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BOARD MEETING MINUTES
Thursday, December 17, 2015
7:00 P.M.
THE CHARLES F. MCGLASHAN BOARD ROOM
1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901

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

Present:
Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Tom Butt, City of Richmond
Genoveva Calloway, City of San Pablo
Barbara Coler, Town of Fairfax
John Gamblin (Alternative to Andrew McCullough), City of San Rafael
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Greg Lyman, City of El Cerrito
Claire McAuliffe (Alternative to Bob McCaskill), City of Belvedere
Emmett O'Donnell, Town of Tiburon
Kate Sears, County of Marin
Christina Strawbridge (Alternative to Alan Schwartzman), City of Benicia
Brad Wagenknecht, County of Napa
Ray Withy, City of Sausalito

Absent:
Carla Small, Town of Ross
Ray Withy, City of Sausalito

Staff:
John Dalessi, Operations & Development
Carol Dorsett, Administrative Assistant
Kirby Dusel, Resource Planning & RE Programs
Sarah Estes-Smith, Director of Internal Operations
Katie Gaier, Human Resources Manager
Darlene Jackson, Board Clerk
Elizabeth Kelly, Legal Director
Alexandra McCroskey, Community Power Organizer
Jeremy Waen, Senior Regulatory Analyst
Dawn Weisz, Chief Executive Officer

1. <u>Swearing In of New Board Member Jessica Jackson (Discussion/Action)</u>
This item was deferred due to the absence of Jessica Jackson.

2. <u>Board Announcements (Discussion)</u>

Vice Chair Butt reported on his attendance at the United Nations Climate Change Conference, also known as COP 21. He said experts in the United States and throughout the world spoke on international climate and energy policy; carbon markets and carbon market design, architecture of a climate agreement, legal issues in climate negotiations, framework for various approaches and reducing emissions from deforestation and forest degradation.

One take-away from the conference was that the UN agreement will play a vital role in promoting and coordinating ambitious climate action around the world and he thought this would happen if it ambitiously begins at local levels, city by city.

Director Bailey announced that he met with MCE staff on Tuesday with Leuwam Tesfai, staff to Commissioner Liane Randolph of the CPUC. The tentative decision by the Administrative Law Judge was 100% in favor of PG&E's request which is a 95% increase to the PCIA. The judge pointed out that there had not been much dispute with the PCIA format. MCE staff had very successfully made some in-roads in attempting to change the impact by linking a further calculation about how the PCIA is formulated and they expect a future hearing where fairness arguments could be made.

Director Coler announced that she did a video shoot for the Cool California Challenge and others members may be called upon to do similar shoots. Director Haroff asked and confirmed with Director Coler that he and Director Bailey would be contacted to do another video shoot for the Cool California Challenge in the near future.

Director Athas publicly acknowledged Justin Kudo for assisting the City of Novato. Mr. Kudo came out after regular work hours during a recent Council meeting where a speaker was stating things that were blatantly not true about MCE and thanked him for setting the record straight.

3. Public Open Time (Discussion):

Stan Sparrow congratulated MCE on its success with COP 21. He asked for help with world leaders to talk to the CPUC given the recent conflict and corruption found involving the CPUC and PG&E. He reported that the tax credit was extended today which is big news for the solar industry and stated he is working on installation of the 1 MW solar project at the Buck Institute where IBEW workers will be provided jobs. He also reported on the enormous and growing solar projects underway from the top 21 and all countries and said China's solar projects are larger than all of the west's installations. He encouraged MCE to make their own yield goals because they are popular and MCE is in a position to do this.

4. Report from Chief Executive Officer (Discussion)

Dawn Weisz, Executive Officer gave the following report:

- As a gift to the Board the meeting tonight will hopefully be the shortest in MCE's history, and she invited Directors to partake in hot cider, hot chocolate and snacks provided for the meeting.
- She said 2015 has been an exciting year and she thanked those Directors who were able to attend MCE's holiday party last Friday.
- She distributed project pictures to Directors: 1) The Buck Institute's first solar project, stating this was MCE's first contract ever signed in 2011 which began construction; 2 Novato's Cooley Quarry which is their Local Sol project scheduled to be on-line in the spring.

Union labors are on this job and they have IBEW workers through Cupertino Electric constructing the Buck Institute facility. Both projects are approximately 1 MW in size.

- Yesterday MCE had a very successful press conference which celebrated the launch of construction for the MCE Solar One project. The project will be 10.5 MWs when completed and is being constructed at a brownfield site at the Richmond Chevron Refinery. She presented a brief video of Director Butt installing a piling and recognized the developer, Stion Corporation that donated some sample panels to Richmond Build.
- As of today MCE's regulatory team completed the last of the meet-and-greet sessions with the California Energy Commissioners. She explained that every year MCE provides an update and discusses development issues and legislation to the 5 commissioners and these have been a great success.
- MCE staff participated in the Adopt-a-Family program this season and purchased gifts for a local family in need which consisted of many donated gifts, food cards and a couple of bicycles.
- A summary of COP 21 is before Directors which identifies some outcomes from the conference, shared concerns about climate change, solution and story-swapping and some of the themes as far as different interests. A press release is also provided regarding the U.S. commitment to put $800 million towards climate aid for the world's poorest countries which are facing impacts from climate change, as well as a table about the Compact of Mayors. She said this might be something cities might be interested in signing onto if not already. An email will follow to each Director regarding the process and she said Richmond has already gone through the process.
- MCE is close to executing a no cost contract with Tesla that will serve as a model for on-bill payment and demand charge savings related from battery storage. They are working with Tesla on next steps regarding the residential battery deployment program, and more information will follow in January.

5. <u>Consent Calendar (Discussion/Action):</u>

C.1 11.19.15 Meeting Minutes
C.2 Approved Contracts Update
C.3 Monthly Budget Report
C.4 Second Addendum to First Agreement with Davis Wright Tremaine, LLP
C.5 Fourth Agreement with Association for Energy Affordability
C.6 Fifth Agreement with Community Energy Services Corporation
C.7 Fourth Agreement with Marin City Community Development Corporation
C.8 Fourth Agreement with Planet Ecosystems, Inc.

Chair Sears requested that Ms. Weisz briefly summarize those contracts up for renewal.

ACTION: It was M/S/C (Athas/Lyman) to approve Consent Calendar Items C.1 through C.8. Motion carried by unanimous roll call vote: (Absent: Small and Withy).

6. <u>Resolution 2015-07 Honoring Director Garry Lion (Discussion/Action)</u>

Chair Sears said the Board is honoring Director Lion who has chosen not to run for another term on the Mill Valley City Council.

Director Bailey read the resolution into the record recognizing and honoring Director Garry Lion for his service and commitment on the MCE Board of Directors. A round of applause followed.

ACTION: It was M/S/C (Bailey/Greene) to adopt Resolution 2015-07 Honoring Director Garry Lion. Motion carried by unanimous roll call vote: (Absent: Small and Withy).

Director Lion stated he thoroughly enjoyed his 12 years serving on the Mill Valley City Council, noting that Mill Valley has a 2 term limit. MCE has been one of his favorite causes from the beginning, even given the opposition in the beginning from the public, investor owned utility, and some Councilmembers. The City of Mill Valley recently conducted a leadership training called "Engage Mill Valley" which is to encourage residents and business owners to be more involved with community service and he served as a panelist and conveyed success stories, one of which was MCE's. He thanked the Board and staff and wished them good luck in the future with MCE's mission.

7. Change in Retirement Administration Plan (Discussion)

Katie Gaier, Human Resources Manager, stated earlier this year staff began looking at possible changes to MCE's retirement system which is the 401 and 457 plan through Nationwide. Nationwide fees were fairly high and staff was trying to separate fiduciary investment advice from plan administration. Staff came to the Board in June and the Board approved staff to move forward with contracts with Genovese Burford and Brothers as the investment adviser and with PenServ Plan Services, Inc. as the plan administrator.

Unfortunately MCE's relationship with PenServ was not satisfactory. Staff made the decision to terminate the agreement with PenServ and ask Nationwide to continue as the plan administrator.

Ms. Gaier stated the item is an update tonight as staff had brought the matter to the Executive Committee at its December meeting because the funds were due to rollover in advance of tonight's Board meeting and the committee approved this direction. For the time being, MCE wants to continue working with Genovese Burford and Brothers. Staff is in discussions with Nationwide to determine if Nationwide can offer something that would better meet MCE needs, and Ms. Gaier indicated staff will return with an update in the near future.

8. Regulatory and Legislative Updates (Discussion)

Elizabeth Kelly, Legal Director, provided an update and PowerPoint presentation regarding the CPUC's decision to adopt revisions to the PCIA charge, a decision which represents a significant increase in the exit fee paid by MCE ratepayers. She thanked all communities, legislators, community groups and other CCA voices for their amazing outpouring of support of letters, resolutions, and involvement, stating the event raised the profile of PCIA at the Commission and state levels.

Unfortunately, MCE lost in its efforts with a 4-1 vote of the CPUC to increase the PCIA charge by 95% which is an average of over $150/year for every MCE residential customer which begins on January 1, 2016. However, there are some important and positive outcomes, as well.

Ms. Kelly said when MCE launched, the PCIA was perceived by the CPUC to be a small MCE issue. Now that there are other CCAs and other communities that want to have CCAs it has become a much bigger issue and as a result, significant press came out on the matter. She presented the diverse press coverage on the issue, presented photographs from the press conference, and an overview of the results of the meeting, noting the increase represents $36 million which will be paid by MCE customers in 2016 and also represents less renewable projects MCE will bring on-line.

CCA customers on PG&E's CARE rate pay the PCIA fee but CARE customers in Southern California Edison territory do not pay the fee, so there are some differences in tariffs.

A positive item that came out of this is a PCIA workshop will review the fairness of the PCIA which will be held in mid-February. It is now tied to a specific proceeding and MCE hopes and expects that this will lead into a new phase to review this issue at a policy level instead of whether PG&E ran a calculation correctly, given the significance of the issue.

Ms. Kelly presented photographs of MCE advocates noting the outpouring of public support and outrage, and said there were powerfully articulated comments by almost 50 speakers before the CPUC regarding the PCIA, which was inspiring. The CPUC Commissioners spoke in a very informed way, given that the public pressure forced them to take a close look and become more aware of the issue. The workshop that was to occur in the first half of 2016 was moved to the first quarter and the Commission set a tentative date as the 15th or 16th of February.

She presented photos of representatives in attendance from Southern California, Lake County and all around the Bay Area. She cited statements made calling the PCIA "corporate welfare", "un-American competition" and said people were amazingly engaged.

Regarding next steps and in trying to change the status quo, Ms. Kelly said MCE can expect some failure before success. She identified two key areas to focus on which are: 1) transparency in auditing and making sure inputs are as clear as they can be; and 2) proper valuation of costs, mitigation, inputs, methodologies and more technical aspects of the exit fees.

Ms. Kelly invited Alexandra McCroskey and Jeremy Waen to add remarks, stating Ms. McCroskey has provided significant education and information to communities throughout the North Bay and the state and has fielded questions about the PCIA to help people to better understand it.

Community Power Organizer Alexandra McCroskey recognized the media coverage and thanked Directors who encouraged their cities to pass resolutions and send in letters to the CPUC which has helped spur that momentum. While disheartening, the momentum was encouraging and she cited the very diverse representation of their constituencies which will help efforts next year regarding vintaging issues.

Ms. Kelly introduced Senior Regulatory Analyst Jeremy Waen who is MCE's technical expert and the person who submitted testimony to the CPUC. Mr. Waen initiated meetings with CPUC advisors which served as critical pathways of communication to get MCE's point across. She also stated Mr. Waen should be recognized for the efforts leading to the CPUC scheduling a workshop.

Senior Regulatory Analyst Jeremy Waen thanked Chair Kate Sears and Director Bailey for attending the meetings which was extremely valuable. It was disheartening to see the vote go the way it did and shocking to see one vote against it. He said in the almost 4 years with MCE, being able to have the venue to address PCIA has been their top priority.

Lastly, Mr. Waen recognized a group of youth from the community of Oxnard that had bussed up to protest the respective building of another gas-fired power plant in Oxnard which will be the fourth plant in their area. Having them and MCE advocates make their case made it clear that MCE is on the right side of history and they must keep moving forward.

Chair Sears recognized everybody's involvement and hard work. She knows today was very disappointing and it seems very unfair, but staff and others did a great job in pointing out positive work and progress that has been accomplished to date. In thinking back 4 years ago, MCE was discouraged and thought the issue would not be brought up by anyone. The change in the environment has been incredible due to all of the hard work and there is a lot to be proud of. Hopefully in February, MCE will be able to continue making progress.

Director O'Donnell asked if the CPUC addressed the PCIA silo fund of almost $1 billion and asked what would happen moving forward with this fund. Ms. Kelly said the way the PCIA works is that it is vintaged in different years. The fund relates to a vintage earlier than MCE's departure. In MCE's view, a negative indifference balance should be applied to all positive indifferences, but the CPUC viewed this as a temporal issue; that that negative balance needed to be applied only to earlier vintages, or direct access customers only. This pot of money is still there and PG&E tried to eliminate it, but MCE stopped that from happening. Therefore, for MCE it shows that this could still be an appropriate pot of money which could be used to offset costs but there may also be other pots of money that have not been as transparent that they need to look at, as well.

Director O'Donnell stated that if PG&E conceivably manages its own power purchases and resells that power this silo fund could actually continue to grow. He asked if the Commission addressed what PG&E is allowed to do with that money or how it will be allocated.

Ms. Kelly said the Commission left the accounting mechanism in place which is a status quo victory versus eliminating the balance.

Director Coler asked if San Diego Electric and Southern California Edison requested to raise their PCIA fee, as well. Ms. Kelly said she has not tracked their proceeding specifically but would guess their PCIA fees are increasing as well because it relates to the same market price benchmarks. She noted it is more dramatic in PG&E's service territory just because of the type of procurement they undertook in the past.

Mr. Waen interjected that currently there is an anomaly going on in southern territories, stating the San Onofre Nuclear Generating station shut down has resulted in a certain amount of credit associated with that power plant being returned to ratepayers. For CCA customers in the southern territories this credit is being applied against customers' PCIA charges, so they are effectively not seeing the PCIA for a couple of years because it is balanced out by that credit. However, once that credit goes away, CCA customers will see and pay for the PCIA charge again.

Director Coler said she believes that Southern California Edison has a request pending to charge the PCIA to CARE customers. Ms. Kelly confirmed that this was rejected by the Commission.

Director Coler said because PG&E did not do their power purchases correctly which was recognized by the CPUC she asked if there was any discussion of how PG&E came to 95%. To her this is an area which the workshop will address, but the fact it is so high is troubling.

Ms. Kelly said the decision was very myopic and technocratic. It focused on the methodology and looked at inputs which were run through a particular equation to determine a number. That number was a 95% increase. The issue is that the Commission did not address was whether the rates were just and reasonable. When these "economically" correct numbers come out, it does not necessarily mean it is the right answer. What has not happened is that additional analysis of whether or not the methodology or its end result was fair. The methodology that came up to address bundled customer indifference is the PCIA. No one has taken that step back, particularly the CPUC, to say whether the methodology and policy is fair and what CCA customers are responsible for. What needs to stop is saying the equation is gospel. We need to identify what can be done to reduce costs and make all ratepayers - bundled and unbundled - better off. Therefore, just because the equation might have been run correctly does not mean it is the right answer.

Director Coler referred to Commissioner Sandoval's vote against the increase, cited the amount of momentum here and asked if there is some way of mobilizing state-wide regarding the PCIA. She said the LA Times could weigh in on this and commended staff for their fantastic job.

Ms. Kelly referred to the statewide issue and said there are people in Southern California Edison who are engaged. The positive part about the venue MCE got for this view on the fairness of the PCIA is that it is a proceeding where all of the other investor-owned utilities are parties and they are already required to participate. So this is not going to be a PG&E issue but one where all parties are involved with the decision binding all of them for comprehensive reform.

Director Athas said one issue Novato brought up is that they wanted to make their letter more than just about the PCIA and also include net metering because they were concerned if it went to 30% to 10% and it might mean that people might not opt to go with solar. She asked if there was any decision made on the metering issue.

Mr. Waen said the proposed decision came out in the last couple of weeks and they must allow for 30 days before they can place it on their agenda, so it will not be until January that the CPUC considers it.

Director Athas asked if MCE is asking cities to make a concerted effort to communicate with the CPUC, given the net metering change hits people financially and might make them not choose clean energy. Mr. Waen said he did not believe there would be quite as deep a groundswell as compared to the PCIA issue, but MCE is definitely doing what they can to educate communities and advocates of the impacts this proposed decision will likely have. In reality, however, it is a difficult time to get people involved during the holiday season.

Director Athas asked what the increase of 95% or the PCIA going to $156/year will mean to MCE's competitiveness and budget and said she believes this to be PG&E's end goal to get customers back.

Ms. Weisz said she thinks it will vary by customer but it is likely that the PCIA going up in January may cause customers to pay a few dollars more. PG&E's generation rate is in flux and it looks like it will go down a bit, but how much is not known and MCE does not receive this information until December 31st and it goes into effect the next day, without the ability for letting customers know in advance. She concurred with Director Athas' sentiments regarding the real benefit of the mobilization around the PCIA issue. There is a lot of visibility and the three things MCE will be pushing for coming out of this are transparency, accountability and accurate valuation.

Ms. Weisz said MCE also wants vintaging to be assigned per community so they can communicate with customers as to what their PCIA will be. Auditing will address this to make sure there is an accurate valuation of the amounts and the ability to communicate clearly with customers. If the overall cost for an MCE customer does rise on January 1st, she did not believe it will have a significant impact on their customer retention, given past experiences.

John Dalessi added that they will run a full analysis of the rate impacts in January and will bring this to the Board meeting in January. He thinks it is likely that costs for customers through MCE's rates will be slightly higher but as Ms. Weisz stated, MCE had this same situation in 2011/2012 and did not lose customers and expanded. An important policy objective for MCE rates is that they are competitive, which does not necessarily mean lower than PG&E. The fact that MCE has been able to provide cost savings over the last few years in addition to providing an environmentally-superior product is outstanding and we believe that MCE rates will remain competitive.

Mr. Waen added that PG&E's general rate cases cycle has begun again and the first phase of the rate case will be a significant focus in 2016. In this proceeding there are opportunities to identify credit revenue that should be passed back to customers as well as certain costs that should not be assigned to customers for which he provided examples.

Director Greene spoke of PG&E's number of attorneys assigned to address CCA issues only, which is significant. Ratepayers pay for that. It looks like as MCE and CCAs all over the state have become more successful, those attorneys and accountants strategizing at PG&E have seized upon PCIA as being the mechanism to fight back because they are losing customers. To learn that the indifference adjustment will total $36 million in 2016 is outrageous. He said there have been many tactics PG&E has deployed and this looks like the purpose is to make MCE fail and directly assault their ability to be competitive with higher rates. What bothers him the most is that in light of the exposure of PG&E's cozy relationship and the CPUC nothing has been done and now is expressed in a 95% PCIA increase. He asked staff to fight and dismantle those equations because they are unfair.

Ms. Kelly stated the exit fee represents CCAs bearing utilities' business risk and MCE will continue its efforts in further exposing it for delving into what it is truly.

Director Lyman thanked staff for representing this issue to the El Cerrito City Council and said it speaks to the quality of MCE staff. He agreed with Director Greene that while this is a setback, it is the start of the long battle.

Ms. Kelly recognized specific staff that has worked incredibly hard on this issue as Shalini Swaroop, Alex DiGiorgio, Justin Kudo, Allen Chiu as well as all members of MCE staff.

Vice Chair Butt commented that CCAs have had good luck with the legislature in defending attacks and suggested seeking sponsors for a bill.

Ms. Weisz said there has been discussion regarding pushing legislation in the next cycle and this may occur. There is something to be said for the opportunity that exists now and some of the individuals in place at the Capitol who may be interested. On the flip side, there are some well-funded adversaries whenever there is a legislative battle and MCE must think about this further, but is open to input.

Ms. Kelly said this is a point well taken. There has been talk about the supreme disappointment coming out of this CPUC meeting and MCE must do its legwork for the upcoming proceeding. Separately, MCE will communicate with legislators about what their expectations are which she repeated as transparency, auditing and proper valuation of the exit fee. There needs to be accountability at the CPUC to have this occur. They will be educating legislators on what their expectations and needs are and the most efficient and least political risky way to address this is through the CPUC with accountability coming from communities, organizations, legislators and from the Governor's office to the extent legislation is necessary, which carries a lot of risk.

Director Bailey cited Commissioner Mike Florio's quote in the newspaper about why they approved the PCIA which states: "The reason the increase of the exit fee has to be so large is because of high cost and renewable energy contracts which PG&E was required by law to enter into and this Commission approved. Those contracts were approved with the promise by the CPUC that PG&E could recover those costs in rates. We're stuck with that now." Ms. Kelly noted that this identifies the regulatory co-dependency occurring and MCE is not part of it.

Vice Chair Butt stated this is really a public policy argument and was not sure the CPUC was the right place to make the argument. It is about whether California is going to be a leader in energy reform or not.

Mr. Waen stated they have been working with communities up and down the state that are aspiring to implement programs like this and they complete technical studies designed to analyze the operational feasibility based on today's market conditions. It is frustrating for communities and those completing the studies because they must have to throttle it back because of these types of charges that pose additional costs and compromise the rate competitiveness. He thinks it is odd to see this happen in the conflict of state environmental policy objectives where there are plenty of people who want to get to 100% in renewable energy.

Director Bailey said the problem they have sometimes in communicating is not just to show how clearly and persuasively they can provide their own view of the world, but they must listen to what the other side's perspective is. He read the opinion at length and the perspective of the CPUC was not that they did not recognize the impact on MCE and its customers, but it is they wanted to be fair to PG&E customers or bundled customers who are being left behind. The Commission perceived themselves as standing up for fairness and MCE must be willing to acknowledge there is a perspective change which may never happen.

Mr. Waen agreed this was a fair point and it seems appropriate to the comment about business risk. PG&E is a big business but the protection they receive is unique as well as the fact that MCE's customers' finance that is also unique.

Director Bailey stated he thinks PG&E is in their own sense having their own sense of truth and MCE needs to try to show them there is another path. He agrees MCE should fight the fight but there should be another path to come at this.

Ms. Weisz stated another comment to add to this list is the result of a great brainstorming this afternoon with some key people on customer indifference. This is the primary belief behind those comments just stated and also some of the primary belief that Mr. Waen talked about where they should not have MCE customers paying for legal time for power supply contracts. If MCE can make customer indifference a reality, this should make PG&E and MCE happy. They just need transparency to allow for that customer indifference to occur in an accurate way.

Director Bailey said this is a great argument, but the argument that is not persuasive to him is that it is just too much money and MCE cannot afford it. Therefore, they need to argue something else.

Director Athas asked if MCE has the opportunity to get involved with the League of California Cities to help them with this. When they hold events at the League, there is a very strong presence of PG&E, they endorse candidates and she thought she heard MCE is prohibited from doing any endorsements of candidates and Ms. Weisz confirmed.

Director Athas said it seems this is an inequity and did not understand why this is the case. Ms. Weisz stated local government agencies are prohibited from taking a position on ballot initiatives or from sponsoring candidates given they may use taxpayer or community-based funds. PG&E can because it is privately owned. She said she would, however, be happy to present this to the League, and Director Athas stated Nancy Bennett is their representative.

Chair Sears opened the public comment period.

Sam Sparrow stated gas and oil are at their lowest prices and PG&E is over-generating by 175%. California's energy has not increased and residents have to pay for energy that cannot be used which is a huge loss. Their stock price of $54/share is the highest it has ever been except for a run in January/February 2015. In the 2016 election they had a ballot initiative for CCAs and a renewable energy credit. He noted that while MCE cannot, he can initiate a ballot measure to place a moratorium on the CPUC and PG&E.

Chair Sears thanked everybody for a great conversation on this and asked all Directors to provide a round of applause for MCE staff.

Ms. Kelly concluded her presentation and stated SDG&E submitted an advice letter stating they would like an independent marketing division to market against CCAs. In their long-term procurement plan they say they will not plan for any CCAs departing and then in their advice letter they plan on marketing against CCAs. This is just another quirk of working before the CPUC. They are hoping people in Southern California will engage on this. MCE submitted comments on the advice letter jointly and coordinated with other CCA entities so there is never a dull moment.

Ms. Weisz commented having a marketing division to market against CCAs is not a terrible thing, but the fact that they have to create a plan and create a separate division is something MCE pushes for after their experience launching, as it is part of the code of conduct for all investor-owned utilities. San Diego Electric is the first IOU to submit such a plan, and MCE thinks the plan is deficient because it does not create a functionally separate entity. That entity still has many connections to San Diego Gas and Electric. Hopefully, they will improve upon their plan and there will be more transparency.

Mr. Waen said at the voting meeting today there was representation from San Diego speaking out against the PCIA. In addition, the City of San Diego recently approved their climate actions plan and they are planning to reach 100% renewable energy in 20 years and a key component of that is forming a CCA. He thinks things like this advice letter are clearly helping to galvanize the effort to start taking the regulatory arena seriously so he thinks San Diego's CCA effort will likely have a more prominent voice in the regulatory arena in the coming year.

Vice Chair Butt stated PG&E has announced that PG&E will offer their version of Light Green and Deep Green sometime in 2016. He thinks it is part of a grand plan to put CCAs out of business, and he asked if staff had any insight as to when it will roll out and what it will look like.

Mr. Waen said the CPUC approved PG&E's initial rates and launch, approved their marketing efforts and they will definitely launch this service in the coming year. Both programs are 100% solar supplied. One will be similar to MCE's Deep Green Program where there are a portfolio of resources with individual customers can participate in purchasing solar energy for half or the entire bill.

He said the other PG&E program is similar to MCE's Local Sol program, but they are structuring it differently and loosening the requirement of how close one must be to the generation resource. There is a bit of a strategic play and the green tariff has been in progress for many years now, but one step that came into play is that MCE was able to include language to make sure the customer indifference is maintained. The silver lining is that their participants must also pay the PCIA. So the strategy might not be so well executed, but it will make news in the coming year. He thinks there is a high likelihood they will be fully subscribed in time and then going back to the Commission for another increase in their program.

Ms. Weisz noted that MCE's Deep Green program premium is 1 cent per KW hour. They expect PG&E's program to be at least 2 cents and they are also required to pay PCIA.

Kirby Dusel said he thinks one thing MCE will track is the marketing of PG&E's regional solar choice program, which creates a more direct contractual relationship between participating customers and specific solar projects within proximity to their home or business. Because that program will be jointly marketed with PG&E and individual developers, he thinks it is important that there is some oversight with regard to customer interactions. Because there will be interaction between customers and third-party project developers, MCE will want to make sure that everything communicated by PG&E and its third-party partners is valid, accurate and not detrimental to MCE's business operations. MCE has reviewed PG&E's application to get green energy certification and MCE will coordinate with Green-e Energy staff regarding related comments in early January.

9. Board Member & Staff Matters (Discussion)

Chair Sears wished everybody a happy holiday. In closing, there is a lot going on in many arenas and she suggested staff prepare a chart of what is occurring in the regulatory arena, given the Board's interest in engagement and strategies.

10. Adjournment

The Board of Directors adjourned the meeting at 8:43 p.m. to the next Regular Board Meeting on January 21, 2016.

Tom Butt, Vice Chair

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Attest:

Dawn Weisz, Secretary