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NOV 06 2014

MARIN CLEAN ENERGY

MARIN CLEAN ENERGY
BOARD MEETING
THURSDAY, OCTOBER 2, 2014
7:00 P.M.
SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901

Roll Call

Present: Damon Connolly, City of San Rafael
Bob McCaskill, City of Belvedere
Sloan Bailey, Town of Corte Madera
Kevin Haroff, City of Larkspur
Garry Lion, City of Mill Valley
Denise Athas, City of Novato
Elizabeth Robbins, Alternate, Town of Ross
Ford Greene, Town of San Anselmo
Ray Withy, City of Sausalito
Emmett O'Donnell, Town of Tiburon
Brad Wagenknecht, County of Napa

Absent: Kate Sears, County of Marin
Larry Bragman, Town of Fairfax
Tom Butt, City of Richmond

Staff: Dawn Weisz, Executive Officer
Elizabeth Kelly, Legal Director
Beckie Menten, Director of Energy Efficiency
Allison Kirk, Account Manager I
Kirby Dusel, Technical Consultant
John Dalessi, Technical Consultant
Brian Goldstein, Technical Consultant
Emily Goodwin, Director of Internal Operations
Darlene Jackson, Clerk

Public Session: 7:07 PM

Agenda Item #1- Board Announcements (Discussion)
None

Agenda Item #2 – Public Open Time (Discussion)
Chris Brown, Main Street Moms, spoke briefly on her involvement as a MCE advocate in the community and her desire to stay updated. Chair Connolly welcomed her and thanked her for her ongoing engagement with MCE.

Member of the public Stan Sparrow shared that he attended an intrasolar conference and reported some big changes regarding solar and government. He shared the IRS has changed its definition of what solar is and how those changes could benefit MCE. Chair Connolly thanked Mr. Sparrow for attending the meeting and sharing that information.

Agenda Item #3 – Report from Executive Officer (Discussion)
Executive Officer Dawn Weisz reported on this item.

Ms. Weisz welcomed MCE's newest Board Member Brad Wagenknecht from the County of Napa. She shared that Brad was sworn in at MCE's Board Retreat held in September. Future Board member Andrew McCullough, City of San Rafael was introduced and welcomed.

Ms. Weisz announced in order to comply with Brown Act Updates, commencing tonight and moving forward, MCE will conduct "Roll Call Voting" on each meeting agenda action item. Darlene Jackson, Board Clerk will conduct the roll call following each action item.

Ms. Weisz shared a few upcoming events: (1) The Draft Climate Action Plan Update has been posted to the County's Climate website (www.marincounty.org/climate) and the County is seeking public input on the Draft CAP Update. The County will go over details at a public workshop at 6:30PM Monday October 6th at the Marin Center Exhibit Hall. If anyone would like more information Ms. Weisz directed them to the Marin County website or advised written comments may be submitted to opena@marincounty.org, (2) Power Association of Northern California ("PANC") Luncheon on October 21st and, (3) MCE hosted Calpine Geysers Field trip on Thursday, October 23rd from 8am-5pm and if additional information is required, in Katie Gaier's absence, inquiries should be directed to Darlene Jackson or Emily Goodwin.

Ms. Weisz introduced a Procurement Team item and presented a slideshow of various site visits attended by Director of Power Resources, Greg Brehm. She talked briefly about the following 3 current contracts: Recurrent Energy Kansas; EDP Renewables - Rising Tree Wind Farm (Ms. Weisz discussed the California Condor Monitoring Station in relation to Wind Farms); EDF Cottonwood (Buck Institute) and; Recurrent Energy - Mustang which is a 30 MW of solar project currently under negotiation and in development.

Member of the public Stan Sparrow expressed his concern regarding the location of this solar project to the King County fires explaining solar panels burn quite easily and the water shortage could present a problem.

Director Connolly moved into Consent Calendar and indicated he, Director Withy and Alternate Robbins would abstain from voting on the Minutes. Director Greene asked that Consent Calendar Items C.5 Records Retention and C.6 1st Addendum to 2nd Agreement with Troutman Sanders be pulled for further discussion.

Agenda Item #4 – Consent Calendar (Discussion/Action)

C.1 9.4.14 Board Minutes
C.2 Monthly Budget Report
C.3 Approved Contracts Update
C.4 MCE Power Content Label and Attestation

C.5 Records Retention
C.6 1st Addendum to 2nd Agreement with Troutman Sanders

Director Greene indicated his concern is regarding Records Retention policy specifically General Electronic Correspondence and its retention for 2 years. He is concerned about how "general correspondence" is being defined. He wondered if it might be beneficial to retain electronic correspondence for a longer term.

He wondered if there is correspondence that could help MCE and evidentiary cover the agency in the future and we've prematurely eliminated it that would not be a good idea.

Ms. Weisz explained that this policy relates to items that have officially become public record. There is plenty of email correspondence that often gets deleted in the normal course of business; it therefore doesn't become a public record. However, if it has been saved and stored for a period of time it is considered to be public record and would then be subject to this "Records Retention" policy.

Also, by way of background, this policy was recently revised through 6 months of review of our Executive Committee and was brought back to the Board for changes. It could be returned to the Executive Committee for further discussion as this particular item does relate to some recent developments on the regulatory front.

Legal Director Beth Kelly explained the initial policy was developed by our external counsel for municipal law, Richards Watson & Gershon and MCE believes it includes all relevant best practices but she certainly is open to further revisions.

Director Greene indicated that he is happy to defer to the judgment of municipal law counsel.

Director Connolly asked what the initial recommendation on this item was. Ms. Kelly said the recommendation was 2 years.

Director Greene addressed Consent Calendar item #C.6. As he understands the Staff Report, MCE has used the $50,000 as designated in the original agreement and Troutman Sanders function is providing advice with respect to power purchase agreements; Ms. Weisz confirmed this role.

Director Greene asked Ms. Weisz to fill the Board in on why there is a need for the extra funds. Per Ms. Weisz, Troutman Sanders has been assisting MCE as transaction counsel while negotiating power purchase agreements. As indicated on the slide deck presented at the beginning of the meeting, MCE has entered into a couple of significant PPAs within the last few months. A couple of them came out of our Open Season process and a couple of them are related to our recent expansion. In addition, MCE engaged Troutman Sanders to help MCE with the Chevron transaction and the lease agreement review. They have in-house counsel with expertise in the Brownfields development and renewable energy. The work on the Brownfield project coupled with the expansion related to new contracting efforts have created the need for some additional support from this firm.

Roll Call Vote:

McCaskill – Yea	**Bailey – Yea**	**Haroff – Yea**
Lion – Yea	**Athas – Yea**	**Greene – Yea**
O'Donnell – Yea	**Wagenknecht – Yea**	

Consent Item C.1 – 9.4.14 Board Minutes
Connolly – Abstain **Withy – Abstain** **Alternate Robbins – Abstain**

M/s Athas/Lion (passed 8-0-3) approved items #s 1, 2, 3 and 4 on the consent calendar. Directors Bragman, Butt and Sears were absent.

M/s Greene/McCaskill (11-0-0) approved consent calendar items #s 5 and 6. Directors Bragman, Butt and Sears were absent.

Roll Call Vote:

Connolly – Yea	**McCaskill – Yea**	**Bailey – Yea**	**Haroff – Yea**
Lion – Yea	**Athas – Yea**	**Greene – Yea**	**O'Donnell – Yea**
Wagenknecht – Yea	**Withy –Yea**	**Alternate Robbins – Yea**	

Agenda Item #5 - Third Amendment to Lease with San Rafael Corporate Center (Discussion/Action)
Emily Goodwin, Director of Internal Operations presented this item.

Ms. Goodwin mentioned this item is a formality necessary to terminate our existing lease agreement early with the San Rafael Corporate Center ("SRCC"). As the Staff Report notes, MCE's current lease agreement with SRCC runs through December 31, 2019. Based on the recent buyout of the SRCC by California Corporate Center Acquisition LLC, and conditions set forth to motivate early termination of lease options for existing tenants, MCE staff negotiated an incentive package to terminate the current lease agreement.

The MCE Board approved the lease agreement at 700 Fifth Avenue in San Rafael allowing MCE the opportunity to terminate the current lease agreement at SRCC. Ms. Goodwin shared the agreement for terminating MCE's existing lease at the SRCC and vacating the building on or before February 28, 2015 allows that:

1. All remaining lease costs are waived as of September 11, 2014, the date of full execution of the new lease agreement at 700 Fifth Avenue. This equates to a monthly savings of $16,605.95 for the remainder of 2014 and $16,754.66 for January and February 2015.
2. A payment will be made from the landlord to MCE in the amount of $400,000 upon successful evacuation of the existing office space by February 28, 2015. These funds will be used to cover moving and other office-related expenses. MCE has no option to renew the lease with SRCC since the agreement has now been signed.

Director Connolly complimented Ms. Goodwin and the staff on an excellent job and how well the negotiations came together. Ms. Goodwin promised to update the Board on progress related to the move and tenant improvements.

Roll Call Vote:

Connolly – Yea	**McCaskill – Yea**	**Bailey – Yea**	**Haroff – Yea**
Lion – Yea	**Athas –Yes**	**Greene – Yea**	**O'Donnell – Yea**
Wagenknecht – Yea	**Withy – Yea**	**Alt. Robbins – Yea**	

<u>M/s Greene/Athas (passed 11-0-0) approved the Third Amendment to Lease with San Rafael Corporate Center. Directors Bragman, Butt and Sears were absent.</u>

<u>Agenda Item #6 – Resolution 2014-06 Approving the City of Benicia as an MCE Member and Authorizing: 1. Amendment 9 to the MCE JPA and 2. Submittal of Amendment to MCE Revised Implementation Plan Adding the City of Benicia (Discussion/Action)</u>
Dawn Weisz, Executive Officer introduced this item.

Ms. Weisz reminded the Board of the feasibility analysis work done for the City of Benicia which was initially brought to the Technical Committee and briefly discussed at the Board Retreat. The City of Benicia requested membership with MCE earlier this year. Ms. Weisz deferred to John Dalessi, Operations and Development Consultant to provide the results of the analysis.
John Dalessi presented the Program Impact Analysis for the City of Benicia. He noted that this is the third analysis they have done since the enrollment of the City of Richmond and for those who have experienced the process, the same format was followed with Benicia.

He shared that the analysis was completed on August 29, 2014. The projected impacts of this prospective membership expansion was entirely positive, demonstrating meaningful increases in renewable energy sales, expected reductions in GHG emissions, and an approximate 3% rate reduction for all MCE customers, both current and prospective.

There would also be an increase of renewable energy use in the State due to MCE's high overall renewable energy content relative to the current service from PG&E. That would translate into approximately 55,000 MWh per year and annual GHG reductions would be 15 million pounds.

Director O'Donnell noted it is obvious that power usage is heavily skewed toward the large commercial/industrial sector. He asked if we have reached out to those potential large power users as a part of this process or if there is just an assumption that 80% would opt out Mr. Dalessi said participation by the industrial sector was included in the analysis and lack of participation in that sector would still yield positive results, but rather than the 3% we would be looking at something closer to 2%.

To speak directly to Director O'Donnell's question about outreach, Mr. Dalessi explained he does not believe that has started yet. Ms. Weisz offered we are waiting for Benicia's formal action before we begin outreach to any customers.

Director Withy asked whether a community could ever fail a quantitative analysis; what would be the structure of a community that MCE couldn't incorporate? Mr. Dalessi indicated he believes it would be more of a timing issue of expansion relative to what power supply costs are. Right now the prices are relatively low on conventional and renewable power supplies. So adding additional sales is a good thing as it creates a greater margin because MCE rates compared to generation supply costs leave a fairly large gap. The differences between cities are going to be driven primarily by the unique load profile of each respective customer base.

Director O'Donnell asked if we knew yet how the rates would be set for Benicia's large users, and would there be different rates for different categories. Mr. Dalessi indicated yes; MCE has multiple rate schedules and they are competitive across the board. The rate schedules applied in the analysis will be the ones applied to the customers. The industrial customers pay a relatively low kW rate with MCE in line with PG&E but MCE's com-20 rate is currently lower than PG&E, so there is opportunity to attract these type customers.

Member of the public Stan Sparrow asked Mr. Dalessi to explain the PCIA charge that appears on his monthly bill. Mr. Dalessi explained that this is one of MCE's primary regulatory issues and has always been a top MCE priority in terms of finding resolution to this unfair exit fee. PCIA is a charge that PG&E imposes on MCE customer bills to protect the utility from bearing the above market costs of power when customers depart bundled service.

Director Connolly requested the status of the City of El Cerrito's request for membership. Ms. Weisz shared El Cerrito's study is currently underway, and she expects to bring the results to the October Technical Committee and subsequently to the Board at the November meeting.

Roll Call Vote:

Connolly – Yea	**McCaskill –Yea**	**Bailey –Yea**	**Haroff – Yea**
Lion – Yea	**Athas – Yea**	**Greene – Yea**	**O'Donnell – Yea**
Wagenknecht – Yea	**Withy – Yea**	**Alt. Robbins - Yea**	

M/s Bailey/O'Donnell (11-0-0 passed) approved the following actions, subject to the adoption by the City of Benicia of the ordinance required by Public Utilities Code Section 366.2(c)(10) and such ordinance becoming effective: (1) the execution of the Marin Clean Energy (formerly "Marin Energy Authority") Joint Powers Agreement by the City of Benicia; (2) Resolution 2014-06 of the Board of Directors of Marin Clean Energy approving the City of Benicia as a member of Marin Clean Energy; (3) Amendment 9 to the MCE Joint Powers Authority Agreement and (4) Submittal of Amendment to MCE Implementation Plan and Statement of Intent to the California Public Utilities Commission. Directors Bragman, Butt and Sears were absent.

Agenda Item #7 – Power Purchase Agreement with RE Mustang, LLC (Discussion/Action)
Kirby Dusel, Technical Consultant, presented this item.

Mr. Dusel provided a brief description and history of MCE's relationship with RE Mustang, LLC. He reported that as a result of MCE's 2014 Open Season Procurement Process for Renewable Energy, staff received a Power Purchase Agreement ("PPA") offer from Recurrent Energy for output from a new solar photovoltaic facility located in California's Central Valley. The facility is being developed by RE Mustang LLC, a wholly owned subsidiary of San Francisco based Recurrent Energy, the same counterparty with which MCE has a PPA for the RE Kansas project. Mr. Dusel also reported RE Kansas is in the final stage of construction and is expected to be online in January 2015.

The energy deliveries align with MCE's future Product Content Category 1 (in-state bundled) need, energy deliveries will reduce MCE's average projected renewable energy cost over the 15-year contract term, anticipated energy deliveries are generally sufficient to supply 14,000 average MCE residential customers, and this PPA will satisfy MCE's long-term RPS contracting obligations.

The location of the project is in Lemoore, Kings County which is 185 miles Southeast of San Rafael. The product is available energy with resource adequacy capacity. This is 30 MW of a 100 MW facility and the expected annual energy production is 84,400 MWh.

Mr. Dusel indicated there is one noteworthy consideration related to the Federal Investment Tax Credit. This particular 30% tax credit expires on December 31, 2016 and is available to various renewable energy technologies, solar in particular.

Director Haroff asked in relation to the Tax Credit, what is needed to qualify for the credit. Mr. Dusel responded his understanding is the facility needs to begin delivering power in order to qualify.

Director Connolly asked how large of an open position we have for the next couple of years. Per Mr. Dalessi the open resource needs are for the conventional power supplies. Mr. Dalessi further commented that we would be well covered on renewables and slightly exceed our need for the Bucket 1 product tied to state regulatory requirements.

Director Connolly asked Mr. Dusel to touch on the Shell Energy North America ("SENA") agreement as it relates to our goal of timing delivery of the agreement to align with renewable energy deliveries of the SENA Agreement.

Mr. Dusel shared that through the various SENA confirmation agreements we have a phasing out of renewable energy that will be met under those agreements. Mr. Dusel reminded the Board when this agency first started serving customers, MCE was doing so under a full requirements agreement with SENA where they were providing all of the basic energy requirements for our customers including renewables. As we grew and entered into new renewable supply contracts we entered into more independent PPAs specifically for renewable energy. We therefore have a declining renewable delivery schedule under the SENA arrangement.

Director O'Donnell asked why we are considering entering into a 15-year contract when we saw in the slide presentation made earlier by Ms. Weisz, a reference to various MCE contracts in the 2-3 year range. He asked for an explanation as to why we are entering into such a big commitment especially in terms of pricing.

Mr. Dusel noted the reason for having a long-term agreement, in part, has to do with more competitive pricing. It is less about the contract term and more about the size of the commitment or the level of capacity and what proportion of the total supply is being committed to through this type arrangement.

Mr. Dalessi noted if you want to get new renewable facilities built you must offer long-term contracts. Ms. Weisz shared, that MCE has typically sought long-term projects when buying California-based renewables and noted that being able to lock in price for a long term gives MCE the ability to plan better. The terms of our initial California-based contracts were 20-25 year agreements. Recently we've had shorter agreements come our way with competitive prices because there was a particular generator coming online with dedicated supply at a future date and the developer was looking for a place to sell the energy before that time. This particular opportunity comes in mid-range. Based on our Integrated Resource Plan and having layers of diversified supply contracts (capacity and term) it fits nicely into our portfolio needs.

Alternate Director Robbins inquired about the document being a draft; there are several blank spaces where various pieces of information perhaps should be known by the Board before this is approved. Per Ms. Weisz, those are commercial contract terms that we aren't able to disclose publicly until after execution of the contract. Since this is a public Board packet, those numbers have not been included; however, the terms of this proposed contract were discussed at the Ad Hoc Contracts Committee so Board members were involved in that discussion. She noted that one of the benefits of being a public agency is that we disclose all contract information after the contract is approved and Investor Owned Utilities do not.

Director Bailey, a member of the Ad Hoc Contracts Committee commended the staff on the excellent job in providing a clear presentation of a complicated discussion relative to merits. After hearing all those things it is his judgment that this fits well within our portfolio.

Director Lion, also a member of the Ad Hoc Contracts Committee, noted this sounded like a very competitive, attractive opportunity for Bucket 1 needs and he agrees with Director Bailey's assessment.

Director Connolly asked about the viability of the project. Mr. Dusel noted that was one of the key considerations. In light of the good track record Recurrent has had with its other projects and progress made, they were at the top of the list.

Director Connolly shared his impression is that solar market pricing is favorable right now and prices are quite low. Mr. Dusel indicated that is the case and it is due to a number of factors.

M/ Lion/Haroff (11-0-0 passed) approve the Power Purchase Agreement with RE Mustang LLC additional Renewable Energy Supply. Directors Bragman, Butt and Sears were absent.

Roll Call Vote:

Connolly – Yea	**McCaskill – Yea**	**Bailey – Yea**	**Haroff – Yea**
Lion – Yea	**Athas –Yes**	**Greene – Yea**	**O'Donnell – Yea**
Wagenknecht – Yea	**Withy – Yea**	**Alt. Robbins – Yea**	

Per Ms. Weisz the Regulatory Update was presented prior to the Energy Efficiency Update

Agenda Item #8 – Energy Efficiency Update (Discussion)
Beckie Menten, Energy Efficiency Director presented this item.
Ms. Menten shared Program Updates on:

- Program Implementation
- 2015 Proposed Decision for funding Energy Efficiency Programs
- Energy Efficiency barriers and solutions, thoughts and strategies for addressing those as we move forward into 2015 and 2016
- On the Multifamily Program front incentives have been increased by 20% and we are focusing on closing projects currently in the pipeline.

Ms. Menten reported on the Small Commercial Program and that there was an HVAC Contractor workshop held. It was not heavily attended but it did provide an opportunity for the Energy Efficiency team to sit down and speak candidly about the program.

Director Haroff asked about the economic incentives for the HVAC contractor. Per Ms. Menten the more savvy the contractors the more they understand the messaging and are able to use it to their advantage. The rebates and incentives help offset the incremental costs between the placing of a unit that is at standard efficiency and one that is at a higher efficiency. The contractor can use that messaging to maximize program participation.

(NOTE: DIRECTOR BAILEY LEFT THE MEETING AT THE BEGINNING OF THIS PRESENTATION.)

Ms. Menten reported MCE has ceased mailing to low energy users in the Home Utility Report ("HUR") Program due to the information not being processed in the expected manner. Overall, the program is producing savings but we are looking at ways to change the messaging. We are considering moving back to a pilot program basis and training consumers on how to do more in terms of energy savings. In spite of low energy users, this program remains the highest functioning of the programs.

Ms. Menten shared that the Property Assessed Clean Energy ("PACE") Financing Program has been approved in Unincorporated Marin, Larkspur, Novato, Fairfax, San Anselmo, San Rafael, and soon Corte Madera. She shared that the Residential Program has a limited time opportunity for a $500 rebate and the SunShares program is now available for cities/counties.

Member of the public Leslie Alden asked about the difference in rates charged by the PACE program and general mortgage rates. Ms. Menten explained that mortgage rates are currently about as low as you can get, whereas the PACE Program is a bit higher for residential. She indicated if someone had a home equity line of credit they might want to consider using it.

Ms. Menten reported on the various accomplishments made by the Energy Efficiency team, specifically the Proposed Decision: 2015 Funding that was issued on September 16, 2014, and that MCE was granted most of its requests. She indicated that the CPUC is moving towards implementing a "rolling portfolio."

Ms. Menten discussed current high level program barriers and proposed solutions as well as current barriers and solutions at the program level. Some specific program barriers are 1) direction to avoid duplication of existing programs, 2) lack of access to data, 3) competition from existing programs, 4) uncertain or shifting regulatory framework, 5) brand recognition, and 6) ramp up.

Some proposed solutions for these high level barriers are 1) become primary energy efficiency provider in service territory which allows a balanced portfolio and diminishes competition with third party programs, 2) supplement CPUC funding with other funding avenues i.e. DWR grants, CEC grants and DOE grants, and 3) work to achieve regulatory reform.

Director Connolly mentioned that we are pigeon-holed into the types of programs we are able to serve. From a societal standpoint avoidance of unnecessary duplication is a value. This does seem to be a sector where the IOU is at least perceived as performing fairly well. How does one reconcile those two points: duplication is not something we want yet we don't want to be ham-strung either? Ms. Menten responded by saying, she would dig heavily into the concept they are doing a good job. One metric is when you look at evaluation in monitoring results they consistently achieve about 50% of the target they said they would get. Another thing worth looking at is that the IOUs are good at gaming the regulatory framework that they are in and not as good with long-term outcomes. There needs to be massive improvements for all implementers and the way energy efficiency is handled.

Director Connolly asked if this is possibly a way to spur further competition in the market. We should be designated as the primary provider or have first right of refusal. It is impossible to compete on equal footing with PG&E as the playing field not level. The un-level playing field is reinforced by the regulatory framework that they are operating within. She would prefer to have first right of refusal initially and to revisit opening competition later.

Ms. Weisz noted if there were a level playing, field competition would be a good option, and there clearly is not a level playing field, and this creates difficulty for us in serving customers. There is currently lots of confusion when it comes to energy incentives and this confusion often leads to inaction.

Director Connolly stated that at minimum we should ask for no barriers to insure we get a balanced portfolio.

Ms. Weisz noted that the CCA in Massachusetts has taken over the Energy Efficiency program from their local utility because they ran into a lot of these same challenges and it is reportedly working very well.

Director O'Donnell asked if there was anything out of the box we can do to either replicate what PG&E does or look at other energy efficiency programs and do something no one else is doing. Ms. Menten reminded the Board that at the Board Retreat she distributed a paper and she found that there is something about straightforward, simple approach represents an innovative, out-of-the box concept at this point.

Director O'Donnell mentioned smart phone apps that are available for various things, including vehicle electrification. He would like to see Energy Efficiency programs that can find some cutting edge, emerging technology that can be used.

(NOTE: DIRECTOR GREENE LEFT MEETING DURING THIS PRESENTATION.)

Director Haroff indicated he sees real potential in the water saving scenario. He asked to what extent is the Energy Efficiency team engaged with the Water District to explore with collective work to improve energy efficiency and water. Ms. Menten mentioned one of the first things the Energy Efficiency team did in 2012 was to reach out to all water districts in the area to see how we could work together. MCE staff had a mixed reception: Northern Marin Water District was not as receptive, staff experienced barriers with EBMUD but MMWD was a phenomenal partner for MCE.

Agenda Item #9 – Regulatory and Legislative Updates (Discussion/Action)
Beth Kelly, Legal Director presented this item.

Ms. Kelly reminded the Board that tonight's discussion is an action item as indicated by the draft letter from the MCE Board to the Policy and Planning Division of the CPUC. She has been working with Director Connolly on this letter.

Ms. Kelly discussed a couple of legislative items. She shared SB 1414 was signed into law regarding new electrical demand response requirements for load serving entities which now will include CCAs.

She discussed AB 2661 that would have restricted CCA employees from serving on the California Energy Commission for two years after the term of their employment. The legislation was vetoed by the Governor.

Ms. Kelly shared as a point of interest SB 1275 (Encouraging EV Adoption) bill was signed into law. This sets forth the Charge Ahead California Initiative and the idea is to 1,000,000 zero-emission and near-zero-emission vehicles on the road by January 1, 2023. There is a particular focus on disadvantaged, low-income and middle-income folks and she thinks this may end up being a unique opportunity for MCE to be involved in the electrification of transport.

Ms. Kelly shared on the CPUC front and in the news there has been a lot of activity; particularly the reporting on the close relationship between PG&E and the CPUC. She noted that the CPUC's rules of practice and procedure prohibit "judge shopping." She discussed several emails and correspondences between several CPUC Commissioners and PG&E regarding the gas transmission case which is approximately a $1 billion rate case before the CPUC where PG&E specifically requested a change in Administrative Law Judge.

Ms. Kelly discussed the Regulatory turmoil and fallout at the CPUC and at PG&E as a result of these actions. She noted from the MCE perspective we are civil servants and our customers deserve the highest level of service from an effective, efficient, trusted and transparent agency.

She set forth several key takeaways for MCE: 1) Our requests at the CPUC are reasonable and comply with law and regulation; 2) We must be aware of high level access and of IOUs; and 3) We must always remember our duties as civil servants to maintain the highest ethical standards.

Director O'Donnell spoke about had it not been for the San Bruno gas issue a lot of this would not have been disclosed and he wonders how many other things have not been disclosed.

Director Connolly asked if Ms. Kelly thinks there will be some type of reform happening as a result. Ms. Kelly indicated she believes that some measure of change will occur at the CPUC and beyond is inevitable. She has seen a distinct change in tone from folks she has worked with at Energy Division. As far as reform it remains to be seen.

Director Lion asked Ms. Kelly if she could speculate on what the chances that President Peevey might step aside. Per Ms. Kelly there has been a lot of discussion about whether or not President Peevey should step down or be removed from his position as President. She doesn't have much more to contribute to that and to date the Governor has not taken specific action. Peevey's term ends in December and it is unclear whether or not he will seek another term.

Ms. Kelly presented Cost Allocation Mechanism ("CAM") what it means and why it is a problem for MCE and CCAs in general. Ms. Kelly shared following the release of the Board packet a discussion draft of a "White Paper" was released by the Policy and Planning Division of the PUC regarding CAM. The relevance of that "White Paper" would address how CCAs and other load serving entities would enter into the CAM picture it is worth deeper discussion before reviewing the actual draft.

Ms. Kelly provided chronology and explained how much of a moving target CAM is since January 2014. She explained that CAM is growing as part of the total portfolio, what the CPUCs rationale is for CAM, what is wrong with that rationale and MCE's general arguments to change CAM.

The draft White Paper symbolizes the first step that the Commission has taken to begin to reform CAM in the context of CCAs. In the White Paper there is an interest to reflect the long-term procurement of CCAs.

Ms. Kelly shared the staff-level response of MCE, jointly with other CCAs.

Director Connolly requested that the letter be more strongly stated on the impacts of CCA. Directors Lion, Connolly and Greene recommended defining early on in the response letter the "whys" and "hows" of what strikes the heart of CCAs. Ms. Kelly indicated that she will make the response letter more forceful.

Director Greene asked for clarification on when new communities join MCE and we modify the Implementation Plan, whether those modifications reflect a procurement schedule, and if so whether it could impact CAM. Ms. Kelly noted the Implementation Plan touches on our initial procurement of the launch of service as a CCA. What we actually do is much more extensive. Each year we have the Integrated Resource Plan ("IRP") which has our long-term procurement plan process which is our procurement autonomy that determines how we procure.

She noted that MCE's procurement has been incredibly successful and has surpassed requirements of the renewables portfolio standard (RPS) by leaps and bounds since MCE launched. The Commission is currently looking at multi-year forward capacity procurement which may impact CAM.

Ms. Kelly clarified what is expected in the response to the CAM White Paper. She will prepare revisions, present them to Director Connolly for review and with his approval submit the comments to the CPUC.

<u>M/ Greene/Haroff (11-0-0 passed) approved MCE's response to CAM White Paper with noted revisions. Directors Sears, Bragman and Butt were absent.</u>

<u>Agenda Item #10 – Communications Update (Discussion)</u>
Allison Kirk, Public Affairs Account Manager presented this item.

Ms. Kirk talked about the Deep Green Solar Schools Campaign and shared the winners of that campaign were Terra Linda High School and 2nd and 3rd runners up were Novato High School and Tomales High School, respectively. She also reported the Deep Green enrollments increased by 15% during that campaign.

Ms. Kirk reported that the Marin Ad Campaign will run from September – January. She shared details of the Napa Outreach and Enrollment as follows: 1) The Napa Ad Campaign will run from November – February, 2) the Napa Enrollment Notice Schedule, 3) the Richmond Ad Campaign will run from December – January, and 4) the San Pablo Ad Campaign will run from January – April.

Director Athas mentioned she has seen several ads on TV and they are very effective and very well done. She noted the TV ads tend to run alongside PG&E ads.

Agenda Item 11 - Board and Staff Matters (Discussion)
None

Agenda Item #12 – Adjourn
9:55PM

Damon Connolly, Chair

Attest:

Dawn Weisz, Secretary

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