independent certified public accountant and the Consulting Engineer, and including Borrower’s share of the foregoing types of costs of any electric properties co-owned with others, excluding in all cases depreciation, replacement and obsolescence charges or reserves therefore and amortization of intangibles and extraordinary items computed in accordance with GAAP or other bookkeeping entries of a similar nature. Maintenance and Operation Costs shall include all amounts required to be paid by Borrower under take or pay contracts.

“*Operating Reserve*” means a reserve fund established by the Borrower to provide a reserve that can be utilized by the Borrower to pay Operating and Maintenance Costs (including power costs) when Revenues are insufficient.

“*Operating Reserve Requirement*” means, for any Fiscal Year of the Borrower, an amount equal to the Commitment Amount hereunder.

“*Other Connection Taxes*” means, with respect to the Lender, Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from the Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest

under, engaged in any other transaction pursuant to or enforced any Basic Document, or sold or assigned an interest in any Loan or Basic Document).

“*Other Taxes*” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Basic Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“*Overnight Lender Funding Rate*” means, for any day, the rate comprised of both overnight federal funds and overnight Eurodollar borrowings by U.S. managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding Banking Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“*Parity Debt*” means any System Debt issued or incurred by the Borrower the payment of which is on parity with the Borrower’s payment Obligations under this Agreement.

“*Participant*” has the meaning set forth in Section 7.3(b) hereof. “*Participation*” has the meaning set forth in Section 7.3(b) hereof.

“*Person*” means an individual, a firm, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“*PPA*” means a power purchase agreement executed between the Borrower and a PPA Counterparty.

“*PPA Counterparty*” means a party to a PPA other than the Borrower.

“*Prime Rate*” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Rating Agency*” and “*Rating Agencies*” means, individually or collectively, as applicable, any nationally recognized rating agency (such as Fitch, Moody’s and S&P) that is rating any long-term unenhanced System Debt.

“*RCB Obligations*” means all obligations due and owing to River City Bank pursuant to the Non-Revolving Credit Agreement dated as of August 21, 2015, between Borrower and Lender, as amended by the First Amendment to Non-Revolving Credit Agreement dated as of March 17, 2016, the Second Amendment to Credit Agreement dated as of May 19, 2016, and the Third Amendment to Credit Agreement dated as of July 20, 2017.

“*Reimbursement Loan*” has the meaning assigned to such term in Section 2.4(d).

“*Reimbursement Loan Amortization Payment Amount*” means, with respect to a Reimbursement Loan, the principal amount of such Reimbursement Loan on the applicable Reimbursement Loan Start Date divided by the number of Reimbursement Loan Payment Dates in the applicable Reimbursement Loan Amortization Period.

“*Reimbursement Loan Amortization Period*” means, with respect to a Reimbursement Loan, the period commencing on the applicable Reimbursement Loan Start Date and ending on the applicable Reimbursement Loan Maturity Date.

“*Reimbursement Loan Maturity Date*” means, with respect to a Reimbursement Loan, the earlier of (i) the second anniversary of the applicable Reimbursement Loan Start Date and (ii) the Maturity Date.

“*Reimbursement Loan Payment Date*” means, with respect to a Reimbursement Loan, the first Business Day of each calendar quarter during the applicable Reimbursement Loan Amortization Period and the Reimbursement Loan Maturity Date.

“*Reimbursement Loan Start Date*” means, with respect to a Reimbursement Loan, the date such Reimbursement Loan is made.

“*Reimbursement Obligations*” means any and all obligations of the Borrower to reimburse the Lender for LC Disbursements under Letters of Credit and all obligations to repay the Lender for any Loan, including in each instance all interest accrued thereon.

“*Related Parties*” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“*Reserve Funds Notice*” has the meaning set forth in Section 5.1(r) hereof.

“*Revenues*” means all revenues, rates and charges received and accrued by the Borrower for electric power and energy and other services, facilities and commodities sold, furnished or supplied by the System, together with income, earnings and profits therefrom, as determined in accordance with GAAP.

“*Revolving Borrowing*” means a Loan hereunder other than for a Letter of Credit.

“*Revolving Credit Exposure*” means, with respect to the Lender at any time, the sum of the outstanding principal amount of the Loans and its LC Exposure at such time.

“S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“Sanction(s)” means any and all economic sanctions administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, Her Majesty’s Treasury or other relevant sanctions authority.

“Senior Debt” means any System Debt issued or incurred by the Borrower, whether secured or unsecured, the payment of which is senior to the payment in full of the Borrower’s payment Obligations under this Agreement.

“State” means the State of California.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the FRB Board to which the Lender is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the FRB Board). Such reserve percentage shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to the Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordinate Debt” means any System Debt issued or incurred by the Borrower, whether secured or unsecured, the payment of which is expressly subordinate to the payment in full of the Borrower’s payment Obligations under this Agreement and under any other Parity Debt.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and

termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include the Lender or any Affiliate of the Lender).

“*System*” means (i) all facilities, works, properties, structures and contractual rights to distribution, metering and billing services, electric power, scheduling and coordination, transmission capacity, and fuel supply of Borrower for the generation, transmission and distribution of electric power, (ii) all general plant facilities, works, properties and structures of Borrower, and (iii) all other facilities, properties and structures of Borrower, wherever located, reasonably required to carry out any lawful purpose of Borrower. The term shall include all such contractual rights, facilities, works, properties and structures now owned or hereafter acquired by Borrower.

“*System Debt*” means Debt of the Borrower secured by a Lien over Revenues, including Net Revenues.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*2019 Audited Financial Statements*” means the statements of net position of the System at March 31, 2019 and March 31, 2018, the statements of revenues, expenses and changes in net position of the System for the years ended March 31, 2019 and March 31, 2018, and the statements of cash flows of the System for the years ended March 31, 2019 and March 31, 2018, together with unqualified audit opinion of Baker Tilly.

“*Type*”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

“*Undrawn Fee*” has the meaning set forth in the Fee Agreement.

“*Working Capital Loan*” means any Loan other than a Cash Collateral Loan or a Reimbursement Loan.

The LIBO Rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. The regulatory authority that oversees financial services firms and financial markets in the U.K. has announced that, after the end of 2021, it would no longer persuade or compel contributing banks to make rate submissions for purposes of determining the LIBO Rate. As a result, it is possible that commencing in 2022, the LIBO Rate may no longer be available or no longer deemed an appropriate reference rate upon which to determine the interest rate on your loan. In light of this eventuality, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of the LIBO Rate. In the event the LIBO Rate is no longer available or no

longer deemed an appropriate reference rate, we will inform you of such occurrence and will endeavor to establish an alternate rate of interest to the LIBO Rate. There is no assurance that the composition or characteristics of any such alternative reference rate will be similar to or produce the same value or economic equivalence as the LIBO Rate or that it will have the same volume or liquidity as did the LIBO Rate prior to its discontinuance or unavailability.

Section 1.2 **Terms Generally.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.3 **Accounting Terms; GAAP.** Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2

THE CREDITS

Section 2.1 **Commitments.** Subject to the terms and conditions set forth herein, the Lender agrees to make Loans to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result (after giving effect to any application of proceeds of such Borrowing pursuant to Section 2.7) in the Revolving Credit Exposure exceeding the Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

Section 2.2 **Loans and Borrowings.**

(a) Subject to Section 2.4(d), Section 2.5(d) and Section 2.11, at the time of each Borrowing, the Borrower may elect to incur a Loan as a Base Rate Loan or a Eurodollar Loan.

(b) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of \$100,000 and not less than \$1,000,000. At the time that each Base Rate Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$25,000 and not less than \$100,000; provided that a Base Rate Borrowing may be in an aggregate amount that is equal to the entire unused balance of the Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.4(d).

(c) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.3 **Requests for Revolving Borrowings.** To request a Borrowing, the Borrower shall notify the Lender of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, two Business Days before the date of the proposed Borrowing or (b) in the case of a Base Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by electronic means to the Lender of a written Borrowing Request in a form attached hereto as Exhibit C and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the information set forth in Exhibit C hereto.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be a Base Rate Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Subject to satisfaction of the terms and conditions of Section 3.2, the Lender shall make available to, or for the account of, the Borrower the amount of each Borrowing no later than 2:00 p.m., New York City time, on the applicable Borrowing date.

Section 2.4 **Letters of Credit.**

(a) **General.** Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit as the applicant thereof for the support of its PPA payment obligations, in the form of a Letter of Credit Request set forth in Exhibit D-1 hereto at any time and from time to time during the Availability Period; *provided, however*, that prior to the issuance of the initial Letter of Credit hereunder, the Borrower and the Lender shall execute a Continuing Agreement for Commercial and Standby Letters Of Credit in the form of Exhibit D-3 hereto. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything herein to the contrary, the Lender shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such

funding, is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Lender) to the Lender (reasonably in advance of the requested date of issuance, amendment, renewal or extension, but in any event no less than five Business Days) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Lender, the Borrower also shall submit a letter of credit application on the Lender's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension the Revolving Credit Exposure shall not exceed the Commitment.

(c) Expiration Date. Unless otherwise expressly agreed to by the Lender, each Letter of Credit shall expire (or be subject to termination by notice from the Lender to the beneficiary thereof) at or prior to the close of business on the date that is five Business Days prior to the Maturity Date.

(d) Reimbursement. If the Lender shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Lender an amount equal to such LC Disbursement not later than 1:00 p.m., New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 1:00 p.m., New York City time, on the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that, if such LC Disbursement is not less than \$100,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.3 that such payment be financed with a Base Rate Revolving Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Base Rate Borrowing (such Base Rate Borrowing, a "***Reimbursement Loan***").

(e) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (d) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Lender under a

Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Lender nor any of its Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Lender; provided that the foregoing shall not be construed to excuse the Lender from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Lender (as finally determined by a court of competent jurisdiction), the Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(f) Disbursement Procedures. The Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Lender shall promptly notify the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Lender has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Lender with respect to any such LC Disbursement.

(g) If the Lender shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the reimbursement is due and payable at the rate per annum set forth in Section 2.10(d) for Base Rate Loans and such interest shall be due and payable on the date when such reimbursement is payable.

Section 2.5 Interest Elections.

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing (other than a Base Rate Borrowing of a Reimbursement Loan) to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as

provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing (other than a Base Rate Borrowing of a Reimbursement Loan) and the Loan comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Lender of such election by telephone by the time that a Borrowing Request would be required under Section 2.3 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by electronic copy to the Lender of a written Interest Election Request in a form approved by the Lender and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.2:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "*Interest Period*".

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a Base Rate Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Lender so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to a Base Rate Borrowing at the end of the Interest Period applicable thereto; provided, however, that the actions specified in clauses (i) and (ii) immediately above shall apply automatically without notice from the Lender if the Event of Default that has occurred and is continuing is an Event of Default described in Section 6.1(e) or Section 6.1(f).

Section 2.6 **Termination and Reduction of Commitment.**

(a) Unless previously terminated, the Commitment shall terminate on the Maturity Date.

(b) Subject to the provisions of the Fee Letter, the Borrower may at any time terminate, or from time to time reduce, the Commitment; provided that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of \$100,000 and not less than \$1,000,000 and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.8, the Revolving Credit Exposure would exceed the Commitment.

(c) The Borrower shall notify the Lender of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Lender on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

Section 2.7 **Repayment of Loans; Evidence of Debt.**

(a) The Borrower hereby unconditionally promises to pay to the Lender the then unpaid principal amount of each Loan (other than a Reimbursement Loan) on the Maturity Date. The Borrower hereby unconditionally promises to pay to the Lender with respect to each Reimbursement Loan the Reimbursement Loan Amortization Payment Amount for such Reimbursement Loan on each applicable Reimbursement Loan Payment Date.

(b) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender, the Type of each Loan and the Interest Period, if any, applicable thereto and the amounts of principal and interest payable and paid to the Lender from time to time hereunder. The entries made in such account or accounts shall be *prima facie* evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such account or accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(c) The Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the Lender and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 7.3) be represented by one or more promissory notes in such form.

Section 2.8 **Prepayment of Loans.**

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section and in accordance with any amounts due and owing pursuant to Section 2.13 of this Agreement.

(b) The Borrower shall notify the Lender by telephone (confirmed by telecopy) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, or (ii) in the case of prepayment of a Base Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.6, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.6. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.2. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.10.

Section 2.9 **Fees**. The Borrower agrees to pay to the Lender the fees and other amounts set forth in the Fee Agreement at the time and in the manner set forth in the Fee Agreement, including, but not limited to, the Undrawn Fee and the Letter of Credit Fees. The Fee Agreement is, by this reference, incorporated herein in its entirety as if set forth herein in full. All fees and other amounts payable under the Fee Agreement shall be paid in immediately available funds. Fees paid shall not be refundable under any circumstances.

Section 2.10 **Interest**.

(a) The Loans comprising each Base Rate Borrowing (other than Reimbursement Loans) shall bear interest at the Base Rate plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) The Reimbursement Loans shall bear interest at the Base Rate plus the Applicable Margin.

(d) Upon the occurrence and continuance of an Event of Default hereunder, the Default Rate shall apply to all Loans. Interest accruing at the Default Rate shall be payable on demand of the Lender. Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder or under the Fee Agreement is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate *per annum* equal to (i) in the case of overdue principal of any Loan, 3% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 3% plus the rate applicable to Base Rate Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitment; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Base Rate Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be

payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days and the actual number of days elapsed, except that interest computed by reference to the Base Rate at times when the Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Lender, and such determination shall be conclusive absent manifest error.

(g) Anything herein to the contrary notwithstanding, the amount of interest payable hereunder for any interest period shall not exceed the Maximum Rate. If for any interest period the applicable interest rate would exceed the Maximum Rate, then (i) such interest rate will not exceed but will be capped at such Maximum Rate and (ii) in any interest period thereafter that the applicable interest rate is less than the Maximum Rate, any Obligation hereunder will bear interest at the Maximum Rate until the earlier of (x) payment to the Lender of an amount equal to the amount which would have accrued but for the limitation set forth in this Section and (y) the Maturity Date. Upon the Maturity Date or, if no Revolving Credit Exposure is outstanding, on the date the Commitment is permanently terminated, in consideration for the limitation of the rate of interest otherwise payable hereunder, to the extent permitted by Applicable Law, the Borrower shall pay to the Lender a fee in an amount equal to the amount which would have accrued but for the limitation set forth in this Section 2.10(g) that has not previously been paid to the Lender in accordance with the immediately preceding sentence.

Section 2.11 **Alternate Rate of Interest.**

(a) If prior to the commencement of any Interest Period for a Eurodollar Borrowing, the Lender determines (which determination shall be conclusive absent manifest error) that (i) adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period, or (ii) the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to the Lender of making or maintaining its Loan included in such Borrowing for such Interest Period; then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, (A) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (B) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as a Base Rate Borrowing.

(b) If at any time the Lender determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Lender has made a public statement identifying a specific date after which the LIBO Screen Rate shall no longer be used for determining interest rates for

loans, then the Lender and the Borrower shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.11(b), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, or (y) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as a Base Rate Borrowing; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Section 2.12 **Increased Costs.**

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, the Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

(ii) impose on the Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by the Lender; or

(iii) subject the Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Lender of making, continuing, converting or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to the Lender of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered. If the Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or the Letters of Credit issued by, the Lender, to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(b) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender, as the case may be, the amount shown as due on any such certificate within 30 days after receipt thereof.

(c) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.13 **Break Funding Payments.** In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto or (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.8(b) and is revoked in accordance therewith), then, in any such event, the Borrower shall compensate the Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to the Lender shall be deemed to include an amount determined by the Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Lender setting forth any amount or amounts that the Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 30 days after receipt thereof.

Section 2.14 **Payments Free of Taxes.**

(a) Any and all payments by or on account of any obligation of the Borrower under any Basic Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of the Borrower) requires the deduction or withholding of any Tax from any such payment by the Borrower, then the Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under

this Section 2.14) the Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Lender timely reimburse the Lender for, Other Taxes.

(c) As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section 2.14, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

(d) The Borrower shall indemnify the Lender, within 30 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by the Lender or required to be withheld or deducted from a payment to the Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(e) If the Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.14 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of the Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). The Borrower, upon the request of the Lender, shall repay to the Lender the amount paid over pursuant to this paragraph (e) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that the Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (e), in no event will the Lender be required to pay any amount to the Borrower pursuant to this paragraph (e) the payment of which would place the Lender in a less favorable net after-Tax position than the Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require the Lender to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the Borrower or any other Person.

(f) Each party's obligations under this Section 2.14 shall survive any assignment of rights by the Lender, the termination of the Commitment and the repayment, satisfaction or discharge of all obligations under any Basic Document.

(g) For purposes of this Section 2.14, the term "applicable law" includes FATCA.

Section 2.15 **Payments Generally.**

(a) The Borrower shall make each payment required to be made by it hereunder or under the Fee Agreement (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.12, 2.13 or 2.14, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its offices at 270 Park Avenue, New York, New York, except that payments pursuant to Sections 2.12, 2.13, 2.14 and 7.5 shall be made directly to the Persons entitled thereto. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, and (ii) second, ratably towards payment of principal and unreimbursed LC Disbursements then due hereunder.

Section 2.16 **Mitigation Obligation.** If the Lender requests compensation under Section 2.12, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 2.14, then the Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of the Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Sections 2.12 or 2.14, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Lender in connection with any such designation or assignment.

Section 2.17 **Extension of Maturity Date.** The Maturity Date may be extended an unlimited number of times, in each case in the manner set forth in this Section 2.17. Upon receipt of written request of the Borrower to extend the Maturity Date, received no more than ninety (90) days and no less than sixty (60) days prior to the then current Maturity Date, the Lender will use its commercially reasonable efforts to notify the Borrower of its response within thirty (30) days of receipt of the request therefor (the Lender's decision to be made in its sole and absolute discretion and on such terms and conditions as to which the Lender and the Borrower may agree); provided, however, that the failure of the Borrower to receive a written confirmation from the Lender within the time established therefor shall be deemed a denial of such request. Any extension of the Maturity Date will be deemed to be on the existing terms of this Agreement unless the Lender and the Borrower have entered into a written agreement confirming a change in any term of this Agreement.

Section 2.18 **Pledge; Security of Obligations.** The Net Revenues are hereby pledged by the Borrower to the payment of the Obligations without priority or distinction of one Obligation over another Obligation. The pledge of the Net Revenues herein made shall be irrevocable until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed. Notwithstanding any other provision of this Agreement to the contrary, all Obligations are limited obligations of the Borrower payable solely from Net Revenues.

ARTICLE 3

CONDITIONS PRECEDENT

Section 3.1 **Conditions Precedent to Effectiveness.** The obligation of the Lender to make Loans and to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied:

(a) *Opinions.* The Lender has received an opinion of Chapman and Cutler LLP, special counsel to the Borrower, dated the Closing Date and addressed to the Lender in the form attached hereto as Exhibit A.

(b) *Documents.* (i) The Lender has received executed copies of the Basic Documents executed by the Borrower on or prior to the Closing Date certified by the Secretary of the Borrower, the Clerk of the Board or any Authorized Representative or the Board, as applicable, as being complete and in full force and effect on and as of the Closing Date. (ii) The Lender has received a certified copy of the Joint Powers Agreement, including a FTB certificate or related state certification of the Borrower's status.

(c) *Defaults; Representations and Warranties.* On and as of the Closing Date, the representations of the Borrower set forth in Article Four hereof are true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of such date and no Default or Event of Default has occurred and is continuing or would result from the execution and delivery of this Agreement and the Fee Agreement.

(d) *No Litigation.* No action, suit, investigation or proceeding is pending or, to the knowledge of the Borrower, (i) in connection with the Basic Documents or any transactions contemplated thereby or (ii) against or affecting the Borrower, the result of which could have a Material Adverse Effect on the business, operations or condition (financial or otherwise) of the Borrower or its ability to perform its obligations under the Basic Documents.

(e) *No Material Adverse Change.* Since the date of the 2019 Audited Financial Statements, (i) no Material Adverse Change has occurred in the status of the business, operations or condition (financial or otherwise) of the Borrower or its ability to perform its obligations under the Basic Documents and (ii) to the best of its knowledge, no law, regulation, ruling or other action (or interpretation or administration thereof) of the United States, the State of California or any political subdivision or authority therein or thereof is in effect or has occurred, the effect of which

would be to prevent the Lender from fulfilling its obligations under this Agreement or the Letters of Credit.

(f) *Certificate.* The Lender has received (i) certified copies of all proceedings of the Borrower authorizing the execution, delivery and performance of the Basic Documents and the transactions contemplated thereby and (ii) a certificate or certificates of one or more Authorized Representatives dated the Closing Date certifying the accuracy of the statements made in Section 3.1(c), (d), (e) and (i) hereof and further certifying the name, incumbency and signature of each individual authorized to sign this Agreement, the Fee Agreement and the other documents or certificates to be delivered by the Borrower pursuant hereto or thereto, on which certification the Lender may conclusively rely until a revised certificate is similarly delivered, and that the conditions precedent set forth in this Section 3.1 have been satisfied.

(g) *Payment of Fees; Existing RCB Obligations.* The Lender has received all fees and expenses due and payable to the Lender and/or its legal counsel pursuant to the Fee Agreement. All Existing RCB Obligations shall have been paid in full in immediately available funds on or before the Closing Date, and such RCB Obligations and the documents thereto shall be terminated to the satisfaction of the Lender.

(h) *Financial Statements.* The Lender has received the 2019 Audited Financial Statements, internally prepared quarterly budget reports of the Borrower for the most recent fiscal quarter end, if not previously provided.

(i) *Other Matters.* The Lender has received such other statements, certificates, agreements, documents and information with respect to the Borrower and matters contemplated by this Agreement as the Lender may have requested.

The execution and delivery of this Agreement by the Lender signifies its satisfaction with the conditions precedent set forth in this Section 3.1.

Section 3.2 **Conditions Precedent to Each Credit Event.** The obligation of the Lender to make a Loan on the occasion of any Borrowing, and of the Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Suspension Event shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to make Loans and issue the Letters of Credit, the Borrower represents and warrants to the Lender as follows:

Section 4.1 **Organization, Powers, Etc.** The Borrower (a) is a public agency formed under the provisions of the Joint Powers Act that is qualified to be a community choice aggregator pursuant to California Public Utilities Code Section 366.2 and; (b) has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying unless the failure to be so licensed or qualified would not have a Material Adverse Effect on its business, operations or assets. The Borrower has the agency power to (i) execute, deliver and perform its obligations under the Basic Documents; (ii) provide for the security of this Agreement and the Fee Agreement pursuant to the Joint Powers Act; and (iii) has complied with all Laws in all matters related to such actions of the Borrower as are contemplated by the Basic Documents.

Section 4.2 **Authorization, Absence of Conflicts, Etc.** The execution, delivery and performance by the Borrower of the Basic Documents (a) have been duly authorized by all necessary action on the part of the Borrower, (b) do not conflict with, or result in a violation of, any Laws, including the Joint Powers Agreement, or any order, writ, rule or regulation of any court or governmental agency or instrumentality binding upon or applicable to the Borrower which violation would result in a Material Adverse Effect on the System and (c) do not conflict with, result in a violation of, or constitute a default under, any resolution, agreement or instrument to which the Borrower is a party or by which the Borrower or any of its property is bound which, in any case, would result in a Material Adverse Effect on the System.

Section 4.3 **Binding Obligations.** The Basic Documents are valid and binding obligations of the Borrower (assuming due authorization, execution and delivery by the other parties thereto) enforceable against the Borrower in accordance with their respective terms, except to the extent, if any, that the enforceability thereof may be limited by (i) any applicable bankruptcy, insolvency, reorganization, moratorium or other similar law of the State or Federal government affecting the enforcement of creditors' rights generally heretofore or hereafter enacted, (ii) the fact that enforcement may also be subject to the exercise of judicial discretion in appropriate cases and (iii) the limitations on legal remedies against public agencies of the State.

Section 4.4 **Governmental Consent or Approval.** No consent, approval, permit, authorization or order of, or registration or filing with, any court or government agency, authority or other instrumentality not already obtained, given or made is required on the part of the Borrower for execution, delivery and performance by the Borrower of the Basic Documents.

Section 4.5 **Absence of Material Litigation.** There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator or governmental or other board, body or official pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower questioning the validity of the Joint Powers Agreement, the execution,

delivery and performance by the Borrower of the Basic Documents or any proceeding taken or to be taken by the Borrower or the Board in connection therewith, or seeking to prohibit, restrain or enjoin the execution, delivery and performance by the Borrower of the Basic Documents, or which could reasonably be expected to result in any Material Adverse Change in the financial condition, operations or prospects of the System, or wherein an unfavorable decision, ruling or finding would in any way materially adversely affect the transactions contemplated by the Basic Documents (any such action or proceeding being herein referred to as “*Material Litigation*”).

Section 4.6 **Financial Condition.** The most recent audited financial statements of the System delivered (or deemed delivered) to the Lender (the “*Audited Financial Statements*”) were prepared in accordance with GAAP applied on a consistent basis throughout the periods involved and were subject to certification by independent certified public accountants of nationally recognized standing or by independent certified public accountants otherwise acceptable to the Lender. The most recent unaudited financial statements of the System delivered (or deemed delivered) to the Lender were prepared on a consistent basis and, unless otherwise specified in Schedule 5.1(a), in accordance with GAAP. The data on which such financial statements and budget reports are based were true and correct in all material respects. The Audited Financial Statements and the budget reports present fairly the net position of the System as of the date they purport to represent and the revenues, expenses and changes in fund balances and in net position for the periods then ended. Since the date of the most recent Audited Financial Statements delivered to the Lender, no Material Adverse Change has occurred in the business, operations or condition (financial or otherwise) of the System.

Section 4.7 **Incorporation of Representations and Warranties.** The representations and warranties of the Borrower set forth in the Basic Documents (other than this Agreement and the Fee Agreement) are true and accurate in all material respects on the Closing Date, as fully as though made on the Closing Date. The Borrower makes, as of the Closing Date, each of such representations and warranties to, and for the benefit of, the Lender, as if the same were set forth at length in this Section 4.7 together with all applicable definitions thereto. No amendment, modification or termination of any such representations, warranties or definitions contained in the Basic Documents (other than this Agreement and the Fee Agreement) will be effective to amend, modify or terminate the representations, warranties and definitions incorporated in this Section 4.7 by this reference, without the prior written consent of the Lender.

Section 4.8 **Accuracy and Completeness of Information.** The Basic Documents and all certificates, financial statements, documents and other written information furnished to the Lender by or on behalf of the Borrower in connection with the transactions contemplated hereby were, as of their respective dates, complete and correct in all material respects to the extent necessary to give the Lender true and accurate knowledge of the subject matter thereof and did not contain any untrue statement of a material fact.

Section 4.9 **No Default.**

(a) No Default or Event of Default under this Agreement has occurred and is continuing.

(b) No “event of default” has occurred and is continuing under any other material mortgage, indenture, contract, agreement or undertaking respecting the System (including, but not limited to, any PPA) to which the Borrower is a party or which purports to be binding on the Borrower or on any of the property of the System.

Section 4.10 **No Proposed Legal Changes.** There is no amendment or, to the knowledge of the Borrower, proposed amendment to the Constitution of the State, any State law or the Joint Powers Agreement or any administrative interpretation of the Constitution of the State, any State law, or the Joint Powers Agreement, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have a Material Adverse Effect on the ability of the Borrower to perform its obligations under the Basic Documents.

Section 4.11 **Compliance with Laws, Etc.** The Borrower is in compliance with the Investment Policy and all Laws applicable to the Borrower, non-compliance with which could reasonably be expected to have a Material Adverse Effect on the security for the obligations under this Agreement and the Fee Agreement or the validity and enforceability of the Basic Documents. In addition, no benefit plan maintained by the Borrower for its employees is subject to the provisions of ERISA, and the Borrower is in compliance with all Laws in respect of each such benefit plan.

Section 4.12 **Environmental Matters.** In the ordinary course of its business, the Borrower conducts an ongoing review of Environmental Laws on the business, operations and the condition of its property, in the course of which it identifies and evaluates associated liabilities and costs (including, but not limited to, any capital or operating expenditures required for clean-up or closure of properties currently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of such review, the Borrower does not believe that Environmental Laws are likely to have a Material Adverse Effect on the ability of the Borrower to perform its obligations under the Basic Documents.

Section 4.13 **Regulation U.** The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

Section 4.14 **Liens.** This Agreement creates a valid Lien on and pledge of the Net Revenues to secure the payment and performance of the Borrower’s obligations under this Agreement and the Fee Agreement, and no filings, recordings, registrations or other actions are necessary on the part of the Borrower, the Lender or any other Person to create or perfect such

Lien. Except for the Lien over Net Revenues contained in this Agreement and Liens over Net Revenues securing Parity Debt, Subordinate Debt permitted by this Agreement, there is no pledge of or Lien on Net Revenues. There is no pledge of or Lien on Net Revenues that ranks senior to the obligations hereunder or under the Fee Letter.

Section 4.15 **Sovereign Immunity**. The Borrower is not entitled to immunity from legal proceedings to enforce the Basic Documents (including, without limitation, immunity from service of process or immunity from jurisdiction of any court otherwise having jurisdiction) and is subject to claims and suits for damages in connection with its obligations under the Basic Documents.

Section 4.16 **Usury**. The terms of the Basic Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

Section 4.17 **Insurance**. As of the Closing Date, the Borrower maintains such insurance, including self-insurance, as is required by Section 5.1(k) hereof.

Section 4.18 **ERISA**. The Borrower does not maintain or contribute to, and has not maintained or contributed to, any Employee Plan that is subject to Title IV of ERISA.

Section 4.19 **Sanctions Concerns and Anti-Corruption Laws**.

(a) Neither the Borrower, nor, to the knowledge of the Borrower, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction.

(b) The Borrower and its respective officers and employees and to the knowledge of the Borrower, its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. The Borrower has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar Anti-Corruption Laws in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

Section 4.20 **System Debt**. The Borrower has not incurred or issued any System Debt other than the System Debt, if any, incurred or issued in accordance with Section 5.2(j).

ARTICLE 5

COVENANTS

Section 5.1 **Affirmative Covenants**. Until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lender that:

(a) *Accounting and Reports.* The Borrower shall maintain a standard system of accounting in accordance with GAAP consistently applied and furnish to the Lender:

(i) as soon as available, and in any event within sixty (60) days after the close of each quarter, an unaudited balance sheet of Borrower as of the last day of the period then ended and the statements of income, retained earnings and cash flows of Borrower for the period then ended, prepared in accordance with GAAP and in a form acceptable to Lender;

(ii) as soon as available, and in any event within six (6) months after the close of each annual accounting period of Borrower, a copy of the audited balance sheet of Borrower as of the last day of the period then ended and the statements of income, retained earnings and cash flows of Borrower for the period then ended, and accompanying notes thereto, each in reasonable detail showing in comparative form the figures for the previous fiscal year, accompanied by an unqualified opinion thereon of Borrower's independent public accountants, to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the financial condition of Borrower as of the close of such fiscal year and the results of its operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances;

(iii) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of Borrower's operations and financial affairs given to it by its independent public accountants;

(iv) promptly after knowledge thereof shall have come to the attention of any responsible officer of Borrower, written notice of any litigation threatened in writing or any pending litigation or governmental proceeding or labor controversy against Borrower which, if adversely determined, would materially adversely effect the financial condition, Properties, business or operations of Borrower or result in the occurrence of any Default or Event of Default hereunder;

(v) as soon as available, the Borrower shall provide the Lender its annual budget; and

(vi) promptly after the request therefore, all such other information as Lender may reasonably request.

Each of the financial statements furnished to Lender pursuant to subsection (a)(i) and (ii) of this Section 5.1 shall be accompanied by a compliance certificate, substantially in the form of Exhibit B hereto, signed by an Authorized Representative stating that no Event of Default or Default has occurred or if any Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default, and such compliance certificate shall also include the Debt Service Coverage Ratio test required by Section 5.1(q) hereof and the amount set forth in the Operating Reserve.

(b) *Access to Records.* At any reasonable time and from time to time, during normal business hours and, so long as no Event of Default has occurred and is continuing, on at least five (5) Business Days' notice, the Borrower shall permit the Lender or any of its agents or representatives to visit and inspect any of the properties of the Borrower and the other assets of the Borrower, to examine the books of account of the Borrower (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Borrower with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Lender may reasonably request.

(c) *Compliance with Basic Documents; Operation and Maintenance of System.*

(i) The Borrower shall perform and comply with each covenant set forth in the Basic Documents and any other agreements, instruments or documents evidencing Parity Debt or Subordinate Debt. By the terms of this Agreement, the Lender is hereby made a third party beneficiary of the covenants set forth in each of the Basic Documents (other than this Agreement and the Fee Agreement), and each such covenant, together with the related definitions of terms contained therein, is incorporated by reference in this Section 5.1(c) with the same effect as if it were set forth herein in its entirety. Except as otherwise set forth in paragraph (ii) below and in Section 5.2(a) hereof, the Borrower will not amend, supplement or otherwise modify (or permit any of the foregoing), or request or agree to any consent or waiver under, or effect or permit the cancellation, acceleration or termination of, or release or permit the release of any collateral held under any of the Basic Documents in any manner without the prior written consent of the Lender, and the Borrower shall take, or cause to be taken, all such actions as may be reasonably requested by the Lender to strictly enforce the obligations of the other parties to any of the Basic Documents, as well as each of the covenants set forth therein. The Borrower shall give prior written notice to the Lender of any action referred to in this subparagraph (i).

(ii) The Borrower covenants that it will maintain and preserve the System in good repair and working order at all times from the Revenues available for such purposes, in conformity with standards customarily followed for municipal power systems of like size and character. The Borrower will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to the properties of the System, so that at all times business carried on in connection with the System shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost, and will operate the System in an efficient and economical manner and shall not commit or allow any waste with respect to the System.

(d) *Defaults.* The Borrower shall notify the Lender of any Default or Event of Default of which the Borrower has knowledge, as soon as possible and, in any event, within three (3) Business Days of acquiring knowledge thereof, setting forth the details of such Default or Event of Default and the action which the Borrower has taken and proposes to take with respect thereto.

(e) *Compliance with Laws.* The Borrower shall comply in all material respects with all Laws binding upon or applicable to the Borrower (including Environmental Laws) and material to the Basic Documents. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower and its respective directors, officers, employees

and agents with Anti-Corruption Laws and applicable Sanctions. The Borrower will not use or allow any tenants or subtenants to use its Property for any business activity that violates any federal or state law or that supports a business that violates any federal or state law.

(f) *Investment Policy and Guidelines.* The Borrower shall promptly notify the Lender in writing, not less than thirty (30) days after the Borrower receives notice of the formal consideration thereof, of any change proposed to the Investment Policy, which proposed change would increase the types of investments permitted thereby as of the Closing Date.

(g) *Notices.* The Borrower shall promptly give notice to the Lender of any action, suit or proceeding actually known to it at law or in equity or by or before any court, governmental instrumentality or other agency which, if adversely determined, would materially impair the ability of the Borrower to perform its obligations under any Basic Document.

(h) *Bank Agreements.* In the event that Borrower shall enter into or otherwise consent to any amendment, supplement or other modification of any Bank Agreement after the Closing Date which Bank Agreement contains additional or more restrictive covenants or additional or more restrictive events of default or additional or improved remedies (“*Improved Provisions*,” which for the avoidance of doubt does not include pricing, termination fees and provisions related to interest rates but does include improved term-out provisions), then the Borrower shall provide the Lender with a copy of such Bank Agreement and the Improved Provisions shall automatically be deemed incorporated into this Agreement and the Lender shall have the benefit of the Improved Provisions until such time as the Bank Agreement containing such Improved Provisions terminates. The Borrower shall promptly cooperate with the Lender to enter into an amendment of this Agreement to include such Improved Provisions.

(i) *Further Assurances.* The Borrower shall execute, acknowledge where appropriate and deliver, and cause to be executed, acknowledged where appropriate and delivered, from time to time, promptly at the request of the Lender, all such instruments and documents as are usual and customary or advisable to carry out the intent and purpose of the Basic Documents.

(j) *Notices.* The Borrower shall promptly furnish, or cause to be furnished, to the Lender (i) notice of the occurrence of any “default” or “event of default” or “termination event” under any Basic Document (other than this Agreement and the Fee Agreement) or any Other Revenue Document, (ii) copies of any communications received from any Governmental Authority with respect to the transactions contemplated by the Basic Documents or any other System Debt which are not restricted or prohibited from being shared with the Lender under the law or the direction of a court of competent jurisdiction or other Governmental Authority, (iii) notice of any proposed amendment to any Basic Document and copies of all such amendments promptly following the execution thereof, (iv) notice of any proposed substitution of any Letter of Credit, and (v) notice of the passage of any state or local Law not of general applicability to all Persons of which the Borrower has knowledge, which could reasonably be expected to have a Material Adverse Effect on the Borrower’s ability to perform its obligations under the Basic Documents or to result in a Material Adverse Effect on the enforceability or validity of any Basic Document.

(k) *Maintenance of Insurance.* The Borrower shall maintain, or cause to be maintained, at all times, insurance on and with respect to its properties with responsible and reputable insurance companies; provided, however, that the Borrower may maintain self-insurance general liability on its properties not covered by the public entity property insurance program policy, for worker's compensation and vehicle liability and, with the consent of the Lender, such other self-insurance as it deems prudent. Such insurance must include casualty, liability and workers' compensation and be in amounts and with deductibles and exclusions customary and reasonable for governmental entities of similar size and with similar operations as the Borrower. The Borrower shall, upon request of the Lender, furnish evidence of such insurance to the Lender. The Borrower shall also procure and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Revenues or funds of the System, such insurance or bond to be in an aggregate amount at least equal to the maximum amount of such Revenues or funds at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as part of any comprehensive fidelity and other insurance and not separately for the System.

(l) *Preservation of Security.* The Borrower shall take any and all actions necessary to preserve and defend the pledge of Net Revenues set forth in this Agreement.

(m) *Rates.* The Borrower shall fix, establish, maintain and collect rates and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the System, which shall be fair and nondiscriminatory and adequate to provide the Borrower on a projected basis with Revenues in each Fiscal Year sufficient to (i) pay, to the extent not paid from other available moneys, any and all amounts the Borrower is obligated to pay or set aside from Revenues by law or contract in such Fiscal Year and (ii) maintain on a historical and projected basis a Debt Service Coverage Ratio of not less than 1.10 for each Fiscal Year.

(n) *Budget.* The Borrower shall include in each annual budget of the Borrower all amounts reasonably anticipated to be necessary to pay all obligations due to the Lender hereunder and under the Fee Agreement. If the amounts so budgeted are not adequate for the payment of the obligations due hereunder and under the Fee Agreement, the Borrower shall take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be paid to the Lender during the course of the Fiscal Year to which such annual budget applies.

(o) *Payment of Taxes, Etc.* The Borrower shall pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Borrower on account of the System or any portion thereof and which, if unpaid, might impair the security of this Agreement and the Fee Agreement, but nothing herein contained will require the Borrower to pay any such tax, assessment or charge so long as it in good faith contests the validity thereof. The Borrower shall duly observe and comply with all valid material requirements of any Governmental Authority relative to the System or any part thereof.

(p) *Rating and Rating Change.* The Borrower shall at all times maintain one rating with a Rating Agency. The Borrower shall use its best efforts to notify the Lender as soon as practicable of any issuance, downgrade, suspension or withdrawal in rating of any System Debt.

(q) *Debt Service Coverage.* The Borrower shall maintain a Debt Service Coverage Ratio of not less than 1.10 for each fiscal quarter of the Borrower, commencing with the fiscal quarter ended September 30, 2019. The Debt Service Coverage Ratio shall be tested on a rolling last twelve month basis and forward for the following twelve months as of the last day of each fiscal quarter commencing with the fiscal quarter ended September 30, 2019. The Borrower shall determine the Debt Service Coverage Ratio at each fiscal quarter and provide written notice thereof together with supporting calculations in reasonable detail to the Lender as soon as practicable following the end of a fiscal quarter and in any event no later than the forty-five calendar days following the end of such fiscal quarter (each such notice, a “*Debt Service Coverage Ratio Notice*”).

(r) *Operating Reserve.* The Borrower shall maintain the Operating Reserve with unrestricted cash and investments at the Operating Reserve Fund Requirement level at all times that amounts are due and owing to the Lender hereunder. The Borrower shall withdraw amounts from the Operating Reserve to pay Operating and Maintenance Costs, Obligations and debt service on, and fees associated with, other Parity Debt.

Section 5.2 **Negative Covenants.** Until the Commitment has expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lender that it will not:

(a) *No Impairment.* Take any action that would have an adverse effect on (i) the ability of the Borrower to pay when due amounts owing to the Lender or any Participant under this Agreement or the Fee Agreement; (ii) the pledge of Net Revenues or the priority of payments from Net Revenues (other than Parity Debt or Subordinate Debt permitted by this Agreement); or (iii) the rights or remedies of the Lender under the Basic Documents.

(b) *Merger, Disposition of Assets.* Consolidate or merge with or into any Person or sell, lease or otherwise transfer all or substantially all of its assets to any Person.

(c) *Abandon.* Take any action to abandon the System or any significant portion thereof.

(d) *Preservation of Corporate Existence, Etc.* Take any action to terminate its existence as a public agency under the Joint Powers Act or its rights and privileges as such entity within the State.

(e) *Liens.* Create or suffer to exist or permit any Lien on the Revenues other than the Liens created or permitted by this Agreement and Liens created or permitted by any other agreement or instrument evidencing Parity Debt or Subordinate Debt.

(f) *Sovereign Immunity.* Assert the defense of any future right of sovereign immunity in a legal proceeding to enforce or collect upon the obligations of the Borrower under any Basic Document or the transactions contemplated thereby.

(g) *System.* Construct, operate or maintain any system or utility competitive with the System. The Borrower shall have in effect, or cause to have in effect, at all times an ordinance or

resolution requiring all customers of the System to pay the fees, rates and charges applicable to the services and facilities furnished by the System. The Borrower shall not provide any service of the System free of charge to any Person, except (i) to the extent that any such free use is required by the terms of any existing contract or agreement and (ii) for incidental insignificant free use so long as such free use does not prevent the Borrower from satisfying the other covenants of this Agreement.

(h) *Preservation of Existence, Etc.* Take any action to accomplish a merger of the System with any other entity or enterprise, unless and until the Borrower has provided a method for segregating the Revenues from the revenues of said other entity or enterprise in a manner that will, or shall otherwise, preserve the Lien on the Net Revenues for the payment of the Obligations and has obtained an opinion of counsel from a firm nationally recognized in the practice of municipal financing that such merger will not, in and of itself, cause the pledge of Net Revenues set forth in this Agreement to be no longer valid. If the Borrower does effect such a merger, the Borrower shall provide written notice thereof to the Lender and shall deliver a copy of the aforementioned opinion to the Lender.

(i) *Use of Proceeds.* Use the Letters of Credit for any purpose other than to secure the Borrower's obligations under PPAs. Use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose, in each case in violation of, or for a purpose which violates, or would be inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System. Use the proceeds for any Loan for any purposes other than (i) to provide cash collateral to secure the Borrower's obligations under PPAs, (ii) to repay in whole or in part any LC Disbursement, (iii) for general corporate purposes, or (iv) capital expenditures related to the development or acquisition of new assets related to the System subject to prior written approval by the Lender, which such approval shall not be unreasonably withheld. For the avoidance of doubt, Loan Proceeds may not be used for other long-term expenditures or for funding the Operating Reserve. Use the proceeds of any Loan or any Letter of Credit in violation of any Sanctions or Anti-Corruption Laws.

(j) *System Debt.*

(i) Not issue, incur or assume to exist any Senior Debt or any other Debt other than (A) Parity Debt described in clause (ii) below; and (B) Subordinate Debt described in clause (iii) below;

(ii) Not issue, incur or assume to exist any Parity Debt except for: (A) the Obligations, and (B) Debt issued or incurred in compliance with the following conditions:

(1) no Default shall have occurred and be continuing immediately before and after the issuance or incurrence of such Parity Debt;

(2) such Parity Debt does not exceed at any time any limitation set forth in the Constitution or other laws of the State, the Joint Powers Agreement, the

Ordinances or any other resolutions or ordinances adopted by the Borrower;

(3) the Operating Reserve is fully funded immediately prior to the issuance or incurrence of such Parity Debt; and

(4) compliance by the Borrower with either (A) or (B) below:

(A) delivery of a written certificate of the Borrower: (i) setting forth Net Revenues for the preceding twelve month period (in reasonable detail and with reasonable assumptions), (ii) setting forth Annual Debt Service for the preceding twelve month period (inclusive of any additional Parity Debt in reasonable detail and with reasonable assumptions) and (iii) demonstrating that Net Revenues for the preceding twelve month period were at least equal to 1.30 times the Annual Debt Service for such period; or

(B) in connection with any Debt issued to finance capital projects related to System improvements, additions or expansions, a written certificate of the Borrower (i) setting forth Net Revenues for the projected twelve month period (in reasonable detail and with reasonable assumptions), (ii) setting forth projected Annual Debt Service (inclusive of any additional Parity Debt and in reasonable detail and with reasonable assumptions), and (iii) demonstrating that Net Revenues for the projected twelve month period were at least equal to 1.30 times the Annual Debt Service for such period; *provided, however*, that for purposes of determining the Net Revenues for the projected twelve month period as set forth in the foregoing clause (i) and (iii), such Net Revenues may be adjusted to reflect any rates and charges that have been adopted or are expected to be generated by an approved rate action and any Net Revenues associated with the acquisition or development of power generation assets that were financed with such additional debt;

(iii) Not issue, incur or assume to exist any Subordinate Debt except for Debt issued or incurred in compliance with the following conditions:

(1) no Default shall have occurred and be continuing immediately before and after the issuance or incurrence of such Subordinate Debt;

(2) such Subordinate Debt does not exceed at any time any limitation set forth in the Constitution or other laws of the State, the Joint Powers Agreement or any other resolutions or ordinances adopted by the Borrower;

(3) the Operating Reserve is fully funded immediately prior to the issuance or incurrence of such Subordinate Debt or will be fully funded after the issuance or incurrence of such Subordinate Debt and the application of the proceeds thereof; and

(4) compliance by the Borrower with either (A) or (B) below:

(A) delivery of a written certificate of the Borrower: (i) setting forth Net Revenues for the preceding twelve month period (in reasonable detail and with reasonable assumptions), (ii) setting forth Annual Debt Service for the preceding twelve month period (inclusive of any additional Subordinate Debt in reasonable detail and with reasonable assumptions) and (iii) demonstrating that Net Revenues for the preceding twelve month period were at least equal to 1.20 times the Annual Debt Service for such period; or

(B) in connection with any Debt issued to finance capital projects related to System improvements, additions or expansions, a written certificate of the Borrower (i) setting forth Net Revenues for the projected twelve month period (in reasonable detail and with reasonable assumptions), (ii) setting forth projected Annual Debt Service (inclusive of any additional Subordinate Debt and in reasonable detail and with reasonable assumptions), and (iii) demonstrating that Net Revenues for the projected twelve month period are at least equal to 1.20 times the Annual Debt Service for such period; *provided, however*, that for purposes of determining the Net Revenues for the projected twelve month period as set forth in the foregoing clause (i) and (iii), such Net Revenues may be adjusted to reflect any rates and charges that have been adopted or are expected to be generated by an approved rate action and any Net Revenues associated with the acquisition or development of power generation assets that were financed with such additional debt.

(k) *Excess Revenues*. Not use excess revenues for any purpose other than: (i) payment of Operating and Maintenance Costs; (ii) payment of Obligations; (iii) payment of debt service on, and fees associated with, other Parity Debt; (iv) funding and replenishment of the Operating Reserve; (v) so long as no Event of Default has occurred and is continuing, payment of interest on, and fees associated with, other Subordinate Debt; (vii) capital expenditures in connection with assets that will become part of the System; (viii) rebates to System customers; and (ix) any other lawful purpose that inures to the direct benefit of the System.

ARTICLE 6

DEFAULTS

Section 6.1 **Events of Default and Remedies**. If any of the following events occurs, each such event will be an “*Event of Default*”:

(a) the Borrower fails to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation or (ii) any Obligation (other than a Reimbursement Obligation) hereunder or under the Fee Agreement and, in such case, such failure continues for three (3) Business Days.

(b) any representation or warranty made by or on behalf of the Borrower in this Agreement or in any other Basic Document or in any certificate or statement delivered hereunder or thereunder is incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) the Borrower defaults in the due performance or observance of any of the covenants set forth in Section 5.1(c), 5.1(d), 5.1(g), 5.1(k), 5.1(l), 5.1(m), 5.1(q), or 5.2 hereof;

(d) the Borrower defaults in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Basic Document and such default remains unremedied for a period of thirty (30) days after the occurrence thereof;

(e) the Borrower, directly or indirectly, (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) becomes insolvent or does not pay, or is unable to pay, or admits in writing its inability to pay, its debts generally as they become due, (iii) makes an assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) takes any corporate action in furtherance of any matter described in clauses (i) through (v) above or (vii) fails to contest in good faith any appointment or proceeding described in Section 6.1(f) of this Agreement;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower or any substantial part of its Property, or a proceeding described in Section 6.1(e)(v) is instituted against the Borrower and such proceeding continues undischarged, undismissed and unstayed for a period of thirty (30) days;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Borrower by the Borrower or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of this Agreement, the Joint Powers Agreement or any other Basic Document at any time for any reason ceases to be valid and binding on the Borrower as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or is declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid or unenforceable, or the validity or enforceability thereof is publicly contested by the Borrower, or the Borrower publicly contests the validity or enforceability of any obligation to pay System Debt, or any Authorized Representative publicly repudiates or otherwise denies in writing that it has any further liability or obligation under or with respect to any provision of this Agreement, the Joint Powers Agreement, any other Basic Document or any operative document related to System Debt;

(i) dissolution or termination of the existence of the Borrower;

(j) the Borrower (i) defaults on the payment of the principal of or interest on any System Debt beyond the period of grace, if any, provided in the instrument or agreement under which such System Debt was created or incurred or (ii) defaults in the observance or performance of any agreement or condition relating to any System Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such System Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such System Debt;

(k) any final, nonappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 are entered or filed against the Borrower or against any of its Property and remain unpaid, unvacated, unbonded and unstayed for a period of sixty (60) days;

(l) if any rating on any System Debt (i) is downgraded below “investment grade” (i.e., “BBB-”/“Baa3”) or (ii) is suspended or withdrawn;

(m) the passage of any Law has occurred which could reasonably be expected to (i) have a Material Adverse Effect on the ability of community choice aggregators to operate within the State, (ii) have a Material Adverse Effect on the Borrower’s ability to perform its obligations under this Agreement or the other Basic Documents or (iii) result in a Material Adverse Effect on the enforceability or validity of this Agreement or any of the other Basic Documents.

Section 6.2 **Remedies.** Upon the occurrence of any Event of Default (other than an Event of Default described in Section 6.1(e) or 6.1(f)), and at any time thereafter during the continuance of such event, the Lender may by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any Event of Default described in Section 6.1(e) or 6.1(f), the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE 7

MISCELLANEOUS

Section 7.1 **Amendments, Waivers, Etc.** No amendment or waiver of any provision of this Agreement, or consent to any departure by the Borrower therefrom, will in any event be effective unless the same is in writing and signed by the Lender and an Authorized Representative of the Borrower, and then such waiver or consent is effective only in the specific instance and for the specific purpose for which given.

Section 7.2 **Notices.** All notices and other communications provided for hereunder must be in writing (including required copies) and sent by courier (including Federal Express or other receipted courier service), facsimile transmission or regular mail, as follows:

(a) if to the Borrower:

Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, California 94901
Attention: Vicken Kasarjian, Chief Operating Officer
Telephone: (415) 464-6659
Facsimile:

with a copy to:

Chapman and Cutler LLP
1270 Avenue of the Americas, 30th Floor
New York, New York 10020
Attention: Douglas A. Bird
Telephone: (212) 655-2519

(b) if to the Lender:

JPMorgan Chase Bank, N.A.
383 Madison Avenue, 3rd Floor
New York, New York 10179
Mail Code: NY1-M076
Attention: Allyson Goetschius or Janice Fong
Telephone: (212) 270-0335 or (212) 270-3762
Facsimile: (917) 849-0272
Email: Allyson.l.goetschius@jpmorgan.com or
Janice.r.fong@jpmorgan.com

and

Attention: Brandon Allen
Telephone: (302) 634-9588

Facsimile: (302) 634-4733

Email: 12012443628@tls.ldsprod.com

with a copy to:

JPMorgan Chase Bank, National Association
JPM-Delaware Loan Operations
500 Stanton Christiana Road, NCCS, Floor 01
Newark, Delaware 19713
Attention: Brandon Allen
Telephone: (302) 634-9588
Telecopy: (302) 634-4733

And, for compliance-related items, with a copy to:
public.finance.notices@jpmchase.com

or, as to each Person named above, at such other address or telephone or telecopy number as is designated by such Person in a written notice to the parties hereto. All such notices and other communications will, when delivered, sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed, respectively, addressed as aforesaid, except that requests for LC Disbursements submitted to the Lender will not be effective until received by the Lender.

Section 7.3 **Survival of Covenants; Successors and Assigns.**

(a) All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto will survive the making of any Loan, and will continue in full force and effect until all of the Obligations hereunder are paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference will, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Agreement will inure to the benefit of the successors and assigns of the Lender. The Borrower may not transfer its rights or obligations under this Agreement without the prior written consent of the Lender. The Lender may transfer or assign some or all of its rights and obligations under this Agreement and the Fee Letter with, so long as no Event of Default has occurred and is continuing, the prior written consent of the Borrower (which consent may not be withheld unreasonably), provided that the Lender shall be responsible for all costs solely relating to such transfer or assignment. This Agreement is made solely for the benefit of the Borrower and the Lender, and no other Person (including, without limitation, any PPA Counterparty) will have any right, benefit or interest under or because of the existence of this Agreement.

(b) Notwithstanding the foregoing, the Lender will be permitted to grant to one or more financial institutions (each a “**Participant**”) a participation or participations in all or any part of the Lender’s rights and benefits and obligations under this Agreement, the Fee Agreement, the Loans and the Letters of Credit on a participating basis but not as a party to this Agreement (a “**Participation**”) without the consent of the Borrower. In the event of any such grant by the Lender

of a Participation to a Participant, the Lender shall remain responsible for the performance of its obligations hereunder and under the Letters of Credit, and the Borrower may continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement, under the Fee Agreement and under the Letters of Credit. The Borrower agrees that each Participant will, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Lender; provided that no Participant will have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; and provided, further, that the Borrower's liability to any Participant (including, without limitation, amounts payable pursuant to Sections 2.12, 2.13 and 2.14) will not in any event exceed that liability which the Borrower would owe to the Lender but for such participation.

Section 7.4 **Reserved.**

Section 7.5 **Liability of Lender; Indemnification.**

(a) To the extent permitted by the law of the State, the Borrower assumes all risks of the acts or omissions of the PPA Counterparties with respect to the use of the Letters of Credit or the use of proceeds thereunder; provided that this provision is not intended to and will not preclude the Borrower from pursuing such rights and remedies as it may have against the PPA Counterparties under any other agreements. Neither the Lender nor any of its respective officers or directors will be liable or responsible for (i) the use of any Letter of Credit, the LC Disbursements or the Loans or the transactions contemplated hereby and by the other Basic Documents or for any acts or omissions of any PPA Counterparty, (ii) the validity, sufficiency or genuineness of any documents determined in good faith by the Lender to be valid, sufficient or genuine, even if such documents, in fact, prove to be in any or all respects invalid, fraudulent, forged or insufficient, (iii) payments by the Lender against presentation of requests for LC Disbursements or requests which the Lender in good faith has determined to be valid, sufficient or genuine and which subsequently are found not to comply with the terms of this Agreement or (iv) any other circumstances whatsoever in making or failing to make payment hereunder; provided that the Borrower is not required to indemnify the Lender for any claims, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Lender.

(b) To the extent permitted by the law of the State, the Borrower indemnifies and holds harmless the Lender from and against any and all direct, as opposed to consequential, claims, damages, losses, liabilities, costs and expenses (including specifically reasonable attorneys' fees) which the Lender may incur (or which may be claimed against the Lender by any Person whatsoever) by reason of or in connection with the execution, delivery and performance of the Basic Documents, the Letters of Credit and the transactions contemplated thereby; provided that the Borrower is not required to indemnify the Lender to the extent, but only to the extent, any such claim, damage, loss, liability, cost or expense is caused by the Lender's willful misconduct or gross negligence as determined by a final order of a court of competent jurisdiction. The Lender is expressly authorized and directed to honor any demand for payment which is made under any Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between the Borrower, any PPA Counterparty or any other Person or the respective rights, duties or liabilities of any of them or whether any facts or occurrences represented in any of the documents presented under any Letter of Credit are true and correct.

(c) To the fullest extent permitted by Applicable Law, the Borrower shall not assert, and waives, any claim against the Lender, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Basic Document or any agreement or instrument contemplated thereby, the transactions contemplated thereby or the use of the proceeds thereof.

(d) The obligations of the Borrower under this Section 7.5 will survive the termination of this Agreement.

Section 7.6 **Expenses**. Upon receipt of a written invoice, the Borrower shall promptly pay (i) the reasonable fees and expenses of counsel to the Lender incurred in connection with the preparation, execution and delivery and administration of this Agreement, the Letters of Credit, the Fee Agreement and the other Basic Documents as set forth in the Fee Agreement, (ii) the reasonable out-of-pocket expenses of the Lender incurred in connection with the preparation, execution and delivery and administration of this Agreement, the Letters of Credit, the Fee Agreement and the other Basic Documents (provided that such expenses to be paid in connection with the preparation and execution and delivery will not exceed the amount specified in the Fee Agreement), (iii) the fees and disbursements of counsel to the Lender with respect to advising the Lender as to its rights and responsibilities under the Basic Documents after the occurrence of a Default or an Event of Default and (iv) all costs and expenses, if any, in connection with the administration and enforcement of the Basic Documents, including in each case the fees and disbursements of counsel to the Lender. In addition, and notwithstanding the foregoing, the Borrower agrees to pay, after the occurrence of an Event of Default, all costs and expenses (including attorneys' fees and costs of settlement) incurred by the Lender in enforcing any obligations or in collecting any payments due from the Borrower hereunder or under the Fee Agreement by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of the Borrower under this Section 7.6 will survive the termination of this Agreement.

Section 7.7 **No Waiver; Conflict**. Neither any failure nor any delay on the part of the Lender in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, will operate as a waiver thereof or preclude any other or further exercise thereof, nor will a single or partial exercise thereof, preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. To the extent of any conflict between this Agreement and any other Basic Documents, this Agreement will control solely as between the Borrower and the Lender.

Section 7.8 **Modification, Amendment Waiver, Etc**. No modification, amendment or waiver of any provision of this Agreement will be effective unless the same is in writing and signed in accordance with Section 7.1 hereof.

Section 7.9 **Dealings**. The Lender and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with the Borrower and/or any PPA Counterparty regardless of the capacity of the Lender hereunder or under any Letter of Credit.

Section 7.10 **Severability**. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic or legal effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 7.11 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which constitutes an original, but when taken together constitute but one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Lender to accept electronic signatures in any form or format without its prior written consent.

Section 7.12 **Table of Contents; Headings**. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

Section 7.13 **Entire Agreement**. This Agreement and the Fee Agreement represents the final agreement between the parties hereto with respect to the subject matter hereof and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties hereto as to such subject matter.

Section 7.14 **Governing Law Waiver of Jury Trial**.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS (OTHER THAN NEW YORK GENERAL OBLIGATIONS LAWS 5-1401 AND 5-1402); PROVIDED, THAT THE OBLIGATIONS OF THE BORROWER HEREUNDER SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CHOICE OF LAW RULES.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THE BASIC DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE IS EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH OF THE PARTIES HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND CONSENT AND, FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS, KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS AND CONSENTS TO JUDICIAL REFERENCE. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT OR TO JUDICIAL REFERENCE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 AS PROVIDED HEREIN.

(c) The covenants and waivers made pursuant to this Section 7.14 are irrevocable and unmodifiable, whether in writing or orally, and are applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 7.15 **Governmental Regulations**. The Borrower shall (a) ensure that no Person who owns a controlling interest in or otherwise controls the Borrower is or will be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control (“*OFAC*”), the Department of the Treasury or included in any Executive Order that prohibits or limits the Lender from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower and (b) ensure that the proceeds of LC Disbursements under the Letters of Credit are not used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. Further, the Borrower shall comply, and cause any of its subsidiaries to comply, with all applicable Lender Secrecy Act laws and regulations, as amended.

Section 7.16 **USA PATRIOT Act**. The Lender notifies the Borrower that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Act*”), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act. The Borrower agrees to provide such documentary and other evidence of the Borrower’s identity as may be requested by the Lender at any time to enable the Lender to verify the Borrower’s identity or to comply with any Applicable Law or regulation, including, without limitation, the Act.

Section 7.17 **Electronic Transmissions**. The Lender is authorized to accept and process any amendments, transfers, assignments of proceeds, LC Disbursements, consents, waivers and all documents relating to the Letters of Credit which are sent to Lender by electronic transmission,

including SWIFT, electronic mail, telex, telecopy, courier, mail or other computer generated telecommunications and such electronic communication will have the same legal effect as if written and will be binding upon and enforceable against the Borrower. The Lender may, but shall not be obligated to, require authentication of such electronic transmission or that the Lender receives original documents prior to acting on such electronic transmission.

Section 7.18 **Assignment to Federal Reserve Bank**. The Lender may assign and pledge all or any portion of the obligations owing to it hereunder to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned obligations made by the Borrower to the Lender in accordance with the terms of this Agreement will satisfy the Borrower's obligations hereunder in respect of such assigned obligation to the extent of such payment. No such assignment will release the Lender from its obligations hereunder.

Section 7.19 **[Reserved]**.

Section 7.20 **Arm's Length Transaction**. The transaction described in this Agreement is an arm's length, commercial transaction between the Borrower and the Lender in which: (i) the Lender is acting solely as a principal (i.e., as a lender) and for its own interest; (ii) the Lender is not acting as a municipal advisor or financial advisor to the Borrower; (iii) the Lender has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Lender or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters); (iv) the only obligations the Lender has to the Borrower with respect to this transaction are set forth in this Agreement, the Fee Agreement and the Letters of Credit; and (v) the Lender is not recommending that the Borrower take an action with respect to the transaction described in this Agreement and the other Basic Documents, and before taking any action with respect to the this transaction, the Borrower should discuss the information contained herein with the Borrower's own legal, accounting, tax, financial and other advisors, as the Borrower deems appropriate.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Borrower and the Lender have duly executed this Agreement as of the date first written above.

MARIN CLEAN ENERGY

By: _____
Name:
Title:

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____

Name: Allyson Goetschius

Title: Executive Director

EXHIBIT A

FORM OF OPINION OF CHAPMAN AND CUTLER LLP

November 29, 2019

JPMorgan Chase Bank, N.A.
383 Madison Avenue, 3rd Floor
New York, New York 10179

Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, California 94901

Re: Marin Clean Energy and JPMorgan Chase Bank, N.A. – Revolving Credit Agreement
and Fee Agreement

Ladies and Gentlemen:

We have acted as special counsel to Marin Clean Energy, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“MCE”), in connection with:

(i) the Revolving Credit Agreement, dated as of November 29, 2019 (the “Revolving Credit Agreement”) and the Fee Agreement, dated November 29, 2019 (the “Fee Agreement” and together with the Revolving Credit Agreement, the “Loan Documents”) each between MCE, as borrower, and JPMorgan Chase Bank, N.A., as lender (the “Lender”);

In connection with this opinion, we have examined, among other documents, copies of the Loan Documents and the following additional documents, instruments and agreements, each in the form executed as of the dates set forth below:

(a) the Joint Powers Agreement of MCE, effective as of December 19, 2008, as amended;

(b) Resolution No. [____ - ____], adopted by MCE on November [____], 2019;

(c) [Investment Policy (Policy 014) of MCE];

(d) [FTB certificate or related state certification] of MCE’s status, dated November [____], 2019; and

(e) [_____].

Subject to the assumptions and qualifications contained herein, we have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of MCE, agreements and such other instruments and certificates of public or governmental officials and of officers and representatives of MCE, and made such investigations of law, as we have deemed necessary or appropriate as a basis for the opinions expressed below. We have relied as to factual matters upon representations of officers and representatives of MCE, including the representations of MCE in the Loan Documents. We have not independently investigated or verified the facts represented and do not opine as to the accuracy of any such facts.

In rendering the following opinions, we have assumed, without investigation, the authenticity of any document or instrument submitted to us as original, the conformity to the originals of any document or instrument submitted to us as a copy, the authenticity of the originals of such latter documents, the legal capacity of natural persons and the genuineness of all signatures on such originals or copies, and that all documents executed by a party other than MCE were duly and validly authorized, executed and delivered by such party and are the legal, valid and binding obligations of such party enforceable against such party in accordance with their respective terms.

We have further assumed that the Loan Documents accurately reflect the intent and business purposes of the parties thereto and the complete understanding of the parties thereto with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. The terms and conditions of the transactions described in the Loan Documents have not been amended, modified or supplemented by any (a) other agreement, negotiations or understanding of the parties thereto or (b) waiver of any of the material provisions of the Loan Documents.

We have assumed that the Lender has complied with all legal requirements pertaining to its status as such status relates to its power to enter into and make advances under the Loan Documents and enforce its remedies under the Loan Documents. In addition, we have assumed the Lender is either exempt from or has complied with all state and federal laws and regulations applicable to it as a result of entering into and making advances under the Loan Documents. Further, we have assumed the Lender (a) is a person exempt from the restrictions of Section 1 of Article XV of the California Constitution relating to rates of interest upon a loan or forbearance, and (b) has no present intent to transfer the Loan Documents to a person or entity that is not exempt from the usury laws of the State of California. Finally, we have assumed that all of the conditions to, and all of the requirements for, the effectiveness of the Loan Documents have been satisfied or waived.

Where statements in this opinion are qualified by the term “material” or “materially,” those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to MCE’s business, assets, results of operations or financial condition that are entirely those of MCE and its officers.

Members of our firm involved in the preparation of this opinion are licensed to practice law in the State of California and, in rendering the following opinions, do not purport to be experts on, or to express an opinion herein concerning, any law other than (i) the law of the State of

California and (ii) the federal law of the United States, in each case, as in effect on the date hereof and in our experience as are normally applicable to the transactions of the type contemplated by the Loan Documents (the foregoing laws, subject to the exceptions and qualifications herein, are referred to herein collectively as the “Applicable Laws”). We express no opinion as to whether the laws of any particular jurisdiction apply, and no opinion to the extent that the laws of any jurisdiction other than those identified above are applicable to the Loan Documents or the transactions contemplated thereby.

We express no opinion herein with respect to any document, instrument or agreement other than the Loan Documents.

Based upon and subject to the foregoing and the other assumptions and qualifications hereinafter contained, we are of the opinion that the Loan Documents constitute the legal, valid and binding obligations of MCE, enforceable against MCE in accordance with their terms.

This opinion is qualified by, and we render no opinion with respect to, the following:

(i) We express no opinion as to the effect of bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the relief of debtors or the rights and remedies of creditors generally, including without limitation the effect of statutory or other law regarding fraudulent conveyances, preferential transfers and equitable subordination;

(ii) Our opinions are qualified by the limitations imposed by general principles of equity upon the availability of equitable remedies for the enforcement of provisions of any of the Loan Documents, and by the effect of judicial decisions which have held that certain provisions are unenforceable when their enforcement would violate the implied covenant of good faith and fair dealing, or would be commercially unreasonable, or where their breach is not material;

(iii) We express no opinion as to the effect of Section 1670.5 of the California Civil Code or any other California law or equitable principle which provides that a court may refuse to enforce, or may limit the application of, a contract or any clause thereof which the court finds to have been unconscionable at the time it was made or contrary to public policy;

(iv) We express no opinion as to the enforceability of provisions of any of the Loan Documents expressly or by implication waiving broadly or vaguely stated rights or unknown future rights, or waiving rights granted by law where such waivers are against public policy;

(v) We express no opinion as to the enforceability of any provision of any of the Loan Documents purporting to (a) waive rights to trial by jury, service of process or objections to the laying of venue or to forum in connection with any litigation arising out of or pertaining to any of the Loan Documents, (b) exclude conflict of law principles under California law, (c) establish particular courts as the forum for the adjudication of any controversy relating to any of the Loan Documents or (d) establish the laws of any particular state or jurisdiction for the adjudication of any controversy relating to any of the Loan Documents;

(vi) We express no opinion as to the effect of judicial decisions that may permit the introduction of extrinsic evidence to modify the terms or the interpretation of any of the Loan Documents;

(vii) We express no opinion as to the enforceability of any provisions of any of the Loan Documents providing that (a) rights or remedies are not exclusive, (b) rights or remedies may be exercised without notice, (c) every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, (d) the election of a particular remedy or remedies does not preclude recourse to one or more other remedies or (e) the failure to exercise, or any delay in exercising, rights or remedies available under any of the Loan Documents will not operate as a waiver of any such right or remedy;

(viii) We note that a requirement that provisions of any of the Loan Documents may only be waived in writing may not be binding or enforceable if an oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver;

(ix) We express no opinion as to any provision of the Loan Documents which provides for indemnification, contribution, waiver or release to the extent such provision may be limited or rendered unenforceable, in whole or in part, by applicable federal or state securities laws, criminal statutes, or the policies underlying such laws and by the effect of general rules of contract law that limit the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification for liability for action or inaction, to the extent the action or inaction involves negligence, gross negligence, recklessness, willful misconduct or unlawful conduct of any person to be indemnified, exculpated, released, or exempted, or waivers of unmatured claims or rights;

(x) We express no opinion as to the creation, attachment, priority, enforceability or perfection of any security interest, including, without limitation, any security interest in the Debt Service Reserve Account or any security interest created by the Assignment; and

(xi) The opinions expressed herein are subject to the qualification that actions taken or determinations made by the parties to the Loan Documents be taken in good faith and be reasonable in view of the circumstances.

Our opinions expressed herein are rendered as of the date hereof and do not address the passage of time or other events subsequent to the date hereof. We disclaim any undertaking to advise you of any change in law or fact which may affect the continued correctness of any opinion as of a later date.

No opinion expressed herein may be cited, quoted or otherwise referenced in any financial statement, prospectus, private placement memorandum or other similar document, nor may copies of this opinion be delivered to any person other than the addressees hereto, without our prior written consent.

The addressees hereto may rely on the opinions expressed herein (subject to the assumptions and qualifications set forth herein) only in connection with the transactions

contemplated by the Loan Documents. No other person may rely on the opinions expressed herein for any purpose without our prior written consent. This opinion is not to be filed with any governmental agency or other person or entity without our prior written consent.]

Very truly yours,

CHAPMAN AND CUTLER LLP

EXHIBIT B

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this “*Certificate*”) is furnished to JPMorgan Chase Bank, N.A. (including its successors and assigns, the “*Lender*”) pursuant to the Revolving Credit Agreement, dated as of November 29, 2019 (together with all amendments and supplements thereto, the “*Agreement*”), by and between the Marin Clean Energy (including its successors and assigns, the “*Borrower*”) and the Lender. Unless otherwise defined herein, the terms used in this Certificate have the meanings assigned thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am an Authorized Representative of the Borrower;
2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Borrower during the accounting period covered by the attached financial statements;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a Default or Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below; and
4. To the best of my knowledge the financial statements required by Section 5.1(a) of the Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Marin Clean Energy System in accordance with GAAP as of the date and for the period covered thereby.

[Describe below the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

5. [The Debt Service Coverage Test Calculation] pursuant to Section 5.1(q).

6. Amounts held in the Operating Reserve are as follows: \$ _____.

[Remainder of page intentionally left blank]

The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this ____ day of _____, 20__.

MARIN CLEAN ENERGY

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF BORROWING REQUEST

___, 20__

JPMorgan Chase Bank, N.A.
383 Madison Avenue, 3rd Floor
New York, New York 10179
Mail Code: NY1-M076
Attention: _____

Ladies and Gentlemen:

The undersigned refers to the Revolving Credit Agreement, dated as of November 29, 2019 (together with any amendments or supplements thereto, the "**Agreement**"), by and between Marin Clean Energy (with its successors and assigns, the "**Borrower**") and JPMorgan Chase Bank, N.A. (with its successors and assigns, the "**Lender**") (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.3 of the Agreement, that the Lender make a Loan under the Agreement and disburse such funds as set forth in #6 below, and in that connection sets forth below the following information relating to such Loan (the "**Proposed Loan**"):

1. The Business Day of the Proposed Loan] is _____, 20__ (the "**Issuance Date**").

2. The principal amount of the Proposed Loan is \$_____, which is not greater than the Revolving Credit Exposure as of the Issuance Date set forth in 1 above. After giving effect to the Proposed Loan, the aggregate principal amount of all Loans and LC Exposure outstanding under the Agreement will not exceed the Revolving Credit Exposure as of the Issuance Date.

3. The interest rate with respect to the Proposed Loan shall be a [Base Rate Loan*][Eurodollar Loan][.];[IN THE CASE OF AN EURODOLLAR BORROWING] the initial Interest Period shall be for [one month][three months].

4. The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Issuance Date, before and after giving effect to the Proposed Loan:

(a) The representations and warranties of the Borrower set forth in Article IV of the Agreement (other than in Section 4.7 thereof) are true and correct in all material respects (or in the case of any representation qualified by materiality, in all respects) on the date hereof, as if made on the date hereof;

(b) No Event of Default has occurred and is continuing; and

(c) No event or change shall be in effect or shall have occurred that could reasonably be expected to have a Material Adverse Effect with respect to the Borrower's ability to receive Revenues or its ability to perform its obligations under the Agreement or the other Basic Documents.

5. The proceeds for Proposed Loan are being used for the following purposes:

(a) To provide cash collateral to secure the Borrower's obligations under PPAs, (b) to repay in whole or in part any LC Disbursement under Section 2.4(d) in the case of a Reimbursement Loan*,

(b) for general corporate purposes, or

(d) capital expenditures related to the development or acquisition of new assets related to the System.

6. The Proposed Loan shall be made by the Lender by wire transfer of immediately available funds or deposited [in the amount of \$_____] into Borrower's account at the Lender in accordance with the instructions set forth in the Agreement or to or on behalf of the Borrower in accordance with the instructions set forth below and the Borrower hereby confirms that the Lender is authorized to make said disbursements:

[Insert wire instructions and amounts]]

MARIN CLEAN ENERGY,

By: _____
[Title]

MARIN CLEAN ENERGY,

By: _____
[Title]

*

Reimbursement Loans may only be Base Rate Loans, not Eurodoallar Loans.

Approved by the Lender:

JPMORGAN CHASE BANK, N.A.

By: _____
[Authorized Officer]

EXHIBIT D-1

FORM OF LETTER OF CREDIT REQUEST

___, 20__

JPMorgan Chase Bank, N.A.
383 Madison Avenue, 3rd Floor
New York, New York 10179
Mail Code: NY1-M076
Attention: _____

Ladies and Gentlemen:

The undersigned refers to the Revolving Credit Agreement, dated as of November 29, 2019 (together with any amendments or supplements thereto, the “**Agreement**”), by and between Marin Clean Energy (with its successors and assigns, the “**Borrower**”) and JPMorgan Chase Bank, N.A. (with its successors and assigns, the “**Lender**”) (the terms defined therein being used herein as therein defined) and hereby requests, pursuant to Section 2.4 of the Agreement, that the Lender issue a Letter of Credit under the Agreement, and in that connection sets forth below the following information relating to such Letter of Credit (the “*Proposed Letter of Credit*”):

1. The Business Day of the Proposed Letter of Credit is _____, 20__ (the “**Issuance Date**”).
2. The principal amount of the Proposed Letter of Credit is \$_____, which is not greater than the Revolving Credit Exposure as of the Issuance Date set forth in 1 above. After giving effect to the Proposed Letter of Credit, the aggregate principal amount of all Loans and Letters of Credit outstanding under the Agreement will not exceed the Revolving Credit Exposure as of the Issuance Date set forth in 1 above.
3. The tenor of the Proposed Letter of Credit shall be for [one][two][three] year[s].
4. The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Issuance Date, before and after giving effect thereto:
 - (a) The representations and warranties of the Borrower set forth in Article IV of the Agreement (other than in Section 4.7 thereof) are true and correct in all material respects on the date hereof, as if made on the date hereof;
 - (b) No Event of Default has occurred and is continuing;
 - (c) No event or change shall be in effect or shall have occurred that could reasonably be expected to have a Material Adverse Effect with respect to the Borrower’s ability to receive Revenues or its ability to perform its obligations under the Agreement or the other Related Documents.

5. The undersigned hereby confirms that the Borrower has submitted a Standby Letter of Credit Application, a form of which is on file with the Borrower and the Lender.

MARIN CLEAN ENERGY,

By: _____
Chief Operating Officer

MARIN CLEAN ENERGY,

By: _____
[Title]

Exhibit D-2

Short Form Letter of Credit Application

To be provided under separate cover by the Lender.

Exhibit D-3
FORM OF COMMERCIAL & STANDBY LETTERS OF CREDIT BETWEEN MARIN CLEAN ENERGY AND
JPMORGAN CHASE BANK, N.A.
(for Credits issued under a credit agreement)

J.P.Morgan

To induce JPMorgan Chase Bank, N.A. and/or any of its domestic or foreign subsidiaries or affiliates (individually and collectively, “**Bank**”), to issue for the account of Applicant or for the account of the Account Party named in the Application, one or more standby or commercial letters of credit or other independent undertakings, from time to time at the request of the undersigned (individually and collectively, “**Applicant**”; jointly and severally, if more than one), Applicant agrees as to each letter of credit or undertaking (together with any replacements, extensions or modifications, a “**Credit**”, collectively, “**Credits**”) as follows:

All Credits issued pursuant to this Continuing Agreement (as amended, supplemented or otherwise modified, the “**Agreement**”) are issued under and pursuant to the terms and conditions of the Revolving Credit Agreement (as amended, extended, restated or otherwise modified from time to time, and including any successor agreement to which the Bank is a party (as a letter of credit issuing bank) which refinances or otherwise governs the Credits, the “**Credit Agreement**”) dated as of among Marin Clean Energy and JPMorgan Chase Bank, N.A. as Lender. Capitalized terms used herein and not otherwise defined have the meaning assigned to them in the Credit Agreement. If the Credit Agreement is terminated or expires, references in this Agreement to the Credit Agreement shall refer to the Credit Agreement in the form it was in immediately prior to such termination or expiration, unless otherwise agreed by Bank and Applicant. In the event of any inconsistency between the terms and conditions of the Credit Agreement and the terms and conditions of this Agreement, the terms and conditions of the Credit Agreement shall control, except that provisions relating to indemnification and limitation of Bank’s liability as set forth in this Agreement shall also apply.

1. Definitions: The following terms shall have the meanings set forth below:

“**Application**” means an irrevocable request to issue a Credit, in a form acceptable to the Bank.

“**Costs**” means any and all claims, suits, judgments, costs, losses, fines, penalties, damages, liabilities, and expenses, including reasonable and documented expert witness fees and legal fees, charges and disbursements of any counsel for any Indemnified Person.

“**Drawing Document**” means any document presented for purposes of drawing under a Credit.

“**Good Faith**” means honesty in fact in the conduct of the transaction concerned.

“**Instructions**” means each Application, any inquiries, communications and instructions (in any form, whether oral, telephonic, written, electronic mail or transmission or facsimile) regarding a Credit. Bank’s records of the content of any Instruction shall be conclusive absent manifest error.

“**ISP**” means International Standby Practices 1998 (International Chamber of Commerce Publication No. 590) and any subsequent revision thereof adhered to by Bank on the date such Credit is issued.

“**LOIs**” means steamship guarantees, releases or letters of indemnity in favor of a carrier issued by Bank upon Instruction of Applicant as set forth on Annex I.

“**Obligations**” means all obligations and liabilities of Applicant to Bank in respect of any and all Credits and LOIs issued hereunder (if any), whether matured or unmatured, absolute or contingent, now existing or hereafter incurred.

“Property” means all property of any kind whatsoever (now existing or hereafter acquired) referred to, or relating to, an applicable Credit including, without limitation, any and all right, title and interest of Applicant in any goods, equipment, inventory, money, documents, letters of credit, warehouse receipts, instruments, securities, security entitlements, financial assets, investment property, precious and base metals, chattel paper, electronic chattel paper, accounts, commercial tort claims, deposit accounts, general intangibles (including any claims for breach of contract, breach of warranty claims and any insurance policies and proceeds), letter of credit rights, choses in action and the proceeds of any and all thereof (including any and all of the aforesaid referred to in any Credit or the Drawing Documents relating thereto).

“Released Merchandise” means, with respect to a Credit, all Property released (including pursuant to a forwarders cargo receipt or by any other means whatsoever) or consigned to Applicant or any Person designated by Applicant in connection with such Credit or related LOI.

“Standard Letter of Credit Practice” means, for Bank, any domestic or foreign law or letter of credit practices applicable in the city in which Bank issued the applicable Credit or for its branch or correspondent, such laws and practices applicable in the city in which it has advised, confirmed or negotiated such Credit, as the case may be. Such practices shall be (i) of banks that regularly issue Credits in the particular city and (ii) required or permitted under the UCP or the ISP, as chosen in the applicable Credit.

“UCP” means Uniform Customs and Practice for Documentary Credits 2007 Revision, International Chamber of Commerce Publication No. 600 and any subsequent revision thereof adhered to by Bank on the date such Credit is issued.

“UN Convention” means the United Nations Convention on Independent Guarantees and Standby Letters of Credit.

2. Limitation of Liability; Indemnification. (a) Without limiting any provision of the Credit Agreement covering the limitation of liability of the issuing bank (including any exception set forth therein), Bank and each other Indemnitee shall not be responsible to Applicant for, and Bank’s rights and remedies against Applicant and Applicant’s obligation to reimburse Bank under the Credit Agreement shall not be impaired by: (i) honor of a presentation under any Credit which on its face substantially complies with the terms of such Credit; (ii) honor of a presentation of any Drawing Documents which appear on their face to have been signed, presented or issued (X) by any purported successor or transferee of any beneficiary or other party required to sign, present or issue the Drawing Documents or (Y) under a new name of the beneficiary; (iii) acceptance as a draft of any written or electronic demand or request for payment under a Credit, even if nonnegotiable or not in the form of a draft, and may disregard any requirement that such draft, demand or request bear any or adequate reference to the Credit; (iv) the identity or authority of any presenter or signer of any Drawing Document or the form, accuracy, genuineness, or legal effect of any presentation under any Credit or of any Drawing Documents; (v) disregard of any non-documentary conditions stated in any Credit; (vi) acting upon any Instruction which it, in Good Faith, believes to have been given by a Person or entity authorized to give such Instruction; (vii) any errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document (regardless of how sent or transmitted) or for errors in interpretation of technical terms or in translation; (viii) any delay in giving or failing to give any notice; (ix) any acts, omissions or fraud by, or the solvency of, any beneficiary, any nominated Person or any other Person; (x) any breach of contract between the beneficiary and Applicant or any of the parties to the underlying transaction; (xi) assertion or waiver of any provision of the UCP or ISP which primarily benefits an issuer of a letter of credit, including, any requirement that any Drawing Document be presented to it at a particular hour or place; (xii) payment to any paying or negotiating bank (designated or permitted by the terms of the applicable Credit) claiming that it rightfully honored or is entitled to reimbursement or indemnity under the Standard Letter of Credit Practice applicable to it; or (xiii) acting or failing to act as required or permitted under Standard Letter of Credit Practice (or in the case of other independent undertakings or guarantees, the UN Convention) applicable to where it has issued, confirmed, advised or negotiated such Credit, as the case may be.

(b) Without limiting any provision in the Credit Agreement covering the indemnification of the issuing bank by the Applicant (including any limitation or exception set forth therein) (**“Indemnity Provisions”**), such Indemnity Provisions shall apply to Bank and each related Indemnitee notwithstanding the occurrence of any of the events specified in clause (a) of this Section 2.

(c) If a Credit is to be governed by a law other than that of the State of New York, Bank shall not be liable for any Costs resulting from any act or omission by Bank in accordance with the UCP or the ISP, as applicable, and Applicant shall indemnify Bank for all such Costs.

3. Foreign Currency. Unless otherwise previously agreed by the Bank, if an amount drawn under any Credit is in non-United States dollar (**“foreign currency”**), Applicant shall reimburse Bank, on demand, the United States dollar equivalent of such drawn amount based on the Bank’s actual cost of settlement of its obligation. Applicant’s obligation to make payments in any currency (the **“Contract Currency”**) shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment or otherwise, that is expressed in or converted into any currency other than the Contract Currency, except to the extent that such tender or recovery results in the actual receipt by Bank at

its designated office of the full amount of the Contract Currency specified to be payable hereunder. Applicant's obligation to make payments in the Contract Currency shall be enforceable as an alternative or additional cause of action to the extent that such actual receipt is less than the full amount of the Contract Currency specified to be payable hereunder, and shall not be affected by judgment being obtained for other sums due hereunder. Applicant shall indemnify Bank for any shortfall in such actual receipt.

4. Representations and Warranties. Applicant hereby represents and warrants on and as of the date hereof, and the date of each issuance, amendment, renewal and extension of a Credit, as applicable, that (i) this Agreement constitutes the legal, valid and binding obligation of Applicant enforceable against it in accordance with its terms; (ii) the representations and warranties set forth in the Credit Agreement are true and correct; and (iii) if applicable, no goods or vessels used to transport goods related to such Credit will be the subject of any Sanctions.

5. Remedies. If at any time there shall occur and be continuing any action for a temporary restraining order, preliminary or permanent injunction, beneficiary wrongful dishonor action or the issuance or commencement of any similar order, action or event in connection with any Credit or any Drawing Document or this Agreement, which order, action or event may apply, directly or indirectly, to Bank or which otherwise threatens to extend or increase Bank's contingent liability beyond the time, amount or other limit provided in such Credit or this Agreement then, Applicant shall, upon Bank's demand, deliver to Bank, as additional security for the Obligations, cash in an amount required by Bank.

6. Assertion of Rights. To the extent Bank honors a presentation for which Bank remains unpaid, Bank may assert rights of Applicant and Applicant shall cooperate with Bank in its assertion of Applicant's rights, if any, against the beneficiary, the beneficiary's rights against Applicant and any other rights that Bank may have by subordination, subrogation, reimbursement, indemnity or assignment.

7. Notices, S.W.I.F.T., Electronic Transmissions.

(a) Notices. Unless otherwise provided in the Credit Agreement, notices to Bank shall be sent to the address of Bank as set forth in the Credit and shall be delivered by hand, overnight courier or certified mail, return receipt requested. Notices to Applicant shall be sent to the address set forth in the Application unless advised otherwise in writing.

(b) S.W.I.F.T. Bank may transmit a Credit and any amendment thereto by S.W.I.F.T. message and thereby bind Applicant directly and as indemnitor to the S.W.I.F.T. rules.

(c) Electronic Transmissions. Bank is authorized to accept and process any Application and any amendments, transfers, assignments of proceeds, Instructions, consents, waivers and all documents relating to the Credit or the Application which are sent by electronic transmission using the system provided by Bank, including S.W.I.F.T., electronic mail, facsimile or other computer generated telecommunications ("**Electronic Transmission**") and such Electronic Transmission shall have the same legal effect as an original and shall be binding upon and enforceable against Applicant. Bank may, but shall not be obligated to, require authentication of such Electronic Transmission or receipt of original documents prior to acting on such Electronic Transmission. If it is a condition of the Credit that payment may be made upon receipt by Bank of an Electronic Transmission advising negotiation, Applicant hereby agrees to reimburse Bank on demand for the amount indicated in such Electronic Transmission advice, and further agrees to hold Bank harmless if the documents fail to arrive, or if, upon the arrival of the documents, Bank should determine that the documents do not comply with the terms and conditions of the Credit.

8. COMMERCIAL CREDITS

(a) Pledge of Underlying Goods and Title Documents. As security for the payment and performance of all obligations and liabilities of Applicant to Bank in respect of any and all commercial Credits and LOIs issued hereunder (if any) and under this Agreement, Applicant hereby grants to Bank a continuing lien and security interest in all of Applicant's right, title and interest in, to and under all the underlying goods relating to the commercial Credits and the title documents evidencing such goods and all products and proceeds of the foregoing (whether now existing or hereafter created or acquired) which have been or at any time shall be delivered to, received by or otherwise come into the possession or control of Bank, its correspondents or Applicant in connection with each Credit.

(b) Acceptance of Drawing Documents; No Waiver. Applicant's acceptance or retention of a Drawing Document presented under or in connection with any Credit (whether or not the document is genuine) or of any Released Merchandise shall ratify Bank's honor of the presentation and preclude Applicant from raising a defense, set-off or claim with respect to Bank's honor of such Credit. Bank shall not be required to seek any waiver of discrepancies from Applicant or to grant any waiver of discrepancies which Applicant approves or requests.

(c) Possession of Drawing Documents. If Bank shall agree to honor (accept) Drawing Documents under a Credit on a time draft or deferred payment basis, Applicant shall not take possession of the Drawing Documents or the underlying Property except for the purpose of loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with such Property in a manner preliminary to its sale or exchange. An Instruction to release any such Drawing Document or Property shall be deemed a representation by Applicant to Bank that Applicant seeks such release for one of said purposes. In each such case, Applicant shall apply the proceeds of Property to the Obligations relating to the applicable Credit.

(d) Absence of Written Instructions. In the absence of written instructions to the contrary, Applicant agrees that (i) if the Credit authorizes drawings and/or shipments in installments and any installment is not drawn and/or shipped within the period allowed for that installment but Applicant waives such discrepancy, Bank is authorized to honor any subsequent installments so long as documents for such installments are presented within the period allowed for such installments; and (ii) each negotiated Credit shall expire at the counters of the nominated person even if notice of the presentation or any documents contained in the presentation is not received by Bank until after the expiry date of the Credit or any installment thereof.

(e) Release of Documents or Claiming of Goods from the Carrier. In the event Bank, upon Applicant's request, agrees to deliver to Applicant, a customs broker or any other person designated by Applicant, any of the documents of title relating to the Credit, prior to having received payment in full of all the Obligations, Applicant agrees to obtain possession of any goods represented by such documents within twenty-one days after the date of delivery of such documents, and if Applicant fails to do so, Applicant agrees to return such documents or to have them returned to Bank prior to the expiration of the twenty-one day period. Applicant further agrees to execute and deliver to Bank receipts for such documents and the goods represented thereby identifying and describing such documents and goods. If Applicant claims from the carrier any goods identified in the shipping documents required under the Credit, (by virtue of a steamship release, air release, letter of indemnity or any other means), with or without the assistance of Bank, and such goods have been released to Applicant or a customs broker or agent acting on Applicant's behalf, Applicant hereby authorizes Bank to immediately, and without further inquiry and consideration, debit any account of Applicant in an amount equal to the fair market value of such goods, that have been released, together with any out-of-pocket charges or expenses owing to Bank.

9. STANDBY CREDITS

(a) Installments. If the Credit is issued subject to UCP 600, unless otherwise agreed, in the event that any installment of the Credit is not drawn within the period allowed for that installment, the Credit may continue to be available for any subsequent installments in the sole discretion of Bank, notwithstanding Article 32 of UCP 600.

(b) Auto Extend Notice. If the Credit provides for automatic extension without amendment, Applicant agrees that it will notify Bank in writing at least thirty (30) days prior to the last day specified in the Credit by which Bank must give notice of nonextension if Applicant wishes the Credit not to be extended. Any decision to extend or not extend the Credit shall be in Bank's sole discretion and judgment. Applicant hereby acknowledges that in the event Bank notifies the beneficiary of the Credit that it has elected not to extend the Credit and the beneficiary draws on the Credit after receiving the notice of non-extension, Applicant acknowledges and agrees that Applicant shall have no claim or cause of action against Bank or defense against payment under the Agreement for Bank's discretionary decision to extend or not extend the Credit.

(c) Pending Expiry Notice. If a Credit's terms and conditions provide that Bank give beneficiary a notice of pending expiration, Applicant agrees that it will notify Bank in writing at least thirty (30) days prior to the last day specified in the Credit by which Bank must give such notice of the pending expiration date. In the event Applicant fails to so notify Bank and the Credit is extended, Applicant's Obligations under this Agreement shall continue in effect and be binding on Applicant with regard to the Credit as so extended.

10. Waiver of Defense; Joint and Several Liability. Applicant waives any defense whatsoever which might constitute a defense available to, or discharge of, a surety or a guarantor. If more than one Person signs this Agreement or an Application hereunder, each of them shall be jointly and severally liable hereunder and thereunder and all the terms and provisions regarding liabilities, obligations and Property of such Persons shall apply to any liabilities, obligations and Property of any and all of them.

11. Termination. This Agreement is a continuing agreement and may not be terminated by Applicant except upon (i) thirty (30) days' prior written notice of such termination by Applicant to Bank at the address of Bank set forth on the most recent Credit issued hereunder, (ii) payment of all Obligations and (iii) the expiration or cancellation of all Credits issued hereunder. Notwithstanding the foregoing sentence, if a Credit is issued in favor of a sovereign or commercial entity, which is to issue a guarantee or undertaking on Applicant's

behalf in connection therewith, or is issued as support for such a guarantee, Applicant shall remain liable with respect to such Credit until Bank is fully released in writing by such entity.

12. Amendment; Waiver. Bank shall not be deemed to have amended or modified any term hereof, or waived any of its rights unless Bank consents in writing to such amendment, modification or waiver. No such waiver, unless expressly stated therein, shall be effective as to any transaction which occurs subsequent to such waiver, nor as to any continuance of a breach after such waiver. Bank's consent to any amendment, modification or waiver does not mean that Bank shall consent or has consented to any other or subsequent Instruction to amend, modify, or waive a term of this Agreement or any Credit.

13. Commencement of Action. Any action or proceeding in respect of any matter arising under or in connection with Credits, the Applications or this Agreement must be brought by Applicant against Bank within the time period specified in Section 5-115 of the Uniform Commercial Code.

14. Jurisdiction; Waiver of Jury Trial; Governing Law. Applicant agrees to be bound by the provisions in the Credit Agreement relating to jurisdiction, venue, and waiver of jury trial and that such provisions shall also apply to this Agreement. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

15. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of Bank and Applicant and their respective successors and assigns permitted hereby, except that Applicant may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Bank. Nothing in this Agreement, expressed or implied, shall be construed to confer any right or benefit upon any Person (other than the parties hereto, the Indemnified Persons and their respective successors and permitted assigns).

16. Counterparts; Integration; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the Credit Agreement constitute the entire contract and final agreement among the parties relating to the subject matter and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

17. Survival. The provisions of Sections 2, 8(a), 11, 14 and 17 shall survive and remain in full force and effect regardless of the consummation of any transactions contemplated hereby, the reimbursement or repayment of any drawings or Obligations, the expiration or termination of the Credits or LOIs or the termination of this Agreement or any provision hereof.

IN WITNESS WHEREOF, the Applicant hereto has caused this Agreement to be duly executed and delivered by its respective authorized officer as of the day and year written below.

APPLICANT/OBLIGOR
MARIN CLEAN ENERGY

By:
Name:
Title:
Date:

ANNEX I TO CONTINUING AGREEMENT

If Bank issues an LOI or endorses a bill of lading at the instruction of Applicant or otherwise pursuant hereto, Applicant agrees as follows:

Except as otherwise set forth in this Annex I or expressly set forth elsewhere in this Agreement, an LOI shall be deemed issued by Bank subject to the same terms and conditions set forth herein for Credits, including, without limitation, payment obligations, indemnification provisions and limitations of liability benefiting Bank and other Indemnified Persons. Applicant shall be liable for payments made under any LOI on demand and otherwise in accordance with its absolute obligation to reimburse the Bank set forth in the Credit Agreement. Bank shall have the right in its sole discretion and without notice to or approval of Applicant, to pay, settle or adjust any claim or demand made against or upon Bank in connection therewith without inquiry or determination, on Bank's part, of the circumstances, merits or validity of any claim or demand. Applicant shall take whatever steps are necessary to obtain the shipping documents concerning the Released Merchandise. Upon Applicant's receipt of such shipping documents, Applicant shall deliver them to the carrier, duly endorsed by all parties whose endorsement is required by the carrier, and obtain from the carrier and deliver to Bank, the LOI and a release of Bank's liability to the carrier. Bank may make payments against any drawing under the Credit related to an LOI, whether or not the drawing shall comply with the terms and conditions of such Credit, without any liability whatsoever to Bank. Applicant expressly acknowledges that Applicant may be required to reimburse Bank for payments made by Bank under both the LOI and such Credit with respect to the same Released Merchandise. Applicant shall account by delivering to Bank, immediately upon the receipt thereof by Applicant, the proceeds of the sale of the Released Merchandise or the documents related thereto in whatever form received (with Applicant's endorsement where necessary) to be applied by Bank to the payment of any drawing under the Credit. If any proceeds shall be notes, accounts, acceptances, or in any form other than cash, they shall not be applied by Bank until paid in cash. Bank shall have the option at any time to sell or discount these items and so apply the net proceeds, conditionally upon final payment of these items. Applicant shall pay all charges in connection with the Released Merchandise and shall at all times hold it separate and apart from the Property of Applicant and shall definitively show such separation in all its records and entries. Applicant shall at all times keep the Released Merchandise fully insured at Applicant's expense in favor of, and to the satisfaction of, Bank against loss by fire, theft, and any other risk to which it may be subject. Applicant shall deposit the insurance policies with Bank upon its demand. If for any reason any of such policies fail to provide for payment of the loss thereunder to Bank as its interest may appear, Applicant hereby (1) assigns and makes the loss payable under any of such policies payable to Bank as its interest may appear, (2) assigns to Bank all of the avails and proceeds of any and all of such policies, and (3) agrees to accept such avails and proceeds in trust for Bank and to forthwith deliver the same to Bank in the exact form received (with the endorsement of Applicant where necessary). Bank shall have no responsibility for the existence, quantity, quality, condition, value or delivery of any Released Merchandise or the correctness, validity or genuineness of the documents purporting to represent Released Merchandise.

FEE AGREEMENT

This FEE AGREEMENT dated November 29, 2019 (as amended, modified or restated from time to time, this “*Fee Agreement*”), is by and between the MARIN CLEAN ENERGY, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (together with its successors and assigns, “*Borrower*”), and JPMORGAN CHASE BANK, N.A. (together with its successors and assigns, the “*Lender*”).

Reference is made to the Revolving Credit Agreement, dated as of November 29, 2019 (as amended, modified, extended or restated from time to time, the “*Agreement*”), entered into between the Borrower and the Lender. Capitalized terms not otherwise defined herein have the meanings set forth in the Agreement.

This Fee Agreement is the Fee Agreement referenced in the Agreement and the terms of this Fee Agreement are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between the Borrower and the Lender, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I FEES.

Section 1.1 Undrawn Fees. The Borrower agrees to pay to the Lender, in immediately available funds, for the period from and including the Closing Date to and including the earlier of the Maturity Date and the date the Commitment is terminated in full (the “*Commitment End Date*”), and in arrears on the first Business Day of each April, July, October and January occurring thereafter to the Commitment End Date, and on the Commitment End Date (each, a “*Payment Date*”), a non-refundable undrawn fee (the “*Undrawn Fee*”) in an amount equal for each day during such calculation period to the product of (x) [] per annum (the “*Undrawn Fee Rate*”), (y) the Unutilized Commitment (as defined below) for such day and (z) a fraction the numerator of which is 1 and denominator of which is 360.

The term “*Unutilized Commitment*” as used in this Fee Agreement means, for any day, the number obtained by subtracting the Revolving Credit Exposure as of 5:00 p.m. New York City time on such day from the Commitment in effect at as of 5:00 p.m. New York City time on such day.

The Undrawn Fee shall be calculated from and including one Payment Date (or, in the case of the first Undrawn Fee payment, the Closing Date) to but excluding the next Payment Date (each, a “*Payment Period*”), and the Lender shall provide the Borrower with an invoice for each Undrawn Fee; provided, however, that the failure of the Lender to do so shall not relieve the Borrower from its obligation to pay such Undrawn Fee.

Section 1.2 Letter of Credit Fees. The Borrower agrees to pay to the Lender, in immediately available funds, for the period from and including the date of issuance of each Letter of Credit to but excluding the date such Letter of Credit is terminated (the “*LC Termination Date*”),

and in arrears on the first Business Day of each April, July, October and January occurring thereafter to the LC Termination Date, and on the LC Termination Date (each, a “*LC Payment Date*”), a non-refundable undrawn fee (the “*LC Facility Fee*”) in an amount equal for each day during such calculation period to the product of (x) [] per annum for a Letter of Credit with a term no greater than one year, [] per annum for a Letter of Credit with a term greater than one year but less than two years, and [] per annum for a Letter of Credit with a term greater than two years but less than three years (such applicable rate, the “*LC Facility Fee Rate*”), (y) the stated amount of such Letter of Credit as of 5:00 p.m. New York City time on such day and (z) a fraction the numerator of which is 1 and denominator of which is 360.

The LC Facility Fee shall be calculated from and including one LC Payment Date (or, in the case of the initial LC Facility Fee payment in respect of a Letter of Credit, the date such Letter of Credit is issued (unless such date of issuance is a LC Payment Date)) to but excluding the next LC Payment Date (each, a “*LC Payment Period*”), and the Lender shall provide the Borrower with an invoice for each LC Facility Fee; provided, however, that the failure of the Lender to do so shall not relieve the Borrower from its obligation to pay such LC Facility Fee.

Section 1.3 Issuance or Drawing Fees. The Borrower agrees to pay to the Lender a non-refundable fee of [] for each issuance or drawing under a Letter of Credit, which fee shall be earned on the issuance or drawing date and shall be payable upon invoice on the next LC Payment Date (or, if there is no further LC Payment Date, the LC Termination Date).

Section 1.4 Amendment Waiver or Consent Fees. The Borrower agrees to pay to the Lender on the date on which the Borrower requests from the Lender (i) an amendment, supplement or modification to the Agreement or any other Basic Document, (ii) a consent under, or a waiver of any provision of, the Agreement or any other Basic Document or (iii) the transfer of any Letter of Credit, a non-refundable fee to be determined by the Lender at the time of such amendment, supplement or modification or waiver or consent or transfer, but in any event at a minimum of [], plus, in each case, the reasonable fees and expenses of legal counsel to the Lender; provided, however, that in the case of a simple extension with no modifications to any Basic Document, there shall be no fee of the Lender required hereunder, though reasonable fees and expenses of legal counsel to the Lender shall still be applicable.

Section 1.5 Termination Fee; Reduction Fee.

(a) The Borrower hereby agrees to pay to the Lender a termination fee in connection with any termination of the Commitment by the Borrower prior to the date that is [], in an amount equal to the product of (1) the Undrawn Fee Rate in effect on the date of such termination, (2) the Commitment (without regard to any outstanding Loans, Letters of Credit or LC Disbursements) and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to but excluding the Maturity Date, and the denominator of which is 360 (the “*Termination Fee*”), which Termination Fee shall be paid on or before the date of such termination; provided, however, that no Termination Fee shall be payable if the Commitment is terminated prior to Mid-Point Date as a result of (i) the Lender requesting compensation for increased costs or loss of return from the Borrower pursuant to Section 2.12 of

the Agreement as a result of a Change in Law, unless the Borrower replaces the Commitment with a lender agreement provided by a bank (a “*Lender Agreement*”) or other financial institution that is also subject to the effects of such Change in Law, in which case the Termination Fee shall be payable, or (ii) a good faith determination by the Borrower that the Commitment is no longer needed and all outstanding Loans and LC Disbursements are paid in full on or prior to the termination date from a source of funds that does not, directly or indirectly, involve a Lender Agreement. No termination in full of the Commitment shall become effective unless and until all amounts payable by the Borrower to the Lender under the Agreement and this Fee Agreement (including without limitation the amount payable, if any, pursuant to this Section 1.5(a)) have been paid in full.

(b) The Borrower agrees not to permanently reduce the Commitment below the Commitment in effect as of the Closing Date prior to the [], without the payment by the Borrower to the Lender of a reduction fee (the “*Reduction Fee*”) in connection with each and every permanent reduction of the Commitment in an amount equal to the product of (1) the Undrawn Fee Rate in effect on the date of such permanent reduction, (2) the amount of the permanent Commitment reduction and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to the Maturity Date, and the denominator of which is 360; provided, however, that no Reduction Fee shall be payable if the Commitment is permanently reduced prior to Mid-Point Date as a result of (i) the Lender requesting compensation for increased costs or loss of return from the Borrower pursuant to Section 2.12 of the Agreement as a result of a Change in Law, unless the Borrower replaces the permanently reduced Commitment with a Lender Agreement provided by a bank or other financial institution that is also subject to the effects of such Change in Law, in which case the Reduction Fee shall be payable, or (ii) a good faith determination by the Borrower that the amount of the Commitment being permanently reduced is no longer needed and, if such permanent reduction requires the prepayment or repayment of Loans or LC Disbursements, that such outstanding Loans and LC Disbursements are paid in full on or prior to the reduction date from a source of funds that does not, directly or indirectly, involve a Lender Agreement. Under no circumstances shall the Borrower permanently reduce the Commitment below the Revolving Credit Exposure unless in connection with such permanent reduction the Borrower reduces the Revolving Credit Exposure (whether by prepayment of Loans or return and cancellation of Letters of Credit) so that after giving effect to such permanent reduction the Revolving Credit Exposure is not greater than the reduced Commitment.

Section 1.6 Applicable Margin. As used in the Agreement and this Fee Agreement, the “Applicable Margin” means []

Section 1.7 Default Rate. For purposes of this Fee Agreement and the Agreement, “*Default Rate*” means, with respect to any Loans (but not Letters of Credit), the then applicable Adjusted LIBO Rate or Base Rate plus the Applicable Margin plus [], and with respect to any Letter of Credit that has not triggered a Reimbursement Loan, the then applicable LC Facility Fee Rate plus [].

ARTICLE II MISCELLANEOUS.

Section 2.1 Legal Fees. The Borrower shall pay the reasonable legal fees and expenses of the Lender incurred in connection with the preparation and negotiation of the Agreement, this Fee Agreement and certain other Basic Documents in an amount not to exceed \$35,000 plus disbursements.

Section 2.2 Amendments. No amendment to this Fee Agreement will become effective without the prior consent of the Borrower and the Lender, which consent must be in writing and signed by the Lender and an Authorized Representative of the Borrower.

Section 2.3 Governing Law. This Fee Agreement shall be deemed to be a contract under, and for all purposes shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York without giving effect to conflicts of laws provisions (other than New York general obligations laws 5-1401 and 5-1402); *provided*, that the obligations of the Borrower hereunder shall be governed by the laws of the State of California without regard to choice of law rules.

Section 2.4 Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which will constitute an original but both or all of which, when taken together, will constitute but one instrument. This Fee Agreement may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

Section 2.5 Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers or representatives thereunto duly authorized on the date first set forth above.

MARIN CLEAN ENERGY

By: _____
Name:
Title:

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By _____
Name: Allyson Goetschius
Title: Executive Director

MCE Board Offices and Committees

Board Offices:

Kate Sears, Chair
Tom Butt, Vice Chair
Vicken Kasarjian, Auditor/Treasurer
Dawn Weisz, Secretary

Executive Committee

1. Tom Butt, Chair
2. Denise Athas
3. Sloan Bailey
4. Lisa Blackwell
5. Barbara Coler
6. Ford Greene
7. Kevin Haroff
8. Bob McCaskill
9. Tim McGallian
10. Kate Sears
11. Renata Sos
12. *Elizabeth Patterson (Interested)*

Technical Committee

1. Kate Sears, Chair
2. Kevin Haroff
3. Greg Lyman
4. Scott Perkins
5. Rob Schroder
6. Ray Withy
7. Justin Wedel

Ad Hoc Ratesetting Committee 2019

1. Sloan Bailey
2. Ford Greene
3. Kevin Haroff
4. Greg Lyman
5. Bob McCaskill
6. Scott Perkins
7. Ray Withy

Ad Hoc Audit Committee 2019

1. Bob McCaskill
2. Andrew McCullough
3. Ray Withy



MCE Technical Committee Overview and Scope

Maximum Membership: 8

Current Members: Kate Sears, County of Marin (Chair)
Kevin Haroff, City of Larkspur
Greg Lyman, City of El Cerrito
Scott Perkins, City of San Ramon
Rob Schroder, City of Martinez
Justin Wedel, City of Walnut Creek
Ray Withy, City of Sausalito

Membership Process: MCE strives to assemble a Technical Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Technical Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when “New Committee Members” is on the Agenda.

Current meeting date: First Thursday of each month at 8:30 am

Scope

The scope of the MCE Technical Committee is to explore, discuss and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, procurement risk management and other topics of a technical nature.

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, MCE’s Energy Risk Management Policy (ERMP), procurement risk oversight, and other activity related to the energy sector. The MCE Technical Committee reviews and discusses new technologies and potential application by MCE.

Authority of Technical Committee

- Approval of and changes to MCE’s Net Energy Metering Tariff
- Approval of and changes to MCE’s Feed in Tariff

- Approval of annual GHG emissions level and related reporting
- Approval of MCE procurement pursuant to Resolution 2018-03 or its successor
- Approval of MCE procurement-related certifications and reporting, including the Power Content Label
- Approval of contracts with vendors for technical programs or services, energy efficiency program or services and procurement functions or services Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan
- Receipt of reports from the Risk Oversight Committee (ROC) on at least a quarterly basis regarding the ROC's meetings, deliberations, and any other areas of concern
- Initiation of and oversight of a review of the implementation of the ERMP as necessary
- Approval of substantive changes to MCE's Energy Risk Management Policy (ERMP), including periodic review of the ERPM and periodic review of ERPM implementation



MCE Executive Committee Overview and Scope

Maximum Membership: 12

Current Members: Tom Butt, City of Richmond (Chair)
Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Lisa Blackwell, Town of Danville
Barbara Coler, Town of Fairfax
Ford Greene, Town of San Anselmo
Kevin Haroff, City of City of Larkspur
Bob McCaskill, City of Belvedere
Tim McGallian, City of Concord
Kate Sears, County of Marin
Renata Sos, Town of Moraga

Membership Process: MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when “New Committee Members” is on the Agenda.

Current meeting date: First Fridays of each month at 12:15pm

Scope

The scope of the MCE Executive Committee is to explore, discuss and provide direction or approval on general issues related to MCE including legislation, regulatory compliance, strategic planning, outreach and marketing, contracts with vendors, human resources, finance and budgeting, debt, rate-setting and agenda setting for the regular MCE Board meetings and annual Board retreat.

Authority of Executive Committee

Executive Committee is authorized to make decisions regarding:

- Legislative positions outside of the Board-approved legislative plan
- Procurement pursuant to Resolution 2018-04 or its successor
- Compensation and evaluation of the CEO
- Ad hoc committees
- Honorary awards

The Executive Committee also serves to make recommendations to the Board regarding:

- The annual budget and budget adjustments
- Rate setting
- Entering into debt
- MCE Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)

AI #16: Cal3VIP and MCE Presentation

CALeVIP and MCE



Agenda

1. Intro
2. Market Primer
3. CALeVIP Program
4. Options for MCE and our Member Communities

Intro



CEC's CALeVIP addresses regional needs for EV charging infrastructure to meet the State's 2025 goals by providing \$30M/yr in grants & creating a community of practitioners to learn from each other.

Market Primer



Veloz is an EV trade & marketing group with public, private, & non-profit representation

EV Charging Levels & Use Case

AI #16: Cal3VIP and MCE Presentation

KNOW YOUR EV CHARGING STATIONS

AC Level One



VOLTAGE

120v 1-Phase AC

AMPS

12–16 Amps

CHARGING LOADS

1.4 to 1.9 kW

CHARGE TIME FOR VEHICLE

3–5 Miles of Range Per Hour

AC Level Two



VOLTAGE

208V or 240V 1-Phase AC

AMPS

12–80 Amps (Typ. 32 Amps)

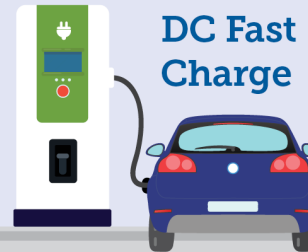
CHARGING LOADS

2.5 to 19.2 kW (Typ. 7 kW)

CHARGE TIME FOR VEHICLE

10–20 Miles of Range Per Hour

DC Fast Charge



VOLTAGE

208V or 480V 3-Phase AC

AMPS

<125 Amps (Typ. 60 Amps)

CHARGING LOADS

<90 kW (Typ. 50 kW)

CHARGE TIME FOR VEHICLE

80% Charge in 20–30 Minutes

Barriers to EV Adoption still exist

AI #16: Cal3VIP and MCE Presentation

- 1. Too Expensive – 51%**
- 2. Unable to charge away from home – 48%**
- 3. Unable to charge at home – 30%**
4. Technology is not dependable – 28%
5. Not available in vehicle segment – 24%
6. Poor performance – 24%
7. Other – 17%

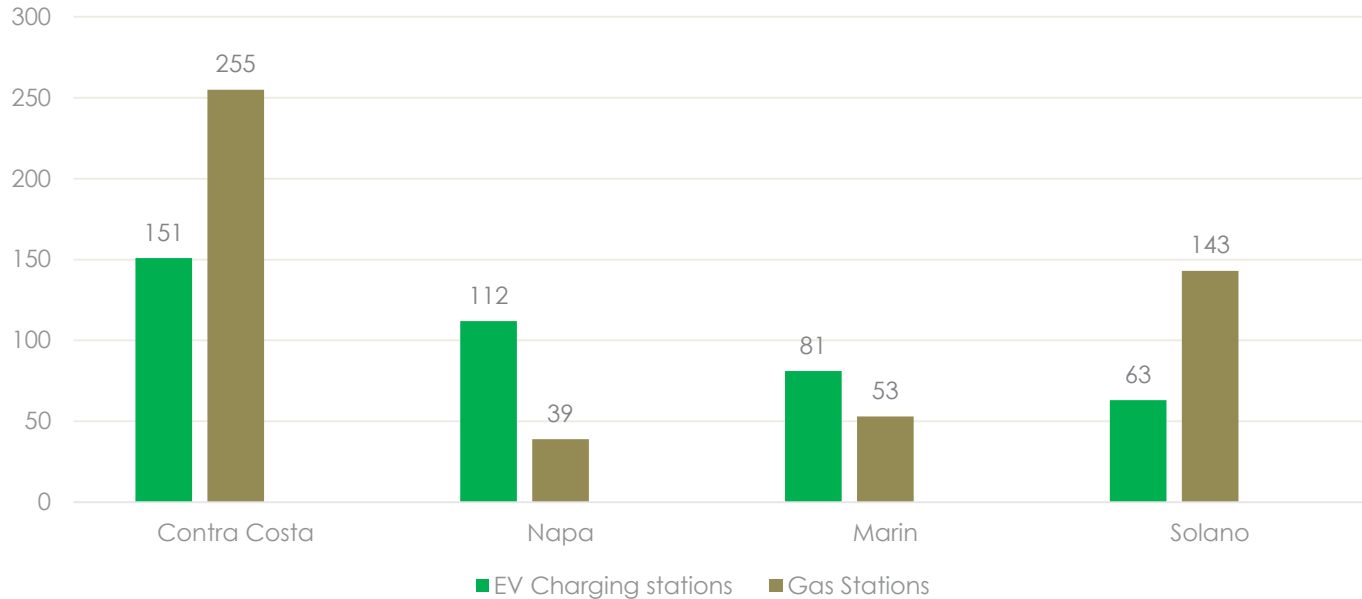
Barriers to EV Adoption still exist

AI #16: Cal3VIP and MCE Presentation

1. Too Expensive – 51%
- 2. Unable to charge away from home – 48%**
- 3. Unable to charge at home – 30%**
4. Technology is not dependable – 28%
5. Not available in vehicle segment – 24%
6. Poor performance – 24%
7. Other – 17%

Access to EV Charging

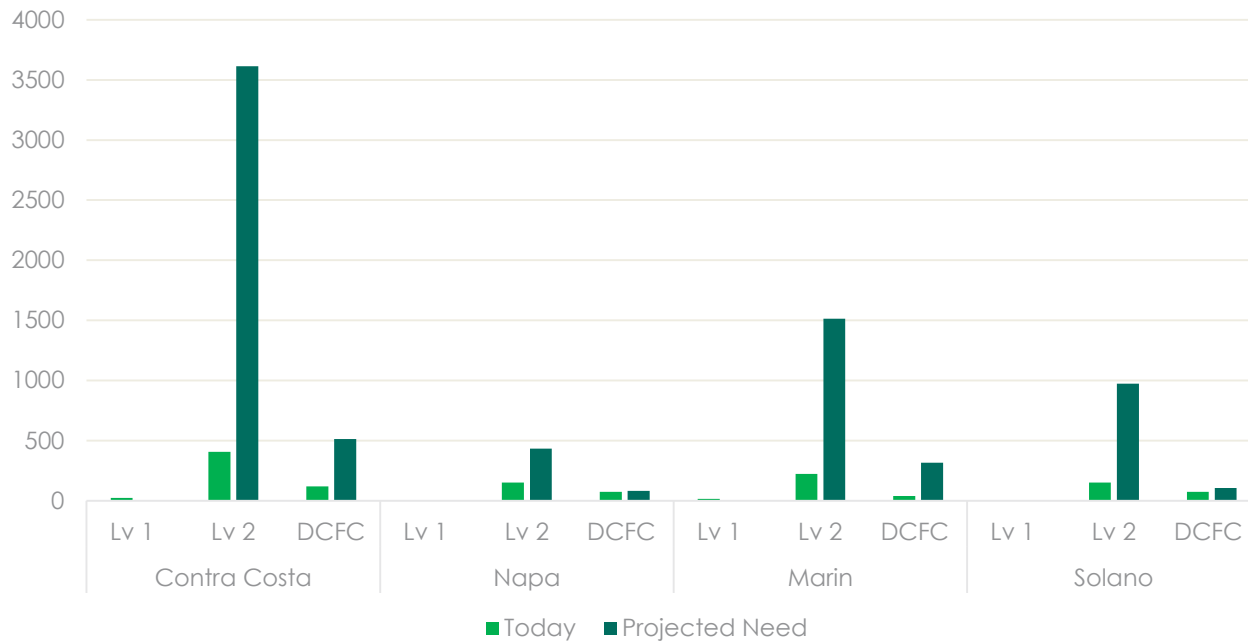
Current Availability of EV Charging compared to Gas



Mind the Gap, Close the Gap

AI #16: Cal3VIP and MCE Presentation

EV Ports Today v. Projected Need by 2025



AI #16: Cal3VIP and MCE Presentation

CALeVIP

- \$30M for Program Year 2021
- 3-4 Proposals will be accepted for 2021
- “non-competitive”
- 3 variables in selection:
 - EVI-Pro Analysis (50%)
 - Partnerships & Funding Match (25%)
 - AB1236 Compliance (25%)

Timeline

1. November 2019: Partners Identified
2. Feb 14, 2020: Letter of Intent (LOI) signed w/ non-binding funding commitments
3. March 27, 2020: Project Customization Due
4. May 8, 2020: SOW, Budget, & Contract finalized
5. June 2020: CEC selects 2021 Projects
6. August 2020: Public Workshop & Comment Period starts
7. December 2020: Project Launch

Program Benefits

- Match funding, at least 1:1
- Incentives cover wide range of customer costs
- Bucket funds: CCA customers, Counties
- Designated Implementer
- Customer friendly user experience
- Up to 7% of funds → outreach & education

CALeVIP v. MCEv Charging

AI #16: Cal3VIP and MCE Presentation

Program	Level 2	DCFC	Implementer
CALeVIP	Yes – up to \$5K	Yes – up to \$55K	CSE
MCEv Charging	Yes – up to \$3K	No	MCE

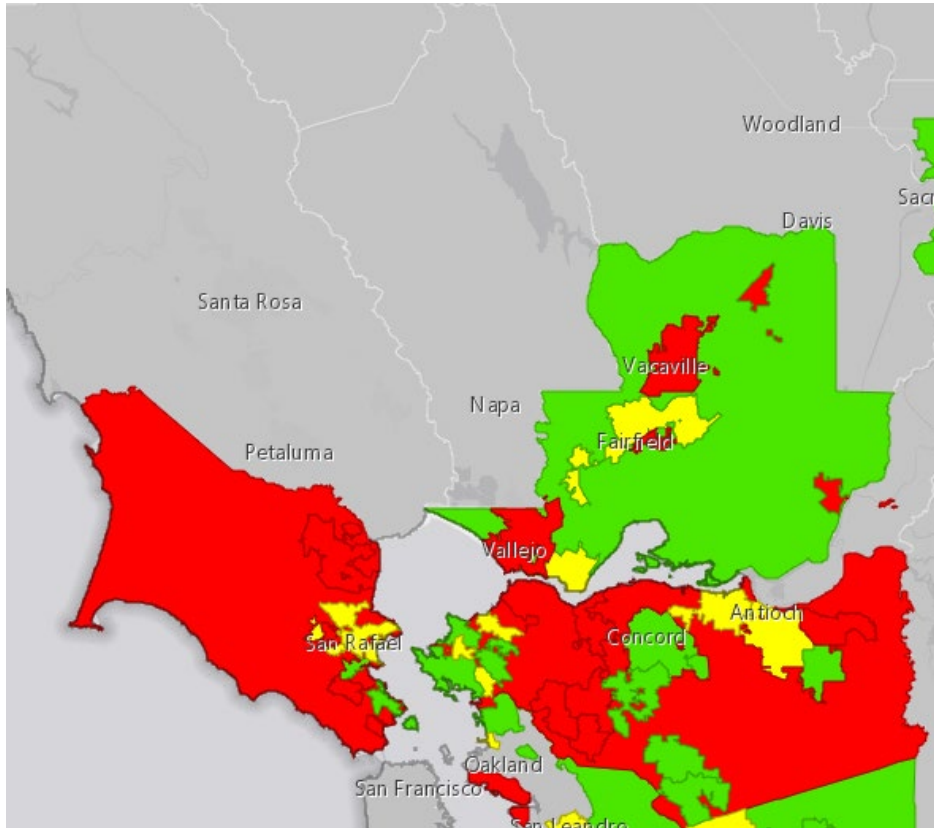
To date, MCE customer's average cost/per Level 2 port: \$5,738. MCE rebate covers ~47% of project costs.

CCAs Committed to CALeVIP

CCA	Launch Date	CCA Funding	CALeVIP	Length of Term
MBCP	Oct '19	\$3M	\$4M	3 years
SCP	Oct '20	\$1.5M	\$5.1M	3 years
PCE	May '20	\$12M	\$12M	3 years
SVCE	May '20	\$12M		3 years
SJCE	May '20	\$4M	\$10M	3 years

AB 1236 Compliance

AI #16: Cal3VIP and MCE Presentation



Red= hasn't passed an ordinance

Yellow= passed an ordinance, but not implemented

Green= fully compliant

Partnerships & Commitments

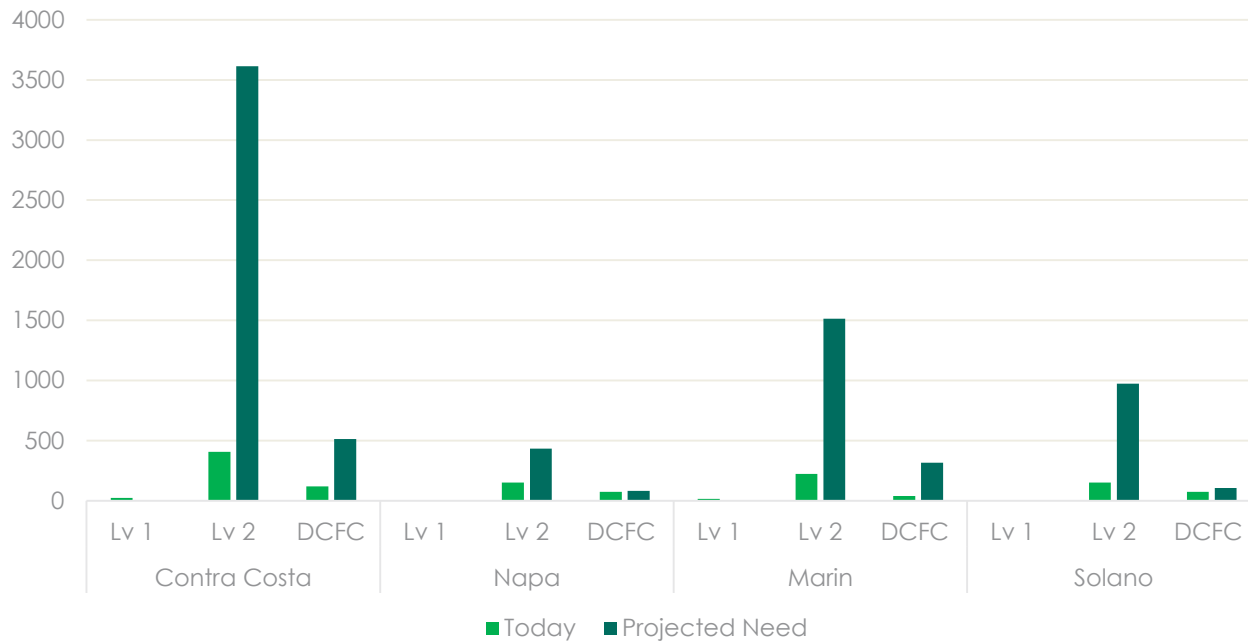
AI #16: Cal3VIP and MCE Presentation

Partner	Engaged	LOI Support	Funding Support
BAAQMD	Yes	Yes	(in kind)
MTC	Yes	Yes	(in kind)
TAM	Yes	Yes	Yes - Verbal
County of Marin	Yes	Yes	Tbd
CCTA	Yes	Yes	Yes - Verbal
Contra Costa County	Yes	Yes	Yes - Verbal
NVTA	Yes	Yes	Tbd
Napa County	Yes	Yes	Tbd
SCTA	Yes	Yes	Tbd
Solano County	Scheduled	--	--

Mind the Gap, Close the Gap

AI #16: Cal3VIP and MCE Presentation

EV Ports Today v. Projected Need by 2025



Source: DOE, EVIpro Tool

CALeVIP and MCE + 4 Counties

	Fully Fund the L2 Gap	Fully Fund DCFC Gap
Contra Costa	\$15M	\$13.3M
Marin	\$6.4M	\$14.6M
Solano	\$3.8M	n/a
Napa	\$1.5M	n/a

CALeVIP and MCE + 4 Counties

	Fully Fund the L2 Gap	Fully Fund DCFC Gap	Fund 50% of L2	Fund 30% of DCFC	Total CALeVIP Project
Contra Costa	\$15M	\$13.3M	\$7.5M	\$4M	\$11.5M
Marin	\$6.4M	\$14.6M	\$3.2M	\$4.4M	\$7.6M
Solano	\$3.8M	n/a	\$1.9M	n/a	\$1.9M
Napa	\$1.5M	n/a	\$750K	n/a	\$750K

CALeVIP and MCE + 4 Counties

	Fund 50% of L2	Fund 30% of DCFC	Total CALeVIP Project	Expected Match from Partners
Contra Costa	\$7.5M	\$4M	\$11.5M	~\$5.75M
Marin	\$3.2M	\$4.4M	\$7.6M	~\$3.8M
Solano	\$1.9M	n/a	\$1.9M	~\$1M
Napa	\$750K	n/a	\$750K	~\$375K

Total Expected Match:
\$10.9M

Next Steps

- Submit a LOI that covers MCE's entire service area for a 4-year period
- MCE's non-binding commitment: \$1,375,000/year or \$5.5M total.
- Partners contribute the other \$5.4M
- Secondary option enclosed in LOI: CALeVIP match for Contra Costa County & Napa County + self-funded (at a lower amount) by MCE for Marin and Solano Counties

Thank You!

AI #16: Cal3VIP and MCE Presentation

Brett Wiley, Customer Programs Manager





November 21, 2019

TO: MCE Board of Directors
FROM: Shalini Swaroop, General Counsel
RE: Policy Update on Regulatory and Legislative Items (Agenda Item #17)

Dear Board Members:

Below is a summary of the key activities at the legislature and the California Public Utilities Commission (CPUC) impacting Community Choice Aggregation (CCA) and MCE.

I. Legislature

The Governor has signed into law the following bills that affect MCE's interests:

- SB 520 (Hertzberg) – Establishing Investor-Owned Utilities as the Provider of Last Resort (POLR)
- SB 255 (Bradford) – Requires additional supplier diversity reporting from CCAs
- SB 155 (Bradford) – Authorizes the CPUC to provide recommendations on renewable energy procurement in the Integrated Resource Plan process and strengthens the commission's authority on long-term Resource Adequacy requirements
- AB 1362 (O'Donnell) – Requires the CPUC to provide a website with every Load Serving Entity's rates and program information
- SB 676 (Bradford) – Requires CCAs to report annually to the CPUC on their Electric Vehicles grid integration strategies

II. California Public Utilities Commission (CPUC)

a. Integrated Resource Planning (IRP) Decision Ordering Incremental System Reliability Procurement

On November 7, the CPUC adopted a decision directing CPUC-jurisdictional Load Serving Entities (LSE) to procure 3,300 MW of system capacity by August 1, 2023 to address near-term system reliability concerns. The decision also recommends extending the operation

of a number of Once-Through Cooling (OTC) generation facilities located in Southern California. The ultimate retirement of these OTC facilities and additional concerns about system shortages provided the basis for the CPUC's decision to direct incremental resource procurement as a replacement measure.

The decision directs CPUC-jurisdictional LSEs to engage in an all-source procurement of 3,300 MW. The procurement must be incremental to the CPUC's existing baseline list of resources generated in the last IRP cycle. Contracts for existing resources not on the baseline list must be for at least 3 years in duration. Contracts for procurement of new resources must be for at least a 10 years duration. The procurement is also phased (i.e. 50% of an LSE's allocation must be online by Q3 2021, 75% online by Q3 2022, and the full allocation online by 2023). Notably, the CPUC acknowledged the importance of allowing a CCA the opportunity to meet its share of the procurement need instead of directing the Investor Owned Utilities (IOU) to procure on a CCA's behalf via the Cost Allocation Mechanism. As such, MCE has been assigned 87.5 MW of the 3,300 MW total.

MCE worked with CalCCA to submit comments on the Proposed Decision (PD). CalCCA was successful in reducing the amount of forward procurement from 4,000 MW to 3,300 MW. The CPUC also committed to engage in additional analysis of system need to address continuing potential reliability concerns.

b. Resource Adequacy (RA) Decision Revising Import RA Rules

On October 10, the CPUC adopted a decision to revise the CPUC's rules for import RA. Although the CPUC described the decision as merely affirming existing import RA rules, the decision makes material changes to the existing import RA rules by expanding an importer's obligation beyond bidding its resource into the Day-Ahead California Independent System Operator (CAISO) market. Specifically, the decision distinguishes between resource-specific and non-resource-specific imports and imposes a new self-scheduling requirement on the latter.

MCE developed comments with CalCCA to challenge the PD on a number of fronts and urged the CPUC to withdraw the PD. CalCCA's comments focused on the significant market disruptions that would likely result from adopting the new rules in the weeks leading up to the annual Year-Ahead RA Compliance deadline, October 31, 2019. Specifically, CalCCA raised significant concerns that adopting such rule changes would result in: LSEs falling out of compliance weeks before the aforementioned compliance deadline; increased costs for LSEs and ratepayers; increased shortages of RA in an already tight RA market; increased potential for GHG emissions and curtailment of in-state renewables; and disruption of the CAISO's ability to optimize and economically dispatch resources.

CalCCA also raised concerns that the proposed rule change could run afoul of the U.S. Constitution's Commerce Clause and risk Federal Energy Regulatory Commission (FERC) involvement in California's RA program.

MCE met with Commissioners' offices to independently voice its concerns and urge the CPUC to withdraw the PD; allow for more time for stakeholders and the CPUC to analyze the problem and develop an appropriate, measured solution; and, at the very least, adopt a grandfathering provision that would honor all contracts for import RA entered into prior to issuance of a Final Decision.

Despite strong advocacy by MCE, CalCCA, and other stakeholders against the PD, the CPUC voted to adopt the changes at its October 10 Voting Meeting.

CalCCA has since filed a Motion for Stay (Motion) of the decision and an Application for Rehearing (Application) re-emphasizing its prior positions and alleging violation of due process and the CPUC's own rules of procedure.

To date, the Commission has not acted on the Motion or the Application.

c. Pacific Gas and Electric Company (PG&E) Petition for Modification (PFM) on Local Resource Adequacy Requirements

In February 2019, the CPUC adopted changes to LSEs' Local RA requirements. Historically, to meet their Local RA compliance requirements, LSEs within PG&E's service territory were required to procure RA in constrained areas throughout PG&E's service territory (known as "PG&E Other" Local RA). Prior to the 2019 change, "PG&E Other" was aggregated such that an LSE could procure its assigned amount of Local RA anywhere within the "PG&E Other" area. In February, however, the CPUC, disaggregated "PG&E Other". Consequently, LSEs within PG&E's service territory now must procure RA in specific "PG&E Other" sub-areas to meet their Local RA compliance requirements.

On September 11, PG&E filed a PFM to revise the newly adopted "PG&E Other" disaggregation rule citing concerns that the rule-change is having un-intended market consequences; PG&E also signaled it would be unable to meet its disaggregated "PG&E Other" compliance requirement for the upcoming Year-Ahead RA Compliance deadline. PG&E requested relief via an alternative compliance mechanism, which would allow it and other LSEs to meet their disaggregated "PG&E Other" RA requirements without having to procure RA in each sub-local "PG&E Other" area.

PG&E requested expedited approval of the PFM before the upcoming October 31, 2019 Year-Ahead RA Compliance deadline.

MCE filed a response contesting the PFM. MCE argued that granting PG&E its requested relief in the weeks leading up to the compliance deadline would have a prejudicial effect on LSEs, including MCE, that have procured to the existing rules, often executing contracts for disaggregated "PG&E Other" RA at premium prices. MCE estimated the PFM would impact MCE at a sunk cost of more than \$18 million. MCE urged the CPUC to deny the PFM and argued that PG&E should follow the existing waiver process if it expects to fall short of its Local RA compliance requirements.

The CPUC has not acted on the PFM to date, and PG&E chose not to pursue the PFM further until after the October 31, 2019 compliance deadline.

20 LSEs filed waivers for relief from penalties due to local RA deficiencies reflected in their 2020 Year-Ahead showings. These LSEs included 2 IOUs (PG&E and San Diego Gas and Electric), 9 CCAs, and 9 Energy Service Providers. MCE successfully procured all of its Local RA requirements and did not seek a waiver.

d. Power Charge Indifference Adjustment (PCIA) Proceeding

On October 10, the CPUC adopted a decision in Phase II of the PCIA proceeding. The

decision largely adopts the Joint CalCCA/PG&E Proposal (Joint Proposal) for PCIA benchmarking and true-up. PG&E and CalCCA have collaborated over the past 8 months to develop the Joint Proposal. CalCCA and PG&E also identified and briefed areas of non-consensus, specifically how to value unsold Renewables Portfolio Standard (RPS) and RA volumes in the IOUs' portfolios.

The decision adopted the Joint Proposal's recommendation to use actual LSE market transactions for RPS products in the 4 quarters leading up to the PCIA forecast year. The RA adder will be set using actual LSE market transactions for RA products in the 4 quarters leading up to the PCIA forecast year. The Market Price Benchmark (MPB) adders will be trued-up annually.

Although the decision adopted the Joint Proposal, all disputed issues were decided in favor of the IOUs' (i.e. unsold RA and RPS volumes in the IOUs' portfolios will be valued at \$0). This \$0 valuation could reduce the value of the IOUs' portfolios and thus increase the PCIA.

MCE worked with CalCCA to provide comments on the PD. CalCCA generally supported the PD, but challenged the PD's conclusions that unsold RA and RPS volumes are appropriately valued at \$0.