



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, March 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:

For Viewing Access Join Zoom Meeting:

<https://us02web.zoom.us/j/84781591169?pwd=d2R4dFRqZzFaOFU3RGlhUDFBWUFuUT09>

Dial: 1-669-900-9128  
Webinar ID: 847 8159 1169  
Meeting Password: 376527

### Agenda Page 1 of 2

1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
  - C.1 Approval of 2.18.21 Meeting Minutes
  - C.2 Approved Contracts for Energy Update
  - C.3 Master Services Agreement with Association for Energy Affordability
  - C.4 Base Resource Contract with United States Department of Energy Western Area Power Administration
6. Charles F. McGlashan Award Recognition (Discussion)

## Agenda Page 2 of 2

7. Fiscal Year 2021-22 Budget (Discussion/Action)
8. Targeted Customer Cost Relief (Discussion/Action)
9. Resolution 2021-01 Supporting Electric Vehicles (Discussion/Action)
10. Resolution 2021-02 Appointing Director of Finance as Treasurer (Discussion/Action)
11. Power Resources Overview (Discussion)
12. Customer Engagement Update (Discussion)
13. PCIA Overview and Update (Discussion)
14. Prepayment, Joint Procurement and Direct Debt (Discussion)
15. Board Matters & Staff Matters (Discussion)
16. 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, February 18, 2021**  
**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.

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**Present:** Denise Athas, City of Novato  
Tom Butt, City of Richmond  
Tom Campbell, City of Benicia  
Barbara Coler, Town of Fairfax  
Cindy Darling, City of Walnut Creek  
Gina Dawson, City of Lafayette  
David Fong, Town of Danville  
Ford Greene, Town of San Anselmo  
Maika Llorens Gulati, City of San Rafael  
Kevin Haroff, City of Larkspur  
Janelle Kellman, City of Sausalito and City of Mill Valley  
C. William Kircher, Town of Ross  
David Kunhardt, Town of Corte Madera  
Tim McGallian, Alternate, City of Concord  
Aaron Meadows, City of Oakley  
Katy Miessner, City of Vallejo  
Devin Murphy, City of Pinole  
Teresa Onoda, Town of Moraga  
Patricia Ponce, City of San Pablo  
Gabriel Quinto, City of El Cerrito  
Scott Perkins, City of San Ramon  
Katie Rice, County of Marin  
Matt Rinn, City of Pleasant Hill  
Shanelle Scales-Preston, City of Pittsburg  
Holli Thier, Town of Tiburon  
John Vasquez, County of Solano  
Sally Wilkinson, City of Belvedere  
Brianne Zorn, City of Martinez

**Absent:** John Gioia, Contra Costa County  
Brad Wagenknecht, County of Napa

**DRAFT**

**Staff**

**& Others:** Jessica Brooks, Assistant Board Clerk  
Melissa Giles, Manager of Strategic Marketing and Communications  
Darlene Jackson, Board Clerk  
Vicken Kasarjian, Chief Operating Officer  
Justin Kudo, Senior Strategic Analysis and Rates Manager  
Justin Marquez, Community Equity Specialist  
Zae Perrin, Manager of Customer Operations  
Sol Phua, Administrative Services Assistant  
Garth Salisbury, Director of Finance and Treasurer  
Qua Vallery, Regulatory & Reporting Manager  
Dawn Weisz, Chief Executive Officer

**1. Roll Call**

Chair Butt called the regular meeting to order at 7:00 p.m. with quorum established by roll call.

**2. Board Announcements (Discussion)**

There were announcements made by Board members.

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

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

**4. New Board Member Introductions (Discussion)**

CEO Weisz, invited new Board members to introduce themselves.

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

**5. Report from Chief Executive Officer (Discussion)**

CEO, Dawn Weisz, reported the following:

- At the end of 2020 and beginning of 2021 MCE had two exciting solar projects come to completion:
  - Desert Harvest: 80 megawatts solar in Riverside County.
  - Little Bear: 160 megawatts solar in City limits of Fresno: this is MCE's largest solar project to date.
- MCE has received \$375,000 in grant funds from the Marin Community Foundation to support solar-powered battery storage systems on critical nonprofit facilities and low-income housing.
- The MCE website currently has COVID-19 relief resources pages to help folks who are struggling with financial challenges.

**DRAFT**

- MCE successfully advocated at the CPUC in late 2020 to allow vulnerable customers with past due bills to access state funding to pay past due amounts.

**6. Consent Calendar (Discussion/Action)**

- C.1 Approval of 11.19.20 Meeting Minutes
- C.2 Approved Contracts for Energy Update

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

Action: It was M/S/C (Perkins/Greene) to **approve Consent Calendar items C.1–C.2**. Motion carried by unanimous roll call vote. (Absent: Directors: Gioia, and Wagenknecht).

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

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

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

Action: It was M/S/C (Perkins/Kunhardt) to **approve addition of Board Members to Committees**. Directors: Dawson, Kellman, Murphy, Onoda, and Rice to the Technical Committee. Directors: Darling, Murphy, and Quinto to the Executive Committee. Directors: Fong, Haroff, and Wilkinson to the Ad Hoc Audit Committee. Directors: Birsan, Greene, Haroff, and Wilkinson to the Ad Hoc Bonding Committee, and Directors: Greene, Haroff, Perkins, and Thier to the Ad Hoc Contracts Committee. Motion carried by unanimous roll call vote. (Absent: Directors: Gioia, and Wagenknecht).

**8. Targeted Customer Cost Relief (Discussion)**

Heather Shepard, Director of Public Affairs and several MCE staff members presented this item and addressed questions from Committee members.

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

Action: No action required.

**9. Fiscal 2020-21 Operating Budget Update (Discussion)**

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

**DRAFT**

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

Action: No action required.
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**10. Customer Programs Update (Discussion)**

Alice Havenar-Daughton, Director of Customer Programs, introduced this item and addressed questions from Board members.

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

Action: No action required.
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**11. Black History Month (Discussion)**

Qua Vallery, Regulatory & Reporting Manager and Justin Marquez, Community Equity Specialist introduced this item and addressed questions from Board members.

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

Action: No action required.
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**12. Board Matters & Staff Matters (Discussion)**

There were no announcements or additional matters.

**13. Adjournment**

Chair Butt adjourned the meeting at 9:50 p.m. to the next scheduled Board Meeting on March 18, 2021.

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Tom Butt, Chair

Attest:

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Dawn Weisz, Secretary



March 18, 2021

TO: MCE Board of Directors

FROM: Bill Pascoe, Power Procurement Manager

RE: Approved Contracts for Energy Update (Agenda Item #05 C.2)

Dear Board Members:

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**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 February. 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	February, 2021	Sale of Resource Adequacy	\$185,250	Under 1 Year
2	February, 2021	Purchase of Resource Adequacy	\$501,480	1-5 Years
3	February, 2021	Sale of Resource Adequacy	\$105,000	Under 1 Year
4	February, 2021	Sale of Resource Adequacy	\$312,500	Under 1 Year
5	March, 2021	Sale of Resource Adequacy	\$143,500	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.



March 18, 2021

TO: MCE Board of Directors

FROM: Jennifer Green, Manager of Customer Programs

RE: Master Services Agreement with the Association for Energy Affordability (Agenda Item #05 C.3)

ATTACHMENTS: A. Master Services Agreement with the Association for Energy Affordability  
B. Statement of Work – Schedule A.1  
C. Statement of Work – Schedule A.2  
D. Statement of Work – Schedule A.3

Dear MCE Board of Directors:

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**SUMMARY:**

The proposed Master Services Agreement (Agreement) with the Association for Energy Affordability (AEA) is a contract for energy efficiency services, primarily focused on the implementation of MCE's multifamily energy efficiency offerings, including the Multifamily Energy Savings (MFES) program, the Low-Income Families and Tenants Pilot (LIFT) program and the Healthy Homes program. This Agreement also includes a statement of work for energy industry training and education as part of MCE's Workforce Education and Training (WE&T) program. The proposed Agreement would commence upon contract execution and continue through April 30, 2023.

The Agreement includes the Statements of Work Schedules A.1, A.2, and A.3 with AEA for energy efficiency and workforce, education and training services with a budget for FY 2020/21 in the amount of \$758,033. The budget is broken out as follows:

1. Schedule A.1 - Advanced Energy Rebuild Napa: \$49,058
2. Schedule A.2 - Multifamily Energy Savings, Low-Income Families and Tenants Pilot, Healthy Homes Programs: \$548,975
3. Schedule A.3 - Workforce Education and Training: \$160,000

## **MFES and LIFT Programs Background**

On October 4, 2012, MCE's Board approved the First Agreement with AEA to provide services to the multifamily sector. For the past eight years, AEA has supported MCE's energy efficiency goals by serving as technical consultants and program implementers to the MFES program and the LIFT program as well as supporting the co-leveraging with other internal and external multifamily program offerings. Their assistance has been instrumental in developing program guidelines, including audit procedures, report templates, quality assurance, and quality control policies. AEA has assisted MCE staff in adapting the program structure to meet market changes and evolving CPUC requirements. They have proven themselves as proficient and professional program partners.

Under the proposed Agreement, AEA would be compensated for their work on the LIFT, MFES and Healthy Homes programs based on a combination of the following methods: 1) Time and materials 2) Per measure installed 3) Per milestone reached. These methods would be used to guide compensation throughout the two-year contract period. Statement of Work – Schedule A.2 details the tasks and deliverables associated with this proposed Agreement. The full not-to-exceed value for LIFT and MFES is \$548,975 through April 30, 2023.

## **Healthy Homes Program Background**

The proposed Statement of Work Schedule A.2 also outlines the continuation of AEA's implementation and technical consulting services for MCE's Healthy Homes Program, in conjunction with LIFT and MFES. AEA would be responsible for the following scope of work:

- Project Management: managing the program's customer pipeline and providing hands-on technical assistance
- Administration and Reporting: providing ongoing program metrics, budget reports and annual grant reports
- Case Study Development: create studies that highlight customer success stories for the program
- Customer Survey Development and Analysis: coordinate with MCE to create program impacts surveys as needed

## **Workforce Education and Training Program Background**

The proposed Statement of Work Schedule A.3 outlines the continuation of the three components of the current scope of work, designed to develop and maintain a skilled workforce within the energy efficiency sector. The three components are:

- Workforce Engagement
- Contractor Education
- New Workforce Development

### *Workforce Engagement*

AEA would continue to leverage existing relationships with industry groups to spur contractor engagement in existing MCE energy efficiency programs (as well as other regional energy efficiency programs). AEA would develop a summary of the

2020 workforce engagement activities and lessons learned. AEA would also continue to focus on determining barriers to contractor engagement in electrification programs.

#### *Contractor Education*

AEA would leverage existing relationships with contractors participating in MCE's LIFT, MFES, Home Energy Savings and Healthy Homes programs to recruit them into the WE&T program education offerings. AEA would work one on one with contractors and their teams, either through virtual or on-site field meetings and AEA-developed handouts on basic building science to develop or refine skills in the following topics:

- Building science fundamentals:
  - Building Performance Institute Combustion safety & depressurization
  - Air sealing & insulation
  - Health & safety
  - Heat transfer & thermodynamics
- Review and explanation of minimum performance requirements
- Trade- or measure-specific best practices (as needed):
  - Ductless mini-split heat pumps
  - Heat pump water heaters (individual and/or central)
  - Hot water recirculation controls
  - Electric cooking
  - Air sealing and insulation

AEA would use lessons learned from their industry experience along with the services described in the proposed Schedule A.3 to inform topics relevant for their electrification workshops. AEA would also continue to refine information to develop electrification guides that can serve as a tool for energy industry professionals.

#### *New Workforce Development*

AEA would work with MCE staff to develop a list of potential industry on-the-job training opportunities. AEA would also work with MCE and workforce development providers to develop a training and job procurement plan. AEA would vet up to 10 contractors to serve as mentors in the on-the-job training component of the WE&T program with the goal of placing 20 job seekers in stable energy efficiency and electrification jobs leading to careers in energy.

#### **Fiscal Impacts:**

Expenditures related to the Agreement and attached statements of work with AEA would be funded from energy efficiency program funds allocated to MCE by the CPUC. The total cost for the statements of work is not to exceed \$758,033.

#### **Recommendation:**

Approve the Master Services Agreement with AEA and the attached schedules of work.

# **MASTER SERVICES AGREEMENT**

## **BY AND BETWEEN**

### **MARIN CLEAN ENERGY AND ASSOCIATION FOR ENERGY AFFORDABILITY (AEA)**

**THIS MASTER SERVICES AGREEMENT** ("Agreement") is made and entered into on **March 18, 2021** by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and ASSOCIATION FOR ENERGY AFFORDABILITY (AEA), a **California corporation** with principal address at: **5900 Hollis Street, Emeryville, CA 94608** (hereinafter referred to as "Contractor") (each, a "Party," and, together, the "Parties").

#### **RECITALS:**

**WHEREAS**, MCE desires to retain Contractor to provide the services described in statements of work ("Statement of Work") to be agreed by the Parties, in form and substance as set forth on **Exhibit A** attached hereto and which shall be considered Schedules hereto;

Each Statement of Work executed by and between the Parties are made a part hereof ("Services");

**WHEREAS**, Contractor desires to provide the Services to MCE;

**NOW, THEREFORE**, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

#### **1. SCOPE OF SERVICES:**

Contractor agrees to provide all of the Services in accordance with the terms and conditions of this Agreement. "Services" shall also include any other work performed by Contractor pursuant to this Agreement.

#### **2. FEES AND PAYMENT SCHEDULE; INVOICING:**

The fees and payment schedule for furnishing Services under this Agreement shall be based on the rate schedule which is attached hereto as **Exhibit B** and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement ("Term"). Contractor shall provide MCE with Contractor's Federal Tax I.D. number prior to submitting the first invoice. Contractor is responsible for billing MCE in a timely and accurate manner. Contractor shall email invoices to MCE on a monthly basis for any Services rendered or expenses incurred hereunder. Fees and expenses invoiced beyond ninety (90) days will not be reimbursable. The final invoice must be submitted within thirty (30) days of completion of the stated scope of services or termination of this Agreement. MCE will process payment for undisputed invoiced amounts within thirty (30) days.

#### **3. MAXIMUM COST TO MCE:**

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum identified in each Statement of Work.

#### **4. TERM OF AGREEMENT:**

This Agreement shall commence on **March 18, 2021** ("Effective Date") and shall terminate on **March 31, 2023**, unless earlier terminated pursuant to the terms and conditions set forth in Section 12.

#### **5. REPRESENTATIONS; WARRANTIES; COVENANTS:**

**5.1. CONTRACTOR REPRESENTATIONS AND WARRANTIES.** Contractor represents, warrants and covenants that (a) [it is a **corporation** duly organized, validly existing and in good standing under the laws of the State of **California**, (b) it has full power and authority and all regulatory authorizations required to execute, deliver and perform its obligations under this Agreement and all exhibits and addenda and to engage in the business it presently conducts and contemplates conducting, (c) it is and will be duly licensed or qualified to do business and in good standing under the laws of the State of California and each other jurisdiction wherein the nature of its business transacted by it makes such licensing or qualification necessary and where the failure to be licensed or qualified would have a material adverse effect on its ability to perform its obligations hereunder, (d) it is qualified and competent to render the Services and possesses the requisite expertise to perform its obligations hereunder, (e) the execution, delivery and performance of this Agreement and all exhibits, schedules and addenda hereto are within its powers and do not violate the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it, (f) this Agreement and each exhibit, schedule and addendum constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, and (g) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.

- 5.2. COMPLIANCE WITH APPLICABLE LAW:** At all times during the Term and the performance of the Services, Contractor shall comply with all applicable federal, state and local laws, regulations, ordinances and resolutions ("Applicable Law")
- 5.3. LICENSING.** At all times during the performance of the Services, Contractor represents, warrants and covenants that it has and shall obtain and maintain, at its sole cost and expense, all required permits, licenses, certificates and registrations required for the operation of its business and the performance of the Services. Contractor shall promptly provide copies of such licenses and registrations to MCE at the request of MCE.
- 5.4. NONDISCRIMINATORY EMPLOYMENT:** Contractor shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, gender identity, age or condition of disability. Contractor understands and agrees that Contractor is bound by and shall comply with the nondiscrimination mandates of all federal, state, and local statutes, regulations, and ordinances.
- 5.5. PERFORMANCE ASSURANCE; BONDING (REQUIRED IF CHECKED ☐).** At all times during the performance of the Services, Contractor represents, warrants and covenants that it has and shall obtain and maintain, at its sole cost and expense, all bonding requirements of the California Contractors State License Board ("CSLB"), as may be applicable. Regardless of the specific Services provided, Contractor shall also maintain any payment and/or performance assurances as may be requested by MCE during the performance of the Services.
- 5.6. SAFETY (REQUIRED IF CHECKED ☒).** At all times during the performance of the Services, Contractor represents, warrants and covenants that it shall:
- (a) abide by all applicable federal and state Occupational Safety and Health Administration requirements and other applicable federal, state, and local rules, regulations, codes and ordinances to safeguard persons and property from injury or damage;
  - (b) abide by all applicable MCE security procedures, rules and regulations and cooperate with MCE security personnel whenever on MCE's property;
  - (c) abide by MCE's standard safety program contract requirements as may be provided by MCE to Contractor from time to time;
  - (d) provide all necessary training to its employees, and require Subcontractors to provide training to their employees, about the safety and health rules and standards required under this Agreement;
  - (e) have in place an effective Injury and Illness Prevention Program that meets the requirements all applicable laws and regulations, including but not limited to Section 6401.7 of the California Labor Code. Additional safety requirements (including MCE's standard safety program contract requirements) are set forth elsewhere in the Agreement, as applicable, and in MCE's safety handbooks as may be provided by MCE to Contractor from time to time;
  - (f) be responsible for initiating, maintaining, monitoring and supervising all safety precautions and programs in connection with the performance of the Agreement; and
  - (g) monitor the safety of the job site(s), if applicable, during the performance of all Services to comply with all applicable federal, state, and local laws and to follow safe work practices.
- 5.7. BACKGROUND CHECKS (REQUIRED IF CHECKED ☒).**
- (a) Contractor hereby represents, warrants and covenants that any employees, members, officers, contractors, Subcontractors and agents of Contractor (each, a "Contractor Party," and, collectively, the "Contractor Parties") having or requiring access to MCE's assets, premises, customer property ("Covered Personnel") shall have successfully passed background screening on each such individual, prior to receiving access, which screening may include, among other things to the extent applicable to the Services, a screening of the individual's educational background, employment history, valid driver's license, and court record for the seven (7) year period immediately preceding the individual's date of assignment to perform the Services.
  - (b) Notwithstanding the foregoing and to the extent permitted by applicable law, in no event shall Contractor permit any Covered Personnel to have one or more convictions during the seven (7) year period immediately preceding the individual's date of assignment to perform the Services, or at any time after the individual's date of, assignment to perform the Services, for any of the following ("Serious Offense"): (i) a "serious felony," similar to those defined in California Penal Code Sections 1192.7(c) and 1192.8(a), or a successor statute, or (ii) any crime involving fraud (such as, but not limited to, crimes covered by California Penal Code Sections 476, 530.5, 550, and 2945, California Corporations Code 25540), embezzlement (such as, but not limited to, crimes covered by California Penal Code Sections 484 and 503 et seq.), or racketeering (such as, but not limited to, crimes covered by California Penal Code Section 186 or the Racketeer Influenced and Corrupt Organizations ("RICO") Statute (18 U.S.C. Sections 1961-1968)).

(c) To the maximum extent permitted by applicable law, Contractor shall maintain documentation related to such background and drug screening for all Covered Personnel and make it available to MCE for audit if required pursuant to the audit provisions of this Agreement.

(d) To the extent permitted by applicable law, Contractor shall notify MCE if any of its Covered Personnel is charged with or convicted of a Serious Offense during the term of this Agreement. Contractor shall also immediately prevent that employee, representative, or agent from performing any Services.

**5.8. FITNESS FOR DUTY (REQUIRED IF CHECKED ☒).** Contractor shall ensure that all Covered Personnel report to work fit for their job. Covered Personnel may not consume alcohol while on duty and/or be under the influence of drugs or controlled substances that impair their ability to perform the Services properly and safely. Contractor shall, and shall cause its Subcontractors to, have policies in place that require their employees, contractors, subcontractors and agents to report to work in a condition that allows them to perform the work safely. For example, employees should not be operating equipment under medication that creates drowsiness.

**5.9. QUALITY ASSURANCE PROCEDURES (REQUIRED IF CHECKED ☒.** Contractor shall comply with any Quality Assurance Procedures provided by MCE. Additionally, Quality Assurance Procedures must include, but are not limited to: (i) industry standard best practices; (ii) procedures that ensure customer satisfaction; and (iii) any additional written direction from MCE.

**5.10. ASSIGNMENT OF PERSONNEL.** The Contractor shall not substitute any personnel for those specifically named in its proposal, if applicable, unless personnel with substantially equal or better qualifications and experience are provided, acceptable to MCE, as is evidenced in writing.

**5.11. ACCESS TO CUSTOMER SITES (REQUIRED IF CHECKED ☒.** Contractor shall be responsible for obtaining any and all access rights for Contractor Parties, from customers and other third parties to the extent necessary to perform the Services. Contractor shall also procure any and all access rights from Contractor Parties, customers and other third parties in order for MCE and CPUC employees, representatives, agents, designees and contractors to inspect the Services.

## **6. INSURANCE:**

At all times during the Term and the performance of the Services, Contractor shall maintain the insurance coverages set forth below. All such insurance coverage shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to MCE. The general liability policy shall be endorsed naming Marin Clean Energy and its employees, directors, officers, and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to MCE prior to commencement of Services. Certificate(s) of insurance must be current as of the Effective Date, and shall remain in full force and effect through the Term. If scheduled to lapse prior to termination date, certificate(s) of insurance must be automatically updated before final payment may be made to Contractor. Each certificate of insurance shall provide for thirty (30) days' advance written notice to MCE of any cancellation or reduction in coverage. Insurance coverages shall be payable on a per occurrence basis only, except those required by Section 6.4 which may be provided on a claims-made basis consistent with the criteria noted therein.

Nothing in this Section 6 shall be construed as a limitation on Contractor's indemnification obligations in Section 17 of this Agreement.

Should Contractor fail to provide and maintain the insurance required by this Agreement, in addition to any other available remedies at law or in equity, MCE may suspend payment to the Contractor for any Services provided during any period of time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required insurance coverage.

**6.1. GENERAL LIABILITY.** The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than **two million dollars (\$2,000,000) with a four million dollar (\$4,000,000)** aggregate limit. "Marin Clean Energy" shall be named as an additional insured on the commercial general liability policy and the certificate of insurance shall include an additional endorsement page (see sample form: ISO - CG 20 10 11 85).

**6.2. AUTO LIABILITY (REQUIRED IF CHECKED ☒.** Where the Services to be provided under this Agreement involve or require the use of any type of vehicle by Contractor in order to perform said Services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars combined single limit (\$1,000,000).

**6.3. WORKERS' COMPENSATION.** The Contractor acknowledges that the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, it shall comply with this requirement and a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to MCE prior to commencement of Services.

**6.4. PROFESSIONAL LIABILITY INSURANCE** (REQUIRED IF CHECKED ☐). Contractor shall maintain professional liability insurance with a policy limit of not less than \$1,000,000 per incident. If the deductible or self-insured retention amount exceeds \$100,000, MCE may ask for evidence that Contractor has segregated amounts in a special insurance reserve fund, or that Contractor's general insurance reserves are adequate to provide the necessary coverage and MCE may conclusively rely thereon. Coverages required by this subsection may be provided on a claims-made basis with a "Retroactive Date" prior to the Effective Date. If the policy is on a claims-made basis, coverage must extend to a minimum of twelve (12) months beyond termination of this Agreement. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "retroactive date" prior to the Effective Date, Contractor must purchase "extended reporting" coverage for a minimum of twelve (12) months after termination of this Agreement.

**6.5. PRIVACY AND CYBERSECURITY LIABILITY** (REQUIRED IF CHECKED ☒). Contractor shall maintain privacy and cybersecurity liability (including costs arising from data destruction, hacking or intentional breaches, crisis management activity related to data breaches, and legal claims for security breach, privacy violations, and notification costs) of at least \$1,000,000 US per occurrence.

**7. FINANCIAL STATEMENTS:**

Contractor shall deliver financial statements on an annual basis or as may be reasonably requested by MCE from time to time. Such financial statements or documents shall be for the most recently available audited or reviewed period and prepared in accordance with generally-accepted accounting principles.

**8. SUBCONTRACTING:**

The Contractor shall not subcontract nor assign any portion of the work required by this Agreement without prior, written approval of MCE, except for any subcontract work expressly identified herein in each Statement of Work and attachments thereto. If Contractor hires a subcontractor under this Agreement (a "Subcontractor"), Subcontractor shall be bound by all applicable terms and conditions of this Agreement, and Contractor shall ensure the following:

- 8.1.** Subcontractor shall comply with the following terms of this Agreement: Sections 9, 10, each Statement of Work and attachments thereto.
- 8.2.** Subcontractor shall provide, maintain and be bound by the representations, warranties and covenants of Contractor contained in Section 5 hereof (as may be modified to be applicable to Subcontractor with respect to Section 5.1(a) hereof) at all times during the Term of such subcontract and its provision of Services.
- 8.3.** Subcontractor shall comply with the terms of Section 6 above, including, but not limited to providing and maintaining insurance coverage(s) identical to what is required of Contractor under this Agreement, and shall name MCE as an additional insured under such policies. Contractor shall collect, maintain, and promptly forward to MCE current evidence of such insurance provided by its Subcontractor. Such evidence of insurance shall be included in the records and is therefore subject to audit as described in Section 9 hereof.
- 8.4.** Subcontractor shall be contractually obligated to indemnify the MCE Parties (as defined in Section 17 hereof) pursuant to the terms and conditions of Section 17 hereof.
- 8.5.** Subcontractors shall not be permitted to further subcontract any obligations under this Agreement.

Contractor shall be solely responsible for ensuring its Subcontractors' compliance with the terms and conditions of this Agreement made applicable above and to collect and maintain all documentation and current evidence of such compliance. Upon request by MCE, Contractor shall promptly forward to MCE evidence of same. Nothing contained in this Agreement or otherwise stated between the Parties shall create any legal or contractual relationship between MCE and any Subcontractor, and no subcontract shall relieve Contractor of any of its duties or obligations under this Agreement. Contractor's obligation to pay its Subcontractors is an independent obligation from MCE's obligation to make payments to Contractor. As a result, MCE shall have no obligation to pay or to enforce the payment of any monies to any Subcontractor.

**9. RETENTION OF RECORDS AND AUDIT PROVISION:**

Contractor shall keep and maintain on a current basis full and complete records and documentation pertaining to this Agreement and the Services, whether stored electronically or otherwise, including, but not limited to, valuation records, accounting records, documents supporting all invoices, employees' time sheets, receipts and expenses, and all customer documentation and correspondence (the "Records"). MCE shall have the right, during regular business hours, to review and audit all Records during the Term and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on Contractor's premises



or, at MCE's option, Contractor shall provide all records within a maximum of fifteen (15) days upon receipt of written request from MCE. Contractor shall refund any monies erroneously charged. Contractor shall have an opportunity to review and respond to or refute any report or summary of audit findings, and shall promptly refund any overpayments made by MCE based on undisputed audit findings.

## **10. DATA, CONFIDENTIALITY AND INTELLECTUAL PROPERTY:**

**10.1. DEFINITION OF "MCE DATA".** "MCE Data" shall mean all data or information provided by or on behalf of MCE, including but not limited to, customer Personal Information; energy usage data relating to, of, or concerning, provided by or on behalf of any customers; all data or information input, information systems and technology, software, methods, forms, manuals, and designs, transferred, uploaded, migrated, or otherwise sent by or on behalf of MCE to Contractor as MCE may approve of in advance and in writing (in each instance); account numbers, forecasts, and other similar information disclosed to or otherwise made available to Contractor. MCE Data shall also include all data and materials provided by or made available to Contractor by MCE's licensors, including but not limited to, any and all survey responses, feedback, and reports subject to any limitations or restrictions set forth in the agreements between MCE and their licensors.

"Confidential Information" under this Agreement shall have the same meaning as defined in the Marin Clean Energy Non-Disclosure Agreement between the Parties dated **January 1, 2017**.

**10.2. DEFINITION OF "PERSONAL INFORMATION".** "Personal Information" includes but is not limited to the following: personal and entity names, e-mail addresses, addresses, phone numbers, any other public or privately-issued identification numbers, IP addresses, MAC addresses, and any other digital identifiers associated with entities, geographic locations, users, persons, machines or networks. Contractor shall comply with all applicable federal, state and local laws, rules, and regulations related to the use, collection, storage, and transmission of Personal Information.

**10.3. MCE DATA SECURITY MEASURES.** Prior to Contractor receiving any MCE Data, Contractor shall comply, and at all times thereafter continue to comply, in compliance with MCE's Data security policies set forth in MCE Policy 009 (available upon request) and MCE's Advanced Metering Infrastructure (AMI) Data Security and Privacy Policy ("Security Measures") and pursuant to MCE's Confidentiality provisions in Section 5 of the Marin Clean Energy Non-Disclosure Agreement between the parties dated **January 1, 2017**, and as set forth in MCE Policy 001 - Confidentiality. MCE's Security Measures and Confidentiality provisions require Contractor to adhere to reasonable administrative, technical, and physical safeguard protocols to protect the MCE's Data from unauthorized handling, access, destruction, use, modification or disclosure.

**10.4. CONTRACTOR DATA SECURITY MEASURES.** Additionally, Contractor shall, at its own expense, adopt and continuously implement, maintain and enforce reasonable technical and organizational measures consistent with the sensitivity of Personal Information and Confidential Information including, but not limited to, measures designed to (1) prevent unauthorized access to, and otherwise physically and electronically protect, the Personal Information and Confidential Information, and (2) protect MCE content and MCE Data against unauthorized or unlawful access, disclosure, alteration, loss, or destruction.

**10.5. RETURN OF MCE DATA.** Promptly after this Agreement terminates, (i) Contractor shall securely destroy all MCE Data in its possession and certify the secure destruction in writing to MCE, and (ii) each Party shall return (or if requested by the disclosing Party, destroy) all other Confidential Information and property of the other (if any), provided that Contractor's attorney shall be permitted to retain a copy of such records or materials solely for legal purposes.

### **10.6. OWNERSHIP AND USE RIGHTS.**

- a) **MCE Data.** Unless otherwise expressly agreed to in writing by the Parties, MCE shall retain all of its rights, title and interest in MCE's Data.
- b) **Intellectual Property.** Unless otherwise expressly agreed to in writing by the Parties, any and all materials, information, or other intellectual property created, prepared, accumulated or developed by Contractor or any Contractor Party under this Agreement ("Intellectual Property"), including finished and unfinished inventions, processes, templates, documents, drawings, computer programs, designs, calculations, valuations, maps, plans, workplans, text, filings, estimates, manifests, certificates, books, specifications, sketches, notes, reports, summaries, analyses, manuals, visual materials, data models and samples, including summaries, extracts, analyses and preliminary or draft materials developed in connection therewith, shall be owned by MCE on behalf and for the benefit of MCE's respective customers. MCE shall have the exclusive right to use Intellectual Property in its sole discretion and without further compensation to Contractor or to any other party. Contractor shall, at MCE's expense, provide Intellectual Property to MCE or to any party MCE may designate upon written request. Contractor may keep one file reference copy of Intellectual Property prepared for MCE solely for legal purposes and if otherwise agreed to in writing by MCE. In addition, Contractor may keep one copy of Intellectual Property if otherwise agreed to in writing by MCE.

- c) **Intellectual Property shall be owned by MCE upon its creation.** Contractor agrees to execute any such other documents or take other actions as MCE may reasonably request to perfect MCE's ownership in the Intellectual Property.
- d) **Contractor's Pre-Existing Materials.** If, and to the extent Contractor retains any preexisting ownership rights ("Contractor's Pre-Existing Materials") in any of the materials furnished to be used to create, develop, and prepare the Intellectual Property, Contractor hereby grants MCE on behalf of its customers and the CPUC for governmental and regulatory purposes an irrevocable, assignable, non-exclusive, perpetual, fully paid up, worldwide, royalty-free, unrestricted license to use and sublicense others to use, reproduce, display, prepare and develop derivative works, perform, distribute copies of any intellectual or proprietary property right of Contractor or any Contractor Party for the sole purpose of using such Intellectual Property for the conduct of MCE's business and for disclosure to the CPUC for governmental and regulatory purposes related thereto. Unless otherwise expressly agreed to by the Parties, Contractor shall retain all of its rights, title and interest in Contractor's Pre-Existing Materials. Any and all claims to Contractor's Pre-Existing Materials to be furnished or used to prepare, create, develop or otherwise manifest the Intellectual Property must be expressly disclosed to MCE prior to performing any Services under this Agreement. Any such Pre-Existing Material that is modified by work under this Agreement is owned by MCE.

**10.7. EQUITABLE RELIEF.** Each Party acknowledges that a breach of this Section 10 would cause irreparable harm and significant damages to the other Party, the degree of which may be difficult to ascertain. Accordingly, each Party agrees that MCE shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of MCE Data or Personal Information, in addition to any other rights and remedies that it may have at law or otherwise; and Contractor shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of Contractor's Pre-Existing Materials, in addition to any other rights and remedies that it may have at law or otherwise.

## **11. FORCE MAJEURE:**

A Party shall be excused for failure to perform its obligations under this Agreement if such obligations are prevented by an event of Force Majeure (as defined below), but only for so long as and to the extent that the Party claiming Force Majeure ("Claiming Party") is actually so prevented from performing and provided that (a) the Claiming Party gives written notice and full particulars of such Force Majeure to the other Party (the "Affected Party") promptly after the occurrence of the event relied on, (b) such notice includes an estimate of the expected duration and probable impact on the performance of the Claiming Party's obligations under this Agreement, (c) the Claiming Party furnishes timely regular reports regarding the status of the Force Majeure, including updates with respect to the data included in Section 10 above during the continuation of the delay in the Claiming Party's performance, (d) the suspension of such obligations sought by Claiming Party is of no greater scope and of no longer duration than is required by the Force Majeure, (e) no obligation or liability of either Party which became due or arose before the occurrence of the event causing the suspension of performance shall be excused as a result of the Force Majeure; (f) the Claiming Party shall exercise commercially reasonable efforts to mitigate or limit the interference, impairment and losses to the Affected Party; (g) when the Claiming Party is able to resume performance of the affected obligations under this Agreement, the Claiming Party shall give the Affected Party written notice to that effect and promptly shall resume performance under this Agreement. "Force Majeure" shall mean acts of God such as floods, earthquakes, fires, orders or decrees by a governmental authority, civil or military disturbances, wars, riots, terrorism or threats of terrorism, utility power shutoffs, strikes, labor disputes, pandemic, or other forces over which the responsible Party has no control and which are not caused by an act or omission of such Party.

## **12. TERMINATION:**

- 12.1.** If the Contractor fails to provide in any manner the Services required under this Agreement, otherwise fails to comply with the terms of this Agreement, violates any Applicable Law, makes an assignment of any general arrangement for the benefit of creditors, files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it, otherwise becomes bankrupt or insolvent (however evidenced), or becomes unable to pay its debts as they fall due, then MCE may terminate this Agreement by giving five (5) business days' written notice to Contractor.
- 12.2.** Either Party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days' written notice to the other Party. Notice of termination shall be by written notice to the other Party and be sent by registered mail or by email to the email address listed in Section 19.
- 12.3.** In the event of termination not the fault of the Contractor, the Contractor shall be paid for Services performed up to the date of termination in accordance with the terms of this Agreement so long as proof of required insurance is provided for the periods covered in the Agreement or Amendment(s). Notwithstanding anything contained in this Section 12, in no event shall MCE be liable for lost or anticipated profits or overhead on uncompleted portions of the Agreement. Contractor shall not enter into any agreement, commitments or subcontracts that would incur significant cancellation or termination costs without prior written approval of MCE, and such written approval shall be a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12. Also, as a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12, Contractor shall have delivered to MCE any and all Intellectual Property (as defined in Section 10.6(b)) prepared for MCE before the effective date of such termination.
- 12.4.** MCE may terminate this Agreement if funding for this Agreement is reduced or eliminated by a third-party funding source.

- 12.5.** Without limiting the foregoing, if either Party's activities hereunder become subject to law or regulation of any kind, which renders the activity illegal, unenforceable, or which imposes additional costs on such Party for which the parties cannot mutually agree upon an acceptable price modification, then such Party shall at such time have the right to terminate this Agreement upon written notice to the other Party with respect to the illegal, unenforceable, or uneconomic provisions only, and the remaining provisions will remain in full force and effect.
- 12.6.** Upon termination of this Agreement for any reason, Contractor shall and shall cause each Contractor Party to bring the Services to an orderly conclusion as directed by MCE and shall return all MCE Data (as defined in Section 10.1 above) and Intellectual Property to MCE.
- 12.7.** Notwithstanding the foregoing, this Agreement shall be subject to changes, modifications, or termination by order or directive of the California Public Utilities Commission ("CPUC"). The CPUC may from time to time issue an order or directive relating to or affecting any aspect of this Agreement, in which case MCE shall have the right to change, modify or terminate this Agreement in any manner to be consistent with such order or directive.
- 12.8.** Notwithstanding any provision herein to the contrary, Sections 2, 3, 8.4, 9, 10, 12, 15, 16, 17, 18, 19, 20, 21, 22, 24, Exhibit B of this Agreement shall survive the termination or expiration of this Agreement.

**13. ASSIGNMENT:**

The rights, responsibilities, and duties under this Agreement are personal to the Contractor and may not be transferred or assigned without the express prior written consent of MCE.

**14. AMENDMENT; NO WAIVER:**

This Agreement may be amended or modified only by written agreement of the Parties. Failure of either Party to enforce any provision or provisions of this Agreement will not waive any enforcement of any continuing breach of the same provision or provisions or any breach of any provision or provisions of this Agreement.

**15. DISPUTES:**

Either Party may give the other Party written notice of any dispute which has not been resolved at a working level. Any dispute that cannot be resolved between Contractor's contract representative and MCE's contract representative by good faith negotiation efforts shall be referred to Legal Counsel of MCE and an officer of Contractor for resolution. Within 20 calendar days after delivery of such notice, such persons shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If MCE and Contractor cannot reach an agreement within a reasonable period of time (but in no event more than 30 calendar days), MCE and Contractor shall have the right to pursue all rights and remedies that may be available at law or in equity. All negotiations and any mediation agreed to by the Parties are confidential and shall be treated as compromise and settlement negotiations, to which Section 1119 of the California Evidence Code shall apply, and Section 1119 is incorporated herein by reference.

**16. JURISDICTION AND VENUE:**

This Agreement shall be construed in accordance with the laws of the State of California and the Parties hereto agree that venue shall be in Marin County, California.

**17. INDEMNIFICATION:**

To the fullest extent permitted by Applicable Law, Contractor shall indemnify, defend, and hold MCE and its employees, officers, directors, representatives, and agents ("MCE Parties"), harmless from and against any and all actions, claims, liabilities, losses, costs, damages, and expenses (including, but not limited to, litigation costs, attorney's fees and costs, physical damage to or loss of tangible property, and injury or death of any person) arising out of, resulting from, or caused by: a) the negligence, recklessness, intentional misconduct, fraud of all Contractor Parties; b) the failure of a Contractor Party to comply with the provisions of this Agreement or Applicable Law; or c) any defect in design, workmanship, or materials carried out or employed by any Contractor Party.

**18. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF MCE:**

MCE is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.). Pursuant to MCE's Joint Powers Agreement, MCE is a public entity separate from its constituent members. MCE shall solely be responsible for all debts, obligations, and liabilities accruing and arising out of this Agreement. No Contractor Party shall have rights and nor shall any Contractor Party make any claims, take any actions, or assert any remedies against any of MCE's constituent members in connection with this Agreement.

**19. INVOICES; NOTICES:**

This Agreement shall be managed and administered on MCE's behalf by the Contract Manager named below. All invoices shall be submitted by email to:

Email Address: invoices@mcecleanenergy.org

All other notices shall be given to MCE at the following location:

Contract Manager: Troy Nordquist

MCE Address: 1125 Tamalpais Avenue

San Rafael, CA 94901

Email Address: contracts@mcecleanenergy.org

Telephone No.: (925) 378-6767

Notices shall be given to Contractor at the following address:

Contractor: Andrew Brooks

Address: 5900 Hollis St., Suite R2

Emeryville, CA 94608

Email Address: abrooks@aea.us.org

Telephone No.: (510) 431-1791

**20. ENTIRE AGREEMENT; ACKNOWLEDGMENT OF EXHIBITS:**

This Agreement along with the attached Exhibits marked below constitutes the entire Agreement between the Parties. In the event of a conflict between the terms of this Agreement and the terms in any of the following Exhibits, the terms in this Agreement shall govern.

	<input checked="" type="checkbox"/>	<u>Check applicable Exhibits</u>	<u>CONTRACTOR'S INITIALS</u>	<u>MCE'S INITIALS</u>
<u>EXHIBIT A.</u>	<input checked="" type="checkbox"/>	Form of Statement of Work		
<u>EXHIBIT B.</u>	<input checked="" type="checkbox"/>	Fees and Payment		
<u>Schedule A.1</u>	<input checked="" type="checkbox"/>	Statement of Work for AERN Program		
<u>Schedule A.2</u>	<input checked="" type="checkbox"/>	Statement of Work for Multifamily Programs		
<u>Schedule A.3</u>	<input checked="" type="checkbox"/>	Statement of Work for Workforce Education and Training Program		

**21. SEVERABILITY:**

Should any provision of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, such invalidity will not invalidate the whole of this Agreement, but rather, the remainder of the Agreement which can be given effect without the invalid provision, will continue in full force and effect and will in no way be impaired or invalidated.

**22. INDEPENDENT CONTRACTOR:**

Contractor is an independent contractor to MCE hereunder. Nothing in this Agreement shall establish any relationship of partnership, joint venture, employment or franchise between MCE and any Contractor Party. Neither MCE nor any Contractor Party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent, except as otherwise expressly provided for herein.

**23. TIME:**

Time is of the essence in this Agreement and each and all of its provisions.

**24. THIRD PARTY BENEFICIARIES:**

The Parties agree that there are no third-party beneficiaries to this Agreement either express or implied.

**25. FURTHER ACTIONS:**

The Parties agree to take all such further actions and to execute such additional documents as may be reasonably necessary to effectuate the purposes of this Agreement.

**26. PREPARATION OF AGREEMENT:**

This Agreement was prepared jointly by the Parties, each Party having had access to advice of its own counsel, and not by either Party to the exclusion of the other Party, and this Agreement shall not be construed against either Party as a result of the manner in which this Agreement was prepared, negotiated or executed.

**27. COUNTERPARTS:**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

**APPROVED BY**

**Marin Clean Energy:**

**CONTRACTOR:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chairperson

Date: \_\_\_\_\_

**MODIFICATIONS TO STANDARD SHORT FORM MASTER SERVICES AGREEMENT**

☐ Standard Short Form Master Services Agreement Content Has Been Modified

*List sections affected:* \_\_\_\_\_

Approved by MCE Counsel: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**  
**FORM OF STATEMENT OF WORK**

**Schedule A.\_\_\_\_**

**Statement of Work for [Describe Services]**

This Schedule A.\_\_\_\_ is entered into on **[Date]** pursuant to the Master Services Agreement between MARIN CLEAN ENERGY, hereinafter referred to as "MCE", and ASSOCIATION FOR ENERGY AFFORDABILITY, hereinafter referred to as "Contractor", dated **March 18, 2021** ("MSA").

Contractor shall provide the following Services under the Agreement as requested and directed by MCE staff, up to the maximum time/fees allowed under this Agreement:

[List scope of services]

**Billing:**

Contractor shall bill monthly and according to the rate schedule listed in Exhibit B of the Master Services Agreement dated **DATE**. In no event shall the total cost to MCE for the services provided under this Statement of Work exceed the maximum sum of **\$0,000** for the term of this Agreement.

**Term of Statement of Work:**

This Statement of Work shall commence on **DATE** and shall terminate on **DATE**.

**IN WITNESS WHEREOF**, the parties have executed this Statement of Work – Schedule A.1 on the date first above written.

**APPROVED BY**

**Marin Clean Energy:**

**CONTRACTOR:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chairperson

Date: \_\_\_\_\_

**EXHIBIT B**  
**RATE SCHEDULE**

For services provided under this Agreement, MCE shall pay Contractor in accordance with the rate schedule as specified below and in accordance with the payment structure listed in a Statement of Work:

<b>Rate Schedule</b>	
<b>Position</b>	<b>Hourly Rate</b>
Director, West Coast	\$ 175.00
Director, Programs	\$ 175.00
Director, Technical Services	\$ 175.00
Senior Program Manager	\$ 165.00
Program Manager II	\$ 160.00
Program Manager	\$ 150.00
Associate Program Manager	\$ 135.00
Senior Project Manager	\$ 165.00
Project Manager II	\$ 160.00
Project Manager	\$ 150.00
Associate Project Manager	\$ 135.00
Senior Energy Engineer	\$ 165.00
Energy Engineer II	\$ 160.00
Energy Engineer I	\$ 150.00
Senior Energy Analyst	\$ 165.00
Energy Analyst III	\$ 160.00
Energy Analyst II	\$ 150.00
Energy Analyst	\$ 140.00
Associate Energy Analyst	\$ 130.00
Office Manager	\$ 125.00

Contractor shall bill according to these rates and the payment structure listed in a Statement of Work. Contractor shall not exceed the maximum contract sum listed in any Statement of Work.



**Schedule A.1**  
**Statement of Work for AERN Program**

AI #05\_C.3\_Att. B: Schedule A-1

This Schedule A.1 is entered into on **March 18, 2021** ("Agreement") pursuant to the Master Services Agreement between MARIN CLEAN ENERGY, hereinafter referred to as "MCE", and ASSOCIATION FOR ENERGY AFFORDABILITY, hereinafter referred to as "Contractor", dated **March 18, 2021** ("MSA").

Contractor shall provide the following technical assistance services as part of the Advanced Energy Rebuild Napa Program under the Agreement as requested and directed by MCE staff, up to the maximum time/fees allowed under this Agreement:

**Overview:**

MCE is administering the Advanced Energy Rebuild Napa Program (AERN) and issuing rebates to participants in an incentive program for homeowners in Napa County affected by wildfires. The AERN Program is based on the California Advanced Homes Program. Furthermore, MCE has received a grant from the Bay Area Air Quality Management District (BAAQMD) to pay for electrification rebates only. These rebates are incentives for affected homeowners to rebuild energy-efficient, sustainable homes through the installation of electrification measures identified in Table 1. Contractor is the technical assistance provider to program participants and for the BAAQMD rebates, Contractor will be paid separately from the grant funds.

**Task 1: Project administration**

Contractor will be available for planning and progress check-in meetings or calls. Contractor is responsible, in coordination with MCE, for the development of any program documentation, forms or reporting templates. All program application materials must be provided to MCE for approval by BAAQMD.

**Task 2: Provide information and technical support to residents and contractors about energy efficiency associated with the AERN Program, electrification measures associated with the BAAQMD grant, and eligibility for incentives.**

Contractor will provide information and education to residents and contractors interested in incorporating energy efficiency measures into homes being rebuilt after the wildfires in Napa County, for both the AERN and NAAQMD programs. Contractor will provide programmatic and technical support to explain the steps necessary for the participant to receive funding for the AERN Program and rebates from MCE in relation to the BAAQMD grant. Contractor will explain technologies being incentivized by MCE and the resulting energy and greenhouse gas impacts, and will answer owner or contractor technical questions. Eligible electrification measures and the applicable rebate amounts are listed in the table below (Table 1).

Table 1

ELIGIBLE ELECTRIFICATION COMPONENT	STANDARD	REBATE AMOUNT	LOW-INCOME QUALIFIED REBATE AMOUNT
Photovoltaic (PV)	Solar Panel system designed to fully offset annual electric usage with battery storage sufficient to hold 30% of one summer day's production	\$3,000	\$3,600
Heat Pump HVAC	EER of 12.5+, HSPF of 9.5+	\$1,500	\$1,800
Heat Pump Water Heater	NEEA tier 3.0+	\$1,000	\$1,200
Heat Pump Clothes Dryer	Energy Star Most Efficient Certified, Electric	\$800	\$960
Induction cooktop with or without range	Must use induction technology per manufacturer literature. Portable plug-in single burner or double burner appliances are not eligible.	\$800	\$960
Electric Vehicle Charging Station	Level 2 Charger	\$500	\$600
Smart Thermostat	Energy Star Certified Smart Thermostat	\$40	\$48
Maximum rebate per dwelling unit		<b>\$7,640</b>	<b>\$9,168</b>

**Estimated number of Leads: 60 homes**

**Time and Materials Budget for Tasks 1 and 2 Not to Exceed = \$18,068**

Time shall be based on the rate schedule listed in Exhibit B of the Master Services Agreement

**Task 3: Referral to PG&E**

AI #05\_C.3\_Att. B: Schedule A-1

Contractor will coordinate appropriate referrals of eligible program participants. Contractor will work in collaboration with PG&E to transfer all information to PG&E's technical assistance provider (currently TRC) for participants interested in PG&E's California Advanced Homes Program.

**Task 4: Ensure all incentive projects required documentation is collected, reviewed, and submitted to MCE**

Contractor will work with PG&E and/or PG&E's technical assistance provider to collect the required documentation from each program participant as follows:

- Application Number, Applicant Name, Phone Number, Alternate Phone Number, Email Address, Project Type, Project Address, City, Zip Code, Mailing Address (if different), CARE enrollment status, Description of proposed work/component, Manufacturer, Model Number of Component, Building Permit Agency, Building Permit number, Project Status, Date of HERS Final Inspection, CF-2R/CF-3R form on file (Yes or No), Proof of Purchase on file if required (Yes or No), Installation photo on file if required (Yes or No), Rebate Amount, Check Number, Date Check Issued, Notes

Contractor will review all documents for completeness per the above specifications, will ensure that all projects are properly permitted and that Energy Code documentation is filed as needed, and will track and maintain all project and document measures and participant details as specified above. Project information will also be provided to Napa County, BayREN, and PG&E by MCE.

**Task 5: Provide on-site technician assistance and/or site verification as needed for both BAAQMD funds and the AERN Program**

Upon request from the participant and pending approval from MCE, Contractor will provide onsite technical assistance to homeowners as it relates to the funded measures listed in Table 1, including coordinating with approved manufacturer's representatives and ensuring that these energy efficiency measures are installed per code requirements and properly permitted. Contractor will also provide onsite technical assistance to homeowners as it relates to the AERN Program. Contractor shall comply with all applicable state and local orders regarding COVID-19 when providing onsite technical assistance.

**Time and Materials Budget for Tasks 3-5 Not to Exceed = \$30,990**

Time shall be based on the rate schedule listed in Exhibit B of the Master Services Agreement.

**Billing:**

Contractor shall bill monthly and according to the rate schedule listed in Exhibit B of the Master Services Agreement dated **March 18, 2021**. In no event shall the total cost to MCE for the services provided under this Statement of Work exceed the maximum sum of **\$49,058** for the term of the Agreement.

**Term of Statement of Work:**

This Statement of Work shall commence on **April 1, 2021** and shall terminate on **March 31, 2022**.

**IN WITNESS WHEREOF**, the parties have executed this Statement of Work – Schedule A.1 on **March 18, 2021**.

**APPROVED BY****Marin Clean Energy:****CONTRACTOR:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chairperson

Date: \_\_\_\_\_

## Schedule A.2

### Statement of Work for Multifamily Programs

This Schedule A.2 is entered into on **March 18, 2021** ("Agreement") pursuant to the Master Services Agreement between MARIN CLEAN ENERGY, hereinafter referred to as "MCE", and ASSOCIATION FOR ENERGY AFFORDABILITY, hereinafter referred to as "Contractor", dated **March 18, 2021** ("MSA").

Contractor shall provide the following Services under the Agreement as requested and directed by MCE staff, up to the maximum time/fees allowed under this Agreement:

Contractor will serve as the overall program provider for MCE's multifamily programs, as requested and directed by MCE staff. Tasks and deliverables are described below:

#### 1. Multifamily Energy Savings (MFES) Program

Contractor will implement and provide technical consulting services for the MFES Program, including single-measure rebate and direct install (DI) offerings. The tasks are:

##### Single Measure Rebates and Direct Install (DI)

- Complete comprehensive assessments at properties identifying targeted measures and high total resource cost (TRC) opportunities within MCE's service area.
- Build targeted and comprehensive reports with results of the assessment.
- Provide technical assistance to customers.
- Verify installations meet minimum performance and programmatic specifications.
- Coordinate scope development with Bay Area Regional Energy Network (BayREN) and other program staff when co-leveraging with Bay Area Multifamily Building Enhancements Program (BAMBE) or other MCE programs (LIFT, MCE Healthy Homes, or other partnerships and programs as designated by MCE).
- Identify cost-effective DI measures.
- Work with MCE and its program partners to develop a list of candidate buildings to participate in DI opportunities.
- Coordinate DI activities, including maintenance staff training for direct installs, with customers and MCE staff.
- Provide MCE with savings data from DI activities.
- Verify smart thermostat compatibility prior to DI, if offered through the program.

##### Coordination with BayREN's BAMBE Program

Contractor provides a technical assistance and implementation role for BayREN's BAMBE program. Based on a joint coordination effort between MCE and BayREN, some projects will be able to utilize rebates from both entities on the same project (although savings for individual measures may only be claimed by one entity). Contractor will perform the following tasks to ensure seamless coordination:

- Regular check ins with BAMBE team to ensure that MCE qualified properties are being assessed for MCE rebate opportunities.
- Work with property owners or managers (customers) to develop a scope of work that would best leverage MCE and BAMBE rebate opportunities.
- Coordinate with BAMBE Technical Assistance on site visit.
- Report BAMBE coordination progress back to MCE.

##### Marketing & Outreach

Contractor will provide marketing and outreach services to support the MFES and LIFT programs. The tasks indicated below will be billed at a time and materials (T&M) rate. The tasks below may be performed by Contractor or a subcontractor to the Contractor. Marketing & Outreach tasks include:

- Development of marketing & outreach plan.
- Update marketing and outreach plan as needed.
- Development of program collateral.
- Lead generation through targeted outreach (property owners, contractors & partner organizations).
- Report back on marketing and outreach results and progress.

##### Additional Tasks

Contractor will perform the specific tasks indicated below at a T&M rate. The below tasks may apply to specific customers and/or monthly activities required of the Contractor. The tasks under this rate are:

- Monthly Reporting to CPUC
- Database management
- Program design
- Non-milestone-based project work (including combustion appliance safety (CAS) testing when required, project intake, common & exterior LED lighting measure completion, etc.)
- Check-in calls with MCE

- Meetings
- Training
- Benchmarking
- Budgeting
- Cost effectiveness tool (CET)/TRC related activities

## **2. Low Income Families and Tenants Pilot Program (LIFT)**

Contractor will implement and provide technical consulting services for the LIFT Program, which operates in conjunction with MFES and MCE Healthy Homes. The tasks include:

### LIFT Measure Rebates

- Work with MCE and its program partners to develop a list of candidate buildings to participate in LIFT.
- Facilitate the implementation of the energy efficiency measures under LIFT.
- Perform post installation Quality Assurance (QA) and Verification inspections to ensure that the measures were installed in such a manner that they will achieve the projected energy savings.
- Work with MCE to identify which data points should be collected and tracked for each project and required for the Evaluation, Measurement, and Verification (EM&V) process.
- Assist with training of contractors, building operators, and tenants as needed and when requested by MCE.
- Communicate program updates with customers including LIFT extensions and/or LIFT2.0 program approval.

### Direct Install

- Identify customers to receive DI services through the LIFT program.
- Coordinate DI activities, including maintenance staff training for direct installs, with customers and MCE staff.
- Provide MCE with savings data from DI activities.
- Verify smart thermostat compatibility prior to DI, if offered through the program.

### Marketing & Outreach

Contractor will provide marketing and outreach services to support the MFES and LIFT programs. The tasks indicated below will be billed at a T&M rate. The tasks below may be performed by Contractor or a subcontractor to the Contractor. Marketing & Outreach tasks include:

- Development of marketing & outreach plan.
- Development of program collateral.
- Lead generation through targeted outreach (property owners, contractors & partner organizations).
- Report back on marketing and outreach results and progress.

### Additional Tasks

Contractor will perform the specific tasks indicated below at a T&M rate. The below tasks may apply to specific customers and/or monthly activities required of the Contractor. The tasks under this rate are:

- Monthly Reporting to CPUC
- Database management
- Non-milestone-based project work (including CAS testing when required and project intake)
- LIFT heat pump technical assistance
- Check-in calls with MCE
- Meetings
- Tenant education development
- LIFT questionnaire development
- Training
- Benchmarking
- Budgeting
- BayREN coordination

## **3. MCE Healthy Homes Initiative**

Contractor will implement and provide technical consulting services for MCE's Healthy Homes Initiative which operates in conjunction with the other Multifamily offerings described herein. The tasks are:

### **1. Project management**

Contractor will oversee current projects in rebate reservation through to completion and manage new projects to spend down program budget.

- Property outreach and unit identification
- Single point of contact for participating properties
- Owner and contractor coordination

- Assessments and identification of upgrade opportunities
- Process Rebate Reservations with the properties
- Monitor project development
- Process Rebate approval packets with the properties

Project management budget not to exceed \$16,500.

## 2. Administration and Reporting

- Quarterly program and pipeline overview
- Ongoing budget tracking; included in quarterly reports and monthly invoice memos
- Regular meetings with MCE staff

Administration and Reporting budget not to exceed \$3,300.

## 3. Case Study Development

- Contractor will develop five (5) with client impact case studies that include resident quotes/statements

Case Study Development budget not to exceed \$3,300.

## 4. Survey development and analysis if LIFT surveys are unavailable

- Develop healthy home surveys to collect relevant resident information

Survey development and analysis budget will not exceed \$3,300.

## 4. MCE's Electric Vehicle (EV) Program

Contractor will perform EV feasibility assessments in conjunction with energy audits done for MCE's multifamily programs. The data collected will include the points listed below. The additional time needed beyond what is done for the multifamily programs will be billed at a T&M rate.

- Property Name
- Owner
- # of properties in that Owner's portfolio
- Owner Contact Information
- Property Manager Contact Information
- Facilities Manager Contact Information
- Address
- Property Class
- # of Units
- % of units that are deemed affordable housing
- # of total parking spaces
- # of non-designated (not assigned to a unit) parking spaces and % of those spaces that are open day-to-day
- # of ADA parking spaces
- # of EV charging ports currently installed
- available electrical capacity on the house (or common) panel(s) (most important technical data point)

### Billing:

#### 1. Multifamily Energy Savings (MFES) Program: \$427,000

##### Single Measure Rebates and DI: \$185,000

For implementing the MFES Program, Contractor will be compensated based on milestones achieved (Table 1). If the customer is also qualified for LIFT, Contractor will receive the LIFT adder as additional compensation due to the complexity of the requirements of LIFT. Units that receive direct install will be billed at a lower rate due to the elimination of the site visits and report.

##### Coordination with BayREN's BAMBE Program: \$100,000

When leveraging MCE's multifamily offerings with BAMBE projects, MCE will partially compensate Contractor, as BAMBE will cover other technical assistance costs. MCE will compensate Contractor as follows:

- For any LIFT customers also participating in the BAMBE Program, MCE will pay Contractor \$30 per apartment unit for energy audit report milestones due to the complexity of energy audit report requirements

around LIFT. MCE will also pay Contractor \$55 per unit that completes measures through LIFT. All other compensation shall be from BAMBE.

- MCE will provide rebates directly to customers in the MFES Program and LIFT program.
- Contractor will be reimbursed on a per unit basis if the property participates in an MCE multifamily program as outlined in Table 1.
- The NTE amount for this partnership is for a 2-year period.

Marketing & Outreach: Not to Exceed \$10,000

Additional Tasks: Not to Exceed \$132,000

## 2. Low Income Families and Tenants Pilot Program (LIFT): \$82,700

LIFT Measure Rebates and Direct Install: \$50,000

LIFT technical assistance will be provided in conjunction with the BAMBE program and/or MCE's MFES Program.

- For MCE-only LIFT projects (no BAMBE), Contractor will be reimbursed for each of the LIFT adders identified per the milestones achieved in Table 1, in addition to the standard Contractor Compensation values.
- When LIFT is paired with BAMBE, Contractor will only be reimbursed by MCE for the per apartment unit LIFT adder per the milestones achieved in Table 1.
- The NTE for LIFT is through July 31, 2021, unless otherwise notified in writing by MCE Contract Manager.

*Table 1. Compensation for Milestone(s) achieves – MFES Measure & LIFT Program*

Program Offering	Milestone	Contractor Compensation	LIFT adder
Single Measure Rebates	Intake	Time and Materials Rate (See Table 4)	
	Site Visit	\$35	\$40
	Energy Audit Report	\$25	\$30
	Rebate Reservation	\$0	\$0
	Rebate Approved	\$55	
Direct Install	Direct Install	\$40	

Marketing & Outreach: Not to Exceed \$8,000

Additional Tasks: Not to exceed \$24,700

## 3. MCE Healthy Homes: \$26,400

For implementing MCE Healthy Homes, Contractor will be compensated on a Time and Materials basis per the rate schedule in Section 5 with a not to exceed budget of \$26,400. Incentives for this sub-program will be dispersed separately between MCE and the customer. The tasks under this rate are:

Tasks	Estimated Hours	Not to Exceed Budget
2.1 Project Management	100	\$16,500
2.2 Administration/Reporting	20	\$3,300
2.3 Case Study Development	20	\$3,300
<b>Additional Services:</b>		
2.4 Survey Development & Analysis	20	\$3,300

## 4. MCE's EV Program: \$12,375

Contractor will perform EV feasibility assessments in conjunction with energy audits done for MCE's multifamily programs. The additional time needed beyond what is done for the multifamily programs will be billed based on T&M at the rate schedule listed in Exhibit B of the Master Services Agreement.

## 5. Overall Budget

The following are the budget amounts for each of the tasks and subprograms described herein. Budget amounts listed include both 2021 and 2022 program years. In situations where a budget amount may be exceeded, funds may be moved between categories with written approval of the MCE Customer Programs Manager, prior to Contractor exceeding those budgets.

Program	Task	Per Task NTE	Total Budget
MFES Program (Through April 2023)	Single Measure Rebates & Direct Install	\$185,000	\$427,500
	Coordination with BAMBE Program	\$100,000	
	Marketing & Outreach	\$10,000	
	Additional Tasks	\$132,500	
LIFT (Through July 2021) *	LIFT Measure Rebates & Direct Install	\$50,000	\$82,700
	Marketing & Outreach	\$8,000	
	Additional Tasks	\$24,700	
MCE Healthy Homes Program			\$26,400
MCE EV Program (Through April 2022) *			\$12,375
<b>TOTAL CONTRACT</b>			<b>\$548,975</b>

\*unless otherwise noted in writing by MCE Contract Manager

Contractor shall bill monthly and all time and materials rates shall be according to the rate schedule listed in Exhibit B of the MSA dated **March 18, 2021**. In no event shall the total cost to MCE for the services provided under this Statement of Work exceed the maximum sum of **\$548,975** for the term of the Agreement.

**Term of Statement of Work:**

This Statement of Work shall commence on **May 1, 2021** and shall terminate on **April 30, 2023**.

**IN WITNESS WHEREOF**, the parties have executed this Statement of Work – Schedule A.2 on the date first above written.

**APPROVED BY**

**Marin Clean Energy:**

**CONTRACTOR:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chairperson

Date: \_\_\_\_\_

### Schedule A.3

#### Statement of Work for Workforce Education and Training Program

This Schedule A.3 is entered into on **March 18, 2021** ("Agreement") pursuant to the Master Services Agreement between MARIN CLEAN ENERGY, hereinafter referred to as "MCE", and ASSOCIATION FOR ENERGY AFFORDABILITY, hereinafter referred to as "Contractor", dated **March 18, 2021** ("MSA").

Contractor will provide the following technical assistance services as part of the Workforce Education and Training Program (Program) as requested and directed by MCE staff, up to the maximum time/fees allowed under this Agreement:

#### Task 1: Administration

Contractor will:

- Manage team project coordination meetings
  - General program meetings related to more than one task listed below, e.g. Workforce Engagement, Contractor Education, or Developing the Contractor Market; these meetings topics could be about budgets, reporting, invoicing, planning or other program-wide issues
- Develop and maintain Program database
- Respond to data requests regarding the Program
- Program accounting and invoicing
- Develop reports and documentation on overall Program achievements

#### Task 2: Workforce Engagement

**Task 2.a. – Partner with Inclusive Economics:** Contractor will work with Betony Jones of Inclusive Economics as a subcontractor to ensure the training and workforce development activities undertaken will improve conditions for workers. MCE may direct Contractor to work with a different individual of Inclusive Economics if the need arises.

Inclusive Economics' role will ensure any training designed by Contractor will have a positive impact on work quality under the Program, as well as help create more high-road jobs for workers.

***Task 2.a. 2021 Deliverables:** Meet with Inclusive Economics as needed to further inform Program development, and provide a summary report to MCE on Inclusive Economics' recommendations on program design to address workforce needs.*

**Task 2.b. – Industry Roundtables:** Contractor will leverage existing relationships with industry groups, such as MCE Community Power Coalition, Marin Builders Association, Rising Sun, Franklin Energy, trade unions, manufacturers, and others, to increase contractor participation in high-performance building training. These events will target participating contractor groups to get their perspective on high-performance buildings and the challenges they face as the industry continues to change.

To foster diversity, Contractor will ensure that a representative sample of participating contractor groups in MCE's service territory are invited to the event. Outreach efforts will include participating contractors from disadvantaged communities and minority-focused groups to ensure diversity, equity, and inclusion. These groups will be identified by leveraging partnerships with community-based organizations, properties located in disadvantaged communities that have participated in MCE's multifamily programs, and existing trade relationships.

***Task 2.b. 2021 Deliverables:** Provide a summary of roundtable discussion from final roundtable and the contact list of participants.*

**Task 2.c. – Direct Vendor Outreach:** Contractor will work with participating contractors and other vendors to determine the reasons why some declined to bid on MCE's Low-Income Families and Tenants (LIFT) Program. Contractor will qualitatively assess how much contingency and risk aversion was built into a vendor's bid and what actions can be taken to reduce vendor uncertainty around the project. Lastly, for winning participating contractors, Contractor will learn about some of the challenges participating contractors faced within the LIFT Program as they installed the heat pumps.

Contractor will leverage existing and develop new relationships with participating contractors and other vendors to gain more insight into the barriers to electrification and high-performance building work.

The information gathered will be used to: (a) inform future program design; (b) help identify the practical barriers to heat pump adoption that the installation community faces, and; (c) guide the development of training materials for participating contractors that have little experience in electrification.

***Task 2.c. 2021 Deliverables:** Summary of any additional participating contractor narratives or interviews that show recurring challenges that have been a barrier to electrification and high-performance building best practices.*



**Task 3: Participating Contractor Education**

**Task 3.a. – Participating Contractor Field Management:** Specific to the contractor trade, and with an aim to provide contractors with the fundamental building performance knowledge they need to understand, Contractor shall provide field mentorship based on 1) how to deliver maximum value and performance within their trade and 2) how their work can impact other building systems or trades that they do not work on.

Contractor will provide participating contractors with field mentorships through in-person or virtual field meetings. Each participating contractor field mentorship will consist of one session lasting one to four hours with a Contractor-provided trainer and the participating contractor. When possible, participating contractor field mentorships will be performed at a building site, but a separate classroom location or at the participating contractor's place of business will be used when necessary. Virtual field meetings will be performed when in-person field mentorships are not possible due to COVID-19 constraints.

Topics covered will include:

- Building science fundamentals:
  - Building Performance Institute (BPI) combustion safety & depressurization
  - Air sealing & insulation
  - Health & safety
  - Heat transfer and thermodynamics
- Review and explanation of minimum performance requirements
- Trade- or measure-specific best practices (as needed):
  - Ductless mini-split heat pumps
  - Heat pump water heaters (individual and/or central)
  - Hot water recirculation controls
  - Electric induction cooking
  - Air sealing and insulation
- Contractor-created handouts on basic building science (as necessary)

Contractor will track and report on the number of sessions and participating contractor participants.

*Task 3.a. 2021 Deliverables: Perform at least ten participating contractor field mentorship sessions.*

**Task 3.b. – Electrification Topic Workshops:**

Develop and Deliver Workshops: Contractor will develop and deliver workshops for each of the identified topics by either using either existing materials or creating original materials. Contractor will share developed workshop materials with MCE. Contractor will record the number of workshops given and participants in each workshop. Contractor will develop a tracking sheet that outlines each of the resources selected and/or developed.

*Task 3.b. 2021 Deliverables: Contractor will deliver six electrification workshops and maintain records on the number and type of attendees, as well as continue providing a resources tracking sheet to avoid duplicative educational efforts.*

**Task 3.c. – Electrification Topic Guides:** Using materials identified and developed through Tasks 3.a. and 3.b., Contractor will compile Electrification Topic Guides for individual topics, similar to those covered in the workshops.

*Task 3.c. 2021 Deliverables: Contractor will continue to create Electrification Topic Guides, creating documents that can be disseminated to program participants.*

**Task 4: Develop New Workforce for Participating Contractors**

**Task 4.a – Funded Contractor/Trades Internship:** Based on feedback from industry roundtables, participating contractor field mentorships, and direct vendor outreach, Contractor will prepare and provide a list of potential partners for a participating contractor on-the-job training opportunity for job seekers. Contractor will also prepare an outline of how the on-the-job training would operate.

The participating contractor/trade internship will provide job seekers with on-the-job training and education regarding high-performance building and the job seeker's specific trade.

On-the-job training opportunities will be funded by the Program. The 2020 program will begin development of the participating contractor on-the-job training opportunity to be launched in 2021.

*Task 4.a. 2021 Deliverables: Contractor will maintain a list of on-the-job training partners and update the on-the-job training operation outline as needed.*

**Task 4.b. – New Workforce Development Training Coordination:** Contractor will work with MCE and workforce development providers to develop a training and job procurement plan.

*Task 4.b. 2021 Deliverables: Contractor will maintain a database showing that contractor partners meet the qualification requirements for the program.*

**Program Timeline**

<b>Q1 2021*</b>	<ul style="list-style-type: none"> <li>• Host industry roundtable to share program insight and solicit feedback</li> <li>• Host 2 electrification topic workshops</li> <li>• Perform 1 participating contractor field mentorship sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Participating contractor on-the-job training begins</li> <li>• Engage with workforce development organizations</li> </ul>
<b>Q2 2021*</b>	<ul style="list-style-type: none"> <li>• Host 2 electrification topic workshops</li> <li>• Perform 3 participating contractor field mentorship sessions</li> </ul>	
<b>Q3 2021*</b>	<ul style="list-style-type: none"> <li>• Host 1 electrification topic workshop</li> <li>• Perform 3 participating contractor field mentorship sessions</li> </ul>	
<b>Q4 2021*</b>	<ul style="list-style-type: none"> <li>• Host 1 electrification topic workshop</li> <li>• Perform 3 participating contractor field mentorship sessions</li> <li>• </li> </ul>	

\* Program Timeline subject to change at the mutual agreement of the parties.

**Billing:**

For services provided under this Schedule A.3 Contractor shall bill monthly for all hours where services were rendered according to the fee schedule below and the rate schedule included in Exhibit B of the Master Services Agreement.

		<b>2021 Program Year Fee Schedule*</b>	
<b>Task</b>	<b>Subtask</b>	<b>Estimated Hours</b>	<b>Estimated Budget</b>
Task 1: Administrative		<b>90</b>	<b>\$15,300</b>
Task 2: Workforce Engagement	Task 2.a.	10	\$1,700
	Task 2.b.	20	\$3,400
	Task 2.c.	10	\$1,700
	<b>Task 2 Total</b>	<b>50</b>	<b>\$6,800</b>
Task 3: Contractor Education	Task 3.a.	180	\$30,600
	Task 3.b.	220	\$37,400
	Task 3.c.	100	\$17,000
	<b>Task 3 Total</b>	<b>500</b>	<b>\$85,000</b>
Task 4: Develop Contractor Market	Task 4.a.	100	\$17,000
	Task 4.b.	210	\$35,700
	<b>Task 4 Total</b>	<b>300</b>	<b>\$52,700</b>
<b>PROGRAM TOTAL</b>		<b>940</b>	<b>\$159,800</b>

\*Fees billed shall include any necessary materials and mileage for onsite visits at the applicable standard reimbursement rate.

In no event shall the total cost to MCE for the services provided under this Statement of Work exceed the maximum sum of **\$160,000** for the term of the Agreement.

**Special Terms:**

Contractor agrees, and shall cause its subcontractors to agree, to not make any written or verbal statements about MCE that are disparaging, untrue, or inaccurate; doing so will allow MCE terminate this Schedule A.3 pursuant to Section 12 of the Master Services Agreement.

**Term of Statement of Work:**

This Statement of Work shall commence on **March 18, 2021** and shall terminate on **March 31, 2022**.

**IN WITNESS WHEREOF**, the parties have executed this Statement of Work – Schedule A.3 on the date first above written.

**APPROVED BY**

**Marin Clean Energy:**

**CONTRACTOR:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Chairperson

Date: \_\_\_\_\_



March 18, 2021

TO: MCE Board of Directors

FROM: Lindsay Saxby, Manager of Power Resources

RE: Proposed Base Resource Contract with United States Department of Energy Western Area Power Administration (Agenda Item #05 C.4)

ATTACHMENTS: Base Resource Contract with United States Department of Energy Western Area Power Administration

Dear MCE Board of Directors:

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**SUMMARY:**

MCE's existing 10-year contract with the United States Department of Energy Western Area Power Administration ("WAPA") for large hydroelectric energy will expire at the end of 2024, and WAPA has accordingly offered MCE a chance to execute a new contract for a 30-year term beginning in 2025.

WAPA is one of four federal Power Marketing Agencies within the US Department of Energy. WAPA's Sierra Nevada Region is responsible for marketing the federal hydroelectric energy that is produced by the Central Valley Project, which is owned and operated by the US Bureau of Reclamation.

The 30-year contract being offered by WAPA to MCE is very similar in structure to the existing contract between WAPA and MCE. Large federal hydroelectric energy will be produced within the Balancing Authority of Northern California (BANC), where MCE will take delivery. MCE will then either import/schedule this hydroelectric energy from BANC into the California Independent System Operator (ISO), or MCE will participate in WAPA's Displacement Program.<sup>1</sup> Either way, MCE will earn California ISO locational marginal price (LMP) revenue that will serve as a hedge against MCE's California ISO load payments. In addition, MCE will show this zero-carbon large hydroelectric energy on its California Energy Commission-approved Power Content Label.

Expected volumes: MCE will be contractually entitled to 0.60852% of the unit-contingent "Base Resource," as defined in the proposed contract. In addition, MCE will be eligible for additional Base Resource volumes through WAPA's "Exchange Program," which allows WAPA customers

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<sup>1</sup> WAPA's Displacement Program allows MCE and other WAPA customers to "swap" their volumes and avoid importing volumes from one balancing authority area to another. Through this program, MCE receives inter-scheduling coordinator trades (ISTs) at NP15 (a key trading hub within the California ISO), instead of having to import the volumes from BANC into the California ISO.

with excess volumes to give back their excess to a pool made available to other WAPA customers, such as MCE. In aggregate, MCE is expecting between 15,000 MWh and 25,000 MWh of large hydroelectric energy per year, depending in large part on hydrologic conditions.

**Contractual costs:** MCE will be required to pay its share of the costs to produce the Base Resource power and its share of the associated Restoration Fund costs. This share will be equal to 0.60852% + the additional share that MCE will obtain through WAPA's aforementioned Exchange Program. Costs are estimated to be \$833,333/year.

MCE will be protected with two distinct rights to terminate the contract:

1. MCE may terminate the contract for any reason through June 30, 2024 (i.e., any time up until 6 months before the contract start date)
2. MCE will have an opportunity to terminate the contract every five years (in conjunction with WAPA's 5-year cycle for adopting a Federal Energy Regulatory Commission-approved rate schedule)

The proposed contract with WAPA will provide MCE with long-term access to California-based, zero-carbon hydroelectric energy. This energy will help MCE continue to achieve its clean energy and emissions targets, and it will help MCE hedge against the market price risk associated with its California ISO load payments.

### **Contract Overview – Base Resource Contract with Western Area Power Administration**

#### **WAPA-MCE Contract 20-SNR-02358**

Counterparty	Western Area Power Administration (WAPA) Sierra Nevada Region
Buyer	MCE
Effective Date	Upon full execution
Delivery Term	1/1/2025 through 12/31/2054
Product	Specified Source Large Hydro and a slight amount of RPS-qualifying small hydro (both carbon-free)
Energy Volume	Unit-contingent and based on MCE's contract share of Base Resource (0.60852%) + additional volumes via the Exchange Program. MCE estimate: 15,000 MWh – 25,000 MWh per year
Price	MCE's share of Central Valley project power revenue requirements + restoration fund costs
Expected GHG Emissions	None

**Contract Approval Process:** MCE conducts a comprehensive internal contract review process prior to requesting approval that includes assessment of various aspects of the contract including, but not limited to, the volume, notional value, product, price, duration, and collateral terms. Six different categories of reviews occur from commercial, technical, legal, and credit leads, in addition to two executive reviews. The internal review was conducted for this project and it has been recommended for approval.

**Recommendation:** Authorize execution of the Base Resource Contract with United States Department of Energy Western Area Power Administration for large hydroelectric energy.

Contract 20-SNR-02358

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION  
  
CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH  
  
MARIN CLEAN ENERGY

Contract 20-SNR-02358

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION

CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH

MARIN CLEAN ENERGY

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Contract 20-SNR-02358

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION

CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH

MARIN CLEAN ENERGY

1. **PREAMBLE:** This Contract is made this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388); August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977, (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called WAPA, represented by the officer executing this Contract, or a duly appointed successor, hereinafter called the Contracting Officer; and MARIN CLEAN ENERGY, a Joint Powers Authority, organized and existing under the laws of the State of California, hereinafter called the Contractor or MCE, its successors and assigns; each sometimes hereinafter individually called the Party, and both sometimes hereinafter collectively called the Parties.

2. **EXPLANATORY RECITALS:**

2.1 WAPA markets the surplus generation from, and operates a high-voltage transmission system as a part of, the Central Valley Project (CVP).

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2.2 WAPA and the U.S. Department of the Interior, Bureau of Reclamation (Reclamation), have agreed to work together to efficiently serve Project Use and Preference Customer loads.

2.3 On August 15, 2017, WAPA's final 2025 Power Marketing Plan (Marketing Plan) was published in the Federal Register (82 FR 38675). The Marketing Plan sets forth how WAPA's Sierra Nevada Region will market the power generated from the CVP and Washoe Project.

2.4 The Marketing Plan provides that starting on January 1, 2025, WAPA will provide 98 percent of available CVP power to its existing Customers. Existing Customers will have the right to extend 98 percent of their current Base Resource percentage as provided in the Marketing Plan and under the terms and conditions of this Contract.

2.5 MCE desires to purchase and WAPA is willing to provide a percentage of the Base Resource consistent with the Marketing Plan and the terms and conditions of this Contract.

2.6 Under the Marketing Plan, WAPA requires that its Customers schedule power in accordance with applicable operating requirements, including those of the balancing authority area operator and WAPA's sub-balancing authority area requirements.

2.7 WAPA markets power to Federal Preference Customers at the lowest possible rates consistent with sound business principles pursuant to Section 1.1 of Delegation Order 00-037.00B.

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3. **AGREEMENT:**

The Parties agree to the terms and conditions set forth herein.

4. **EFFECTIVE DATE AND TERM OF CONTRACT:**

4.1 This Contract shall become effective on the date of execution and shall remain in effect until midnight of December 31, 2054, subject to prior termination as otherwise provided for herein.

4.2 MCE may reduce its Base Resource percentage or terminate this Contract for any reason through June 30, 2024.

4.3 The date of initial service under this Contract is January 1, 2025.

5. **DEFINITION OF TERMS:**

As used herein, the following terms whether singular or plural, or used with or without initial capitalization, shall have the following meanings:

5.1 "Ancillary Services" means those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

5.2 "BANC" means the Balancing Authority of Northern California or its successor.

5.3 "Base Resource" means CVP and Washoe Project power (capacity and energy) output determined by WAPA to be available for Customers, including the Environmental Attributes, only after meeting the requirements of Project Use and

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1 First Preference Customers, and any adjustments for maintenance, reserves,  
2 system losses, and certain ancillary services.

3  
4 5.4 “Base Resource Operating Capability” means that portion of the Maximum  
5 Operating Capability that WAPA determines to be available to Customers in any  
6 hour.

7  
8 5.5 “CAISO” means the California Independent System Operator or its  
9 successor.

10  
11 5.6 “Capacity” means the electrical capability of a generator, transformer,  
12 transmission circuit or other equipment.

13  
14 5.7 “Central Valley Project (CVP)” means the multipurpose Federal water  
15 development project extending from the Cascade Range in northern California to  
16 the plains along the Kern River, south of the City of Bakersfield.

17  
18 5.8 “Custom Product” means a combination of products and services which  
19 may be made available by WAPA per Customer request.

20  
21 5.9 “Customer” means an entity with a contract and receiving electric service  
22 from WAPA’s Sierra Nevada Region.

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24 5.10 “Energy” means capacity measured in terms of the work it is capable of  
25 doing over a period of time; electric energy is usually measured in kilowatthours  
26 or megawatthours.

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1 5.11 “Environmental Attributes” means any and all credits, benefits, emissions  
2 reductions, offsets, and allowances, howsoever entitled, attributable to the Base  
3 Resource, and its avoided emission of pollutants.

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5 5.12 “FERC” means the Federal Energy Regulatory Commission or its  
6 successor.

7  
8 5.13 “First Preference Customer” means a Preference Customer within a  
9 county of origin (Trinity, Calaveras, and Tuolumne) as specified under the Trinity  
10 River Division Act (69 Stat. 719) and the New Melones Project provisions of the  
11 Flood Control Act of 1962 (76 Stat. 1173, 1191-1192).

12  
13 5.14 “Full Load Service Customer” means a Customer that will have its entire  
14 load at its delivery point(s) met by WAPA, and its Portfolio Manager functions for  
15 those delivery point(s) performed by WAPA.

16  
17 5.15 “Marketing Plan” means WAPA’s final 2025 Power Marketing Plan for the  
18 Sierra Nevada Region.

19  
20 5.16 “Maximum Operating Capability” means the maximum electrical capability  
21 from CVP generation available to produce energy, capacity and/or provide  
22 ancillary services in any one or more hours.

23  
24 5.17 “Minimum Base Resource” means the amount of Base Resource energy  
25 generated each hour as a result of CVP minimum water releases.

26  
27 5.18 “NERC” means the North American Electric Reliability Corporation or its  
28 successor.

1 5.19 "Operating Reserves" means the combination of spinning and non-  
2 spinning reserves required to meet WECC, NERC, and operating requirements,  
3 including those of the balancing authority area or WAPA's sub-balancing  
4 authority area.

5  
6 5.20 "Portfolio Manager" means an entity responsible for determining balanced  
7 hourly load and resource schedules for a Customer.

8  
9 5.21 "Power" means capacity and energy.

10  
11 5.22 "Preference" means the requirements of Reclamation Law that provide for  
12 preference in the sale of Federal power be given to certain entities, such as  
13 governments (state, Federal and Native American), municipalities and other  
14 public corporations or agencies, and cooperatives and other nonprofit  
15 organizations financed in whole or in part by loans made pursuant to the Rural  
16 Electrification Act of 1936 (See, e.g., Reclamation Project Act of 1939, Section  
17 9(c), 43 USC 485h(c)).

18  
19 5.23 "Primary Marketing Area" means the area generally encompassing  
20 northern and central California, extending from the Cascade Range to the  
21 Tehachapi Mountains and west-central Nevada.

22  
23 5.24 "Project Use" means power as defined by Reclamation Law and/or used to  
24 operate CVP and Washoe Project facilities.

25  
26 5.25 "Rate" means the monetary charge or the formula for computing such a  
27 charge for any electric service provided by WAPA, including but not limited to  
28 charges for capacity (or demand), energy, or transmission service; however, it

does not include leasing fees, service facility charges, or other types of facility use charges. A Rate will be set forth in a Rate Schedule or in a contract.

5.26 “Rate Adjustment” means a change in an existing Rate or Rates, or the establishment of a Rate or Rates for a new service. It does not include a change in Rate Schedule provisions or in contract terms, other than changes in the price per unit of service, nor does it include changes in the monetary charge pursuant to a formula stated in a Rate Schedule or a contract.

5.27 “Rate Adjustment Procedures” means those procedures for Rate Adjustments developed by WAPA, Department of Energy (DOE) or FERC which include DOE Order 00-037.00B, DOE Order RA 6120-2, 10 CFR 903, and 18 CFR 300, as may be amended.

5.28 “Rate Effective Date” means the first date of the billing period to which a Rate Schedule or Rate Schedule extension applies. WAPA will provide notice to the Customers of the Rate Effective Date.

5.29 “Rate Schedule” means a document identified such as a “Rate Schedule,” “Schedule of Rates,” or “Schedule Rate” which designates the Rate or Rates applicable to a class of service specified therein and may contain other terms and conditions relating to the service. On the effective date of this Contract, 18 CFR 300.1(b)(6) provides FERC may not approve a WAPA Rate Schedule for a period that exceeds five (5) years. The Rate Schedule shall include the Rate Effective Date and the effective period of the Rate Schedule.

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5.30 “Regional Transmission Organization (RTO)” means an organization that meets the minimum characteristics and performs the minimum functions specified in FERC Order 2000, as that order may be amended or superseded.

5.31 “Regulation” means the service provided by generating units equipped and operating with automatic generation control which will enable such units to respond to direct control signals in an upward or downward direction to match, on a real time basis, demand and resources, consistent with WECC, NERC, and the balancing authority area operator’s criteria.

5.32 “Scheduling Coordinator” means an entity that is responsible for providing hourly load and resource schedules to the balancing authority area operator or WAPA’s sub-balancing authority area, in accordance with a FERC-approved tariff or WAPA’s procedures and practices.

5.33 “Variable Resource Customer” means a Customer that is responsible for managing its own energy portfolio.

5.34 “Washoe Project” means the Federal water project located in the Lahontan Basin in west-central Nevada and east-central California.

5.35 “WECC” means the Western Electricity Coordinating Council or its successor.

6. **BASE RESOURCE ESTIMATES AND AVAILABILITY FORECAST:**

6.1 At the beginning of each water year, WAPA will post to WAPA’s external website a five-year forecast of Base Resource Operating Capability estimated to

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1 be available, based on high, average, and low hydrological conditions. The  
2 forecast will contain the following information:

3 6.1.1 Maximum Operating Capability of the CVP for each month;

4 6.1.2 Energy required for estimated Project Use loads, First Preference  
5 Customers' loads, and ancillary service requirements.

6  
7 6.2 Each month, WAPA will post to WAPA's external website a monthly Base  
8 Resource forecast of Base Resource Operating Capability and energy estimated  
9 to be available for each month on a rolling twelve-month basis, based on high,  
10 average, and low hydrological conditions. The monthly forecast will contain the  
11 following information:

12 6.2.1 Maximum Operating Capability of the CVP for each month;

13 6.2.2 Energy required for estimated Project Use loads, First Preference  
14 Customers' loads, and ancillary service requirements.

15  
16 6.3 WAPA shall make reasonable efforts, within its control, to ensure the  
17 forecasted Base Resource will be available.

18  
19 7. **ELECTRIC SERVICE FURNISHED BY WAPA:**

20 7.1 MCE will be entitled to receive a percentage of the Base Resource as set  
21 forth in Exhibit A.

22  
23 7.2 The estimated amount of energy available to MCE shall be determined by  
24 multiplying its Base Resource percentage by the total amount of Base Resource  
25 energy available during that period.

26  
27 7.3 The minimum amount of energy MCE will be required to schedule for each  
28 hour shall be determined by multiplying its Base Resource percentage by the



1 Minimum Base Resource, unless otherwise agreed to by WAPA. However, if  
2 MCE does not have sufficient load to take its percentage of the Minimum Base  
3 Resource, any excess energy shall be made available to WAPA for the  
4 Exchange Program as described later in this Contract under Section 10 and  
5 Exhibit B.  
6

7 7.4 The maximum amount of energy MCE may schedule in any hour shall be  
8 determined by multiplying its Base Resource percentage by the Base Resource  
9 Operating Capability. However, MCE may schedule energy in excess of this  
10 maximum, if approved by WAPA, to accommodate purchases or exchanges from  
11 the Exchange Program.  
12

13 7.5 MCE will be entitled to the benefit of available regulation and operating  
14 reserves from the CVP in proportion to its Base Resource percentage. The  
15 method for calculating regulation and operating reserves is set forth in Exhibit C.  
16

17 7.6 WAPA's obligation to provide MCE's Base Resource is limited to the  
18 actual CVP generation available on a real-time basis. WAPA shall have no  
19 obligation to replace any Base Resource that is unavailable; for instance, Base  
20 Resource that is unavailable due to scheduled maintenance, system  
21 emergencies, forced outages, or other constraints. Any costs incurred by either  
22 Party as a result of deviations between actual and scheduled Base Resource  
23 energy shall be the responsibility of MCE. WAPA will notify MCE as soon as  
24 reasonably practicable of any situation that will impact the availability of the Base  
25 Resource, and will modify schedules accordingly, on a pro-rata basis.  
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7.7 Due to the variable nature of the Base Resource, WAPA may provide a Custom Product upon a Customer's request. Any Custom Product will be the subject of a separate contractual arrangement.

8. **DELIVERY ARRANGEMENTS:**

8.1 WAPA will make MCE's Base Resource available at the generator bus or such other delivery point(s) on the CVP transmission system as the Parties will mutually agree, as specified in Exhibit A. WAPA reserves Network Integration Transmission Service for the delivery of Base Resource on the CVP transmission system under its Open Access Transmission Tariff (OATT). The rates and terms of this service shall be in accordance with WAPA's then-current rate schedule and OATT.

8.2 If requested by WAPA, MCE must provide written notification to WAPA by July 1, 2024, demonstrating that it has arranged for delivery of its Base Resource energy to its load. Such notification shall include both transmission and distribution level arrangements, as applicable. WAPA shall have no obligation to make Base Resource available to MCE if delivery arrangements are not in effect. However, MCE shall not be relieved of its obligation to pay its percentage share of the Base Resource during the time in which delivery arrangements are not in effect.

9. **SCHEDULING PROCEDURES, BUSINESS PRACTICES AND PROTOCOLS:**

9.1 All energy furnished by WAPA to MCE will be provided on a scheduled basis. MCE agrees to abide by the scheduling procedures, business practices and protocols of the applicable balancing authority area or WAPA's sub-balancing authority area, as set forth on WAPA's website. The Parties recognize that the scheduling procedures, business practices and protocols may require

modification from time-to-time to reflect updated operating procedures that may become applicable to the Parties. In such event, WAPA will make such changes in accordance with Section 17 of this Contract.

9.2 Designation of Scheduling Coordinator (SC): If MCE is required to have a Scheduling Coordinator; MCE shall notify WAPA of its designated Scheduling Coordinator not less than ninety (90) days prior to the date of initial service under this Contract. In the event that MCE's Scheduling Coordinator arrangement changes, MCE shall notify WAPA in writing, not less than thirty (30) days prior to the change, unless a shorter notification period is agreed to by WAPA.

**9.3 If WAPA is MCE's Portfolio Manager, as set forth in a separate Custom Product Contract, all scheduling activities and responsibilities will be performed by WAPA on behalf of MCE.** At such time as WAPA is no longer MCE's Portfolio Manager, then MCE will be responsible for performance of its duties under this Section 9.

9.4 WAPA will provide Customers with the opportunity to comment on WAPA's maintenance and operations plans. WAPA will facilitate Customer meetings with the Bureau of Reclamation regarding cost and operation planning.

9.5 In the event that MCE does not abide by the protocols, business practices and procedures and WAPA incurs costs as a result, MCE is responsible for and shall pay such costs.

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10. **EXCHANGE PROGRAM:**

10.1 WAPA will establish and manage an Exchange Program to allow all Customers to fully and efficiently use their Base Resource percentage. The Exchange Program is a mechanism to:

10.1.1 Make available to WAPA, for provision to other Customers, any Base Resource energy a Customer cannot use on a pre-scheduled basis due to insufficient load; and

10.1.2 Help mitigate the costs incurred by a Customer for the power it is obligated to pay for, but may not be able to use.

10.2 Under the Exchange Program, all Base Resource energy in excess of MCE's load will be retained by WAPA and offered by WAPA for sale to other Customers. MCE may purchase energy from the Exchange Program. While WAPA's retention of excess Base Resource is mandatory, purchasing from the Exchange Program is voluntary.

10.3 The Exchange Program procedures are set forth in Exhibit B. WAPA may change the program and procedures of the Exchange Program in accordance with Section 17 of this Contract.

10.4 WAPA will also offer a seasonal Exchange Program. Under the seasonal Exchange Program, MCE may elect to make available to WAPA that portion of its Base Resource percentage that it is unable to use due to insufficient load. MCE, through WAPA, will be able to exchange its unusable Base Resource percentage with other Customers. Any Customer may submit a request to WAPA to exchange or purchase energy through the seasonal Exchange Program. Details of a seasonal exchange will be developed with the Customer upon request by that Customer.

10.5 Exchanges of the Base Resource between MCE and others outside of the WAPA-managed Exchange Programs, or other WAPA-managed programs, are prohibited.

11. **INDEPENDENT SYSTEM OPERATOR OR REGIONAL TRANSMISSION ORGANIZATION:**

11.1 WAPA is a sub-balancing authority area within BANC. WAPA operates in conformance with its sub-balancing authority area and BANC's balancing authority area protocols, business practices and procedures. In the event of changes to any protocols, business practices and procedures, WAPA may make any changes necessary to this Contract to conform to the operating and scheduling protocols, business practices and procedures in accordance with Section 17 of this Contract.

11.2 The Parties understand that, in the future, WAPA may also change its operating configuration such as by: (1) joining an independent system operator or RTO or (2) participating in future markets such as energy imbalance markets; or (3) making system configurations to meet future operating requirements. In such an event, if WAPA is required to conform to the protocols, business practices or procedures, WAPA shall make changes to this Contract to conform to the terms and conditions required by such events in accordance with Section 17 of this Contract.

11.3 In the event that: 1) WAPA incurs costs from the balancing authority area, WAPA's sub-balancing authority area, CAISO, an RTO, or a different balancing authority area for serving MCE's load; or 2) MCE does not abide by the protocols business practices, or procedures of the balancing authority area, an RTO, or

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other balancing authority area operator that are applicable to WAPA and WAPA incurs costs as a result, MCE agrees to pay all such costs attributable to MCE.

12. **WAPA RATES:**

12.1 The Base Resource will be provided on a take-or-pay basis. MCE will be obligated to pay its Base Resource percentage share in accordance with the Rate Schedule attached hereto, whether or not it takes or uses its full Base Resource percentage.

12.2 MCE shall pay for the electric service furnished hereunder in accordance with the Rates, charges, and conditions set forth in the CVP Schedule of Rates applicable to the Base Resource, effective January 1, 2025, or any superseding Rate Schedule.

12.3 Rates applicable under this Contract shall be subject to change by WAPA in accordance with appropriate Rate Adjustment Procedures. If, at any time, WAPA announces that it has received approval of a Rate Schedule, or extension of an existing Rate Schedule applicable to this Contract, or if a Rate Adjustment Procedure is amended, WAPA will promptly notify MCE thereof.

12.4 MCE, by providing written notice to WAPA within ninety (90) days after the Rate Effective Date of a Rate Schedule or Rate Schedule extension applicable to this Contract, may elect to reduce its Base Resource percentage or terminate this Contract. MCE shall designate a Base Resource percentage reduction or termination effective date that will be effective on the last day of the billing month not later than two (2) years after the Rate Effective Date. If the termination effective date is after the Rate Effective Date, the new or extended Rates shall apply for service taken by MCE until the termination effective date. Once MCE

provides notice to terminate or reduce its Base Resource percentage, WAPA will begin the process to reallocate the Base Resource to other Preference Customers. MCE may not revoke its notice to terminate or reduce its Base Resource unless WAPA provides written consent.

12.5 Rates shall become effective under this Contract on the Rate Effective Date stated in a Rate notice.

13. **INTEGRATED RESOURCE PLAN:**

13.1 In accordance with the Energy Policy Act of 1992, MCE is required to meet the requirements of WAPA's Energy Planning and Management Program (EPAMP). To fulfill the requirements of EPAMP, MCE must develop and submit an integrated resource plan or alternative report, as applicable. Specific EPAMP requirements are set forth in the Federal Register at (64 FR 62604) and may be found on WAPA's website. Failure to comply with WAPA's EPAMP requirements may result in penalties as specified therein. MCE understands that WAPA may re-evaluate its EPAMP requirements and change them from time-to-time as appropriate. Such changes will be subject to a public process and publication in the Federal Register.

13.2 Should the EPAMP requirements be eliminated, MCE shall have no responsibilities under Section 13.1.

14. **ADJUSTMENT OF BASE RESOURCE PERCENTAGE:**

14.1 Prior to the date of initial service, WAPA may adjust MCE's Base Resource percentage, as set forth in Exhibit A herein, if WAPA determines that MCE's Base Resource percentage is greater than its actual usage, as specified in the Marketing Plan.

14.2 After the date of initial service, WAPA may adjust MCE's Base Resource percentage under any of the following conditions:

14.2.1 MCE sells energy associated with its Base Resource percentage to another entity for resale by that entity;

14.2.2 MCE uses the energy associated with its Base Resource percentage to serve loads outside of the Sierra Nevada Region's Primary Marketing Area;

14.2.3 MCE's annual energy associated with its Base Resource percentage, is ten percent or more than its actual annual energy usage.

14.3 If WAPA determines that MCE has met any of the conditions in Section 14.2 above, WAPA will take the following steps:

14.3.1 Notify MCE of the nature of the concern;

14.3.2 Analyze MCE's usage of the energy associated with its Base Resource percentage and determine if an adjustment is necessary on a case-by-case basis, with due consideration of any circumstance that may have temporarily altered MCE's energy usage;

14.3.3 If an adjustment is determined to be necessary, provide a 90-day written notice of such adjustment; and

14.3.4 Reduce or rescind MCE's Base Resource percentage permanently on the effective date specified in the notice.

15. **METERING AND POWER MEASUREMENT RESPONSIBILITIES:**

MCE shall be responsible for electric power metering equipment requirements and power measurement data associated with the use of WAPA power under this Contract as follows:

15.1 Unless previously installed and furnished by WAPA, MCE shall furnish, install, operate, maintain, and replace, meters and associated metering



equipment required for deliveries of WAPA power scheduled to each delivery point on the WAPA grid, the CAISO-controlled grid, a utility distribution company grid, or other electrical system, as may be applicable. Such meters shall comply with the all applicable meter requirements. For instance, meters on:

15.1.1 WAPA's system must meet WAPA's meter requirements;

15.1.2 CAISO's system must meet CAISO's meter requirements; and/or

15.1.3 Pacific Gas and Electric Company's (PG&E) system must meet PG&E's meter requirements.

15.2 MCE shall measure power deliveries and provide certified settlement-quality metering data to WAPA as requested. It is generally contemplated that WAPA will require this data on a monthly basis.

15.3 If WAPA previously installed and furnished a meter to MCE, WAPA shall be allowed unrestricted, unescorted access to its revenue meter equipment. MCE shall provide a minimum of three (3) keys or the combination to MCE's existing locks. Alternatively, WAPA may provide a WAPA-owned padlock(s). Access shall include all gates and/or doors required to access the metering equipment.

15.4 Upon request by MCE, to evidence receipt of the Environmental Attributes, WAPA shall timely provide meter data or other mutually agreed upon data to MCE measuring the amount of CVP energy that is generated and delivered to MCE. Upon mutual agreement of Customers, WAPA and Reclamation, such meters shall be modified or replaced to meet appropriate standards or requirements to convey CVP Environmental Attributes to Customers.

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16. **CHANGES IN ORGANIZATIONAL STATUS:**

16.1 If MCE changes its organizational status or otherwise changes its obligation to supply electric power to Preference loads, WAPA reserves the right to adjust WAPA's power sales obligations under this Contract or to terminate this Contract, as WAPA deems appropriate. Changes in organizational status include but are not limited to:

16.1.1 Merging with another entity;

16.1.2 Acquiring or being acquired by another entity;

16.1.3 Creating a new entity from an existing one;

16.1.4 Joining or withdrawing from a member-based power supply organization; or

16.1.5 Adding or losing members from its membership organization.

16.2 For the purposes of this Section 16, a member is any Preference entity that is included in a membership, which has the responsibility of supplying power to the end-use consumer or Customer. Memberships include but are not limited to:

16.2.1 Municipality;

16.2.2 Cooperative;

16.2.3 Joint powers authority; or

16.2.4 Governmental agency.

16.3 For purposes of this Section 16, participation in a State promulgated direct access program shall not be deemed to be a change in a Customer's organizational status or its obligation to supply electric power to Preference loads.

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1 16.4 Prior to making an organizational change, MCE may request an opinion  
2 from WAPA as to whether MCE's proposed organizational change will result in  
3 an adjustment of MCE's Base Resource percentage or termination under this  
4 Section 16. MCE shall provide WAPA with all relevant documents and  
5 information regarding the proposed organizational change. Based on the  
6 documents and information furnished, WAPA will provide MCE with an opinion.  
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8 16.5 In addition to the above, if the change in organizational status results in a  
9 proposed transfer of the Contract, or any portion thereof, Section 37 of the  
10 General Power Contract Provisions (GPCP), "Transfer of Interest in Contract,"  
11 generally requires the Customer to obtain prior written approval from WAPA's  
12 Administrator. Organizational changes that typically propose transfer of the  
13 Contract, or a portion of the Contract, and require prior written approval from  
14 WAPA include but are not limited to:

15 16.5.1 Merging with another entity;

16 16.5.2 Acquiring or being acquired by another entity;

17 16.5.3 Joining an entity; and

18 16.5.4 Creating a new entity.  
19

20 17. **PROTOCOLS, BUSINESS PRACTICES AND PROCEDURES:**

21 WAPA reserves the right to make changes to protocols, business practices and  
22 procedures, as needed. Prior to making any changes, WAPA will provide notice to  
23 MCE and provide MCE with an opportunity to comment on such changes. WAPA will  
24 consider any comments made by MCE before making any changes, and shall provide a  
25 written response to the comments. After a final decision is made by WAPA, if MCE is  
26 not satisfied with the decision, MCE shall have thirty (30) days from the date of WAPA's  
27 final decision to appeal the change to WAPA's Administrator. WAPA will not implement  
28 a change that has been appealed until a final decision by the Administrator.

Notwithstanding the provisions within this Section 17, MCE shall retain its right to pursue other legal remedies available to it.

18. **ENFORCEABILITY:**

It is not the intent of the Parties that this Contract confer any rights on third parties to enforce the provisions of this Contract except as required by law or express provision in this Contract. Except as provided in this Section, this Contract may be enforced, or caused to be enforced, only by WAPA or MCE, or their successors or assigns.

19. **GENERAL POWER CONTRACT PROVISIONS:**

The GPCP, effective September 1, 2007, attached hereto, are hereby made a part of this Contract, the same as if they had been expressly set forth herein; Except Section 11 shall not be applicable to this Contract. In the event of a conflict between the GPCP and the provisions in the body of this Contract, the Contract shall control. The usage of the term "Contractor" in the GPCP shall mean MCE. The usage of the term "firm" in Articles 17 and 18 of the GPCP shall be deemed to be replaced with the words "Base Resource."

20. **EXHIBITS MADE PART OF CONTRACT:**

Exhibit A (Base Resource Percentage and Point(s) of Delivery), Exhibit B (Exchange Program), Exhibit C (Regulation and Reserves), and Exhibit D (Rate Schedule) existing under this Contract may vary during the term hereof. Each of said exhibits shall become a part of this Contract during the term fixed by its provisions. Exhibits A, B, C, and D are attached hereto, and each shall be in force and effect in accordance with its terms until respectively superseded by a subsequent exhibit.

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21. **EXECUTION BY COUNTERPARTS:**

This Contract may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Contract may be detached by any counterpart of the Contract without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Contract identical in form hereto, by having attached to it one or more signature pages.

22. **ELECTRONIC SIGNATURES:**

The Parties agree that this Contract may be executed by handwritten signature or digitally signed using Adobe Sign or Adobe E-Signature. An electronic or digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

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**IN WITNESS WHEREOF**, the Parties have caused this Contract to be executed the day and year first above written.

WESTERN AREA POWER ADMINISTRATION

By: \_\_\_\_\_  
Name: Arun K. Sethi  
Title: Vice President of Power Marketing  
for Sierra Nevada Region  
Address: 114 Parkshore Drive  
Folsom, CA 95630-4710

MARIN CLEAN ENERGY

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MARIN CLEAN ENERGY  
Resolution/Certificate

EXHIBIT A

(Base Resource Percentage and Point(s) of Delivery)

1. This Exhibit A, to be effective under and as part of Contract 20-SNR-02358 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit A or termination of the Contract.
2. Pursuant to the Marketing Plan, MCE's extended Base Resource percentage is 0.60852.
3. MCE's Base Resource percentage may be adjusted by WAPA as specified in the Contract.
4. MCE's Base Resource percentage will be adjusted effective January 1, 2040, in accordance with the Marketing Plan, to establish the 2040 Resource Pool for new power allocations.
5. The point(s) of delivery on the CVP transmission system for MCE's Base Resource shall be either WAPA's Tracy 230-kV or Tracy 500-kV or Cottonwood 230-kV Substations, or as requested by MCE and approved by WAPA.
6. All power deliveries provided under this Contract shall be adjusted for the applicable transformation and transmission losses on the 230-kV system. Additional transformation and/or transmission losses shall be applied to deliveries at other than the 230-kV level.
7. This Exhibit A shall be replaced by WAPA as necessary under the terms and conditions set forth in the Contract, and a signature is not required by either Party.



EXHIBIT B  
(Exchange Program)

1. This Exhibit B, to be effective under and as a part of Contract 20-SNR-02358, (Contract) shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit B or termination of the Contract.
2. MCE is in agreement with the procedures set forth herein.
3. If necessary, WAPA retains the right to make subsequent revisions to Exhibit B after consultation with its Customers. At such time as WAPA promulgates a revision of this Exhibit B, MCE shall have the option of either accepting the new revision to this Exhibit B or opting out of making purchases from the Exchange Program. If WAPA does not receive notice from MCE opting out of making purchases from the Exchange Program within 30 days of MCE's receipt of a revised Exhibit B, MCE may automatically continue to make purchases from the Exchange Program if already participating.
4. Exchange Program:
  - 4.1 WAPA has established separate Exchange Program for the Full Load Service Customer group and the Variable Resource Customer group. A Customer cannot be in both the Full Load Service Customer group and the Variable Resource Customer group at the same time.
  - 4.2 The Exchange Program will take place on a pre-scheduled basis.
  - 4.3 Base Resource power in excess of a Customer's load in any hour will be distributed by WAPA in the applicable Exchange Program group (Full Load Service or Variable Resource).
  - 4.4 A Customer may choose whether to make purchases from the Exchange Program for its group. Participation in making purchases from the Exchange Program requires a Customer to accept Exchange Program power if it has load in that hour. However, even if a Customer chooses not to participate in making purchases, if that Customer's Base Resource amount exceeds its load in any hour, the excess will go into the Exchange Program for that Customer's group for that hour, for use by participating Customers with load not met by Base Resource power in that hour. In other words, the retention of Base Resource in excess of a Customer's load is mandatory, while participation in making purchases from the Exchange Program is voluntary.

4.5 If a Customer chooses not to make purchases from the Exchange Program, a written notice to that effect must be submitted to WAPA by November 1, 2024. Thereafter, a Customer must submit a written notice to WAPA at least one (1) month prior to changing its participation status; Except if a Customer has elected to make purchases from the Exchange Program and subsequently changes its participation status, the Customer must wait a minimum of one (1) year to again participate in the Exchange Program. Participation status will change on the first day of the month following the required notice period or the minimum one (1) year waiting period.

4.6 A Customer must use its Base Resource power prior to using any other source to meet its load, unless agreed to by WAPA in writing. A Customer participating in the Exchange Program must use Exchange Program power prior to any other source to meet its load, unless agreed to by WAPA in writing.

4.7 Each participating Customer in each group will receive an equal share in megawatts of that group's Exchange Program power available for that hour, up to the Customer's unmet load in that hour.

4.8 Any Exchange Program power that is excess to a Customer's unmet load will go back to the Exchange Program for the group to which the Customer belongs, for that same hour. This power will be reallocated to participating Customers in that group on an equal basis until either that group's Exchange Program has no remaining power in that hour, or no participating Customers in that group have unmet load in that hour.

4.9 If there is power remaining in the Full Load Service Exchange Program or the Variable Resource Exchange Program in any hour, and none of the participating Customers in that group have unmet load in that hour, the remaining power will go to the other group's Exchange Program for that same hour.

4.10 If, in any hour, no participating Customers have unmet load but there is power remaining in either group's Exchange Program, that power may be offered for sale by WAPA unless the amount of power is de minimis.

4.11 Customers' power bills will be adjusted to reflect transactions into and out of the Exchange Program.

EXHIBIT C  
(Regulation and Reserves)

1. This Exhibit C to be effective under and as a part of Contract 20-SNR-02358 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit C or termination of the Contract.
2. Definitions of Terms:
  - 2.1 Contingency Reserve: An additional amount of operating reserves sufficient to reduce Area Control Error (ACE) to zero in ten minutes following loss of generating capacity, which would result from the most severe single contingency. Contingency Reserves will consist of Spinning and Nonspinning Reserves.
  - 2.2 Frequency Response Reserves: Spinning Reserves which provide the required Frequency Response needed for the reliable operation of an interconnection. The energy is provided by the generator's governor's response to a frequency deviation from scheduled system frequency.
  - 2.3 Nonspinning Reserve: That operating reserve not connected to the system but capable of serving demand within ten minutes, or interruptible load that can be removed from the system within ten minutes.
  - 2.4 Spinning Reserve: Unloaded generation which is synchronized and ready to serve additional demand.
3. WAPA's Disposition of Contingency Reserves and Regulation:
  - 3.1 Contingency Reserves: WAPA will provide all Base Resource schedules with Contingency Reserves, including Spinning, Nonspinning, and Frequency Response Reserves. Contingency Reserves will be provided from CVP generation as available, or procured from other sources as necessary.
  - 3.2 Regulation: WAPA will not provide Regulation with Base Resource schedules. Any sales of Regulation by WAPA will be credited against the Power Revenue Requirement.

EXHIBIT D  
(Rate Schedule)

1. This Exhibit D to be effective under and as a part of Contract 20-SNR-02358 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit D or termination of the Contract.
2. The CVP Schedule of Rates for Base Resource and First Preference Power (CV-F13) begins on page 2 of this Exhibit D.
3. This Exhibit D shall be replaced by WAPA as necessary under the terms and conditions set forth in the Rate Schedule, and a signature is not required by either Party.

Exhibit D  
to Base Resource Contracts/Agreements  
Rate Schedule CV-F13  
(Supersedes Schedule CV-F12)

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATES FOR BASE RESOURCE AND FIRST PREFERENCE POWER**

Effective:

October 1, 2011, through September 30, 2019. [Note: This rate schedule was extended by Rate Order No. WAPA-185 through September 30, 2024.]

Available:

Within the marketing area served by the Western Area Power Administration (Western), Sierra Nevada Customer Service Region.

Applicable:

To the Base Resource (BR) and First Preference (FP) Power Customers.

Character and Conditions of Service:

Alternating current, 60-hertz, three-phase, delivered and metered at the voltages and points established by contract. This service includes the Central Valley Project (CVP) transmission (to include reactive supply and voltage control from Federal generation sources needed to support the transmission service), spinning reserve service, and supplemental reserve service.

Power Revenue Requirement (PRR):

Western will develop the PRR prior to the start of each fiscal year (FY). The PRR will be divided in two 6-month periods, October through March and April through September, based

on FP and BR percentages. The PRR for the April-through-September period will be reviewed in March of each year. The review will analyze financial data from the October-through-February period, to the extent information is available, as well as forecasted data for the March-through-September period. If there is a change of \$5 million or more, the PRR will be recalculated for the entire FY. The PRR is allocated to FP Customers and BR Customers based on formula rates, as adjusted for Hourly Exchange (HE), FP true-up calculation, and midyear adjustments.

<b>Example of PRR Allocation to FP and BR</b>		
<b>Component</b>	<b>Formula</b>	<b>Allocation</b>
Annual PRR		\$70,000,000
FP Customers' Allocation (Total FP % = 5%)	$\$70,000,000 \times 5\%$	\$3,500,000
Remaining PRR Allocated to BR	$\$70,000,000 - \$3,500,000$	\$66,500,000
Note: This example is intended to show the PRR allocation to the customer groups and is not adjusted for billing, midyear adjustments or FP true-up calculation.		

#### FP Power Formula Rate:

The annual FP customer allocation is equal to the annual PRR multiplied by the relevant FP percentage. The formula rate for FP power has three components.

#### Component 1:

$\begin{aligned} \text{FP Customer Percentage} &= \frac{\text{FP Customer Load}}{\text{Gen} + \text{Power Purchases} - \text{Project Use}} \\ &= \text{FP Customer Percentage} \times \text{MRR} \end{aligned}$
---

Where:

FP Customer Load = An FP Customer's forecasted annual load in megawatthours (MWh).

Gen = The forecasted annual CVP and Washoe generation (MWh).

Power Purchases = Power purchases for Project Use and FP loads (MWh).

Project Use = The forecasted annual Project Use loads (MWh).

MRR = Monthly PRR.

Western will develop each FP customer's percentage prior to the start of each FY.

During March of each FY, each FP customer's percentage will be reviewed. If, as a result of the review, there is a change in a FP customer's percentage of more than one-half of 1 percent, the percentage will be revised for the April-through-September period and billing adjustments made for the October-through-March period to reflect the revised percentage.

<b>Table 1: Estimated and Actual Year 1 PRR Allocation Due to FP % True-up</b>					
FP Customer	Year 1 FP % (Based on estimate)	Year 1 FP and BR PRR Allocation	Year 1 Actual FP % (Determined during Year 2)	Year 1 FP and BR Actual (adjusted) PRR Allocation	Difference (Applied in Year 3)
Customer A	0.35%	\$262,500	0.38%	\$285,000	\$22,500
Customer B	0.90%	\$675,000	0.85%	\$637,500	(\$37,500)
Customer C	2.80%	\$2,100,000	2.90%	\$2,175,000	\$75,000
Customer D	0.75%	\$562,500	0.75%	\$562,500	\$0
<b>Total</b>	<b>4.80%</b>	<b>\$3,600,000</b>	<b>4.88%</b>	<b>\$3,660,000</b>	<b>\$60,000</b>
<b>BR Customers</b>	<b>Contractual %</b>	<b>\$71,400,000</b>	<b>Contractual %</b>	<b>\$71,340,000</b>	<b>(\$60,000)</b>
<b>Total PRR (Year 1)</b>		<b>\$75,000,000</b>	<b>Total PRR</b>	<b>\$75,000,000</b>	<b>\$0</b>

In addition, Western is adopting a true-up methodology for FP Customers each year in order to ensure FP Customers pay their proportionate share of the PRR. The FP percentage true-up calculation will use actual data for the FY being adjusted. Changes to the PRR based on FP percentage true-up calculations will be incorporated in the PRR at the beginning of each FY as shown in the example below. As shown in the example in Table 1, the total PRR for Year 1, on October 1, is \$75 million, and estimated revenue requirements are allocated to customers based on their estimated FP and BR percentages. A true-up of each FP percentage for Year 1 occurs in Year 2 and the difference between the estimated and actual will be reflected in the PRR in Year 3.

Beginning in Year 3, the PRR, as published on October 1, is \$73,000,000. Based on the true-up methodology, the adjustment (difference seen in Table 1) from Year 1 is factored in the PRR for Year 3, and payment obligations for both FP and BR Customers are appropriately adjusted as shown in the Table 2 below.

<b>Table 2: FP % Adjustment from Year 1 (Actual to Estimated) Applied in Year 3</b>				
FP Customer	Year 3 Est. FP %	Year 3 Estimated PRR Payment	PY FP True-Up (Year 1 True-Up Amount)	Total Year 3 Bill
Customer A	0.35%	\$255,500	\$22,500	\$278,000
Customer B	0.90%	\$657,000	(\$37,500)	\$619,500
Customer C	2.85%	\$2,080,500	\$75,000	\$2,155,500
Customer D	0.77%	\$562,100	\$0	\$562,100
Total	4.87%	\$3,555,100	\$60,000	\$3,615,100
BR Customers	Contractual %	\$69,444,900	(\$60,000)	\$69,384,900
<b>Total PRR (Year 3)</b>		<b>\$73,000,000</b>	<b>\$0</b>	<b>\$73,000,000</b>

Based on the true-up adjustment from Year 1, the adjusted PRR for Year 3 is appropriately allocated to both FP and BR Customers.

The percentages in the table below are the maximum percentages for each FP customer that will be applied to the MRR during the rate period October 1, 2011, through September 30, 2016. The maximum percentages were determined based on a critically dry year where there are hydrologic conditions that result in low CVP generation and, consequently, low levels of BR. An FP percentage cannot exceed the maximum except in instances where individual FP customer percentages increase due to load growth. If these maximum percentages are used for determining the FP customer charges for more than one year, Western will evaluate customer percentages from the formula rate versus the maximum percentage and make adjustments as appropriate.

<b>FP Actual Maximum Percentages Effective Rate Period FY 2012 through FY 2016</b>	
<b>FP Customer</b>	<b>Maximum FP Customer Percentage Applied to the MRR</b>
Sierra Conservation Center	1.58%
Calaveras Public Power Agency	3.81%
Trinity Public Utilities District	12.01%
Tuolumne Public Power Agency	3.16%
Total	20.56%



Below is a sample calculation for an FP customer's monthly charge for power.

<b>Example: FP Monthly Customer Charge Calculation</b>	
<b>Numerator</b>	
FP Customer's Load - MWh	10,000
<b>Denominator</b>	
Washoe Generation - MWh	2,500
CVP Generation - MWh	3,700,000
PU Load - MWh	(1,200,000)
PU Purchase - MWh	47,000
<b>Calculated Percentage</b>	
FP Customer's Percentage	0.39%
Monthly Power Revenue Requirement (MRR)	\$3,333,333
<b>FP Customer Monthly Charge</b> = (FP % x MRR)	\$13,000

#### Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

#### Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

BR Formula Rate:

The annual BR allocation is equal to the annual PRR less the annual FP customer allocation. The formula rate for BR has three components.

Component 1:

$\text{BR Customer Allocation} = (\text{BR RR} \times \text{BR}\%)$
---

Where:

BR RR = BR Monthly Revenue Requirement (RR)

BR% = BR percentage for each customer as indicated in the BR contract after adjustments for programs, such as HE, if applicable.

After the FP Customers' share of the annual PRR has been determined, including a prior period true-up from the FP formula rate, the remainder of the annual PRR is recovered from the BR Customers. BR Customers' allocation will also be adjusted by the amount of under- or overpayment by FP Customers. The BR RR will be collected in two 6-month periods. For October through March, 25 percent of the BR RR will be collected. For April through September, 75 percent of the BR RR will be collected. The monthly BR RR is calculated by dividing the BR 6-month RR by six. The revenues from the sale of surplus BR will be applied to the annual BR RR for the following FY.

An example of a reallocation program is the HE program. BR Customers pay for exchange energy, hourly or seasonally, by adjusting the BR percentage that is applied to the BR RR. Adjustments to a customer's BR percentage for seasonal exchanges will be reflected in the customer's BR contract.

An illustration of the adjustment to a customer's BR percentage for HE energy is shown in the example below.

<b>Example of BR Percentage Adjustments for HE Energy</b>						
BR Customer	BR % from Contract	Hourly BR = 30 MWh	Customer's BR > Load	Customers Receiving HE	BR Delivered (Adj'd for HE)	Revised BR %
Customer A	20%	6	3	0	3	10.0%
Customer B	10%	3	0	1	4	13.3%
Customer C	70%	21	0	2	23	76.7%
Total	100%	30	3	3	30	100.0%

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by FERC or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the HBA applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing for BR and FP power will occur monthly using the respective formula rate. Any adjustment made at midyear is applicable to the entire FY and billed over the remainder the FY.

Adjustment for Losses:

Losses will be accounted for under this rate schedule as stated in the service agreement.

Adjustment for Audit Adjustments:

Financial audit adjustments that apply to the formula rate under this rate schedule will be evaluated on a case-by-case basis to determine the appropriate treatment for repayment and cash flow management.

# WESTERN AREA POWER ADMINISTRATION GENERAL POWER CONTRACT PROVISIONS

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\*Legal Citation Revised September 1, 2007

**WESTERN AREA POWER ADMINISTRATION  
GENERAL POWER CONTRACT PROVISIONS**

**I. APPLICABILITY.**

1. Applicability.

1.1 These General Power Contract Provisions (Provisions) shall be a part of the contract to which they are attached. In the event these Provisions differ from requirements of the contract, specific terms set forth in the contract shall prevail.

1.2 If the Contractor has member utilities which are either directly or indirectly receiving benefits from the contract, then the Contractor shall require such members to comply with Provisions 10, 17, 18, 19, 29, 30, 36, 43, 44, and 45 of these General Power Contract Provisions.

**II. DELIVERY OF SERVICE PROVISIONS.**

2. Character of Service.

Electric energy supplied or transmitted under the contract will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

3. Use of Capacity or Energy in Excess of Contract Obligation.

The Contractor is not entitled to use Federal power, energy, or capacity in amounts greater than the Western contract delivery obligation in effect for each type of service provided for in the contract except with the approval of Western. Unauthorized overruns of contract delivery obligations shall be subject to charges specified in the contract or the applicable rate schedules. Overruns shall not establish any continuing right thereto and the Contractor shall cease any overruns when requested by Western, or in the case of authorized overruns, when the approval expires, whichever occurs first. Nothing in the contract shall obligate Western to increase any delivery obligation. If additional power, energy, or capacity is not available from Western, the responsibility for securing additional power, energy, or capacity shall rest wholly with the Contractor.

4. Continuity of Service.

Electric service will be supplied or transmitted continuously except for: (1) fluctuations, interruptions, or reductions due to uncontrollable forces, as defined in Provision 34 (Uncontrollable Forces) herein, (2) fluctuations, interruptions, or reductions due to operation of devices installed for power system protection; and (3) temporary fluctuations, interruptions, or reductions, which, in the opinion of the party supplying the service, are necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The party supplying service, except in case of emergency, will give the party to whom service is being provided reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

## 5. Multiple Points of Delivery.

When electric service is supplied at or transmitted to two or more points of delivery under the same rate schedule, said rate schedule shall apply separately to the service supplied at or transmitted to each point of delivery; Provided, That where the meter readings are considered separately, and during abnormal conditions, the Contractor's system is interconnected between points of delivery such that duplication of metered power is possible, the meter readings at each affected point of delivery will be adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to abnormal conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

## 6. Metering.

6.1 The total electric power and energy supplied or transmitted under the contract will be measured by metering equipment to be furnished and maintained by Western, a designated representative of Western, or where situations deem it appropriate as determined by Western, by the Contractor or its agent(s). In the event metering equipment is furnished and maintained by the Contractor or its agent(s) and the equipment is used for billing and other accounting purposes by Western, the Contractor shall ensure that the metering equipment complies with applicable metering policies established by Western.

6.2 Meters shall be secured by appropriate security measures and meters shall not be accessed except when the meters are to be inspected, tested, adjusted, or repaired. Representatives of affected parties shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested each year by the party responsible for meter maintenance, unless a different test interval is determined in accordance with good utility practices by an applicable regional metering policy, or as agreed upon by the parties. Meters shall also be tested at any reasonable time upon request by a party hereto, or by an affected supplemental power supplier, transmission agent, or control area operator. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by the party responsible for meter maintenance as soon as practicable. Meters found with security breaches shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Provision 6.3 below.

6.3 Except as otherwise provided in Provision 6.4 hereof, should any meter that is used by Western for billing or other accounting purposes fail to register accurately, the electric power and energy supplied or transmitted during the period of failure to register accurately, shall, for billing purposes, be estimated by Western from the best available information.

6.4 If inspections and tests of a meter used by Western for billing or other accounting purposes disclose an error exceeding 2 percent, or a lesser range in error as agreed upon by the parties, then a correction based upon the inaccuracy found shall be made to the service records for the period of inaccuracy as determined by Western. If the period of inaccuracy cannot be determined, the inaccuracy shall be assumed to have existed during the entire monthly billing period immediately preceding the billing period in which the inspection or test was made and the resulting correction shall be made accordingly.

6.5 Any correction in billing or other accounting information that results from a correction in meter records shall be made in a subsequent monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties arising out of inaccurate metering equipment.

7. Existence of Transmission Service Contract.

If the contract provides for Western to furnish services using the facilities of a third party, the obligation of Western shall be subject to and contingent upon the existence of a transmission service contract granting Western rights to use such facilities. If Western acquires or constructs facilities which would enable it to furnish direct service to the Contractor, Western, at its option, may furnish service over its own facilities.

8. Conditions of Transmission Service.

8.1 When the electric service under the contract is furnished by Western over the facilities of others by virtue of a transmission service arrangement, the power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied.

8.2 Unless otherwise provided in the contract or applicable rate schedule, the Contractor shall maintain a power factor at each point of delivery from Western's transmission agent as required by the transmission agent.

8.3 Western will endeavor to inform the Contractor from time to time of any changes planned or proposed on the system over which the service is supplied, but the costs of any changes made necessary in the Contractor's system, because of changes or conditions on the system over which the service is supplied, shall not be a charge against or a liability of Western.

8.4 If the Contractor, because of changes or conditions on the system over which service under the contract is supplied, is required to make changes on its system at its own expense in order to continue receiving service under the contract, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to making such changes, but not thereafter.

8.5 If Western notifies the Contractor that electric service provided for under the contract cannot be delivered to the Contractor because of an insufficiency of capacity available to Western in the facilities of others over which service under the contract is supplied, then the Contractor may terminate service under the contract upon not less than sixty (60) days written notice given to Western prior to the date on which said capacity ceases to be available to Western, but not thereafter.

9. Multiple Points of Delivery Involving Direct and Indirect Deliveries.

When Western has provided line and substation capacity under the contract for the purpose of delivering electric service directly to the Contractor at specified direct points of delivery and also has agreed to absorb transmission service allowance or discounts for deliveries of energy over other system(s) to indirect points of delivery and the Contractor shifts any of its load served under the contract from direct delivery to indirect delivery, Western will not absorb the transmission service costs on such shifted load until the unused capacity, as determined solely by Western, available at the direct delivery points affected is fully utilized.

10. Construction, Operation, and Maintenance of Contractor's Power System.

The Contractor shall, and, if applicable, shall require each of its members or transmission agents to construct, operate, and maintain its power system in a manner which, as determined by Western, will not interfere with the operation of the system of Western or its transmission agents over which electric services are furnished to the Contractor under the contract, and in a manner which will coordinate with the protective relaying and other protective arrangements of the system(s) of Western or Western's transmission agents. Western may reduce or



discontinue furnishing services to the Contractor if, after notice by Western, the Contractor fails or refuses to make such changes as may be necessary to eliminate an unsatisfactory condition on the Contractor's power system which is determined by Western to interfere significantly under current or probable conditions with any service supplied from the power system of Western or from the power system of a transmission agent of Western. Such a reduction or discontinuance of service will not relieve the Contractor of liability for any minimum charges provided for in the contract during the time said services are reduced or discontinued. Nothing in this Provision shall be construed to render Western liable in any manner for any claims, demands, costs, losses, causes of action, damages, or liability of any kind or nature arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

### III. RATES, BILLING, AND PAYMENT PROVISIONS.

#### 11. Change of Rates.

Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to Western within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate. Said termination shall be effective on the last day of the billing period requested by the Contractor not later than two (2) years after the effective date of the new rate. Service provided by Western shall be paid for at the new rate regardless of whether the Contractor exercises the option to terminate service.

#### 12. Minimum Seasonal or Annual Capacity Charge.

When the rate in effect under the contract provides for a minimum seasonal or annual capacity charge, a statement of the minimum capacity charge due, if any, shall be included in the bill rendered for service for the last billing period of the service season or contract year as appropriate, adjusted for increases or decreases in the contract rate of delivery and for the number of billing periods during the year or season in which service is not provided. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum seasonal or annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

#### 13. Billing and Payment.

13.1 Western will normally issue bills to the Contractor for services furnished during the preceding month within ten (10) days after the end of the billing period.

13.2 If Western is unable to issue timely monthly bill(s), Western may elect to render estimated bill(s). Such estimated bill(s) shall be subject to the same payment provisions as final bill(s), and any applicable adjustments will be shown on a subsequent monthly bill.

13.3 Payments of bills issued by Western are due and payable by the Contractor before the close of business on the twentieth (20th) calendar day after the date of issuance of each bill or the next business day thereafter if said day is a Saturday, Sunday, or Federal holiday. Bills shall be considered paid when payment is received by Western. Bills will be paid electronically or via the Automated Clearing House method of payment unless a written request to make payments by mail is submitted by the Contractor and approved by Western. Should Western agree to accept payments by mail, these payments will be accepted as timely and without assessment of the charge provided for in Provision 14 (Nonpayment of Bills in Full When Due) if a United States

Post Office first class mail postmark indicates the payment was mailed at least three (3) calendar days before the due date.

13.4 The parties agree that net billing procedures will be used for payments due Western by the Contractor and for payments due the Contractor by Western for the sale or exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, and other services. Payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

14. Nonpayment of Bills in Full When Due.

14.1 Bills not paid in full by the Contractor by the due date specified in Provision 13 (Billing and Payment) hereof shall bear a charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. Western will also assess a fee of twenty-five dollars (\$25.00) for processing a late payment. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal.

14.2 Western shall have the right, upon not less than fifteen (15) days advance written notice, to discontinue furnishing the services specified in the contract for nonpayment of bills in full when due, and to refuse to resume such services so long as any part of the amount due remains unpaid. Such a discontinuance of service will not relieve the Contractor of liability for minimum charges during the time service is so discontinued. The rights reserved to Western herein shall be in addition to all other remedies available to Western either by law or in equity, for the breach of any of the terms hereof.

15. Adjustments for Fractional Billing Period.

The demand or capacity charge and minimum charges shall each be proportionately adjusted when fractional billing periods are applicable under this contract. A fractional billing period can occur: 1) at the beginning or end of electric service; 2) at the beginning or end of irrigation pumping service each year; 3) for a fractional billing period under a new rate schedule; or 4) for fractional periods due to withdrawals of electric services. The adjustment will be made based on the ratio of the number of hours that electric service is available to the Contractor in such fractional billing period, to the total number of hours in the billing period involved. Energy billing shall not be affected by fractional billing periods.

16. Adjustments for Curtailments to Firm Service.

16.1 Billing adjustments will be made if firm electric service is interrupted or reduced because of conditions on the power system of the United States for periods of one (1) hour or longer in duration each. Billing adjustments will not be made when such curtailment of electric service is due to a request by the Contractor or a discontinuance of electric service by Western pursuant to Provision 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this Provision, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

16.2 The total number of hours of curtailed firm electric service in any billing period shall be determined by adding: (1) the sum of the number of hours of interrupted electric service to (2) the product, of each reduction, of: the number of hours reduced electric service and the percentage by which electric service was reduced below the delivery obligation of Western at the time of each said reduction of electric service. The demand or capacity charge and applicable minimum charges shall each be proportionately adjusted in the ratio that

the total number of hours of electric service determined to have been curtailed bears to the total number of hours in the billing period involved.

16.3 The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of firm electric service, for periods of one (1) hour or longer in duration each, alleged to have occurred that is not reflected in said bill. Failure to make such written claim, within said thirty-day (30-day) period, shall constitute a waiver of said claim. All curtailments of electric service, which are due to conditions on the power system of the United States, shall be subject to the terms of this Provision; Provided, That withdrawal of power and energy under the contract shall not be considered a curtailment of electric service.

#### IV. POWER SALES PROVISIONS.

##### 17. Resale of Firm Electric Service (Wholesale Sales for Resale).

The Contractor shall not sell any firm electric power or energy supplied under the contract to any electric utility customer of the Contractor for resale by that utility customer; Provided, That the Contractor may sell the electric power and energy supplied under the contract to its members on condition that said members not sell any of said power and energy to any customer of the member for resale by that customer.

##### 18. Distribution Principles.

The Contractor agrees that the benefits of firm electric power or energy supplied under the contract shall be made available to its consumers at rates that are established at the lowest possible level consistent with sound business principles, and that these rates will be established in an open and public manner. The Contractor further agrees that it will identify the costs of firm electric power or energy supplied under the contract and power from other sources to its consumers upon request. The Contractor will demonstrate compliance with the requirements of this Provision to Western upon request.

##### 19. Contract Subject to Colorado River Compact.

Where the energy sold under the contract is generated from waters of the Colorado River system, the contract is made upon the express condition and with the express covenant that all rights under the contract shall be subject to and controlled by the Colorado River Compact approved by Section 13 (a) of the Boulder Canyon Project Act of December 21, 1928, 43 U.S.C. §§ 617a-e, and the parties to the contract shall observe and be subject to and controlled by said Colorado River Compact in the construction, management, and operation of the dams, reservoirs, and powerplants from which electrical energy is to be furnished by Western to the Contractor under the contract, and in the storage, diversion, delivery, and use of water for the generation of electrical energy to be delivered by Western to the Contractor under the contract.

#### V. FACILITIES PROVISIONS.

##### 20. Design Approval.

All facilities, construction, and installation by the Contractor pursuant to the contract shall be subject to the approval of Western. Facilities interconnections shall normally conform to Western's current "General Requirements for Interconnection," in effect upon the signing of the contract document providing for each interconnection, copies of which are available from Western. At least ninety (90) days, unless otherwise agreed,

prior to the date the Contractor proposes to commence construction or to incur an obligation to purchase facilities to be installed pursuant to the contract, whichever date is the earlier, the Contractor shall submit, for the approval of Western, detailed designs, drawings, and specifications of the facilities the Contractor proposes to purchase, construct, and install. The Contractor assumes all risks for construction commenced or obligations to purchase facilities incurred prior to receipt of approval from Western. Western review and approval of designs and construction work in no way implies that Western is certifying that the designs meet the Contractor's needs.

21. Inspection and Acceptance.

Western shall have the right to inspect the materials and work furnished by the Contractor, its agents, employees, and subcontractors pursuant to the contract. Such inspections shall be at reasonable times at the work site. Any materials or work that Western determines is defective or not in accordance with designs, drawings, and specifications, as approved by Western, shall be replaced or modified, as directed by Western, at the sole expense of the Contractor before the new facilities are energized.

22. As-Built Drawings.

Within a reasonable time, as determined by Western, after the completion of construction and installation of facilities pursuant to the contract, the Contractor shall submit to Western marked as-built prints of all Western drawings affected by changes made pursuant to the contract and reproducible drawings the Contractor has prepared showing facilities of Western. The Contractor's drawings of Western facilities shall use drawing title blocks, drawing numbers, and shall be prepared in accordance with drafting standards all as approved by Western. Western may prepare, revise, or complete said drawings and bill the Contractor if the Contractor fails to provide such drawings to Western within a reasonable time as determined by Western.

23. Equipment Ownership Markers.

23.1 The Contractor shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the United States right-of-way or in Western substations pursuant to the contract which are owned by the Contractor, by permanently affixing thereto suitable markers clearly identifying the Contractor as the owner of said equipment and facilities.

23.2 If requested by the Contractor, Western shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the Contractor's right-of-way or in the Contractor's substations pursuant to the contract which are owned by the United States, by permanently affixing thereto suitable markers clearly identifying the United States as the owner of said equipment and facilities.

24. Third-Party Use of Facilities.

The Contractor shall notify Western of any proposed system change relating to the facilities governed by the contract or allowing third-party use of the facilities governed by the contract. If Western notifies the Contractor that said system change will, as solely determined by Western, adversely affect the operation of Western's system the Contractor shall, at no cost to Western, provide a solution to said adverse effect acceptable to Western.

25. Changes to Western Control Facilities.

If at any time during the term of the contract, Western determines that changes or additions to control, relay, or communications facilities are necessary to maintain the reliability or control of Western's transmission

system, and said changes or additions are entirely or partially required because of the Contractor's equipment installed under the contract, such changes or additions shall, after consultation with the Contractor, be made by Western with all costs or a proportionate share of all costs, as determined by Western, to be paid by the Contractor. Western shall notify the Contractor in writing of the necessary changes or additions and the estimated costs to be paid by the Contractor. If the Contractor fails to pay its share of said estimated costs, Western shall have the right, after giving sixty (60) days' written notice to the Contractor, to terminate the applicable facility installation provisions to the contract and require the removal of the Contractor's facilities.

26. Modification of Western Facilities.

Western reserves the right, at any time, to modify its facilities. Western shall keep the Contractor informed of all planned modifications to Western facilities which impact the facilities installation pursuant to the contract. Western shall permit the Contractor to change or modify its facilities, in a manner satisfactory to and at no cost or expense to Western, to retain the facilities interconnection pursuant to the contract. At the Contractor's option, Western shall cooperate with the Contractor in planning alternate arrangements for service which shall be implemented at no cost or expense to Western. The Contractor and Western shall modify the contract, as necessary, to conform to the new facilities arrangements.

27. Transmission Rights.

If the contract involves an installation which sectionalizes a Western transmission line, the Contractor hereby agrees to provide a transmission path to Western across such sectionalizing facilities at no cost or expense to Western. Said transmission path shall be at least equal, in terms of capacity and reliability, to the path in the Western transmission line prior to the installation pursuant to the contract.

28. Construction and Safety Procedures.

28.1 The Contractor hereby acknowledges that it is aware of the hazards inherent in high-voltage electric lines and substations, and hereby assumes full responsibility at all times for the adoption and use of necessary safety measures required to prevent accidental harm to personnel engaged in the construction, inspection, testing, operation, maintenance, replacement, or removal activities of the Contractor pursuant to the contract. The Contractor and the authorized employees, agents, and subcontractors of the Contractor shall comply with all applicable safety laws and building and construction codes, including the provisions of Chapter 1 of the Power System Operations Manual, entitled Power System Switching Procedure, and the Occupational Safety and Health Administration regulations, Title 29 C.F.R. §§ 1910 and 1926, as amended or supplemented. In addition to the safety program required herein, upon request of the United States, the Contractor shall provide sufficient information to demonstrate that the Contractor's safety program is satisfactory to the United States.

28.2 The Contractor and its authorized employees, agents, and subcontractors shall familiarize themselves with the location and character of all the transmission facilities of Western and interconnections of others relating to the work performed by the Contractor under the contract. Prior to starting any construction, installation, or removal work, the Contractor shall submit a plan of procedure to Western which shall indicate the sequence and method of performing the work in a safe manner. No work shall be performed by the Contractor, its employees, agents, or subcontractors until written authorization to proceed is obtained from Western.

28.3 At all times when the Contractor, its employees, agents, or subcontractors are performing activities of any type pursuant to the contract, such activities shall be under supervision of a qualified employee, agent, or subcontractor of the Contractor who shall be authorized to represent the Contractor in all matters pertaining to the activity being performed. The Contractor and Western will keep each other informed of the names of their designated representatives at the site.

28.4 Upon completion of its work, the Contractor shall remove from the vicinity of the right-of-way of the United States all buildings, rubbish, used materials, concrete forms, and other like material belonging to the Contractor or used under the Contractor's direction, and in the event of failure to do so the same may be removed by Western at the expense of the Contractor.

28.5 In the event the Contractor, its employees, agents, or subcontractors fail to comply with any requirement of this Provision, or Provision 21 (Inspection and Acceptance) herein, Western or an authorized representative may issue an order to stop all or any part of the work until such time as the Contractor demonstrates compliance with the provision at issue. The Contractor, its employees, agents, or subcontractors shall make no claim for compensation or damages resulting from such work stoppage.

29. Environmental Compliance.

Facilities installed under the contract by any party shall be constructed, operated, maintained, replaced, transported, and removed subject to compliance with all applicable laws, including but not limited to the National Historic Preservation Act of 1966, 16 U.S.C. §§ 470x-6, the National Environmental Policy Act of 1969, 42 U.S.C. §§ 4321-4347, the Endangered Species Act of 1973, 16 U.S.C. §§ 1531-1544, and the Archaeological Resources Protection Act of 1979, 16 U.S.C. §§ 470aa-470mm, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, as well as any other existing or subsequent applicable laws, regulations, and executive orders.

30. Responsibility for Regulated Materials.

When either party owns equipment containing regulated material located on the other party's substation, switchyard, right-of-way, or other property, the equipment owner shall be responsible for all activities related to regulated materials in such equipment that are necessary to meet the requirements of the Toxic Substances Control Act, 15 U.S.C. §§ 2601-2692, the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901-6992k, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §§ 9601-9675, the Oil Pollution Act of 1990, 33 U.S.C. §§ 2702-2761, the Clean Water Act, 33 U.S.C. §§ 1251-1387, the Safe Drinking Water Act, 42 U.S.C. §§ 300f-j26, and the regulations and executive orders implementing these laws, as they may be amended or supplemented, and any other existing or subsequent applicable laws, regulations, and executive orders. Each party shall label its equipment containing regulated material in accordance with appropriate laws and regulations. If the party owning the equipment does not perform activities required under appropriate laws and regulations within the time frame specified therein, the other party may perform or cause to be performed the required activities after notice to and at the sole expense of the party owning the equipment.

**VI. OTHER PROVISIONS.**

31. Authorized Representatives of the Parties.

Each party to the contract, by written notice to the other, shall designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained in the contract which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative(s) upon oral notice given to the other, confirmed promptly by written notice.

32. Effect of Section Headings.

Section headings or Provision titles appearing in the contract or these General Power Contract Provisions are inserted for convenience only and shall not be construed as interpretations of text.

33. Operating Guidelines and Procedures.

The parties to the contract may agree upon and put into effect from time to time, such other written guidelines and procedures as may be required in order to establish the methods of operation of the power system to be followed in the performance of the contract.

34. Uncontrollable Forces.

Neither party to the contract shall be considered to be in default in performance of any of its obligations under the contract, except to make payment as specified in Provision 13 (Billing and Payment) herein, when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

35. Liability.

35.1 The Contractor hereby agrees to indemnify and hold harmless the United States, its employees, agents, or contractors from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the Contractors', its employees', agents', or subcontractors' construction, operation, maintenance, or replacement activities under the contract.

35.2 The United States is liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, 28 U.S.C. §§ 1346(b), 1346(c), 2401(b), 2402, 2671, 2672, 2674-2680, as amended or supplemented.

36. Cooperation of Contracting Parties.

If, in the operation and maintenance of their respective power systems or electrical equipment and the utilization thereof for the purposes of the contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Issuance and payment of bills for services provided by Western shall be in accordance with Provisions 13 (Billing

and Payment) and 14 (Nonpayment of Bills in Full When Due) herein. Western shall pay bills issued by the Contractor for services provided as soon as the necessary vouchers can be prepared which shall normally be within twenty (20) days.

37. Transfer of Interest in Contract or Change in Preference Status.

37.1 No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the prior written approval of the Administrator of Western. Any voluntary transfer of the contract or of the rights of the Contractor under the contract made without the prior written approval of the Administrator of Western may result in the termination of the contract; Provided, That the written approval of the Administrator shall not be unreasonably withheld; Provided further, That if the Contractor operates a project financed in whole or in part by the Rural Utilities Service, the Contractor may transfer or assign its interest in the contract to the Rural Utilities Service or any other department or agency of the Federal Government without such prior written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of the contract to the same extent as though such successor or assignee were the original Contractor under the contract; and, Provided further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this Provision.

37.2 The Contractor shall maintain its status as an entity eligible for preference in Western's sale of Federal power pursuant to Reclamation law, as amended and supplemented.

37.3 Western shall give the Contractor written notice of Western's proposed determination that the Contractor has violated Provision 37.1 and Western's proposed action in response to the violation.

37.4 The Contractor shall have 120 days after receipt of Western's notice provided under Provision 37.3 to submit a written response to Western. The Contractor may also make an oral presentation to the Administrator during this 120-day period.

37.5 At any time during this process, the Contractor and Western may agree upon corrective action to resolve Western's proposed determination that the Contractor is in violation of Provision 37.1.

37.6 Within 30 days of receipt of the Contractor's written response provided under Provision 37.4, Western will notify the Contractor in writing of its final decision. The Administrator's written notice will include the intended action, the effective date thereof, and the reasons for taking the intended action. Implementation of the Administrator's action shall take place no earlier than 60 days from the Contractor's receipt of such notice.

37.7 Any successor to Western shall be subject to all the provisions and conditions of the contract to the same extent as though such successor were an original signatory to the contract.

37.8 Nothing in this Provision shall preclude any right to judicial review available to the Contractor under Federal law.



38. Choice of Law and Forum.

Federal law shall control the obligations and procedures established by this contract and the performance and enforcement thereof. The forum for litigation arising from this contract shall exclusively be a Federal court of the United States, unless the parties agree to pursue alternative dispute resolution.

39. Waivers.

Any waivers at any time by either party to the contract of its rights with respect to a default or any other matter arising under or in connection with the contract shall not be deemed a waiver with respect to any subsequent default or matter.

40. Notices.

Any notice, demand, or request specifically required by the contract or these Provisions to be in writing shall be considered properly given when delivered in person or sent by postage prepaid registered or certified mail, commercial delivery service, facsimile, electronic, prepaid telegram, or by other means with prior agreement of the parties, to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice. Where facsimile or electronic means are utilized for any communication covered by this Provision, the sending party shall keep a contemporaneous record of such communications and shall verify receipt by the other party.

41. Contingent Upon Appropriations and Authorization.

41.1 Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States' obligations under the contract. In case such appropriation is not made, the Contractor hereby releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

41.2 In order to receive and expend funds advanced from the Contractor necessary for the continued performance of the obligations of the United States under the contract, additional authorization may be required. In case such authorization is not received, the Contractor hereby releases the United States from those contractual obligations and from all liability due to the lack of such authorization.

42. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

43. Contract Work Hours and Safety Standards.

The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 3701, as amended or supplemented, is subject to the provisions of the Act, 40 U.S.C. §§ 3701-3708, as amended or supplemented, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

44. Equal Opportunity Employment Practices.

Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated herein by reference the same as if the specific language had been written into the contract, except that Indian Tribes and tribal organizations may apply Indian preference to the extent permitted by Federal law.

45. Use of Convict Labor.

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. § 3622(c), as amended or supplemented, and Executive Order No. 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.



March 18, 2021

TO: MCE Board of Directors

FROM: Justin Marquez, Community Development Manager

RE: Presentation of Charles F. McGlashan Advocacy Award  
(Agenda Item #06)

ATTACHMENT: Presentation of Charles F. McGlashan Advocacy Award  
Winners

Dear Board Members:

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**SUMMARY:**

On June 2, 2011, MCE's Board established the Charles F. McGlashan Advocacy Award to recognize individuals and organizations who have demonstrated passion, dedication, and leadership on behalf of MCE. The annual award also honors and commemorates the life and legacy of environmental leadership left behind by former founding MCE Chairman Charles F. McGlashan.

To date, this Advocacy Award has previously been awarded to:

- Barbara George of Women's Energy Matters (2011)
- The Mainstreet Moms (2012)
- Lea Dutton of the San Anselmo Quality of Life Commission (2013)
- Doria Robinson of Urban Tilth (2014)
- Constance Beutel of Benicia's Community Sustainability Commission (2015)
- Sustainable Napa County (2016)
- The El Cerrito Environmental Quality Committee (2017)
- Sustainable Lafayette (2018)
- Resilient Neighborhoods (2018),
- Verna Causby-Smith with EAH Affordable Housing (2018),
- National Council for Jewish Women, Contra Costa (2019),
- Sustainable Rossmoor (2019), and
- Gloria Castillo with Canal Alliance (2019).

Award recipients are inscribed on the plaque displayed outside the Charles McGlashan Room at the MCE office in San Rafael, and are presented with the award at a regular meeting of the MCE Board of Directors. Recipients are also recognized in MCE's e-newsletter, online blog, and social media.

On March 5, 2021, the MCE Executive Committee unanimously approved a motion to present the 2020 award to three Charles McGlashan Advocacy Award nominees.

### **2020 Award Winners:**

#### Centers for Independent Living of Marin, Napa, Contra Costa, and Solano Counties & Vi Ibarra (Jointly)

After recognizing the devastating impact of the 2019 fire season and power shutoffs on our medically vulnerable customers, MCE developed a pilot program to support our communities through energy resiliency. In March 2020, MCE's Executive Committee approved \$250,000 from the MCE Resiliency Fund for the purchase of high-quality, decentralized, off-grid lithium backup battery systems to support customers with critical medical needs, which could become life-threatening without power. Together, Marin Center for Independent Living (Marin CIL), Disability Services and Legal Center (DSLCL), and Independent Living Resources of Solano and Contra Costa (ILRSCC) as well as Vi Ibarra from the Developmental Disabilities Council of Contra Costa conducted crucial outreach to identify, engage and evaluate eligible customers. These three partners wove together key resources to maximize the benefit to our mutual constituents. Special efforts were made by Vi Ibarra, who secured a Contra Costa County COVID-19-related contractor to carry-out the delivery of batteries to those most vulnerable, to ensure medically vulnerable residents could remain safe at home, with backup power during an outage, thus reducing the potential of infection in public resiliency sites. Together, these partners worked to deliver the batteries at no-cost to the recipients as a clean turnkey solution for energy resiliency while minimizing the need for emitting, polluting, fossil fuel generators in MCE's communities.

#### Deborah Elliott with Napa County

As Napa County's Environmental Resource Specialist, Deborah has been, and continues to be, instrumental to MCE's work throughout Napa County. She serves as a key liaison between multiple MCE staff across various departments, helping connect Napa residents and businesses to important services and programs including the Advanced Energy Rebuild Napa Program, Bay Area Regional Energy Network, MCE's Energy Storage Program, MCE's Charging, MCE's Low-Income Families and Tenants Pilot, and recent FEMA Building Resilient Infrastructure and Communities (BRIC) applications among others. Deborah frequently goes above and beyond her role as MCE's Napa County liaison, working extra hours, weekends, and holidays to keep projects on time, and working with MCE staff to meet state and federal funding application deadlines. Her passion for climate action and sustainability is critical to MCE achieving its mission throughout the County of Napa's communities.

### Fairfax Climate Action Committee

The Fairfax Climate Action Committee (CAC) has long been an advocate for MCE, and through its continued efforts to encourage more residents to opt up into Deep Green, Fairfax has a Deep Green adoption rate of 8.6%, the highest in our member communities. In addition to their Deep Green advocacy, in early 2020, the Town Council approved and provided seed-funding for the CAC to move forward with the design of a battery storage system (10kWh) for the Pavilion (the Town's largest public building) that could be combined with its roof solar panels and potentially other technology (EV integration) for a proposed microgrid system. Once constructed, the microgrid could be used to power most Town operations and serve the community during PG&E Public Safety Power Shutoff events and other power shutdowns and emergencies. The CAC microgrid subcommittee has been working with MCE staff on this program and hopes to apply for CPUC's Self-Generation Incentive Program (SGIP) funding. Drawdown Marin recently selected this project as one of the top resilient community solutions. The battery storage system should be in place in early 2021. If SGIP funding is granted the microgrid could be operational in late 2021. The CAC is currently updating the Town's Climate Action Plan (CAP) working with the Marin Climate & Energy Partnership (MCEP) to include strategies/actions to meet the 2030 carbon neutrality goal. CAC continues to advocate for decreasing Fairfax's GHG emissions by, among its other initiatives, engaging the broader Fairfax community through surveys, holding monthly community conversations, and speaking at the Town Council meetings. Two councilmembers are now members of CAC, which provides a direct route to the Town Council to achieve Fairfax's aggressive climate action goals.

**Fiscal Impacts:** None

**Recommendation:** Honor the recipients of the 2020 Charles F. McGlashan Advocacy Award, as approved by the MCE Executive Committee: Marin Center for Independent Living (Marin CIL), Disability Services Living Center (DSLC), and the Independent Living Resources of Solano and Contra Costa (ILRSCC) & Vi Ibarra from the Developmental Disabilities Council of Contra Costa County (Jointly), Deborah Elliott with Napa County, and the Fairfax Climate Action Committee.



March 18, 2021

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance & Treasurer  
Maira Strauss, Finance Manager

RE: Fiscal Year 2021/22 Budget (Agenda Item #07)

ATTACHMENTS: A. Proposed FY 2021/22 Operating Fund Budget  
B. Proposed FY 2021/22 Local Renewable Energy and Program Development Fund Budget  
C. Proposed FY 2021/22 Resiliency Fund Budget and Proposed FY2021/22 Energy Efficiency Program Fund Budget

Dear Board of Directors:

**SUMMARY:**

Before the end of every fiscal year (FY), MCE's staff presents proposed Budgets to the Board for consideration for MCE's Operating Fund, Energy Efficiency (EE) Program Fund, Local Renewable Energy and Program Development Fund (LREPDF) and the Resiliency Fund for the upcoming fiscal year. These Budgets authorize staff to:

1. Spend funds within the limits and contingencies set forth in each budget line item;
2. Fund MCE's Local Renewable Energy and Program Development Fund, Electric Vehicle and other customer programs;
3. Fund MCE's Resiliency Fund; and
4. Add to MCE's Operating Fund balances and reserves.

The attached proposed Budgets reflect MCE's projected revenue, expenditures and contingencies for FY 2021/22, and are anticipated to allow MCE to continue delivering a minimum of 60% renewable energy and a further goal of 90% greenhouse gas (GHG)-free energy to our customers. The proposed FY 2021/22 Operating Fund Budget is projected to result in an increase of **\$41,000,000** to MCE's net position at the end of the fiscal year,

assuming continuation of the current rate schedule and market prices. If the Board decides to fund the Targeted Customer Cost Relief program in the amount of **\$10,000,000**, the projected addition to the net position declines to **\$31,000,000**. The actual amount dedicated to the Cost Relief Program has not yet been decided by the Board and the final FY 2021/22 Operating Fund Budget will reflect that decision.

Staff brought the proposed Budgets to the Executive Committee on March 5, 2021 and after a robust discussion the Executive Committee voted unanimously to recommend approval by the full Board.

### **Operating Fund Budget Highlights:**

Attached is the Proposed FY 2021/22 Operating Fund Budget. For comparison purposes, FY 2021/22 is shown alongside the approved FY 2020/21 current year budget.

**Revenue – Electricity (+ \$38,000,000, 8.6% increase):** Sales volume (GWh) is projected to increase producing an additional \$38 million due to the additions of City of Vallejo and City of Pleasant Hill to MCE's service area and from sales of excess Resource Adequacy (RA). However, Net Electricity Revenue is adjusted downward by an assumed delinquency rate of 2% of Electricity Revenues. This delinquency adjustment represents over \$9.5 million and is three times what MCE normally sees in terms of non-payments of bills. However, it is consistent with what MCE has been experiencing during the pandemic and therefore a similar delinquency rate has been assumed throughout the entire 2021/22 fiscal year.

**Cost of energy (+\$41,000,000, 11% increase):** Cost of energy includes expenses associated with the purchase of energy, charges by the California Independent Systems Operator (CAISO) for MCE load, services performed by the CAISO, RA costs and other regulatory energy requirements necessary to meet the energy needs of our customers. Energy costs are anticipated to increase related to the need to serve the incremental load in Cities of Vallejo and Pleasant Hill and higher prices for system energy and RA.

**Personnel (+\$945,000, 8% increase):** This increase is primarily reflective of cost-of-living adjustments to salaries (1.8%), fully integrating the full year's costs of new FTE's added last year and the anticipated addition of four FTEs over the course of the fiscal year which would increase headcount from 69 to 73. Three of these potential additions would provide in-house staff support for MCE's call center which is currently outsourced to our Data Manager. It is anticipated that reducing reliance on the outsourced call center would reduce MCE's costs somewhat (see "Data Manager" below) and more importantly, allow more control, accuracy and quality assurance in messaging MCE's numerous customer programs and value proposition.

Overall, personnel costs represent 2.7% of the total Operating Fund Budget. Personnel costs are net of a \$1.1 million allocation of MCE staff time to Energy Efficiency Program and other grant program administration.

**Data Manager (+\$440,000 7.6% increase):** This increase is reflective of the additional customers anticipated to be joining MCE as we expand service into City of Vallejo and City of Pleasant Hill. Our Data Manager charges on a net account basis so with these additional customer accounts being served fees charged by our data manager increases commensurately. However, some of these increased costs are offset by the savings we anticipate in the first year by moving some call center activities in-house (-\$225,000) in FY 2021/22.

**Legal and Policy Services (+\$80,000, 6.2% increase):** Legal counsel expenses support MCE's contracting, human resources, financial and regulatory activities including market restructuring issues. Certain legal counsel expenses are expected to be down slightly due to declines in legal costs related to PG&E exiting bankruptcy and changing counsel to more cost-effective firms. Additionally, CalCCA has taken on a number of the regulatory and policy issues on behalf of all CCAs in California thus reducing the expenses that were previously borne directly by MCE. These reductions in legal costs have been offset by additional costs to support/advise MCE's staff on issues related to employment law, storage technologies and financing matters such as the joint powers agreement for long duration storage, MCE's bonding activities, and complex contracting needs related to MCE's energy storage program.

**Communications Services (+\$528,000, 22% increase):** Communications and related services include the costs associated with advertising including print, online, and digital; printing and mailing customer notices including compliance notices for new communities and targeted programs and on-going engagement; maintaining the website; community outreach and sponsorships; and special events. In FY 2020/21 the approved budget included \$2.365 million in Communication Services expenses, but a significant amount of activity was deferred due to COVID-19. Costs for Communication Services are expected to be \$2.892 million in anticipation of a significant up-tick in customer engagement to increase program participation, to maintain and grow our account base, and provide comprehensive outreach and advertising to support MCE's newest communities. MCE is also investing in customer engagement campaigns targeting vulnerable customers with cost relief, financial assistance and resiliency support, to increase our diverse customer outreach and to promote our superior product mix and brand value proposition.

**Other services (+\$148,000, 8% increase):** Other services encompass expenses which are not captured in other budget categories, including information technology, certain consultants and other professional services. These expenses include consulting services related to development and implementation of a Customer Relationship Management (CRM) software that is being developed by the Technology and Analytics Department. In addition, the Power Resources Department has been managing a high number of contracts using manual and software-based solutions that are not integrated. An automated contract management platform is being developed and will be implemented to create efficiencies while insuring greater rigor in tracking, invoice validations and oversight.



**General and Administration (-\$236,000, 10% decrease):** General and administration costs include office supplies, data, travel, dues and subscriptions, support for California Community Choice Association (CalCCA), and other related expenses. Increased costs are associated increased regulatory and legislative activities, and budgeting additional Software as a Service (SaaS) and CRM software development for use by our Public Affairs Department, Customer Programs Department, and Legal and Policy Department.

**Finance and Contingency (+\$50,000, 4% increase):** Finance continues to be focused on enhancing MCE's credit ratings and liquidity, maximizing investment earnings/returns and managing credit risk across our platform with our renewable energy providers and numerous contractual counterparties and service providers. Finance will also be pursuing reducing our renewable energy costs through tax-exempt prepayment transactions and evaluating ways to reduce the cost of energy through third party credit intermediaries and direct project ownership.

Additionally, improved budgetary accuracy, discipline and accountability will continue to be a primary function of the Finance Department. We project MCE will be at or under budget for the current fiscal year in every budgetary line item. We will continue to tighten down the contingency number as a % of the budget. In the past a contingency of approximately 8-10% was added to each functional budget line item given the continued growth of the organization and the consequent difficulty to accurately budget costs. Last year we reduced the contingency number to 3.9% of the Operating Expense Budget. In FY 2021/22, staff is proposing that contingency be reduced to approximately 3.7% (\$1.25 million) of the Operating Expense Budget and that it once again be managed/allocated in Finance based upon actual outcomes and needs within the group budgets throughout the fiscal year.

#### **Non-Operating Revenue and Expense, Fund Transfer and Other Updates:**

**Grant income (-\$970,000, 58% decrease):** MCE receives grants from government and non-profit organizations to support certain activities connected to MCE's mission. Grant income varies year to year as grants can be "one time" or can be provided to MCE under multiple year agreements. A number of grants expired in the current fiscal year with others starting in the 2021/22 fiscal year. Included are:

1. \$416,500 for MCE's EV Ready Phase 2 Grant funded by the California Energy Commission. This grant was awarded to the Contra Costa Transit Authority (CCTA) to implement strategies in CCTA's EV Readiness Blueprint. MCE is partnering with CCTA on this grant to oversee the installation of Level 1 and Level 2 electric vehicle supply equipment (EVSE) in multi-family dwellings and public locations in underserved communities in Contra Costa County. MCE's portion of this three-year grant was funded at \$416,500/year for three years.
2. \$25,000 for MCE's Advanced Energy Rebuild Napa, in part funded by the Bay Area Air Quality Management District. This program provides

incentives for property owners who are rebuilding properties lost in the October 2017 and 2018 wildfires.

3. \$247,369 for MCE's Green & Healthy Homes Initiative (GHHI Marin) funded in part by the Marin Community Foundation. GHHI is a partnership of local nonprofits, governments, and utilities that deliver services and education to create healthy, safe and energy efficient homes.
4. \$750,000 for MCE's Resiliency Initiative. MCE received a grant from the Marin Community Foundation to support battery storage for social safety net non-profit organizations and affordable multifamily housing. This grant will be placed directly in the Resiliency Fund and appears in the Resiliency budget.

**Interest income (-\$1,000,000, 50% decrease):** The significant reduction in interest income is due to the precipitous drop in interest rates we have experienced since the beginning of the pandemic almost one year ago. Interest earned on our funds has declined from 2.4% to 0.6% since March of 2020. However, significantly lower interest earnings are offset somewhat by more invested capital as MCE adds to its Net Position and liquidity each year resulting in projected interest earnings of \$1 million.

**Targeted Cost Relief Program:** Included in our FY 2021/22 budget is a placeholder of \$10,000,000 to provide temporary energy bill support for our most vulnerable residential and small commercial customers. This program would help mitigate impacts of energy costs exacerbated by the effects of COVID-19 and recent PG&E exit fee increases in MCE's service area. The proposed Cost Relief Program could support up to 115,000 CARE/FERA residential customers and 42,000 small commercial customers for a 9-month period. If approved by your Board at the March 18<sup>th</sup> meeting, this program could launch in April, 2021.

### Energy Efficiency Program Fund

The Energy Efficiency Program Fund uses funding authorized by the California Public Utilities Commission (CPUC) to support multifamily, commercial, agricultural, industrial, single family and workforce development sub-programs. The Energy Efficiency Program Fund supports the activities of the Energy Efficiency Program and the Low-Income Families and Tenants (LIFT) Pilot Program. Both programs involve the reimbursement of eligible expenses by the CPUC and accordingly, revenues and expenses for these programs offset each other. MCE's LIFT Pilot Program will be ending in FY 2021/22. MCE filed an application to continue the program in November 2019 and expects to receive a decision from the CPUC in 2021. The funds awarded from the CPUC are relatively steady from \$8,665,000 in FY 2020/21 to \$8,614,000 in FY 2021/22.

### Local Renewable Energy and Program Development Fund

The Local Renewable Energy Development Fund (LREDF) is financed by a transfer from the Operating Fund equal to 50% of the 1¢/kWh premium for Deep Green service budgeted at \$1.1 million in FY 2021/22. These resources are used to plan and develop local renewable

energy projects including:

- **MCEv:** MCE's electric vehicle program (MCEv) promotes EV adoption through rebates for charging infrastructure at work places and multifamily dwellings, vehicle rebates for low income customers, and regional planning and permitting support.
- **Low-Income Solar Program:** The low-income solar program provides rebates for low-income solar installations. Expenditures primarily target residential single-family and multi-family rooftop installations.
- **Regional Midstream Heat Pump Water Heater Program:** MCE is partnering with other Bay Area CCAs, and the Bay Area Regional Energy Network to co-fund a program aimed at engaging regional water heater contractors to increase the adoption rate of electric, grid-enabled heat pump water heaters.

### **Resiliency Fund**

On November 21, 2019, your Board approved the creation of a Resiliency Fund with initial funding in the amount of \$3,000,000 and in March of 2020 your Board approve an additional \$3 million to be added during the FY 2020/21 fiscal year for a total funding level of \$6,000,000.

The creation of this fund was in large part a response to PG&E's Public Safety Power Shutoff (PSPS) events. These events significantly impact the safety, reliability, health and welfare of our customers, and disproportionately affect vulnerable populations. MCE is working to help strengthen our communities by piloting battery storage and small-scale microgrids to retain some essential power supply during PSPS events and other outages while minimizing the use of carbon-emitting generators and fossil-fuel technologies. MCE has already begun extensive outreach with Offices of Emergency Services, Public Health officials, and other community partners to identify the most critical sites and vulnerable communities to target for initial investments.

Staff anticipates that over \$1,250,000 of this fund will be spent as of the end of the current fiscal year as early stage programs are implemented. The remainder of the initial funding amount could be expended over the 2021/22 fiscal year with the goal of implementing 15 MWh of residential and commercial battery storage at some of our most impacted locations such as fire houses, community and senior centers, etc. Staff recommends an additional **\$1,000,000** of funding for FY 2021/22 from the Operating Fund and a transfer of a \$750,000 Marin Community Foundation grant to bring the total funding for the Resiliency Fund to \$7.75 million. The anticipated expenditures in the fund project a remaining balance of \$540,000 at the end of FY 2021/22.

**Potential Resiliency Fund Revolving Loan Program:** In an effort to site more batteries with less grant or "gap" funding out of current revenues, Staff recommends instituting a revolving loan program in an amount of \$4,000,000 funded out of existing MCE cash

reserves. This potential appropriation will be brought before the Board in April or May for discussion and consideration at that time.

**Fiscal Impacts:** The net impact of the Proposed Operating Fund Budget is a projected **\$41,000,000** contribution to MCE's net position during FY 2021/22 or an estimated **\$31,000,000** assuming a **\$10,000,000** Cost Relief Program. The proposed projections assume no change to MCE's current rates and are based on best available information regarding market prices for any unhedged power supply.

**POTENTIAL FY 2021/22 BUDGET IMPACTS:** A number of anticipated and unanticipated events could have a measurable effect on MCE's finances in the coming fiscal year. These include:

- 1) Power Cost Indifference Adjustment – PG&E has increased the PCIA costs for most vintages. While PCIA increases have not had measurable impacts on overall customer participation levels in the past, there is the possibility that these increases could have a negative effect on customer participation;
- 2) Time-of-Use Rate (voluntary and mandatory) implementation may result in lower peak time revenues;
- 3) Customer Energy Demand – As we experienced in late August and early September 2020, extreme weather events can have a significant impact on MCE's finances as energy demand can outpace our hedged energy supply;
- 4) Resource Adequacy Costs may end up being higher than anticipated due to market availability and/or due to regulatory changes that can diminish the value of existing contracts.

**Recommendation:** Approve the proposed FY 2021/22 Operating Fund, Energy Efficiency Program Fund, Local Renewable Energy and Program Development Fund, and Resiliency Fund Budgets.



**MCE Operating Fund**  
**Proposed Budget Fiscal Year 2021/22**  
**From April 1, 2021 through March 31, 2022**

	Fiscal Year 2020/21 Approved Budget	Fiscal Year 2021/22 Proposed Budget	Variance \$ (Under) Over	Variance % (Under) Over	As % of Net Electricity Revenue
<b>Energy Revenue</b>					
Revenue - Electricity	\$ 448,518,000	\$ 493,501,000	44,983,000	10.0%	
Uncollectible Accounts	(2,909,000)	(9,545,000)	(6,636,000)	228.1%	
Revenue - Electricity (net)	<b>445,609,000</b>	<b>483,956,000</b>	<b>38,347,000</b>	<b>8.6%</b>	<b>100.0%</b>
<b>Energy Expense</b>					
Cost of Energy	369,638,000	410,657,000	41,019,000	11.1%	84.9%
<b>Net Energy Revenue</b>	<b>75,971,000</b>	<b>73,299,000</b>	<b>(2,672,000)</b>	<b>(3.5%)</b>	<b>15.1%</b>
<b>Operating Expenses</b>					
Personnel	11,885,000	12,830,000	945,000	8.0%	2.7%
Data Manager	5,780,000	6,220,000	440,000	7.6%	1.3%
Technical and Scheduling Services	990,000	1,040,000	50,000	5.1%	0.2%
Service fees - PG&E	2,126,000	2,372,000	246,000	11.6%	0.5%
Legal and Policy Services	1,299,000	1,379,000	80,000	6.2%	0.3%
Communication Services	2,365,000	2,893,000	528,000	22.3%	0.6%
Other Services	1,865,000	2,013,000	148,000	7.9%	0.4%
General and Administration	2,380,000	2,144,000	(236,000)	(9.9%)	0.4%
Occupancy	1,008,000	995,000	(13,000)	(1.3%)	0.2%
Finance and Contingency	1,200,000	1,250,000	50,000	4.2%	0.3%
<b>Total Operating Expenses</b>	<b>30,898,000</b>	<b>33,136,000</b>	<b>2,238,000</b>	<b>7.2%</b>	<b>6.8%</b>
<b>Operating Income</b>	<b>45,073,000</b>	<b>40,163,000</b>	<b>(4,910,000)</b>	<b>(10.9%)</b>	<b>8.3%</b>
<b>Nonoperating Revenues</b>					
Grant Income	1,659,000	689,000	(970,000)	(58.5%)	0.1%
Other Income	-	-	-	-	-
Interest Income	2,000,000	1,000,000	(1,000,000)	(50.0%)	0.2%
<b>Total Nonoperating Revenues</b>	<b>3,659,000</b>	<b>1,689,000</b>	<b>(1,970,000)</b>	<b>(53.8%)</b>	<b>0.3%</b>
<b>Nonoperating Expenses</b>					
Banking Fees and Financing Costs	218,000	220,000	2,000	0.9%	0.0%
Grant Expenses	537,000	689,000	152,000	28.3%	0.1%
Operating Fund Reserve	-	-	-	-	-
<b>Total Nonoperating Expenses</b>	<b>755,000</b>	<b>909,000</b>	<b>154,000</b>	<b>20.4%</b>	<b>0.2%</b>
<b>Change in Net Position</b>	<b>47,977,000</b>	<b>40,943,000</b>	<b>(7,034,000)</b>	<b>(14.7%)</b>	<b>8.5%</b>
Budgeted Net Position Beginning of Period	163,297,000	211,274,000	47,977,000		
Change in Net Position	47,977,000	40,943,000	(7,034,000)	(14.7%)	8.5%
<b>Budgeted Net Position End of Period</b>	<b>211,274,000</b>	<b>252,217,000</b>	<b>40,943,000</b>		
<b>Capital Expenditures, Interfund Transfers &amp; Others</b>					
Capital Outlay	163,000	132,500	(30,500)	(18.7%)	0.0%
Transfer to Resiliency Fund	3,000,000	1,000,000	(2,000,000)	(66.7%)	0.2%
Transfer to LREPDF	2,430,000	1,100,000	(1,330,000)	(54.7%)	0.2%
Budget Update Adjustments	10,777,000	-	-	-	-
Cost Relief Program	-	10,000,000	-	-	2.1%
<b>Total Capital Expenditures, Interfund Transfers &amp; Others</b>	<b>16,370,000</b>	<b>12,232,500</b>	<b>-</b>	<b>-</b>	<b>2.5%</b>
<b>Budgeted Net Increase in Operating Fund Balance</b>	<b>31,607,000</b>	<b>28,710,500</b>	<b>(2,896,500)</b>	<b>(9.2%)</b>	<b>5.9%</b>



**MCE**  
**Local Renewable Energy & Program Development Fund**  
**Proposed Budget Fiscal Year 2021/22**  
**From April 1, 2021 to March 31, 2022**

	Fiscal Year 2020/21 Approved Budget	Fiscal Year 2021/22 Proposed Budget
<b>Revenue and Other Sources</b>		
Transfer from Operating Fund	\$ 1,500,000	\$ -
Deep Green Transfer	930,000	1,100,000
<b>Total Revenue and Other Sources</b>	<b>2,430,000</b>	<b>1,100,000</b>
<b>Expenditures and Other Uses</b>		
Local Pilot Programs	2,850,000	1,500,000
Low Income Solar Programs	190,000	190,000
Regional Heat Pump Water Heater Program	300,000	300,000
<b>Total Expenditures and Other Uses</b>	<b>3,340,000</b>	<b>1,990,000</b>
Net Increase (Decrease) in Fund Balance	(910,000)	(890,000)
Fund Balance at Beginning of Period*	1,649,000	1,040,000
Fund Balance at End of Period	<b>740,000</b>	<b>150,000</b>

\*Beginning balance for FY 2021/22 differs from budget FY 2020/21 ending balance due to delays in actual fund spending.



**MCE**  
**Resiliency Fund**  
**Proposed Budget Fiscal Year 2021/22**  
**From April 1, 2021 to March 31, 2022**

	Fiscal Year 2020/21 Approved Budget	Fiscal Year 2021/22 Proposed Budget
<b>Revenue and Other Sources</b>		
Marin Community Foundation Grant	\$ -	\$ 750,000
Transfer from Operating Fund	3,000,000	1,000,000
<b>Total Revenue and Other Sources</b>	<b>3,000,000</b>	<b>1,750,000</b>
<b>Expenditures and Other Uses</b>		
Efforts Related to Marin Community Foundation Grant	-	750,000
Resiliency Efforts	5,750,000	4,926,000
<b>Total Expenditures and Other Uses</b>	<b>5,750,000</b>	<b>5,676,000</b>
Net Increase (Decrease) in Fund Balance	-	1,750,000
Fund Balance at Beginning of Period*	2,750,000	4,466,000
Fund Balance at End of Period	-	<b>540,000</b>

\*Beginning balance for FY 2021/22 differs from budget FY 2020/21 ending balance due to delays in actual fund spending.

**MCE**  
**Energy Efficiency Fund**  
**Proposed Budget Fiscal Year 2021/22**  
**From April 1, 2021 to March 31, 2022**

	Fiscal Year 2020/21 Approved Budget	Fiscal Year 2021/22 Proposed Budget
<b>Revenue and Other Sources</b>		
Public Purpose Energy Efficiency Program	\$ 6,909,000	\$ 7,564,000
Public Purpose Low Income Families and Tenants Pilot Program	1,756,000	1,050,000
<b>Total Revenue And Other Sources</b>	<b>8,665,000</b>	<b>8,614,000</b>
<b>Expenditure and Other Uses</b>	-	
Public Purpose Energy Efficiency Program	6,909,000	7,564,000
Public Purpose Low Income Families and Tenants Pilot Program	1,756,000	1,050,000
<b>Total Expenditures and Other Uses</b>	<b>8,665,000</b>	<b>8,614,000</b>
<b>Net Increase (Decrease) In Fund Balance</b>	-	-

9 March 2021

Dawn Weisz, CEO  
MCE Clean Energy

RE: The MCE Clean Energy Budget Allotment for EV Charging Should be Increased Fourfold

Dear Dawn,

As my last act of membership on the wonderful Board of Directors of MCE Clean Energy, I wish to make the following suggestion. The budget allotment for the next Fiscal Year for electric vehicle infrastructure should be increased fourfold from \$1.5 million to \$6 million. The principal reasons for this include:

1. The biggest contributor to greenhouse gases in the MCE service territory is internal combustion engine (ICE) vehicles. One of the main impediments to EV adoption is the perception that EV charging is not yet available broadly enough.
2. The territory of MCE has expanded a lot since the initial programs in support of alternative fuels.
3. The programs of MCE assisting with EV charging infrastructure have been very effective, so their expansion could be a major boost to aiding the tipping point away from ICE vehicles, consistent with the policies of Governor Newsom and the Biden Administration.
4. The duck curve needs correcting: Diurnal energy loads in CA need to be increased in the daytime to balance 'excess' solar energy production, so away-from-home EV charging solutions should be encouraged.
5. Increases of EV charging loads will increase MCE top-line revenues in its territory.

This recommendation was brought up in a recent meeting of the Climate Action Working Group convened by Marin Conservation League, and it was very favorably treated by numerous nonprofit groups who share a sense of urgency about climate action.

Please share this recommendation with the Board of Directors.

Thank you very much for all you do,

Sincerely,

*David W. Kunhardt*

Director on behalf of the Town of Corte Madera

CC: Mayor Tom Butt, Chair of the MCE Clean Energy Board  
Eli Beckman, Mayor of Corte Madera  
Doug Wilson, Chair, MCL Climate Action Working Group





March 18, 2021

TO: MCE Board of Directors

FROM: Heather Shepard, Director of Public Affairs  
Zae Perrin, Manager of Customer Operations

RE: Targeted Customer Cost Relief (Agenda Item #08)

ATTACHMENT: Targeted Customer Cost Relief Overview

Dear Board of Directors:

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**SUMMARY:**

At the February 5, 2021 Executive Committee Meeting and the February 18, 2021 Board meeting, MCE staff introduced a discussion item relating to options to provide temporary bill support for MCE's most vulnerable residential and commercial customers. Targeted customers were identified as those most impacted due to the COVID economy, rising energy costs and recent PG&E fee increases. Offering a targeted Customer Cost Relief Program (or Program) would help mitigate impacts of these cost increases by funding a 9-month program supporting up to 65,000 residential customers who are already participating in the California Alternate Rates for Energy Program (CARE) and the Family Electric Rate Assistance Programs (FERA). The Program would also support up to 21,000 small commercial customers. This Program would launch in April, 2021 upon approval from the MCE Board. MCE Staff would provide an update on program uptake and funding 6 months after launch. This Targeted Cost Relief Program would be branded under our MCE Cares Campaign. "MCE Cares Credit" is how we would refer to the targeted cost relief on customer bills and external messaging.

**Background:**

With the challenging economic circumstances of the past year and recent PG&E fee increases, MCE staff have identified two vulnerable customer segments that would be most appropriate for targeted support under this Program.

### Residential Customer Support:

Existing CARE/FERA customers are targeted due to their already qualified need through participation in the CARE and FERA energy discount programs. As part of MCE's Targeted Cost Relief Program, CARE/FERA enrolled customers would receive a \$10 bill credit upon request for up to 9 months beginning with their April 2021 billing cycle. In order to receive the credit, customer would enroll in two ways:

- For the most vulnerable CARE/FERA customers, which equate to 10% of the total CARE/FERA population, MCE staff propose automatically enrolling these customers in the Program beginning with their April 2021 billing cycle.
- Remaining eligible CARE/FERA customers would either call MCE's contact center, request enrollment on our website or email our customer support team to enroll in the Program.

MCE has estimated that it would have approximately 115,000 customers by April 2021 who are qualified for CARE/FERA bill discount programs and would be automatically eligible for MCE's Program. Staff recommends that we auto enroll 10% or 15,000 of these customer accounts. We anticipate a participation rate of up to 50% for the remaining 100,000 eligible customers, or 50,000 accounts enrolled. These customers would initiate their request for the Cost Relief bill credit through the telephone-based contact center, MCE website or email. MCE's Program would be funded to support up a total of 65,000 residential customers.

### Small Business Support:

The Program would also provide a bill credit for small commercial customers participating in the A1, AX and B1 rate class. These businesses have been disproportionately impacted by the COVID economy.

MCE serves approximately 42,000 small commercial customers and staff estimates that up to 50% of those eligible would request cost relief. The Program budget has been designed to support up to 21,000 small business customers.

MCE's Program would provide a \$22 month bill credit which equates to an average total bill discount of approximately 6%. Small business customers would request the bill credit by contacting our telephone-based call center, emailing our customer service team or through our website.

Other CCAs that have provided similar vulnerable customer cost relief include CleanPower Alliance, Lancaster Choice Energy, Peninsula Clean Energy, Silicon Valley Clean Energy and Western Community Energy.

**Fiscal Impacts:** Included in the FY 2021-22 budget is a placeholder to provide \$10,000,000 for a Targeted Customer Cost Relief Program to provide temporary energy bill support for our most vulnerable residential and small commercial customers.

**Recommendation:** Approve the Targeted Cost Relief Program Funding amount of \$10,000,000 as part of the fiscal year 2021-22 budget, and direct staff to provide an update on the Program to the Board 6 month after Program launch.



My community.  
My choice.

AI #08\_Att: Presentation-Targeted Cust. Cost Relief Overview

# MCE Targeted Cost Relief

## Discussion/Action

### MCE Board Meeting – March 18, 2021

# Agenda

AI #08\_Att: Presentation-Targeted Cust. Cost Relief Overview

1. Quick review of Targeted Cost Relief Proposal
2. Discussion/Action



# Targeted Cost Relief

MCE could help mitigate impacts of higher energy costs due to COVID economy and recent PG&E exit fee increases through targeted effort to customers segments.

- Residential CARE/FERA customers- income qualified energy discount program (115k accounts)
- Small Commercial (A1, A1X, B1) (42k accounts)
- Cost Relief Duration: Proposed 9 months

Existing CARE/FERA	89,000
New Sign-ups	9,000
Pleasant Hill and Vallejo	<u>17,000</u>
<b>Total</b>	<b>115,000</b>

# How

AI #08\_Att: Presentation-Targeted Cust. Cost Relief Overview

	Customer Perspective/Benefits
<b>Active Enroll</b>	<ul style="list-style-type: none"><li>• Customer takes action to enroll/sign up</li><li>• Allows for MCE engagement opportunity and customer intelligence building</li><li>• Participation harder to project but likely less than 50%</li></ul>
<b>Auto-Enroll targeted customers</b>	<ul style="list-style-type: none"><li>• Some customers may not realize they are receiving the benefit</li><li>• Customers don't have to do anything</li><li>• Quicker to implement-relief with first bill cycle</li><li>• Participation 100% of targeted customer segment</li></ul>

# Targeted Cost Relief Program

Customer Type	Proposed Credit	Participation	Per Month	Six Months	9 months
CARE/ FERA customers	\$10/month bill credit	<b>a) Targeted-Auto-enroll 10% most vulnerable CARE/FERA Customers</b> (15k eligible and enrolled)	\$150,000	\$900,000	\$1,350,000
		<b>and</b> <b>b) Active enroll estimating 50% participation</b> (50k enrolled; 100k eligible)	\$500,000	\$3,000,000	\$4,500,000
Small Businesses	20% discount on electricity usage (~\$22/month)	<b>Active enroll estimating 50% participation</b> (21k enrolled; 42k eligible) – complete survey to participate.	\$454,020	\$2,724,120	\$4,086,180
		<b>Estimated Total Cost</b>	<b>\$1.1M</b>	<b>\$6.6M</b>	<b>\$10M</b>



# Customer Bill Impacts

	CARE/FERA Customer	Small Commercial
<i>Total Average Bill</i>	\$70	\$350
<b><i>MCE Cares Credit</i></b>	<b>\$10 Bill Credit</b>	<b>\$22 (20% discount on electricity portion of bill)</b>
<i>Adjusted Bill after Cost Relief</i>	\$60	\$328
<i>% savings total bill</i>	14%	6%

# Recommendation

- Launch April 2021: Bill Credit will be labeled as “MCE Cares Credit”
- Part of broader MCE Cares campaign
- Residential Customers:
  - Auto enroll 10% most vulnerable who are eligible based on arrearage status
  - Active enroll the remaining eligible customers-assumed 50% participation
- Small Businesses:
  - Active enroll of all eligible accounts- assumed 50% participation
- Revisit participation trends at 6 months, adjust if needed
- Approve funding for Targeted Cost Relief Program for 9 months at \$10M.

# Next steps

- Discussion/Questions
- Approval

# Thank You

Heather Shepard

Director of Public Affairs

AI #08\_Att: Presentation-Targeted Cust. Cost Relief Overview

[hshepard@mcecleanenergy.org](mailto:hshepard@mcecleanenergy.org)





March 18, 2021

TO: Board of Directors

FROM: Jana Kopyciok-Lande, Senior Policy Analyst

RE: Resolution No. 2021-01 of Marin Clean Energy Supporting the Goal of Reaching 100% Zero Emission Vehicle Sales in California by 2030 (Agenda Item #09)

ATTACHMENT: Resolution 2021-01 of the Board of Directors of Marin Clean Energy Supporting the Goal of Reaching 100% Zero Emission Vehicle Sales in California by 2030

Dear Board of Directors:

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#### SUMMARY:

MCE has prepared a resolution to support the goal of reaching 100% zero emission vehicles<sup>1</sup> (ZVE) in California by 2030. By approving this resolution, MCE will join a network of individuals and organizations that are striving for political action to achieve the transition to ZEVs in California. This Resolution supports, and recommends an acceleration of Governor Newsom's Executive Order from January 2021 to mandate all new cars and passenger trucks sold in California be ZEVs by 2035.

#### BACKGROUND:

**California Greenhouse Gas Emission Goals and Policies:** The Intergovernmental Panel on Climate Change (IPCC) tells us that we have until 2030 to transform our economy, the way we live, where we live and how we move to avoid the worst of the climate crisis. California has established ambitious targets to reduce greenhouse gas (GHG) emissions 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050.<sup>2</sup>

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<sup>1</sup> ZEVs include fully electric vehicles as well as hydrogen-fueled vehicles.

<sup>2</sup> Senate Bill (SB) 32 from September 2016, see more at [https://leginfo.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB32](https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB32)

To reach these goals, Governor Brown signed Executive Order B-55-18 in September of 2018 committing California to carbon neutrality by 2045. In addition, California has taken specific steps to reduce GHG reductions in the energy sector, including but not limited to:

1. Moving the state to 100% clean energy by 2045;<sup>3</sup>
2. Requiring the state to double the rate of energy efficiency savings in buildings by 2030;<sup>4</sup>
3. Extending the state's cap-and-trade program until the end of 2030.<sup>5</sup>

While there has been significant momentum in the energy sector to achieve GHG reduction goals, the transportation sector now constitutes the largest portion of California's GHG emissions, making up over 50% of all GHG emissions in the state.

**GHG Reduction Policies in the Transportation Sector:** In January 2018, Governor Brown's signed Executive Order B-48-18 adopting several targets to reduce GHG emissions in the transportation sector:

1. Setting a goal of 5 million ZEV by 2030;
2. Installing 250,000 electric vehicle (EV) charging and 200 hydrogen fueling stations by 2025.

In January 2021, Governor Newsom signed Executive Order N-79-20 mandating that all new cars and passenger trucks sold in California be ZEVs by 2035. Medium- and heavy-duty vehicles shall be 100% zero emission by 2045 where feasible, with a mandate going into effect by 2035 for drayage trucks.

MCE strongly supports Governor Newsom's mandate to phase out new gasoline-powered cars by 2035. The attached Resolution expresses our support for the state's transition to 100% ZEVs and further recommends an accelerated timeline to reach this goal by 2030 instead of 2035.

**Fiscal Impact:** MCE does not anticipate a direct fiscal impact.

**Recommendation:** Adopt the attached Resolution 2021-01 of Marin Clean Energy Supporting the Goal of Reaching 100% Zero Emission Vehicle Sales in California by 2030.

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<sup>3</sup> SB 100 from September 2018, see more at

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201720180SB100](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB100)

<sup>4</sup> SB 350 from October 2015, see more at

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201520160SB350](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB350)

<sup>5</sup> AB 389 from July 2017, see more at

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180AB398](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB398)

## **RESOLUTION 2021-01**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY SUPPORTING THE GOAL OF REACHING 100% ZERO EMISSION VEHICLE SALES IN CALIFORNIA BY 2030**

**WHEREAS**, Marin Clean Energy (MCE) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

**WHEREAS**, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of San Ramon, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

**WHEREAS**, the Intergovernmental Panel on Climate Change tells us we have until 2030 to transform our economy and the way we live to avoid the most catastrophic and irreversible effects of the climate crisis; and

**WHEREAS**, the transportation sector is the largest contributor of Greenhouse Gas emissions in California, making up over 50% of all Greenhouse Gas emissions in the state; and

**WHEREAS**, electrifying transportation needs to be a forefront of discussion and innovation in an attempt to combat the climate crisis; and

**WHEREAS**, California increased the number of zero emission vehicles in the state by more than 3,000% in 8 years, growing from 25,000 in 2012 to 763,816 in 2020 - each year, sales continuing to grow; and

**WHEREAS**, Governor Newsom's Executive Order from January 19, 2021 calls for the elimination of internal combustion passenger vehicles by 2035; and

**WHEREAS**, all new vehicles sold in California by the year 2030 need to be zero emission vehicles to decarbonize California's most polluting sector; and

**WHEREAS**, zero emission vehicles and services are an important and growing sector of California’s economy, an opportunity for quality jobs and tax revenue that puts part of the Green New Deal in practice in our state; and

**WHEREAS**, the ZEV2030 Zero Emission Vehicle Pledge, available at ZEV2030.org, articulates the dire need for reform to California’s transportation system and its commitment to decarbonizing and combating the climate crisis; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Directors of Marin Clean Energy that we support the goal of 100% zero emission vehicle sales in California by 2030.

**PASSED AND ADOPTED** at a regular meeting of the MCE Board of Directors on this 18 day of March, 2021, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				



City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

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CHAIR, MCE

**Attest:**

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SECRETARY, MCE



March 18, 2021

TO: MCE Board of Directors

FROM: Vicken Kasarjian, COO

RE: Resolution No. 2021-02 Appointing Director of Finance as Treasurer (Agenda Item #10)

ATTACHMENT: Resolution No. 2021-02 Appointing Director of Finance as Treasurer

Dear Board Members:

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**SUMMARY:**

MCE has relied on Garth Salisbury, Director of Finance, to serve as its Treasurer in accordance with Government Code 6505.5, since being appointed by your Board in March 2020. Pursuant to Government Code Section 53607 authority delegated to a treasurer may be delegated by your Board for a one-year period. At this time, MCE believes the Director of Finance, Garth Salisbury, who is currently serving as Treasurer, has the requisite qualifications and experience to continue to serve as MCE Treasurer.

**1. Responsibilities and Duties of Treasurer:**

Government Code Section 6505.5 identifies the duties of an agency treasurer:

- a. Receive and receipt for all money of the agency or entity and place it in the treasury of the treasurer so designated to the credit of the agency or entity.
- b. Be responsible, upon his official bond, for the safekeeping and disbursement of all agency or entity money so held by him.
- c. Pay, when due, out of money of the agency or entity held by him, all sums payable on outstanding bonds and coupons of the agency or entity.
- d. Pay any other sums due from the agency or entity from agency or entity money, or any portion thereof, only upon warrants of the public officer performing the functions of auditor or controller who has been designated by the agreement.

- e. Verify and report in writing on the first day of July, October, January, and April of each year to the agency or entity and to the contracting parties to the agreement the amount of money he holds for the agency or entity, the amount of receipts since his last report, and the amount paid out since his last report.

## **2. Authority to Appoint Officer**

Government Code Section 6505.6 and Section 4.13.3 of the MCE Joint Powers Agreement provide that MCE may appoint one of its own officers or staff to serve as its Treasurer. Following his appointment, the officer must contract with a certified public accountant to conduct an annual independent audit pursuant to Government Code Section 6505. Once appointed, MCE intends to appoint Vicken Kasarjian, MCE's Chief Operating Officer, as Deputy Treasurer pursuant to Government Code Section 24101 to assist Garth Salisbury in the carrying out of his duties as Treasurer.

## **3. Qualifications of Director of Finance**

Garth Salisbury, MCE's Director of Finance, has over 35 years of municipal finance experience as a Public Finance Investment Banker, Municipal Advisor and Municipal Consultant. He has worked at Lehman Brothers (7 years) JPMorgan (17 years) and Royal Bank of Canada (7 years) and Sperry Capital (2 years). He has structured over \$35 billion in bond issues and over \$12 billion of investment portfolios and hedging contracts. He maintains FINRA Series 7, 24, 50, 53 and 63 Securities Licenses and is current on all continuing education. As MCE's Director of Finance, he oversees all of MCE's financial matters and is currently the Treasurer.

### **Fiscal Impacts:**

None.

### **Recommendation:**

Adopt Resolution No. 2021-02 Appointing Director of Finance as Treasurer.

## **RESOLUTION 2021-02**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY APPOINTING DIRECTOR OF FINANCE AS TREASURER**

**WHEREAS**, Marin Clean Energy (MCE) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

**WHEREAS**, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

**WHEREAS**, pursuant to Government Code Section 6505.6 and Section 4.13.3 of MCE's Joint Powers Agreement, as amended, dated December 19, 2008 (JPA), MCE may appoint one of its officers or employees to either or both of the positions of Treasurer or Auditor-Controller, and such person or persons shall comply with the duties and responsibilities of the office or officers as set forth in subdivisions (a) to (e), inclusive, of Government Code Section 6505.5; and

**WHEREAS**, Garth Salisbury, the Director of Finance of MCE, is currently serving as Treasurer of MCE, as appointed by the Board in March 2020 under Resolution 2020-02, and has the authority to invest or reinvest funds of a local agency, or to sell or exchange securities so purchased in accordance with MCE's Investment Policy. Pursuant to Government Code Section 53607, this authority may be delegated for a one-year period; and

**WHEREAS**, Garth Salisbury continues to be qualified to serve as Treasurer and can perform the required functions and duties of Treasurer.

**NOW, THEREFORE, BE IT RESOLVED**, by the MCE Board of Directors, as authorized by Government Code Section 6505.6 and Section 4.13.3 of the MCE JPA, and pursuant to Government Code Section 53607, hereby renews the appointment of the Director of Finance, Garth Salisbury, as Treasurer of MCE, effective immediately upon the passage and adoption of this resolution.

**PASSED AND ADOPTED** at a regular meeting of the MCE Board of Directors on this 18th day of March, 2021, by the following vote:

	<b>AYES</b>	<b>NOES</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

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CHAIR, MCE

**Attest:**

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SECRETARY, MCE



March 18, 2021

TO: MCE Board of Directors

FROM: Vicken Kasarjian, COO  
Garth Salisbury, Director of Finance  
Michael Callahan, Senior Policy Counsel

RE: Prepayment, Joint Procurement, and Direct Debt (Agenda Item #14)

Dear MCE Board of Directors:

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#### **SUMMARY:**

MCE has taken many steps over the last two years to strengthen our financial position including meeting our Reserve Policy/Liquidity goals and subsequently increasing them, establishing and funding an Operating Fund Reserve, pursuing a third credit rating with S&P Global, and a \$40 million line of credit with J.P. Morgan Chase Bank. As MCE matures as a leading provider of renewable and greenhouse-gas-free (GHG-free) energy, it is critical to utilize all of the available tools to reach our goals of providing 95% GHG-free energy by 2022 and 85% renewable energy by 2029. Additionally, our mandates continue to evolve within our service area as we invest in and promote energy efficiency, electric vehicle (EV) adoption, local solar generation, battery storage and most recently, system resiliency/microgrids.

MCE is currently undertaking three major initiatives to enhance procurement optionality and financial strength by reducing costs. These initiatives are: (1) Prepayment; (2) Joint Procurement; and (3) Direct Debt. Staff would like to take this opportunity to update the Executive Committee on these initiatives including an overview of the distinct goals and risk profiles of each.

#### **Prepayment Initiative and Conduit JPA:**

In March of 2020 Staff presented to the Technical Committee the concept of a tax-exempt prepayment transaction as a strategy to reduce the cost of certain of our renewable energy contracts. At that time Staff recommended and the Technical Committee approved starting the process to put a transaction together which

would be brought back to the full Board for approval once the terms and necessary documents were in near final form.

Municipal energy prepayment transactions have been utilized in the United States since the early 1990s primarily for natural gas. Tax-exempt entities such as municipal electric utilities and CCA's in California can prepay for a supply of electricity or natural gas and finance the prepayment with tax-exempt bonds.<sup>1</sup> The savings from the transactions are generated from the difference in borrowing costs between the taxable corporation that "supplies" the commodity and the tax-exempt service provider that is pre-paying for the commodity. In MCE's case the commodity being supplied is electricity through selected Power Purchase Agreements (PPAs) that MCE has entered into to supply our customers with renewable energy. The bonds issued to finance the prepayment are "non-recourse" to MCE and MCE would not be responsible for repaying the bonds. If the proposed MCE transaction is completed, it will be the first non-recourse prepayment transaction completed to supply 100% renewable energy.

The selected PPAs would be assigned or "novated" to a highly-rated bank to allow for the prepayment. After the novation of the selected PPA's, MCE would still receive all of the energy, renewable energy credits ("RECs" or "attributes") and benefits to MCE's Power Content Label from each PPA. The tax-exempt municipal bonds issued to finance the prepayment would be issued through a single purpose conduit issuer. MCE is in the process of creating a Joint Powers Authority with three other CCAs to serve as a conduit issuer to reduce the costs of each prepayment and expand the CCA brand in the bond markets. Creating our own JPA conduit issuer is significantly less expensive than using one of the existing conduits that have been set up to facilitate non-recourse tax-exempt transactions. As discussed above, the bonds issued through the Conduit JPA would be "non-recourse" to MCE, would not be guaranteed by MCE or affect our credit ratings or balance sheet. The bonds would be secured and guaranteed by the bank that receives the prepayment. Staff will bring the formation of the JPA conduit and MCE's participation in the JPA to the Executive Committee and the Board for consideration in April.

The projected savings from participating in the Prepayment Transaction are after all transactional and professional costs are paid with proceeds from the sale of the bonds. Through a municipal energy prepayment transaction, the cost of the energy from the selected PPAs could be reduced by 8-10% which could represent a savings of \$2-3 million annually depending upon (1) market conditions at the time of the prepayment; and (2) the size and number of the contracts included in the transaction.

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<sup>1</sup> Tax exempt prepayment transactions are allowed under IRS Regulations and Congress enacted legislation specifically allowing the transactions (National Energy Policy Act of 2005; Section 1327).



### **Joint Procurement Initiative:**

On October 15, 2020, nine CCAs including MCE issued a joint Request for Offers (RFO) for long-duration energy storage projects. The participating CCAs are planning to contract with the long-duration storage project(s) through California Community Power ("CCP"), a new procurement Joint Powers Authority (JPA) comprised initially of these nine CCAs. CCP is intended to serve as a vehicle for joint procurement among CCAs into the future. MCE's participation in this JPA was discussed and recommended for Board approval at the November 6, 2020 ExCom meeting and was approved by the full Board at the November 19, 2020 meeting.

Publicly owned utilities (POUs) in California have relied on JPAs to carry out joint procurement for over 40 years. The Northern California Power Agency (NCPA) and the Southern California Public Power Authority (SCPPA) provide a range of procurement activities on behalf of POUs. CCP is modeled on the structure of NCPA and SCPPA.

California has a large and growing need for reliability resources with the retirement of natural gas plants and Diablo Canyon Nuclear Power Plant. There is historical precedent for state-ordered procurement when needs arise. At times, this procurement has been conducted by the utility on behalf of CCAs, with costs allocated to CCAs. By forming CCP, CCAs are taking a leadership role in procuring long-duration storage to help meet reliability needs for their communities and the state. CCAs expect to jointly procure additional projects in the future. MCE's participation in a given project will depend on an analysis of the costs and benefits and will be subject to review and approval of the Board.

### **Direct Debt Initiative:**

MCE is creating a new pathway to take on direct ownership of energy resources or other cost-effective assets. Today, MCE procures energy resources exclusively through supply contracts with project developers or owners. MCE may benefit from having the option to purchase generation or storage assets outright, or take an ownership share in an asset, and to be in a position to do so quickly if an opportunity develops. Owning assets will only be considered if: (1) it presents a more cost-effective alternative to a standard PPA; (2) asset ownership affords synergies with MCE's objectives (e.g. resiliency, GHG free energy, etc.); or (3) it presents additional measurable advantages in terms of operational efficiency. MCE would likely finance such a purchase by borrowing in the United States capital markets through the issuance of tax-exempt bonds. Our ability to issue tax-exempt debt to finance an ownership interest in a facility is a distinct advantage MCE has over investor-owned utilities and direct access providers.

If MCE decided to issue debt to purchase an ownership interest in or to finance the construction of a generating or storage asset, it would be direct recourse debt

issued by MCE and guaranteed by MCE. The Board has approved MCE taking a number of important steps to be in a position to quickly access the capital markets through a tax-exempt offering of our own direct debt. These first steps include hiring a Financial Advisor (FA) and Bond Counsel and developing a Debt Policy and Bond Indenture. MCE has retained an FA and Bond Counsel, is currently in the process of finalizing a Debt Policy and is in the early stages of creating a Bond Indenture.

Finally, before MCE actually issues direct recourse debt to the public, MCE will conduct a detailed review for approval with the Board to explore why owning an interest in a project directly is advantageous to MCE and why assuming the cost and responsibility of issuing debt is the most cost effective alternative.

**Fiscal Impacts:** Each initiative is expected to reduce costs to MCE over the long term. The specific impacts will vary based on commercial opportunities.

**Recommendation:** For discussion.



March 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:

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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. SB 612 (Portantino)**

CalCCA is sponsoring SB 612 (Portantino), which would reduce costs for MCE and our customers by reducing the Power Charge Indifference Adjustment (PCIA) exit fee. SB 612 would:

- Allow CCAs to access their fair share of the benefits of IOU legacy contracts that they are paying for in the PCIA. These benefits include renewable energy, hydroelectric energy, and resource adequacy. Currently, the IOUs retain these benefits.
- Require IOUs to better manage their legacy contracts, by selling excess energy on the California Independent System Operator (CAISO) wholesale market, and engaging legacy contract holders to renegotiate or buyout the contracts to reduce costs to customers.
- Direct the CPUC to establish a market price benchmark for greenhouse gas-free (GHG-free) energy.

This is a consensus solution that was negotiated in 2019-2020 by CPUC stakeholders including IOUs, CCAs, and direct access providers, and presented to the CPUC in February 2020 as part of a regulatory process. While a decision was expected in June 2020, the CPUC has yet to take action.

SB 612 currently has 17 coauthors, including MCE representatives Sen. McGuire, Asm. Levine, and Asm. Bauer-Kahan. Because this bill would reduce costs for all customers in your communities, including those that do not currently take service from MCE, MCE encourages your municipalities to consider supporting this legislation.

**b. AB 843 (Aguiar-Curry)**

MCE and Pioneer Community Energy are co-sponsoring AB 843 (Aguiar-Curry), a narrow bill that would allow CCAs to access the California Public Utilities Commission's (CPUC) BioMAT program. Assemblymember Aguiar-Curry represents MCE communities in Napa and Solano counties. BioMAT is a market adjusting tariff that provides funding for renewable bioenergy projects from a variety of sources:

- Biogas from wastewater treatment, municipal composting, food processing, or co-digestion;
- Dairy and other agricultural bioenergy; and
- Generation from byproducts of sustainable forest management.

The BioMAT program is funded through a nonbypassable charge, paid for by CCA as well as bundled customers. However, the Commission has declined to allow CCAs to procure and recover costs from the BioMAT program because SB 1122 (2012), which created the program, does not expressly include CCAs. AB 843 would simply allow CCAs to access funds and recover costs. It would not expand the program, change the size or type of eligible facilities, or expand CPUC oversight over CCA procurement. Access to these funds would allow MCE to better partner with municipal wastewater, sanitary, forest management, and composting agencies in our service area, if the Board chooses to do so.

**c. Watching other bills of interest**

Finally, MCE and CalCCA are watching several bills on a wide range of energy issues, but have yet to take any positions on specific bills. MCE and CalCCA are also closely watching the budget process to track potential funding opportunities in key areas such as zero emission vehicles. A list of MCE's priority bills at this early stage of the legislative session is included in the [March 5 Executive Committee packet](#).

## **II. California Public Utilities Commission**

### **a. CPUC Mid-Term System Reliability Capacity Analysis**

On February 22, 2021, the CPUC issued an Administrative Judge's Ruling (Ruling) in the Integrated Resources Planning proceeding that presented the CPUC's analysis of the incremental capacity needed to meet mid-term system reliability requirements in anticipation of the mid-decade retirement of the Diablo Canyon Nuclear Power Plant, the retirement of additional once-through-cooling gas facilities, and the increasing penetration of renewables and storage on the grid.

The Ruling proposes Load Serving Entities (LSE) procure 7,500 MW of incremental capacity by 2026. This represents a "mid-case" procurement scenario that would require new capacity to come online starting in 2023 with the bulk of the incremental capacity online by 2025. Notably, under the proposal 2,000 MW of this procurement would be technology-specific (*i.e.* 1,000 MW would be mandated to come from incremental geothermal capacity and 1,000 MW would be mandated to come from long-duration storage, which is defined as storage that can discharge over a minimum of 8 hours). The Ruling does not assign individual LSEs a share of the 7,500 MW need, but proposes that the procurement need be allocated to individual LSEs in a manner that would account for an LSE's proportional load share and an LSE's existing procurement activities that may tend to reduce an LSE's overall allocation.

Although a strong indication of the CPUC's approach to mid-term reliability, the Ruling poses a host of questions to stakeholders regarding the accuracy of the procurement analysis and the appropriateness of the assumptions underlying the analysis, including how the needed capacity should be allocated among LSEs. MCE will engage on this Ruling as part of CalCCA over the coming months. A Final Decision adopting the procurement need and the allocation methodology is expected in April/May 2021.