Frequently Asked Questions 2019

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Overview Questions

Once a City Council votes to join MCE, what happens next? Is that all that has to happen? In order for a new community to join MCE, the jurisdiction’s governing body (i.e. Board of Supervisors, City Council or Town Council) must vote in the majority to join MCE, which includes a passing of a Resolution, Memorandum of Understanding and Ordinance. Once a city council votes to join, MCE conducts a feasibility study to determine if the new jurisdiction will be able to join. MCE Board of Directors votes on the inclusion of new communities in a public meeting after presentation of the feasibility study. New communities are eligible to receive MCE service ~ 1 year after MCE’s implementation plan is certified by the PUC. The process from vote to join to customer enrollment typically takes 24 - 30 months or more.

- A City Council votes to join MCE
- MCE completes feasibility study on the energy use represented by that city/community
- MCE submits an updated Implementation Plan to the California Public Utilities Commission by the end of that calendar year (for example, 2019).
- Commission approves and certifies the Implementation Plan in the beginning of the next year (for example, February of 2020)
- New Community outreach and education process – begins 6 months prior to enrollment and extends several months after enrollment.
- New community may begin MCE services as early as January of the following year (in this example, January of 2021). Note: MCE typically begins new enrollments in the Spring.

Why have some communities around MCE territory decided to join a different CCAs? After MCE first launched, many other communities around the state began to explore their own options for creating a CCA and having energy choice. California CCAs work collaboratively to share best practices and do not overlap in service area. Adding additional cities to a CCA’s territory depends upon feasibility studies of potential new load and long-term procurement planning. Cities, towns and counties are encouraged to determine which energy choices are
right for them. They make request membership in a CCA of their choice, choose to pursue their own CCA or municipal utility, or choose to remain entirely with PG&E service.

Why does community outreach and education happen after communities decide to join MCE?
MCE is a nimble organization run by a lean team of experienced energy professionals. Once a community decides to join MCE, an extensive community outreach plan is co-developed with our community partners to efficiently and cost effectively educate customers over a period of many months with the goal of helping customers decide if they would like to remain with MCE service or opt out to return to PG&E.

How do customers learn about MCE as their new electric service provider?
As part of the new community outreach process, MCE drafts a community outreach plan to reach as many customers as possible. This includes a strategy to engage Chambers of Commerce, businesses, libraries, and local community organizations such as sustainability groups, rotaries, farm bureaus, economic development corporations and others. MCE sends 4 mailers to customers, 2 before and 2 after the enrollment period to help notify residents at each stage of the enrollment. MCE also conducts local advertising including both newspapers and digital. MCE’s outreach spans up to 8 months with customer enrollment occurring roughly in the center of that time period, with an intensive noticing process during a 120-day period – 60 days prior and 60 days after start of service. Customers can opt out of MCE service at any time – our goal is to make customers aware of their new energy choices and service options.

If a homeowner sells their home, what happens to their MCE account?
When a homeowner sells, their MCE and PG&E accounts are closed. The new owner will open a new account by calling PG&E and will be automatically enrolled in MCE’s electric generation service. New customers will receive 2 mailers informing them of MCE’s role in their electric services. The new homeowner can choose to opt-out of MCE service. Regardless of whether a customer chooses to remain with MCE or PG&E electric service, PG&E will continue to be the transmission/distribution provider and billing agent for all MCE accounts.

What is the average opt-out rate among MCE cities and counties?
To date, our average participation rate is 86%.

Why is this opt-out rather than opt in? Why is there an opt out fee?
CCAs enabling legislation – State Assembly Bill 117, is an opt-out model. Customers must affirmatively choose to leave MCE service in order to remain with PG&E. It is easy for customers to opt-out online at mceCleanEnergy.org/optout or by calling 1-888-632-3674. There is no cost to opt out during the 120 noticing period--60 days before the start of service and 60 days afterwards. After that, MCE charges a one-time administrative fee ($5 fee for resident and $25 fee for businesses) to cover the administrative cost of returning customers to PG&E service.

What happens to customers who participate in discount programs such as CARE, FERA or Medical Baseline?
Discounts including CARE, FERA, Medical Baseline Allowance and PG&E employee discounts remain in place. Customers do not need to reapply as part of the MCE enrollment, their status in those programs will not change when they enroll with MCE.

**What is the new rate, what is the exit fee – what are the guarantees?**

MCE rates mirror PG&E’s as closely as possible to minimize customer confusion. MCE generation rates are cost competitive with PG&E’s and can be viewed on our webpage at [mceCleanEnergy.org/rates](http://mceCleanEnergy.org/rates). For information on exit fees and opt out fees please see the questions above. All of MCE’s cost comparisons include the PG&E exit fee.

There are no guarantees that MCE rates will be less expensive than PG&E’s rates. MCE rates are set by our Board of Directors, who are local elected officials from our member communities. These meetings are open to the public so that questions and concerns about rates can be raised and addressed in a public forum similarly to a city council meeting.

As a public agency, MCE is completely transparent with our customers and stakeholders, providing information about our [public meetings](http://mceCleanEnergy.org), [audited financials](http://mceCleanEnergy.org), and regulatory documents on our website. Customers can also request additional information about MCE at any time through MCE’s customer care team or through a public records act request.

**What happens if a City decides to leave MCE and the JPA?**

In our state’s opt-out model, a city can decide to opt out one, several or all of their municipal accounts at any time. Likewise, any resident or business can choose to opt out of MCE service at any time. If, alternatively, a city council voted to leave the JPA, the city residents and businesses who wanted to continue to have 60% to 100% renewable power purchased on their behalf, would no longer be eligible to remain MCE customers. As part of a new community joining MCE, power will be purchased on behalf of new customers. If a jurisdiction were interested in withdrawing from the JPA in its entirety, the jurisdiction would be responsible for reimbursing MCE for the long-term energy contracts purchase on behalf of the jurisdiction. To date, no community has left MCE’s JPA nor has any community in California voted to leave. There are over 190 municipalities that have joined 19 CCAs throughout CA.

**What happens if MCE fails? Are cities expected to cover the cost of any financial failure?**

MCE is a Joint Powers Authority (JPA) and has a legal and financial “firewall” between the JPA and the member communities. If MCE were to fail for financial or other reasons, customers would be returned to PG&E electric generation service and member communities would not be held liable for any legal or financial repercussions.

**How does MCE work with Unions?**

MCE works with unions to support employment opportunities in MCE’s service area. MCE’s Sustainable Workforce policy includes local hire requirements, support for unions and prevailing wage requirements. You can read the full policy online at [mceCleanEnergy.org/wp-content/uploads/Policy-011-MCE-Sustainable-Workforce-Policy-v3.pdf](http://mceCleanEnergy.org/wp-content/uploads/Policy-011-MCE-Sustainable-Workforce-Policy-v3.pdf).
How does MCE work with solar customers?
MCE offers a Net Energy Metering (NEM) program for customers who are currently enrolled with PG&E’s NEM program. When NEM customers are transferred to MCE service they will be automatically enrolled in our NEM program which compensates customers at retail rates for their excess solar generation during each billing cycle. At the end of the 12-month billing period, customers who have generated more electricity than they consumed, will be credited a twice the wholesale rate. Customers with more than $50 in credit will be automatically issued a check during MCE’s spring cash out cycle. Credits are capped at $5,000 per customer. MCE does not have an annual true-up process and instead customers will receive monthly charges or credits from MCE.

Governance

How does MCE’s governance structure work with state regulatory bodies such as the California Public Utilities Commissions (CPUC)?
MCE is governed both by our Board of Directors, comprised of local elected officials from member communities, and the CPUC. MCE is subject to most of the same state requirements as the investor owned utilities such as some contracting requirements and all renewable energy requirements. MCE’s Board has the discretion to set MCE’s rates and to determine our power purchasing strategy for exceeding state requirements for local, renewable, and greenhouse gas free content. MCE reports to the CPUC and the California Energy Commission (CEC) to ensure regulatory compliance. MCE’s energy efficiency programs are administered under the auspices of the CPUC.

What are the mandates from the state that are pushing this forward?
In 2002, State legislation enabled Community Choice Aggregation (CCA) programs to purchase energy on behalf of customers interested in less carbon intensive electricity options. MCE helps member communities reduce their electricity-related greenhouse gas emissions and exceeds state renewable mandates by offering more renewable and cleaner energy options than PG&E.
How are decisions made by MCE’s Board of Directors? Will my community have a voice?
MCE’s Board of Directors makes decisions in transparent public forums similarly to local city council meetings. Members of the public are welcome to attend these meetings to voice their opinions directly. MCE Board Representatives take time to discuss decisions and hear the concerns of members before making decisions. MCE’s Board operates generally under a one-community-one-vote policy and has never called a weighted vote based on the electric load of each member community.

Rates

Are MCE rates lower than PG&E rates? What does MCE offer besides lower rates?
At this time customers are saving about 0.5% on their bill as compared to PG&E. MCE is a not-for-profit, public agency with many community benefits. Over the past 10 years, MCE has saved customers over $68 million in electric costs, reinvested in member communities to support 10 local, in-service area renewable energy projects (31MW), provided generous Net Energy Metering incentives for solar customers, and, supported the installation of over 500 electric vehicle charging stations and numerous workforce development opportunities. Full MCE rates information can be found online at mceCleanEnergy.org/rates.

How are MCE rates determined?
MCE’s Board has the discretion to set MCE’s rates and to determine our power purchasing strategy for exceeding state requirements for local, renewable, and greenhouse gas free content. MCE’s rates are set by our Board of Directors in public meetings over the course of several months. This process starts with MCE’s Ad Hoc rate setting committee in a closed session and then reviewed several times by our Technical and Executive Committees in public meetings before being discussed and approved by the full Board of Directors in a public forum.

How does MCE use my ratepayer funds? Do I have a say in how my money is used?
MCE is a not-for-profit public agency. Approximately 90% of MCE’s revenue is allocated to purchase clean electricity on behalf of our customers. We operate similarly to non-profits with approximately 4% of our revenue contributing to fixed costs such as staff, office locations, and other agency support. The remaining 6% of MCE’s revenue goes towards local programs that benefit the community including local economic and workforce development opportunities through our energy efficiency and Feed-in Tariff programs, low-income solar and electric vehicle rebates, electric vehicle charging infrastructure, a generous Net Energy Metering cash out policy, and a cost-competitive 100% renewable service option.

MCE customers are able to voice their opinions on MCE programs and policies at public meetings with our Board of Directors. MCE has regular meetings for our Technical and Executive Committee meetings and quarterly Board of Director meetings. Customers can see materials from MCE Board meetings, live stream quarterly meetings and sign up to receive updates online at mceCleanEnergy.org/meeting-archive. MCE is a public agency and as such is
fully transparent in our decision-making processes. We encourage customers and interested parties to attend MCE Board and Committee meetings to learn more about MCE and weigh in on our policy decisions.

How does the MCE Board reconcile votes that are not unanimous (i.e. for rate-making)? MCE is governed by our Board of Directors, comprised of local elected officials from member communities. Each Board member represents their city constituents and the best possible outcomes for their respective communities. The MCE Board of local elected peers works diligently to uphold inclusive discussions and decision-making. Board votes are weighted based on a two-tiered system. Every Board member is first assigned an equal voting share based on the number of Directors on the Board. Then, each jurisdiction is assigned a weighted vote based on their share of MCE’s electric load. These two percentages are combined to determine how a vote should be weighted in the event of a disagreement. To date, MCE’s Board of Directors has never called a weighted vote.

Customers of MCE and PG&E will see bills increase in 2020, what will MCE be doing to help bring down energy costs for consumers? MCE’s ability to maintain competitive rates and fulfill its mission to reduce greenhouse gases and invest in local community energy projects and programs is supported by our rate stabilization and reserve fund, investment grade credit rating, and our ability to obtain competitively priced energy supply. Over the past 10 years, MCE has provided stable and competitive rates. Our rate setting process is designed to provide competitive rates well into the future, exceed our environmental goals, and invest in local energy programs and projects.

**Energy Purchasing**

Does MCE own and operate their own generation plants? MCE does not own generation facilities at this time. MCE’s Feed in Tariff (FIT) program supports the development of new renewable energy projects in our service area by agreeing to purchase the energy produced from each project over the course of a 20-year standard offer contract. MCE will enter into a contract with developers, should a project be approved by local jurisdiction building and zoning requirements. MCE often has purchase options in these contracts, allowing MCE the opportunity to purchase generation resources at various times throughout the contract length.

How do you respond to claims from critics that MCE isn’t actually purchasing renewable energy? MCE follows state guidelines for renewable energy and greenhouse gas reporting standards. MCE publishes a power source disclosure with the California Energy Commission every year, who verifies MCE’s purchase history with the state electric grid operator. We are subject to the same reporting requirements as all other utilities and our power content label is available both
What are Renewable Energy Certificates and how do I know MCE is procuring renewable energy on my behalf?

A Renewable Energy Certificate (REC) is produced every time 1 megawatt of renewable energy is generated.

These certificates help electric grid operators monitor purchases from electric service providers like MCE to ensure we’re purchasing renewable energy in accordance with State guidelines.

RECs are classified into three types: Bucket 1, Bucket 2, and Bucket 3 (also referred to as unbundled RECs). Bucket 3/Unbundled RECs occur when the energy that generated the certificate is sold independently of the certificate itself. In this case, the energy is now sold as brown power, and the purchaser of the REC can count a certain portion of their power supply as renewable, in accordance with regulatory guidelines.

In 2018, MCE’s energy portfolio contained less than 1% Bucket 3/Unbundled RECs and starting in 2019, MCE has set a target of 0% unbundled RECs moving forward.

PG&E’s Role

Will joining MCE initiate a change or our Smart Meters or other meters?
No, MCE is the procurer of renewable energy. Your meters will continue to be PG&E meters; they are not owned or maintained by MCE.

Who do we contact during outages?
The transmission and distribution system will continue to be owned and operated by PG&E. All outage communications and inquiries should continue to be directed towards PG&E. Customers are encouraged to sign up for and stay informed about PSPS alerts through PG&E’s website.

What is the PG&E exit fee and how long do customers have to pay for that?
The PG&E “exit fee”, also known as the Power Charge Indifference Adjustment (PCIA), is a fee charged to customers who leave PG&E service. PG&E was required to purchase long-term contracts on behalf of customers and this exit fee allows PG&E to keep costs stable for their remaining customers. This fee helps keep remaining PG&E customers cost “indifferent” to the electricity choices of other customers. The fee is tied to long-term contracts 20+ years in length and the fee decreases over the length of the contract until that contract expires.

What role does PG&E play as a partner to MCE?
PG&E acts as a partner to MCE, maintaining transmission and distribution services, as well as billing and gas. As a Community Choice Aggregator, MCE purchases electricity from more renewable resources on behalf of our customers, allowing PG&E to continue providing the
same services they’ve always provided. MCE customers continue to work with PG&E in the case of outages, meter issues, applying for solar interconnection agreements and discount programs.