



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

Board of Directors Meeting Thursday, February 18, 2021 7:00 P.M.

The Board of Directors Meeting will be conducted pursuant to the provisions of the Governor's [Executive Order](#) N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Board of Director Members will be teleconferencing into the Board of Directors Meeting.

Members of the public who wish to observe the meeting may do so telephonically via the following teleconference call-in number and meeting ID:

Dial: 1-669-900-9128
Meeting ID: 837 5781 0437
Meeting Password: 569000

For Viewing Access Join Zoom Meeting:

<https://us02web.zoom.us/j/83757810437?pwd=cEpEWEluVFZwaWxMdHJ4UXF5WU9UZz09>

Agenda Page 1 of 2

1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. New Board Member Introductions (Discussion)
5. Report from Chief Executive Officer (Discussion)
6. Consent Calendar (Discussion/Action)
 - C.1 Approval of 11.19.20 Meeting Minutes
 - C.2 Approved Contracts for Energy Update
7. Addition of Board Members to Committees (Discussion/Action)
8. Targeted Customer Cost Relief (Discussion)

Agenda Page 2 of 2

9. Fiscal 2020-21 Operating Fund Budget Update (Discussion)
10. Customer Programs Update (Discussion)
11. Black History Month (Discussion)
12. Board Matters & Staff Matters (Discussion)
13. Adjourn

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation, or an alternative format, please contact the Clerk of the Board at (925) 378-6732 as soon as possible to ensure arrangements for accommodation.

DRAFT

MCE BOARD MEETING MINUTES
Thursday, November 19, 2020
7:00 P.M.

The Board of Directors' Meeting was conducted pursuant to the provisions of the Governor's Executive Order N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Board Members, staff and members of the public were able to participate in the Board Meeting via teleconference.

Present: Mike Anderson, City of Lafayette
Denise Athas, City of Novato
Edi Birsan, City of Concord
Tom Butt, City of Richmond
Barbara Coler, Town of Fairfax
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Sue Higgins, City of Oakley
C. William Kircher, Town of Ross
David Kunhardt, Town of Corte Madera
Greg Lyman, City of El Cerrito
Bob McCaskill, City of Belvedere
Andrew McCullough, City of San Rafael
Katy Miessner, City of Vallejo
Elizabeth Pabon-Alvarado, City of San Pablo
Elizabeth Patterson, City of Benicia
Scott Perkins, City of San Ramon
Matt Rinn, City of Pleasant Hill
Anthony Tave, Alternate, City of Pinole
Shanelle Scales-Preston, City of Pittsburg
Kate Sears, County of Marin
Robert Storer, Town of Danville
Holli Thier, Town of Tiburon
Brad Wagenknecht, County of Napa
Ray Withy, City of Sausalito and City of Mill Valley

Absent: John Gioia, Contra Costa County
Rob Schroder, City of Martinez
Renata Sos, Town of Moraga
John Vasquez, County of Solano
Justin Wedel, City of Walnut Creek

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Staff

& Others: Jessica Brooks, Assistant Board Clerk
Michael Callahan, Senior Policy Counsel
John Dalessi, Pacific Energy Advisors
Darlene Jackson, Board Clerk
Leanne Hoadley, Manager of Community and Customer Engagement
Vicken Kasarjian, Chief Operating Officer
Sol Phua, Administrative Services Assistant
Evelyn Reyes, Administrative Services Assistant
David Ruderman, CH&W
Garth Salisbury, Director of Finance and Treasurer
Dawn Weisz, Chief Executive Officer

1. Roll Call/Quorum:

Chair Sears called the regular meeting to order at 7:05 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were announcements made by Board members.

3. Public Open Time (Discussion)

There were comments made by member of the public, Chris Yolanis, Marin Climate Action Network.

4. Report from Chief Executive Officer (Discussion)

CEO Dawn Weisz, reported the following:

- Welcomed our newest Board member, Katy Miessner and Alternate Pippin Dew from the City of Vallejo. Noted that Director Miessner was sworn in on November 12th at the New Member Orientation.
- A Virtual Holiday Party will be held on Thursday, December 17th, which is the last Board meeting date scheduled for 2020.

5. Consent Calendar (Discussion/Action)

- C.1 Approval of 7.16.20 Meeting Minutes
- C.2 Approval of 9.18.20 Meeting Minutes
- C.3 Response to Marin County Civil Grand Jury Report

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- C.4 Authority to Enter into Financial Security Instruments for Compliance
- C.5 Approved Contracts for Energy Update

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

Action: It was M/S/C (Greene/Birsan) to **approve Consent Calendar items C.1-C.5**. Motion was carried by unanimous roll call vote. **(Abstained on C.1 and C.2: Director Miessner)** Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

6. CCA Joint Powers Authority (Discussion/Action)

COO Kasarjian, Michael Callahan, Senior Policy Counsel, and David Ruderman of CH&W introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Patterson/Perkins) to **authorize MCE to form a new Procurement JPA with other CCAs**. Motion carried by unanimous roll call vote. **(Abstained: Directors Lyman and Alternate Tave)** (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

7. Addition of Board Members to Committees (Discussion/Action)

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

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

Action: It was M/S/C (Higgins/Patterson) to **approve addition of Board Members to Committees**. Directors Birsan and Wilkinson to Ad Hoc Bonding. Director Greene to Ad Hoc Contracts, Director Wilkinson to the Executive Committee, and Director Miessner to the Technical Committee. Motion carried by unanimous roll call vote. (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

8. Resolution No. 2020-04 Rescinding Resolution No. 2018-03 and Delegating Energy Procurement Authority (Discussion/Action)

COO Kasarjian, introduced this item and addressed questions from Board members.

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

DRAFT

Action: It was M/S/C (Perkins/Haroff) to **Adopt proposed Resolution 2020-04 Rescinding Resolution 2018-03 and Delegating Energy Procurement Authority.** Motion carried by unanimous roll call vote. (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

9. Receive Applicant Analysis and Consider 1. Resolution 2020-03 of the Board of Directors of MCE approving the City of Fairfield as Member of MCE; 2. Amendment 15 to the MCE JPA Agreement; and 3. Direction to Submit Addendum No. 8 to the MCE Implementation Plan and Statement of Intent (Discussion/Action)

Leanne Hoadley, Manager of Community and Customer Engagement and John Dalessi, Pacific Energy Advisors, introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Patterson/Higgins) to **1. Approve Resolution 2020-03 of the Board of Directors of MCE Approving the City of Fairfield as a Member; 2. Approve Amendment 15 to the MCE JPA Agreement; and 3. Direct staff to submit Addendum No. 8 to the MCE Implementation Plan and Statement of Intent to the CPUC for Certification.** Motion carried by unanimous roll call vote. (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

10. Policy 016: Operating Reserve Fund (Discussion/Action)

Garth Salisbury, Director of Finance, introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Withy/Haroff) to **recommend adoption of Policy 016: Operating Reserve Fund.** Motion carried by unanimous roll call vote. (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

11. Board Elections for Chair and Vice Chair (Discussion/Action)

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

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

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Action: It was M/S/C (Haroff/Birsan) to **elect Directors Tom Butt as MCE Board Chair and Shanelle Scales-Preston as Vice Chair**. Motion carried by unanimous roll call vote. (Absent: Directors Gioia, Schroder, Sos, Vasquez, Wedel).

12. Acknowledgements for Departing Board Members (Discussion)

CEO Weisz, facilitated this item and acknowledgements were made by Board members and staff.

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

Action: No action required.

13. Board Matters & Staff Matters (Discussion)

There were no announcements or additional matters.

14. Adjournment

Chair Sears adjourned the meeting at 9:44 p.m. to the next scheduled Board Meeting on December 17, 2020.

Kate Sears, Chair

Attest:

Dawn Weisz, Secretary



February 18, 2021

TO: MCE Board of Directors

FROM: Bill Pascoe, Power Procurement Manager

RE: Approved Contracts for Energy Update (Agenda Item#06 C.2)

Dear Board Members:

SUMMARY: This report summarizes contracts for energy procurement entered into by the Chief Executive Officer and if applicable, the Chair of the Technical Committee since the last regular Board meeting in November. This summary is provided to your Board for information purposes only, and no action is needed.

Review of Procurement Authorities

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

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

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

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

<i>Item Number</i>	<i>Month of Execution</i>	<i>Purpose</i>	<i>Average Annual Contract Amount</i>	<i>Contract Term</i>
1	October, 2020	Sale of Resource Adequacy	\$148,500	1-5 Years
2	November, 2020	Sale of Resource Adequacy	\$35,700	Under 1 Year
3	November, 2020	Sale of Resource Adequacy	\$2,000	Under 1 Year
4	November, 2020	Purchase of Resource Adequacy	\$303,000	Under 1 Year
5	November, 2020	Sale of Resource Adequacy	\$7,360	Under 1 Year
6	November, 2020	Sale of Resource Adequacy	\$31,500	Under 1 Year
7	November, 2020	Sale of Resource Adequacy	\$546,000	Under 1 Year
8	December, 2020	Purchase of Renewable Energy	\$232,815	Over 5 Years
9	December, 2020	Sale of Resource Adequacy	\$45,500	Under 1 Year
10	December, 2020	Sale of Resource Adequacy	\$16,250	Under 1 Year
11	December, 2020	Sale of Resource Adequacy	\$63,750	Under 1 Year
12	December, 2020	Sale of Resource Adequacy	\$29,569	Under 1 Year
13	January, 2021	Sale of Resource Adequacy	\$162,000	Under 1 Year
14	January, 2021	Sale of Resource Adequacy	\$4,531,500	Under 1 Year

15	January, 2021	Sale of Resource Adequacy	\$440,000	Under 1 Year
16	January, 2021	Sale of Resource Adequacy	\$29,000	Under 1 Year
17	January, 2021	Sale of Resource Adequacy	\$10,678	Under 1 Year
18	January, 2021	Sale of Resource Adequacy	\$90,750	Under 1 Year
19	January, 2021	Allocation of Carbon Free Energy	\$0	Under 1 Year
20	February, 2021	Purchase of Resource Adequacy	\$24,800	Under 1 Year

Contract Approval Process: Energy procurement is governed by MCE's Energy Risk Management Policy as well as Board Resolutions 2018-03, 2018-04, and 2018-08. The Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to its procurement policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations. The Board Resolutions direct the CEO to sign energy contracts up to and including 12 months in length.

The evaluation of every new energy contract is based upon how to best fill MCE's open position. Factors such as volume, notional value, type of product, price, term, collateral threshold and posting, and payment are all considered before execution of the agreement.

After evaluation and prior to finalizing any energy contract for execution, an approval matrix is implemented whereby the draft contract is routed to key support staff and consultants for review, input, and approval. Typically, contracts are routed for commercial, technical, legal and financial approval, and are then typically routed through the Chief Operating Officer for approval prior to execution. The table below is an example of MCE staff and consultants who may be assigned to review and consider approval prior to the execution of a new energy contract or agreement.

<i>Review Owner</i>	<i>Review Category</i>
Lindsay Saxby (MCE Manager of Power Resources)	Procurement / Commercial
John Dalessi/Brian Goldstein (Pacific Energy Advisors)	Technical Review
Steve Hall (Hall Energy Law)	Legal
Garth Salisbury (MCE Director of Finance)	Credit/Financial
Vicken Kasarjian (MCE, Chief Operating Officer)	Executive

Fiscal Impacts: Expenses and revenue associated with these Contracts and Agreements that are expected to occur during FY 2020/21 are within the FY 2020/21 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation: Information only. No action required.

MCE Board Offices and Committees

Board Offices:

Tom Butt, Chair
Shanelle Scales-Preston, Vice Chair
Garth Salisbury, Treasurer
Vicken Kasarjian, Deputy Treasurer
Dawn Weisz, Secretary

Executive Committee

1. Tom Butt, Chair (*New Chair, TBD*)
2. Denise Athas
3. Edi Birsan
4. Barbara Coler
5. Ford Greene
6. Kevin Haroff
7. Devin Murphy (*Interested*)
8. Shanelle Scales-Preston
9. Sally Wilkinson

Technical Committee

1. Ford Greene, Chair
2. John Gioia
3. David Kunhardt
4. Katy Miessner
5. Devin Murphy (*Interested*)
6. Scott Perkins

Ad Hoc Contracts Committee – 2021

1. Ford Greene
2. *Kevin Haroff (2020 member)*
3. *Scott Perkins (2020 member)*

Ad Hoc Audit Committee - 2021

1. Sally Wilkinson
2. *Kevin Haroff (2020 member)*

Ad Hoc Bonding Committee – 2021

1. Edi Birsan
2. Sally Wilkinson
3. *Kevin Haroff (2020 member)*
4. *Ford Greene (2020 member)*



MCE Technical Committee Overview and Scope

Current Membership: 5

Current Members:

- Ford Greene, Town of San Anselmo (Chair)
- John Gioia, County of Contra Costa
- David Kunhardt, Town of Corte Madera
- Katy Miessner, City of Vallejo
- Scott Perkins, City of San Ramon

Membership Process: MCE strives to assemble a Technical Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Technical Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "New Committee Members" is on the Agenda.

Current meeting date: First Thursday of each month at 8:30 am

Scope

The scope of the MCE Technical Committee is to explore, discuss and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, procurement risk management and other topics of a technical nature.

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, MCE's Energy Risk Management Policy (ERMP), procurement risk oversight, and other activity related to the energy sector. The MCE Technical Committee reviews and discusses new technologies and potential application by MCE.

Authority of Technical Committee

- Approval of and changes to MCE's Net Energy Metering Tariff
- Approval of and changes to MCE's Feed in Tariff
- Approval of annual GHG emissions level and related reporting
- Approval of MCE procurement pursuant to Resolution 2018-03 or its successor

- Approval of MCE procurement-related certifications and reporting, including the Power Content Label
- Approval of contracts with vendors for technical programs or services, energy efficiency program or services and procurement functions or services Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan
- Receipt of reports from the Risk Oversight Committee (ROC) on at least a quarterly basis regarding the ROC's meetings, deliberations, and any other areas of concern
- Initiation of and oversight of a review of the implementation of the ERMP as necessary
- Approval of substantive changes to MCE's Energy Risk Management Policy (ERMP), including periodic review of the ERPM and periodic review of ERPM implementation



MCE Executive Committee Overview and Scope

Current Membership: 8

Current Members:

- Tom Butt, City of Richmond (Chair)
- Denise Athas, City of Novato
- Edi Birsan, City of Concord
- Barbara Coler, Town of Fairfax
- Ford Greene, Town of San Anselmo
- Kevin Haroff, City of City of Larkspur
- Shanelle Scales-Preston, City of Pittsburg
- Sally Wilkinson, City of Belvedere

Membership Process: MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "New Committee Members" is on the Agenda.

Current meeting date: First Fridays of each month at 12:15pm

Scope

The scope of the MCE Executive Committee is to explore, discuss and provide direction or approval on general issues related to MCE including legislation, regulatory compliance, strategic planning, outreach and marketing, contracts with vendors, human resources, finance and budgeting, debt, rate-setting and agenda setting for the regular MCE Board meetings and annual Board retreat.

Authority of Executive Committee

Executive Committee is authorized to make decisions regarding:

- Legislative positions outside of the Board-approved legislative plan
- Procurement pursuant to Resolution 2018-04 or its successor
- Compensation and evaluation of the CEO
- Ad hoc committees
- Honorary awards

The Executive Committee also serves to make recommendations to the Board regarding:

- The annual budget and budget adjustments
- Rate setting
- Entering into debt
- MCE Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)



February 18, 2021

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance and Treasurer

RE: Fiscal Year 2020-21 Operating Fund Budget Update (Agenda Item #09)

ATTACHMENT: Fiscal Year 2020-21 Operating Fund Budget Update

Dear Board Members:

In March 2020, this Board approved MCE's Fiscal Year (FY) 2020-21 Operating Fund Budget. The Budget authorizes Staff to spend funds within the limits set forth in each budget line item and to collect revenue. Staff is updating the Board on actual revenues and expenses through November of 2020 with projections of results through the end of the fiscal year (March 31, 2021).

This update is to inform the Board of higher than anticipated energy expenses related to the severe weather event in late August of last year, higher than expected costs for resource adequacy (RA) and the effects of the COVID-19 pandemic on MCE's Revenues and Operating Budget. These events have resulted in staff anticipating a reduction to MCE's projected addition to Net Position of \$10.8 million (from \$48 million to \$37.2 million). This topic was discussed at the February 5th Executive Committee meeting.

Energy Revenue: Energy Revenue is currently projected to be up by \$14.49 million reflecting strong sales. Even as non-residential customer usage was down during the COVID-19 pandemic, residential usage has been up as more residential customers are working from home starting in March 2020 and into 2021. This was particularly so during the late summer as residential cooling resulted in higher than expected usage. MCE established a new loss adjusted peak of 1284 MW on September 7th, compared to 1200 MW on August 15th of 2019.

Uncollectible Accounts: Given the devastating financial effect on so many of MCE's

customers and a moratorium on service terminations, we began to see a noticeable increase in the amounts of aged payment delinquencies among our customer base. Normally, we assume that 0.68% of our billings will be uncollectible which is a very small percentage even within the "essential service" utility industry. Since the beginning of the COVID-19 pandemic we have seen a steady uptick in the number of customers falling behind on their bills such that over time we have increased the assumed uncollectible amount by 3X to 2% of billed revenue. This increases our assumed uncollectible amount in the current fiscal year by over \$4 million.

Energy Expense: Energy expense is projected to be up by almost \$25 million. These unprecedented sales of energy, particularly during the heat waves of late August and early September, significantly exceeded our planning projections and supplies and in fact resulted in some rolling black-outs during high demand periods. This resulted in MCE having to purchase real time energy at the California Independent System Operator ("CAISO") at very high prices to serve our customers. This, along with generally higher prices for energy last summer has resulted in our Energy Expense to be almost \$25 million over budget. Higher Energy Revenue was more than offset by higher costs for that energy, including higher costs for scarce RA resources, resulting in a projected reduction in Net Energy Revenue by over \$14 million.

Operating Expense: The original Board approved Operating Expense Budget was \$30.898 million. Due in part to the COVID-19 pandemic, which did restrict our spending for programs somewhat, and the deferral of a number of higher cost software upgrades have resulted in staff projecting that we will end the year approximately \$4 million (12-13%) under budget.

Other Revenue: Due to the precipitous drop in interest rates in the early days of the pandemic coupled with an extremely accommodative Federal Reserve Bank, interest earnings on MCE's investments have dropped from 2.3% to around 0.6%. This has resulted in adjusting our assumed interest earnings down by \$500k.

Fiscal Impacts: The combination of factors discussed above result in a projected addition to Net Position of \$37.2 million which would be \$10.8 million under the original FY 2020-21 Budget adopted by the Board in March of 2020.

Recommendation: This update is to inform the Board of Staff's current projections of financial results for the 2020-21 fiscal year. There is no action required at this time.

MCE Operating Fund
Fiscal Year 2020/2021
From April 1, 2020 through March 31, 2021



	FY 2020/21 Approved Budget	FY 2020/21 Updated Budget	Variance
ENERGY REVENUE			
Revenue - Electricity	\$ 448,588,760	463,078,094	14,489,334
Uncollectible Accounts	(2,979,760.00)	(7,015,054.00)	(4,035,294)
Revenue - Electricity (net of allowance)	445,609,000	456,063,040	10,454,040
ENERGY EXPENSE			
Cost of energy	369,638,000	394,419,107	24,781,107
NET ENERGY REVENUE	75,971,000	61,643,933	(14,327,067)
OPERATING EXPENSE			
TOTAL OPERATING EXPENSES	30,898,000	26,848,000	(4,050,000)
OPERATING INCOME	45,073,000	34,795,933	(10,277,067)
NONOPERATING REVENUES			
TOTAL NONOPERATING REVENUES	3,659,000	3,159,000	(500,000)
NONOPERATING EXPENSES			
TOTAL NONOPERATING EXPENSES	755,000	755,000	-
CHANGE IN NET POSITION	47,977,000	37,199,933	(10,777,067)
Budgeted net position beginning of period	163,297,204	163,297,204	-
Change in net position	47,977,000	37,199,933	(10,777,067)
Budgeted net position end of period	211,274,204	200,497,137	(10,777,067)
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER			-
Capital outlay	163,000	163,000	-
Transfer to Resiliency Fund	3,000,000	3,000,000	-
Transfer to LREPDF	2,430,000	2,430,000	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	5,593,000	5,593,000	-
BUDGETED NET INCREASE IN OPERATING FUND BALANCE	42,384,000	31,606,933	(10,777,067)



February 18, 2021

TO: MCE Board of Directors

FROM: Shalini Swaroop, General Counsel & Director of Policy

RE: Policy Update of Regulatory and Legislative Items

Dear Board Members:

Below is a summary of the key activities at the state and federal legislatures and the California Public Utilities Commission (CPUC) impacting Community Choice Aggregation (CCA) and MCE.

I. Legislative Advocacy

a. Federal

Raised by Director Kunhardt and discussed at the December Executive Committee meeting, MCE sent a letter to its federal delegation urging support of H.R. 763 (Deutch), the “Energy Innovation and Carbon Dividend Act”, S. 2284 (Coons and Feinstein) “The Climate Rebate Act” and S. ____ (Durbin) “America’s Clean Future Fund Act.” This package of legislation would enact a carbon fee and dividend program, promote equity and environmental justice, and reflect global carbon pricing standards.

MCE also continues to conduct outreach to its federal delegation on American Infrastructure Bonds, which would potentially reduce project costs to MCE, as well as urging for stimulus funding to build clean energy back up resiliency projects for critical facilities in our four-county service area. The latter two proposals were submitted to the Biden Administration as part of the Clean Economy Employment Now (CLEEN) Project. MCE CEO Dawn Weisz sits on the advisory board of this project, along with other national leaders in the clean energy movement. For more information, please see <https://www.thecleanproject.org>.

b. State Legislature

MCE and CalCCA are still evaluating bills this year and have not yet taken any positions on specific bills. In addition, MCE and CalCCA may be considering sponsoring legislation on cost containment and ensuring procurement/program opportunities given to the utilities are also available to community choice aggregators.

II. California Public Utilities Commission

a. Arrearage Management Program

This month, PG&E began enrolling eligible customers in a newly approved Arrearage Management Program (AMP). The AMP was approved by the CPUC in June 2020, and is open to low-income customers who owe more than \$500, a portion of which has been overdue for more than 90 days. The goal of the AMP is to help customers overcome significant arrearages and be able to make monthly payments in full. Following enrollment in the AMP, for every on-time monthly payment an enrolled customer makes in full, 1/12 of the customer's arrearage is forgiven and reimbursed to the IOU or CCA through Public Purpose Program (PPP) funds collected from all customers. After 12 on-time payments in full, the customer's debt is fully forgiven. MCE will recover uncollectible costs associated with AMP-enrolled customers, and is engaging in outreach to ensure that eligible MCE customers in need of assistance are aware of the opportunity.

b. Integrated Resource Planning

i. MCE Incremental Procurement Compliance Filing

On February 1, 2021, MCE filed its Incremental Procurement Compliance Filing with the CPUC demonstrating MCE is on track to meet its full procurement requirement of 87.5 MW of incremental capacity by August 1, 2023. This incremental capacity procurement is in response to a 2019 CPUC decision that identified a 3,300 MW system capacity need in 2023. That decision directed all Load Serving Entities (LSE) to procure, or elect to have the incumbent Investor-Owned Utility (IOU) procure on their behalf, a portion of the 3,300 MW over 3 compliance tranches (i.e. 2021, 2022, and 2023). MCE elected to self-provide its share of the capacity need last February. This compliance filing demonstrated MCE (1) procured enough online capacity to meet its 2021 and 2022 procurement requirements and (2) has sufficient capacity under contract and in development to satisfy MCE's remaining 2023 open position.

MCE's next Incremental Procurement Compliance Filing is due in August, at which point MCE will update the CPUC on its progress towards remainder of MCE's 87.5 MW requirement.

c. Summer 2021 Emergency Procurement Proceeding

On November 20, 2020, the CPUC opened an emergency procurement proceeding to address system capacity needs for Summer 2021 in light of the extreme heat events and rolling outages in Summer 2020. The proceeding seeks to identify and adopt near-term procurement actions the CPUC can take before Summer 2021 to bring additional capacity online that is available during the upcoming summer months. MCE is participating in this proceeding as part of CalCCA. The CCAs are advocating for the CPUC to conduct a thorough needs analysis to inform the amount of Summer 2021 procurement the IOUs are ordered to procure to ensure that any ordered procurement is (1) incremental to that which is already available in the market; (2) cost-effective; and (3) tailored to meet immediate capacity needs to control costs for ratepayers.

A Final Decision is expected in March/April 2021.

d. Power Charge Indifference Adjustment

On December 16, 2020, the CPUC issued an Assigned Commissioner's Amended Scoping Memo and Ruling (Amended Scoping Memo) in the Power Charge Indifference Adjustment (PCIA) proceeding. This Amended Scoping Memo expanded the scope of the PCIA proceeding to include issues MCE and other CCAs have advocated for in this and other PCIA-related proceedings, including (1) removal of the annual PCIA cap to mitigate annual PCIA volatility, and (2) increased data access and transparency to facilitate advocacy and forecasting of the PCIA.

A Final Decision is expected on the above-mentioned issues in mid-2021.

e. Microgrids

i. Track 2

On January 21, 2021, the CPUC approved a Decision under Track 2 of the Microgrid proceeding adopting rates, tariffs, and rules facilitating the commercialization of microgrids. More specifically, the Decision (1) allows IOUs to install microgrids as Special Facilities; (2) allows customer-sited microgrids to serve critical customers on adjacent parcels; (3) develops a microgrid tariff for customer-sited

microgrids; (4) approves a \$200 Million microgrid incentive program for community-scale microgrids; and (5) directs the IOUs to conduct pilot studies on low-cost electrical isolation methods. Furthermore, the Decision adopts an interim approach for minimizing emissions from temporary generation at substations during grid outages.

ii. Track 1

On January 29, 2021, the CPUC issued a Draft Resolution adopting, with modifications, PG&E's implementation plan for the Community Microgrid Enablement Program (CMEP) and the accompanying tariff, the Community Microgrid Enablement Tariff (CMET). The CMEP provides CCAs the opportunity to develop utility-sited, multi-customer microgrids under a streamlined program and tariff in collaboration with PG&E. PG&E will also be providing cost offsets for distribution upgrades that are required to enable the islanding function of the microgrids. Both the CEMP and CMET are modeled after the community-scale microgrid developed by Redwood Coast Energy Authority (RCEA) and PG&E in Humboldt county.