Board of Directors Meeting
Thursday, October 19, 2017
7:00 P.M.

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

Remote locations:
City of Lafayette, 3675 Mt. Diablo Blvd. Room 265, Lafayette, CA 94549
City of Oakley, 3231 Main Street, Oakley, CA 94561

1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Chief Executive Officer (Discussion)
4. Consent Calendar (Discussion/Action)
   C.1 Approval of 9.22.17 Board Retreat Minutes
   C.2 Approved Contracts Update
5. MCE Draft Integrated Resource Plan (Discussion)
6. MCE Billing Overview for Special Customer Groups (Discussion)
7. Regulatory and Legislative Policy Update (Discussion)
8. Board Member & Staff Matters (Discussion)
9. Adjourn

MCE
BOARD RETREAT/BOARD MEETING MINUTES
Thursday, September 22, 2017
9:45 A.M.
The Cobra Experience
777 Arnold Drive, Suite 200, Martinez, CA 94553

Roll Call: Chair Kate Sears called the Retreat to order at 9:47 a.m. An established quorum was met.

Present:
Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Edi Birsan, City of Concord
Lisa Blackwell, Town of Danville
Tom Butt, City of Richmond
Barbara Coler, Town of Fairfax
Federal Glover, County of Contra Costa
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Pete Longmire, City of Pittsburg
Greg Lyman, City of El Cerrito
Bob McCaskill, City of Belvedere
Andrew McCullough, City of San Rafael
Sashi McEntee, City of Mill Valley
Emmett O'Donnell, Town of Tiburon
Scott Perkins, City of San Ramon
Rob Schroder, City of Martinez
Alan Schwartzman, City of Benicia
Kate Sears, County of Marin
Roy Swearingen, City of Pinole
Don Tatzin, City of Lafayette
Dave Trotter, Town of Moraga
Brad Wagenknecht, County of Napa
Kevin Wilk, City of Walnut Creek

Absent:
Arturo Cruz, City of San Pablo
Sue Higgins, City of Oakley
P. Rupert Russell, Town of Ross
Ray Withy, City of Sausalito

Staff:
Greg Brehm, Director of Power Resources
Nicole Busto, Deputy Director, Marketing Communications
John Dalessi, Operations & Development
Alex DiGiorgio, Deputy Director, Community Development

Kirby Dusel, Resource Planning & Renewable Energy Programs
Carol Dorsett, Human Resources Associate
Sarah Estes-Smith, Director of Internal Operations
Jesica Flores-Brooks, Power Resources Assistant
Brian Goldstein, Resource Planning & Implementation
Darlene Jackson, Board Clerk
Beth Kelly, General Counsel
JR Killigrew, Community Development Manager
Katie Gaier, Manager of Human Resources
David McNeil, Manager of Finance
Beckie Menten, Director of Customer Programs
Justine Parmalee, Internal Operations Manager
Lindsay Saxby, Power Supply Contracts Manager
Shalini Swaroop, Deputy General Counsel
Dawn Weisz, Chief Executive Officer

Swearing in of New Board Members

CEO Weisz announced that New Board Member Orientation was conducted prior to the Board Retreat for the following eight Board members: Edi Birsan, City of Concord; Lisa Blackwell, Town of Danville; Federal Glover, County of Contra Costa; Peter Longmire, City of Pittsburg; Scott Perkins, City of San Ramon; Rob Schroder, City of Martinez; Roy Swearingen, City of Pinole; and Dave Trotter, Town of Moraga.

Ms. Weisz conducted the Oath of Office for the eight new Board members and they were welcomed to the Board.

1. **Welcome, Opening Remarks & Board Announcements (Discussion)**

   Chair Sears opened the meeting with a welcome to all and asked the Board to introduce themselves and the community they serve. Director Sears explained that the purpose of the MCE Board Retreat is to provide an opportunity to reflect on the state of MCE.

   Appreciation was offered to Directors McCaskill, McEntee, Withy and Tatzin for their service on MCE's Ad Hoc Audit Committee, Directors Bailey, Coler, Greene, Lyman, O'Donnell and Schwartzman who serve on the Ad Hoc Contracts Committee, Directors Coler, McCullough, Wagenknecht and Withy who serve on the Ad Hoc Expansion Committee, and Directors Lyman, McEntee, Bailey and McCaskill who serve on the Ad Hoc Ratesetting Committee.

   Chair Sears provided history and accomplishments of MCE as well as the fact that MCE currently serves over 250,000 customers. She also indicated that the focus of the day would be on MCE's future.

2. **Public Open Time (Discussion)**

   Seth Israel and Marissa Mitchell from Intersect Power introduced themselves and added how pleased they were to have been invited.

3. **Consent Calendar (Discussion/Action)**
   - C.1 7.20.17 Meeting Minutes
   - C.2 Addendum No. 5 to MCE's Implementation Plan
   - C.3 FY 2017/18 Budget Amendment

ACTION: It was M/S/C (Bailey/McCaskill) to **approve Consent Calendar.** Motion carried by unanimous vote. (Abstain on C.1: Directors Birsan, Blackwell, Glover, Greene, Longmire, Perkins, Schroder, Swearingen and Trotter). (Absent: Directors Athas for Consent Calendar vote, Cruz, Higgins, Russell and Withy).

4. **Prior Year Highlights & Goals for the Coming Year (Discussion)**
   Chief Executive Officer, Dawn Weisz introduced this item and explained that MCE staff will provide overviews and goals for the coming year.
   - Director of Internal Operations, Sarah Estes-Smith shared MCE's Mission, Vision and Strategic Goals and addressed questions from the Board.
   - Finance Accomplishments – Manager of Finance, David McNeil presented this item and addressed questions from the Board.
   - Power Resources Accomplishments – Director of Power Resources, Greg Brehm and Power Supply Contracts Manager, Lindsay Saxby presented this item and addressed questions from the Board.
   - Customer Programs Accomplishments – Director of Customer Programs, Beckie Menten presented this item and addressed questions from the Board.
   - Internal Operations Accomplishments – Director of Internal Operations, Sarah Estes-Smith presented this item and addressed questions from the Board.
   - Public Affairs Accomplishments – Deputy Director of Marketing Communications, Nicole Busto presented this item and addressed questions from the Board.

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

5. **The Growth of CCA and Changes to the Energy Landscape in California (Discussion)**
   Legal and Regulatory Accomplishments – Shalini Swaroop, Deputy General Counsel, shared Legal and Regulatory accomplishments which included: Growth of CCA and Changes to Energy Landscape. Ms. Swaroop addressed questions from the Board

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

6. **MCE 2016 Power Content Label & Attestation (Discussion/Action)**
   Kirby Dusel, Resource Planning & Renewable Energy Programs, presented this item and addressed questions from the Board.

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

ACTION: It was M/S/C (Bailey/Greene) to **endorse the accuracy of information presented in MCE's 2016 Power Content Label based on staff's review**. Motion carried by unanimous roll call vote. (Absent: Directors Cruz, Higgins, Russell and Withy).

7. **MCE Reserves Policy and Future Finance Targets (Discussion)**
Manager of Finance, David McNeil presented this item and addressed questions from the Board.

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

8. **Board Committees and Engagement (Discussion/Action)**
CEO, Dawn Weisz presented this item and addressed questions from the Board.

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

ACTION: It was M/S/C (Wagenknecht/Lyman) to **approve the addition of Directors Edi Birsan, Lisa Blackwell, Federal Glover, and Dave Trotter to the Executive Committee; and to add Directors Scott Perkins and Rob Schroder to the Technical Committee**. Motion carried by unanimous roll call vote. (Absent: Directors Cruz, Higgins, Russell and Withy).

9. **Community Inclusion Timeline and Tasks (Discussion)**
Alex DiGiorgio, Deputy Director of Community Development presented this item and addressed questions from the Board.

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

10. **Deep Green Campaign Update (Discussion)**
Community Development Manager, JR Killigrew shared an update on MCE's Deep Green Campaign and addressed questions from the Board.

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

11. **Emerging Technology & Innovation Programs (Discussion)**
    a. Presentation on Natural Gas CoGeneration to Battery Storage Conversion – Scott Valentino from AltaGas presented this item and addressed questions from the Board.
    b. Presentation on Autonomous Drive Vehicles – Randy Iwasaki from Contra Costa Transportation Authority presented this item and addressed questions from the Board.

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

12. <u>Complete any Unfinished Items</u>
There were none.

13. The Board Chair adjourned the Special Meeting at 3:05 P.M. to the next Regular Board Meeting on October 19, 2017.

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Kate Sears, Chair

Attest:

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Dawn Weisz, Secretary

October 19, 2017

TO: MCE Board of Directors

FROM: Troy Nordquist, Contracts Manager & Legal Assistant

RE: Report on Approved Contracts (Agenda Item #04 – C.2)

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 July. This summary is provided to your Board for information purposes only.

Review of Procurement Authorities

In February 2017, your Board adopted Resolution 2017-02 which included the following provisions:

> *The CEO and Technical Committee Chair, jointly, shall have all necessary and proper authority, after consultation with a Committee of the Board, 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 all such executed contracts.*
>
> *The CEO shall have all necessary and proper authority 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.*

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

Summary of Agreements

Month	Purpose	Contractor	Maximum Annual Contract Amount	Term of Contract
August 2017	*2018 Resource Adequacy 222 MW-yr*	*Calpine Energy Services, L.P.*	*$111,000*	*1 Year*
August 2017	*2018 Resource Adequacy 240 MW-yr*	*Tenaska Power Services Co.*	*$439,200*	*1 Year*

Month	Purpose	Contractor	Maximum Annual Contract Amount	Term of Contract
August 2017	*2018 Resource Adequacy 417 MW-yr*	*Tenaska Power Services Co.*	*$850,680*	*1 Year*
August 2017	*2018 Shaped Carbon Free Energy 140.85 GWh*	*Direct Energy*	*$5,388,921*	*1 Year*
August 2017	*2019 Carbon Free Energy 400 GWh*	*Direct Energy*	*$436,000*	*1 Year*
August 2017	*2018 Carbon Free Energy 265 GWh*	*Direct Energy*	*$235,850*	*1 Year*
September 2017	*MCE Sale of 2017 Category 1 Renewable Energy*	*Exelon*	*($2,100,000)*	*4 Months*
September 2017	*2019 CA Carbon Free Energy 250 GWh*	*Yuba County/ SENA*	*$317,500*	*1 Year*
September 2017	*2017 Carbon Free Energy 30 GWh*	*Portland General Electric*	*$169,650*	*4 Months*
September 2017	*2018 Resource Adequacy 12 MW-yr*	*Tenaska Power Co.*	*$22,920*	*1 Year*
September 2017	*2018 Resource Adequacy 77MW-yr*	*Tenaska Power Co.*	*$98,560*	*1 Year*
September 2017	*2018 Category 1 Renewable Energy 100 GWh*	*Powerex*	*$1,494,000*	*9 Months*
September 2017	*Resource Adequacy July 2018 to October 2018, 167 MW-yr*	*City of Santa Clara (SVP)*	*$317,300*	*3 Months*

Fiscal Impact: Expenses associated with these Agreements are included in the FY 2017/18 Operating Fund.

Recommendation: Information only. No action required.

October 19, 2017

TO: MCE Board of Directors

FROM: Byron Vosburg, Power Supply Contracts Manager

RE: MCE 2018 Integrated Resource Plan Update (Agenda Item #05)

Dear Board Members:

BACKGROUND:

MCE's Integrated Resource Plan ("IRP") is intended to articulate the energy procurement targets adopted by MCE's Board of Directors ("Board") and serves as a guideline to MCE staff regarding day-to-day operations and long-term portfolio planning and procurement activities. Your Board first approved MCE's ten-year resource plan in Chapter 6 ("Load Forecast and Resource Plan") of the Community Choice Aggregation Implementation Plan and Statement of Intent ("Implementation Plan"), dated January 2010. Regular updates to MCE's resource plan have been approved by your Board via subsequent revisions of the Implementation Plan and, since November 2012, annual IRP updates. In May 2016, your Board delegated authority to approve IRP updates to the Technical Committee via approval of the "Technical Committee Overview."

The IRP has four primary purposes:

1. Quantify resource needs over the ten-year Planning Period, which, in the current IRP update, includes calendar years 2018 through 2027;
2. Prioritize resource preferences and articulate relevant energy procurement policies;
3. Provide guidance to the energy procurement processes undertaken by MCE staff; and
4. Communicate MCE's resource planning policies, objectives and planning framework to the public, energy marketers, and key stakeholder groups.

MCE's key resource planning policies, as set forth in the IRP, are as follows:

1. Reduce GHG emissions and other pollutants associated with the electric power sector through increased use of renewable, GHG-free, and low-GHG energy resources.
2. Maintain competitive electric rates and increase control over energy costs through management of a diversified resource portfolio.
3. Benefit the local economy through investments in infrastructure and energy programs within MCE's service territory.
4. Help customers reduce energy consumption and electric bills through investment in and administration of enhanced customer energy efficiency, cost-effective distributed generation, and other demand-side programs.

5. Enhance system reliability through investment in supply- and demand-side resources.
6. Actively monitor and manage operating and market risks to promote MCE's continued financial strength and stability.

The IRP translates these broad policy objectives into more specific planning elements focused on the use of various resource types, taking into consideration MCE's projected customer needs and MCE's existing resource commitments. The IRP identifies:

1. Projected customer demand and energy needs, specifically those for renewable, GHG-free, and conventional energy, over the Planning Period;
2. Estimated deliveries from contracted resources that will fill portions of these energy needs;
3. Subsequent "open positions" that result from the difference between future energy needs and commitments from currently contracted resources; these open positions dictate the timing and magnitude of additional energy procurement that may be required to meet specified resource goals; and
4. To the extent that open positions exist, the IRP describes the procurement methods and guidelines that MCE will utilize to meet them.

MCE's IRP is updated annually, typically in fall – after summer's procurement activities have concluded and in anticipation of the next year's procurement planning. This 2018 IRP update includes MCE's Board-approved Contra Costa County inclusion.

SUMMARY OF CHANGES:

MCE's 2015 IRP established significant increases in MCE's procurement targets: increasing renewable energy content for its Light Green service from 50% to 80% by 2025; limiting unbundled renewable energy certificates to no more than 3% of its retail load; and increasing GHG-free energy content from 60% to 95% by 2025.

The 2018 IRP is provided as an attachment to this report. It affirms and advances progress toward these goals by increasing MCE's GHG-free targets throughout the Planning Period, resetting the 2018 GHG-free portfolio content to 81% and working toward a 100% GHG-free goal in 2025. Procedurally, the 2018 IRP includes:

- Simplified discussion of contracting authorities, referring directly to authorities and Resolutions approved separately by the Board or its delegated Committee; and
- Updated Energy Contracting targets to incorporate consistent annual procurement targets throughout the Planning Period in order to mitigate the impacts of previous MCE growth and moderate long term contract commitments.

The IRP summarizes the following progress toward MCE's energy and capacity obligations:

- MCE has contracted for most of its projected Renewable Portfolio Standard ("RPS") compliance needs through 2026; open renewable positions remain from 2018 through the Planning Period for MCE's voluntary renewable energy targets;
- MCE has addressed its conventional energy requirements per its planning guidelines via contractual commitments that are in place through 2020;
- MCE has addressed its required reserve capacity ("Resource Adequacy" or "RA") and flexible capacity obligations per its contracting guidelines via commitments extending through 2018;
- MCE continues to focus on energy purchases from new, California-based renewable energy resources throughout the Planning Period. Potential competition for these limited resources may necessitate MCE to consider renewable energy imports from the Pacific Northwest and other areas throughout the Western Electricity Coordinating Council ("WECC"), which generally encompasses the Western United States.

In addition, the 2018 IRP provides updates on MCE's portfolio of power suppliers and its cultivation of local renewable energy generation, most notably its Net Energy Metering ("NEM"), Feed-in Tariff ("FIT"), and Local Sol programs as well as the development of its own MCE Solar One facility in Richmond, CA:

- As of October 2017, MCE serves approximately 14,700 NEM customers; the smaller-scale renewable generating projects that have been installed by such customers represent more than 128,000 kW (128 MW) of local renewable generating capacity. Upon expansion of its service area in 2018, MCE expects to serve nearly 25,000 NEM customers with approximately 200,000 kW (200 MW) of installed, behind-the-meter capacity.
- Through a partnership with Grid Alternatives, MCE has contributed $155,000 to low-income residential solar installations since 2012; benefitting customers saved an estimated $1,018,000.
- In addition to NEM generating capacity, MCE is planning to develop or purchase energy from 25 MW of locally developed solar capacity by 2021. To this end, MCE has invested staff time and financial resources in various development activities within its service territory. For example, MCE Solar One is a 10.5 MW solar photovoltaic (PV) project that is currently under construction in the City of Richmond and expected to commence power production in December 2017.
- MCE continues to administer one of California's most generous FIT programs for locally situated, smaller-scale renewable generating resources that supply wholesale electricity to MCE. This program utilizes a standard offer (i.e. non-negotiable) contract that is available on a first-come, first-served basis to up to 15 MW of qualifying renewable energy projects within MCE's service territory. Specific terms and conditions for the remaining 5 MW of the FIT program capacity are available on MCE's website.

<u>RECOMMENDATION</u>: No action required – informational only.

MCE

Customer Participation and Billing for Special Programs

Special Program Participation

MCE customers participate in several special programs, including:

- Net Energy Metering (i.e. rooftop solar) – about 11,000 accounts
- CARE/FERA – about 35,000 accounts
- Medical Baseline – about 6,300 accounts
- Balanced Payment Plan – over 7,000 accounts

(overall MCE serves 244,000 accounts, with an opt-out rate of 17.4%)

MCE billing is designed to maximize the customer ease and benefit of these programs where possible.

Programs Unserved by MCE

SmartRate and Peak Day Pricing	These are PG&E demand response programs exclusive to their bundled customers. We do not yet have adequate metering data access to establish analogous programs.
Solar Choice	This is PG&E's version of our Deep Green or Local Sol services.
Economic Development Rate	This is a discounted rate to attract businesses to California or to prevent them from leaving. Per tariff, the discount is reduced to CCA customers. PG&E is currently promoting the rate because it is set to expire due to lack of interest.
RES-BCT	This program is available to municipal entities that want to overproduce electricity at one site and apply the credit to others. It may be attractive because the entity retains their RECs. It works similarly to virtual NEM and a Feed-in Tariff. We have heard interest, but no use of this program in our area.

Net Energy Metering (rooftop solar)

Net Energy Metering allows customers with renewables to receive credit for energy produced against their billed usage.

Quick Numbers

- Over 11,000 Accounts
- 4.5% of Accounts
- 28% Opt-Out Rate

- Most complex accounts to bill and track, for MCE and PG&E both
- MCE must track credits internally because PG&E cannot handle us pushing credits up to their overall account balance
- Customers may dislike complexity, or feel they are “green already”

Balanced Payment Plan

PG&E's Balanced Payment Plan allows customers to receive an estimated average bill each month, reducing variance in bills.

Quick Numbers

- Over 7,000 Accounts
- 3% of Accounts
- 17.4% Opt-Out Rate

- MCE charges are not subject to BPP, but PG&E charges remain "balanced"; these are the most volatile charges
- MCE and SCP have explored how to offer BPP, but there is no means to align our recalculation dates with PG&E's

CARE/FERA (low income discounts)

CARE and FERA are State and Federal programs which provide discounted energy rates for low-income households.

Quick Numbers

- About 35,000 Accounts
- 14.3% of Accounts
- 20% Opt-Out Rate

- Credit is applied through PG&E charges
- Equal credit is received regardless of service provider
- Customers credit PG&E with the program, and think they need to opt-out to continue receiving their discount

Medical Baseline (discounted rate)

Medical Baseline provides larger tiering thresholds for customers which must run medical life support equipment, lowering their bills.

Quick Numbers

- About 6,500 Accounts
- 1.8% of Accounts
- 33% Opt-Out Rate

- Equal credit is received regardless of service provider
- Currently exempt from PCIA, a large discount on their bills
- Customers credit PG&E with the program, and think they need to opt-out to continue receiving their discount

Anticipated Changes to Programs

Net Energy Metering	We are working with a PG&E workshop and other stakeholders to improve PG&E billing for CCA customers, providing clearer information on customer credits, charges, and billing methodology.
Balanced Payment Plan	After reviewing options available, MCE and SCP staff have concluded that offering BPP to customers would create significantly more billing confusion than it would solve. We have not found this to be a significant contributor to opt-outs or customer dissatisfaction after completion of enrollment periods.
Medical Baseline	Utilities are currently pushing to remove the PCIA exemption from Medical Baseline customers. This would cost existing customers approximately $900,000 annually and our expected 2018 service area $3.1 million annually. A proposed decision on this issue is expected in April 2018.

Thank You!

info@mceCleanEnergy.org

mceCleanEnergy.org

October 19, 2017

TO: MCE Board of Directors

FROM: Shalini Swaroop, Deputy General Counsel

RE: Policy Update on Regulatory & Legislative Items (Agenda Item #07)

SUMMARY:

I. MCE Legislative Activities

MCE's customary legislative advocacy was augmented this year by the California Community Choice Association (CalCCA). CalCCA had a big impact in the California Legislature during its first year. As numerous established players in energy politics feel increasingly threatened by the expansion of CCAs, CalCCA was forced to fend off direct threats on a number of fronts. At the same time, CalCCA successfully addressed a number of concerns with legislation that did not intend to directly affect CCA interests. While CalCCA was ultimately successful in 2017, the victories were all hard won and CalCCA will continue to face many significant challenges in the Legislature going forward.

1) SB 618 (Bradford) – Procurement Autonomy

Early in 2017, Senator Bradford introduced SB 618. The bill would have required California Public Utilities Commission (CPUC) approval of CCA Integrated Resource Plans (IRPs), contrary to language in SB 350 (2015) that indicated CCA IRPs would be certified by the Commission and not approved, maintaining a CCA board's responsibility for procurement. Ultimately, Senator Bradford chose to remove the offensive provisions of SB 618.

CalCCA's first legislative victory sent a very clear signal about the strength of CCA communities to the Senate Energy Committee and the Senate as a whole. This had positive impacts throughout 2017.

2) Regionalization/Advanced Procurement

Regionalization -- the expansion and changes in the governance structure of the California Independent System Operator (CAISO) -- has been a major priority of the Governor's for several years. However, it is politically tenuous because some vocal labor unions, some representatives from the environmental community, and some municipal utilities have been opposed for various reasons. Despite this, the Governor remains extremely interested in regionalization and has a seven year record of success on his legislative priorities.

With less than a week remaining in session the Chair of the Assembly Utilities and Energy Committee, Assembly member Chris Holden amended AB 813 again to include regionalization language and reflect the larger deal between the Governor's office, some labor interests and some members of the solar/wind industry. The newly amended legislation included regionalization as well as a procurement mandate for all load serving entities (LSEs) that would take advantage of federal tax credits. While the bill allowed CCAs currently serving customers to self-procure, nascent CCAs were not eligible. This prohibition on self-procurement for new CCAs would have been a *de facto* freeze on formation of new CCAs.

Ultimately, because various energy stakeholders were asking for multiple and often conflicting amendments, the regionalization bills collapsed under their own political weight. CalCCA's opposition was particularly effective in stalling this proposal in the Senate.

3) SB 100 – 100% Carbon Free Energy

At the beginning of 2017, Senate President Pro Tem Kevin De Leon introduced SB 100, which aimed to decarbonize the energy sector by 2045. The bill would achieve these goals through two mechanisms: an acceleration of the existing 50% by 2030 RPS to 60% by 2030, and a new 100% zero carbon goal to be incorporated into relevant planning at the CPUC, California Energy Commission (CEC), and California Air Resources Board (CARB).

While SB 100 was subject to several rounds of challenging amendments, we were able to fend off several problematic changes to SB 100 throughout the year. This was primarily due to our early support of the bill. In addition, near the end of session, adverse interests sought to insert anti-CCA language into SB 100. Ultimately, the Pro Tem's office stood by the commitments made to CalCCA not to accept language intended to harm CCAs.

Partially because of its support of CCAs, SB 100 did not pass in 2017. It will be raised again next year as a two-year bill.

4) Other Legislative Successes

In addition to the high priority issues discussed above, CalCCA engaged on a number of other bills that were not intended to directly harm CCAs, but still contained problematic language. In most instances, CalCCA's success early in 2017 with SB 618 helped motivate authors to work with us to address CalCCA concerns.

AB 920 (Aguiar-Curry) was intended to incentivize procurement of baseload renewables. Amendments taken in the Assembly threatened CCA local governance and allowed the CPUC to set baseload procurement mandates for CCAs. The author agreed to amend the bill in its entirety to address CalCCA's concerns. AB 920 was ultimately held in the Senate Appropriations Committee and is now a two-year bill.

AB 1405 (Mullin) and SB 338 (Skinner) related to renewable energy standards for net peak load. In their original forms, the bills authorized the CPUC to establish new targets for energy efficiency, storage, and demand response for all LSEs. CalCCA worked with the authors of these bills to ensure that the bills would instead defer the target setting process into each entity's IRP process, affirming that a CCA's governing board will set those targets. While AB 1405 was eventually amended into a bill that was not relevant to CCAs, SB 338 passed and is on the Governor's desk.

SB 356 (Skinner) relates to pricing data transparency. In its original form, the bill required all LSEs to provide pricing data to the CPUC after a change in rates. CalCCA successfully lobbied the author to take amendments to make the bill applicable only to the Investor Owner Utilities (IOUs). SB 356 was ultimately held in the Senate Appropriations Committee and is now a two-year bill.

SB 366 (Leyva) made a number of changes to the state's Green Tariff Shared Renewables Program. While CalCCA was neutral to the bill, the Assembly Utilities and Energy Committee wanted to require the author to take amendments which would have required that IOU customers that participated in such a program would have to opt-in to a CCA instead of opting out of automatic enrollment. The author of SB 366 held the bill in Committee rather than accept these amendments that were adverse to CCAs.

II. <u>MCE Regulatory Activities</u>

Below is a summary of the key activities at the CPUC impacting Community Choice Aggregation (CCA) and MCE.

1) **Scoping Memo Released in the Rulemaking on the Power Charge Indifference Adjustment (PCIA)**

A Scoping Memo was issued in the PCIA Rulemaking on September 25, 2017. The CPUC accepted many of CalCCA's issues as being within the scope of the proceeding, including the need to improve PCIA transparency and data access for CCAs. The CPUC also adopted an expedited procedural schedule, anticipating a proposed decision on PCIA reform in July 2018.

The CPUC bifurcated the proceeding into concurrent tracks. Track 1 will address whether CARE and Medical Baseline customers should be exempt from paying the PCIA. Track 2 will address the threshold issue of data access and PCIA transparency. Once the data access issue is resolved, Track 2 will focus on PCIA reform with a proposed decision expected in July 2018.

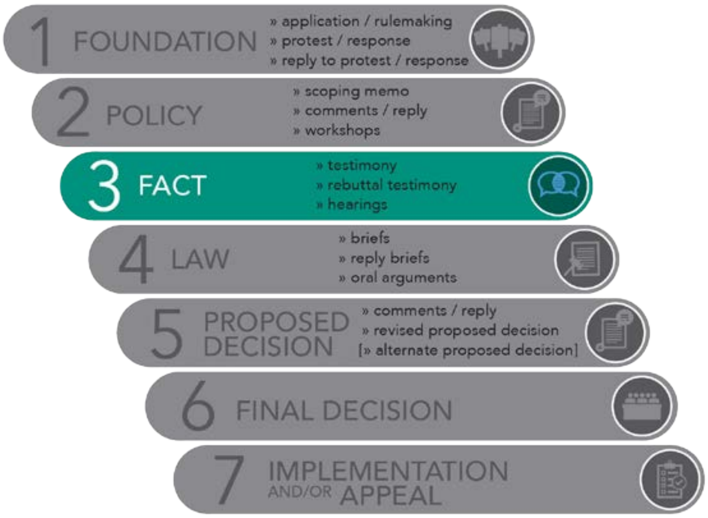
MCE continues to coordinate closely with CalCCA. The CCAs and the utilities are working towards an agreement on what confidential data should be available to CCAs in this proceeding.

The parties are ordered to report to the CPUC on the outcome of these meetings, and the CPUC will likely issue a ruling on data access within the next month.

2) MCE Files Comments Regarding its Energy Efficiency Business Plan to the CPUC

On September 25, 2017, MCE filed comments in lieu of briefs urging the CPUC to approve MCE's energy efficiency business plan and the business plans of other local government program administrators. MCE's business plan proposes a comprehensive portfolio of programs for residential, commercial, industrial, and agricultural customer sectors. The business plan also includes innovative program designs such as MCE serving as the single point of contact (SPOC) to provide an excellent customer experience and integrating a broader suite of demand side offerings into energy efficiency program delivery. MCE also requested changes to the policies and rules governing MCE's programs including: (1) giving MCE an option to preclude duplicative utility programs in MCE's service area; (2) direction to PG&E to share prior program participation data with MCE; and (3) several proposals to reduce unnecessary administrative burdens for MCE.

3) CPUC Releases Reference System Plan to Inform All Integrated Resource Plans



The CPUC released its proposed Reference System Plan in the Integrated Resource Planning (IRP) proceeding on September 19, 2017, and several elements of the Reference System Plan proposal may impact CCA local governance. The CPUC's modeling developed a mix of resources needed between 2018 and 2030, and each LSE's IRP should include proportionate mix of these new resources. If LSEs' plans deviate from the proportionate mix of resources, LSEs are asked to provide explanation in their plans. This could potentially undermine CCAs that have more aggressive GHG emissions reduction targets, where renewable and carbon-free resources exceed state renewable energy mandates. Additionally, the Commission indicated that it may require accelerated renewable energy targets to take advantage of the investment and production tax credits, which could potentially result in the IOUs procuring on behalf of CCA customers, and the creation of non-bypassable charges for the advanced renewable procurement on all customers.

MCE will work with CalCCA to provide comments on the Reference System Plan to ensure that there is a clear process for CCAs to submit their IRPs for certification in a way that does not impede individual CCA's local governance or procurement choices. MCE and CalCCA will also work to ensure that the advanced renewable procurement does not result in the IOUs procuring on behalf of CCA customers and passing through any non-bypassable charges.