



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, May 20, 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-in:(669)900-9128  
Webinar ID: 847 8159 1169  
Passcode: 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 4.15.21 Meeting Minutes
  - C.2 Approved Contracts for Energy Update
6. Addition of Board Members to Committees (Discussion/Action)
7. Resolution No. 2021-04 Committing to Advance Racial Equity (Discussion/Action)

## Agenda Page 2 of 2

8. Proposed Updates to MCE Policy 015: Energy Risk Management Policy (Discussion/Action)
9. MCE Youth Engagement and Workforce Development (Discussion)
10. Board Matters & Staff Matters (Discussion)
11. 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, April 15, 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.

---

**Present:** Denise Athas, City of Novato  
Eli Beckman, Alternate, Town of Corte Madera  
Tom Butt, City of Richmond, Board Chair  
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  
Sashi McEntee, City of Mill Valley  
Tim McGallian, Alternate, City of Concord  
Aaron Meadows, City of Oakley  
Katy Miessner, City of Vallejo  
Devin Murphy, City of Pinole  
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  
Brad Wagenknecht, County of Napa  
Sally Wilkinson, City of Belvedere  
Brianne Zorn, City of Martinez

**Absent:** Tom Campbell, City of Benicia  
John Gioia, Contra Costa County  
C. William Kircher, Town of Ross  
Teresa Onoda, Town of Moraga

## DRAFT

### Staff

**& Others:** Jessica Brooks, Assistant Board Clerk  
Michael Callahan, Senior Policy Counsel  
Stephanie Chen, Senior Policy Counsel  
Darlene Jackson, Board Clerk  
Vicken Kasarjian, Chief Operating Officer  
Sol Phua, Administrative Services Assistant  
Garth Salisbury, Director of Finance and Treasurer  
Enyonam Senyo-Mensah, Administrative Services Associate  
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 no announcements made.

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

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

#### 4. Report from Chief Executive Officer (Discussion)

CEO Dawn Weisz, reported the following:

- Welcomed MCE's newest Director, Leila Mongan, who was sworn in just prior to the beginning of this Board meeting. She represents the Town of Corte Madera, replacing Director David Kunhardt.
- FlexMarketplace is an exciting new program MCE has launched to help with energy load reduction and load shifting away from peak hours. It is getting a lot of interest from industry media.
- The CPUC has issued a draft decision on the PCIA which would result in outcomes that continue cost allocation problems of the past. The bill MCE has put forward with CalCCA, SB 612, would address the PCIA by reducing costs for all customers. If you have not already, please reach out to legislators in your district to support this bill, or consider a letter of support. Stephanie Chen is leading MCE efforts on this bill and can provide support.

#### 5. Consent Calendar (Discussion/Action)

**DRAFT**

- C.1 Approval of 3.18.21 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 (Greene/Quinto) to **approve Consent Calendar Items C.1 and C.2**. Motion carried by unanimous roll call vote. (Absent: Directors Campbell, Gioia, Kircher, McGallian, and Onoda).

**6. Update on Prepayment of Certain MCE Renewable Energy Power Purchase Agreements to Reduce Cost (Discussion/Action)**

Garth Salisbury, Director of Finance & Treasurer and Michael Callahan, Senior Policy Council, 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 (Their/Perkins) to **Direct Staff to finalize negotiations and bring back Renewable Energy PPA Prepayment documentation and a Parameters Resolution to the Board for consideration and approval**. Motion carried by majority roll call vote. (Nay: Directors McEntee and Wilkinson. Absent: Directors Campbell, Gioia, Kircher, and Onoda).

**7. Board Matters & Staff Matters (Discussion)**

Comments were made by Board members Murphy and Thier.

**8. Adjournment**

Chair Butt adjourned the regular meeting at 8:25 p.m.

**SPECIAL MEETING CONVENED AT 8:26 p.m.**

**1. Roll Call**

Chair Butt called the special meeting to order at 8:26 p.m. with quorum established by roll call.

**DRAFT**

2. Resolution 2021-03 to Approve Formation of California Community Choice Financing Authority (Discussion/Action)

Garth Salisbury, Director of Finance & Treasurer, and Michael Callahan, Senior Policy Council, 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 (Their/Perkins) to **Adopt Resolution 2021-03 to Approve Formation of California Community Choice Financing Authority.**  
Motion carried by majority roll call vote. (Nay: Directors McEntee and Wilkinson.  
Absent: Directors Campbell, Gioia, Kircher, and Onoda).

3. Adjournment

Chair Butt adjourned the special meeting at 8:56 p.m. to the next scheduled Board Meeting on May 20, 2021.

---

Tom Butt, Chair

Attest:

---

Dawn Weisz, Secretary



May 20, 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:

---

**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 April. 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	March, 2021	Purchase of Renewable Energy	\$933,450	Over 5 Years
2	April, 2021	Sale of Resource Adequacy	\$3,900	Under 1 Year
3	April, 2021	Sale of Resource Adequacy	\$18,000	Under 1 Year
4	April, 2021	Sale of Resource Adequacy	\$375,000	Under 1 Year
5	April, 2021	Sale of Resource Adequacy	\$81,600	Under 1 Year
6	April, 2021	Sale of Resource Adequacy	\$105,000	Under 1 Year
7	April, 2021	Sale of Resource Adequacy	\$250,000	Under 1 Year
8	April, 2021	Purchase of Renewable Energy	\$152,509	Over 5 Years
9	April, 2021	Purchase of Renewable Energy	\$84,080	Over 5 Years
10	April, 2021	Sale of Resource Adequacy	\$30,000	Under 1 Year
11	April, 2021	Sale of Resource Adequacy	\$465,000	Under 1 Year
12	April, 2021	Sale of Resource Adequacy	\$128,040	Under 1 Year
13	April, 2021	Sale of Resource Adequacy	\$2,400	Under 1 Year
14	April, 2021	Purchase of Renewable Energy	\$1,400,000	Under 1 Year
15	April, 2021	Sale of Resource Adequacy	\$22,750	Under 1 Year
16	April, 2021	Sale of Resource Adequacy	\$300,000	Under 1 Year
17	April, 2021	Sale of Resource Adequacy	\$25,500	Under 1 Year
18	April, 2021	Sale of Resource Adequacy	\$76,500	Under 1 Year



19	May, 2021	Sale of Resource Adequacy	\$140,000	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 Director 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 2021/22 are within the FY 2021/22 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

**Recommendation:** Information only. No action required.



## MCE Board Offices and Committees

### **Board Offices:**

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

### **Executive Committee**

1. Kevin Haroff, *Chair*
2. Denise Athas
3. Tom Butt
4. Edi Birsan
5. Barbara Coler
6. Cindy Darling
7. Ford Greene
8. Devin Murphy
9. Gabriel Quinto
10. Shanelle Scales-Preston
11. Sally Wilkinson

### **Ad Hoc Contracts Committee – 2021**

1. Ford Greene
2. Kevin Haroff
3. Scott Perkins
4. Holi Thier

### **Ad Hoc Bonding Committee – 2021**

1. Edi Birsan
2. Ford Greene
3. Kevin Haroff
4. Scott Perkins - *Interested*
5. Holi Their - *Interested*
6. Sally Wilkinson

### **Technical Committee**

1. Ford Greene, *Chair*
2. Gina Dawson
3. John Gioia
4. Kevin Haroff
5. Janelle Kellman
6. Katy Miessner
7. Devin Murphy
8. Teresa Onoda
9. Scott Perkins
10. Katie Rice

### **Ad Hoc Audit Committee – 2021**

1. David Fong
2. Kevin Haroff
3. Sally Wilkinson



## MCE Technical Committee Overview and Scope

Current Membership: 10

Current Members:

- Ford Greene, Town of San Anselmo (Chair)
- Gina Dawson, City of Lafayette
- John Gioia, County of Contra Costa
- Janelle Kellman, City of Sausalito and City of Mill Valley
- David Kunhardt, Town of Corte Madera
- Katy Miessner, City of Vallejo
- Devin Murphy, City of Pinole
- Teresa Onoda, Town of Moraga
- Scott Perkins, City of San Ramon
- Katie Rice, County of Marin

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

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

### Scope

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

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, MCE's Energy Risk Management Policy (ERMP), procurement risk oversight, and

other activity related to the energy sector. The MCE Technical Committee reviews and discusses new technologies and potential application by MCE.

#### **Authority of Technical Committee**

- Approval of and changes to MCE's Net Energy Metering Tariff
- Approval of and changes to MCE's Feed in Tariff
- Approval of annual GHG emissions level and related reporting
- Approval of MCE procurement pursuant to Resolution 2018-03 or its successor
- Approval of MCE procurement-related certifications and reporting, including the Power Content Label
- Approval of contracts with vendors for technical programs or services, energy efficiency program or services and procurement functions or services Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan
- Receipt of reports from the Risk Oversight Committee (ROC) on at least a quarterly basis regarding the ROC's meetings, deliberations, and any other areas of concern
- Initiation of and oversight of a review of the implementation of the ERMP as necessary
- Approval of substantive changes to MCE's Energy Risk Management Policy (ERMP), including periodic review of the ERPM and periodic review of ERPM implementation



## MCE Executive Committee Overview and Scope

Current Membership: 11

Current Members:

- Kevin Haroff, City of Larkspur (Chair)
- Denise Athas, City of Novato
- Edi Birsan, City of Concord
- Tom Butt, City of Richmond
- Barbara Coler, Town of Fairfax
- Cindy Darling, City of Walnut Creek
- Ford Greene, Town of San Anselmo
- Devin Murphy, City of Pinole
- Gabriel Quinto, City of El Cerrito
- Shanelle Scales-Preston, City of Pittsburg
- Sally Wilkinson, City of Belvedere

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

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

### Scope

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

### Authority of Executive Committee

Executive Committee is authorized to make decisions regarding:

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



- Honorary awards

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

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



May 20, 2021

TO: MCE Board of Directors

FROM: Alexandra McGee, Strategic Initiatives Manager and member of Diversity Equity and Inclusion (DEI) Team

RE: Resolution No. 2021-04 Committing to Advance Racial Equity (Agenda Item #07)

ATTACHMENTS: A. Resolution No. 2021-04 Committing to Advance Racial Equity  
B. Collection of commitments by member community and CCAs

Dear Board of Directors:

In January 2020, MCE staff formed an internal, cross-departmental Diversity, Equity, and Inclusion (DEI) Team. This team brings together a broad range of staff to deepen MCE's commitment to DEI principles and to further integrate these priorities throughout each MCE department. One of the team's charter goals is to "promote the adoption, shared standards, and accountability of diversity, equity, and inclusion practices within the energy industry."

In 2020, this team began to observe an increase of local commitments to racial equity throughout MCE's member communities and fellow Community Choice agencies. Of MCE's 36 member communities, 13 Councils and Boards have passed some form of a racial equity resolution including at least 2 in each of the counties. From those 13 resolutions, 7 jurisdictions passed these in late 2020 or early 2021 after the eruption of Black Lives Matter Protests in the summer of 2020.

Among peer CCA agencies, seven have published staff-level or board-level statements and commitments around racial justice and equity following last year's protests. Three commitments were published by CCA staff (including Sonoma Clean Power, East Bay Community Energy, and Pico Rivera Innovative Municipal Energy), and four were Board-approved directives for staff to implement (including Redwood Coast Energy Authority, Sonoma Clean Power, and Valley Clean Energy, and Clean Power SF). Attachment B

outlines these commitments initiatives in various forms, including resolutions, ordinances, and statements.

Committing MCE to something similar is aligned with MCE's Big Picture Agency Goal #4 to "Deepen and institutionalize MCE's equity values, with an internal and external focus." In February, 2021 staff proposed drafting an MCE resolution largely based on Resolution No. 93-18 passed by City of Richmond in December 2018 and invited staff from various departments to help draft the language in March.

A key best practice to foster trust and racial equity is early community engagement. Toward that end, staff circulated this draft resolution with trusted and key local partners that have a deep knowledge of local racial inequities. In this way, MCE moved away from a top-down approach to a community-based strategy. In April, MCE solicited feedback on this draft resolution language from Asian Pacific Environmental Network (APEN) in Contra Costa, Greenlining Institute in Alameda, Puertas Abiertas in Napa, Canal Alliance in Marin, Marin City Community Development Corporation in Marin, and Richmond Build in Contra Costa. These organizations were selected for their knowledge of different community dynamics, as well as for serving a diverse demographic constituency. Through their varied perspectives, they provided guidance to shape the resolution into the form presented to you today.

Staff is committed to serving MCE's diverse communities through various pilots, programs, and policies. We are proud of what MCE has been able to accomplish over the last ten years and acknowledge the privilege MCE has as a local government agency to be aligned with and directed by elected community members. We also recognize that an enormous joint effort is needed if we are to successfully address the historic legacies of racism that influence institutionalized power. We respectfully recommend that the Board adopt the attached Racial Equity Resolution. further committing MCE to the vision and actions.

**Fiscal impact:** One element of the proposed Resolution would be to join the Government Alliance on Race and Equity (GARE). As a multi-jurisdictional agency, MCE qualifies for membership in GARE as a regional agency member. This membership cost is \$2,500 per year for up to 500 employees.

**Recommendation:** Adopt MCE Resolution 2021-04 Committing to Advance Racial Equity.



## **RESOLUTION 2021-04**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY COMMITTING TO ADVANCE RACIAL EQUITY**

**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 Fairfield, 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**, MCE embraces and celebrates the rich diversity in our service area; and

**WHEREAS**, MCE recognizes the history of racism in our country, state, and the counties we serve, and that it has led to intersecting current day disparities in environment, education, employment, housing, and public health for people of color; and

**WHEREAS**, equitable outcomes and racial equity are defined as fair and equal opportunities to succeed for all people regardless of race, color, religion, sex, sexual orientation, gender identity or expression, pregnancy, age, national origin, disability status, genetic information, protected veteran status, or any other characteristic protected by law; and fair opportunities to all people regardless of race, respectively; and

**WHEREAS**, MCE recognizes that racial inequities have become institutionalized in the policies and practices of many agencies, governmental and otherwise, and that these policies and practices must be examined and where needed, changed or eliminated; and

**WHEREAS**, MCE recognizes these inequities can aggregate into systemic, intersecting impacts which lead to discrepancies in public health impacts, collectively known as “Environmental Racism” or “Environmental Injustice”; and

**WHEREAS**, MCE’s mission is to address climate change by reducing energy related greenhouse gases with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits, and creating more equitable communities; and

**WHEREAS**, MCE's mission is committed to a transition to a regenerative clean energy future that is equitable and just by implementing policies and programs aligned with our Environmental Justice values; and

**WHEREAS**, MCE affirms that issues of racial equity must be addressed proactively, collectively, and deliberately in the course of decision-making to contribute to equitable outcomes in our communities; and

**WHEREAS**, MCE's previous and ongoing initiatives related to addressing historical inequities include efforts such as MCE's Workforce Policy 011, our local green-collar workforce development initiatives, our ongoing relationship with members of the Community Power Coalition including local community-based organizations involved in the environmental and environmental justice movement; and

**WHEREAS**, in order to further commit to the values enshrined in celebrating diversity, equity, and inclusion, MCE formed an internal team comprised of staff members representing each department in December of 2019; and

**WHEREAS**, MCE has proactively attempted to promote and institutionalize these values in the Community Choice Aggregation movement through the creation of the CalCCA Environmental Justice and Equity Working Group and has facilitated this working group since its inception in 2018; and

**WHEREAS**, MCE acknowledges our agency has not comprehensively addressed racial equity considerations in every way possible with all past work, and understands that present and future work will need to continuously be re-evaluated and improved on an ongoing basis; and

**WHEREAS**, while MCE acknowledges the difficulty of assessing the impact of decisions on racial equity in communities, MCE is committed to intentionally adjusting its decision-making process to meet our mission's goal to build more equitable communities; and

**WHEREAS**, many MCE Member Communities have taken recent actions such as issuing statements or resolutions committing to improving racial equity in our communities, including Fairfax, Mill Valley, Novato, San Rafael, Sausalito, and the unincorporated county in Marin; Martinez, Pleasant Hill, Richmond, San Pablo, and the unincorporated county in Contra Costa; Napa, St. Helena, and the unincorporated county in Napa; Benicia, Vallejo, and the unincorporated county in Solano; and

**WHEREAS**, CleanPowerSF, East Bay Community Energy, Pico Rivera Innovative Municipal Energy, Redwood Coast Energy Authority, Sonoma Clean Power, and Valley Clean Energy are fellow Community Choice agencies which have recently issued statements or passed racial equity resolutions; and

**WHEREAS**, MCE requested the feedback of trusted local leaders focused on serving hidden and underrepresented constituents in our communities and incorporated the feedback we received into this Resolution including Asian Pacific Environmental Network (APEN), Greenlining Institute, Puertas Abiertas, Canal Alliance, Marin City Community Development Corp, Richmond Build; and

**WHEREAS**, MCE is aligned and encouraged by this recent local and industry upswell in momentum to institutionalize commitments to racial equity

**NOW, THEREFORE, BE IT RESOLVED**, by MCE's Board of Directors that MCE hereby commits itself to the following actions henceforth:

1. MCE will work toward more equitable outcomes in the areas of energy services, customer programs, community engagement, workforce development, power procurement, policy, and human resources; and
2. To reach these outcomes, MCE will continue to recruit racial equity organizations and engage with these community-based and advocacy organizations through the Community Power Coalition to solicit community input and feedback on the development, objectives, and impacts of new MCE programs and policy early in the process in order to identify, center, and prioritize the needs of Environmental and Social Justice communities; and
3. To increase staff awareness and education, MCE will continue to provide agency-wide training to educate employees on implicit bias and racial equity since each department offers services which impact agency efforts to provide equitable outcomes for the community; and
4. To educate staff on the most effective racial equity practices for local government entities and build relationships with agencies such as ours pursuing similar work, MCE will join the Government Alliance on Race and Equity (GARE); and
5. MCE's Board of Directors will strive to engage in open and honest dialogue with experts on the subject of racial equity and with each other during forums such as Board retreats, community forums or other appropriate MCE sessions; and
6. MCE will braid all of these efforts to continue to thoughtfully and effectively update, eliminate, or create internal and external policies, practices and programs that dismantle existing racial disparities with the understanding that these methods will need to be updated and improved over time.

**PASSED AND ADOPTED** at a regular meeting of the MCE Board of Directors on this 20th day of May, 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				

---

 CHAIR, MCE

**Attest:**


---

 SECRETARY, MCE

## Collection of Commitments by Member Community and CCAs

As of March, 2021

Contra Costa County			
Jurisdiction	Date	Link	Notes
Contra Costa County	11/10/2020	<a href="http://contracostaherald.com/contra-costa-supervisors-approve-creation-of-office-of-racial-equity-and-social-justice/">http://contracostaherald.com/contra-costa-supervisors-approve-creation-of-office-of-racial-equity-and-social-justice/</a>	The Contra Costa County Board of Supervisors on Tuesday, Nov. 10, 2020 unanimously passed a proposal to create a county funded Office of Racial Equity and Social Justice to address increasing concerns about rising issues of racial inequality and social injustice
City of Martinez	11/4/2020	<a href="#">Resolution Staff Report</a>	The City receive a report, hold discussion, and considered adopting a resolution establishing an AntiRacism & Discrimination and Pro-Inclusion & Equity Task Force (ARDPIE)
City of Pleasant Hill	2021	<a href="https://www.racialequityalliance.org/jurisdictions/pleasant-hill-recreation-and-park-district-ca/">https://www.racialequityalliance.org/jurisdictions/pleasant-hill-recreation-and-park-district-ca/</a>	Parks and Rec. is a Government Alliance on Race and Equity (GARE) member
City of Richmond	12/4/2018	<a href="http://ca-richmond2.civicplus.com/ArchiveCenter/ViewFile/Item/9157">http://ca-richmond2.civicplus.com/ArchiveCenter/ViewFile/Item/9157</a>	Joined GARE in January 2016; passed resolution December 2018
City San Pablo			Joined GARE

Marin County			
Jurisdiction	Date	Link	Notes

Marin County Board of Supervisors	12/13/2016	<a href="http://www.marincounty.org/~media/files/maringov/board-actions/2015/october/1510132cao5yearplanattach.pdf?la=en">http://www.marincounty.org/~media/files/maringov/board-actions/2015/october/1510132cao5yearplanattach.pdf?la=en</a>	<a href="#">Member of GARE; The County's Five-Year Business Plan,</a>
Unincorporated Marin County		<a href="https://www.marinij.com/2020/10/24/marin-county-racial-equity-project-enters-new-phase/">https://www.marinij.com/2020/10/24/marin-county-racial-equity-project-enters-new-phase/</a>	MIJ: <a href="https://www.marinij.com/2020/10/24/marin-county-racial-equity-project-enters-new-phase/">https://www.marinij.com/2020/10/24/marin-county-racial-equity-project-enters-new-phase/</a>
Town of Fairfax	11/4/2020	<a href="https://storage.googleapis.com/proudcity/fairfaxca/uploads/2020/11/11-05-20-RESJ-Agenda.pdf">https://storage.googleapis.com/proudcity/fairfaxca/uploads/2020/11/11-05-20-RESJ-Agenda.pdf</a>	Approve agreement with OLAS Performance to provide facilitation services for Racial Equity and Social Justice Committee in an amount not-to-exceed \$40,000
City of Mill Valley	7/8/2020	<a href="https://cityofmillvalley.granicus.com/MetaViewer.php?view_id=2&amp;clip_id=1508&amp;meta_id=72333">https://cityofmillvalley.granicus.com/MetaViewer.php?view_id=2&amp;clip_id=1508&amp;meta_id=72333</a>	<a href="https://www.marinij.com/2020/07/07/mill-valley-adopts-black-lives-matter-resolution/">https://www.marinij.com/2020/07/07/mill-valley-adopts-black-lives-matter-resolution/</a>
City of Novato	11/17/2020	<a href="https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/748283/cc20-154_United_Against_Hate_Week_Resolution.pdf">https://legistarweb-production.s3.amazonaws.com/uploads/attachment/pdf/748283/cc20-154_United_Against_Hate_Week_Resolution.pdf</a>	<a href="#">Adopt a resolution in conjunction with "Not In Our Town Novato" and the Multicultural Advisory Commission to declare the week of November 30- December 6, 2020 as "United Against Hate Week" in the City of Novato</a>
Town of San Anselmo			Drake High School in San Anselmo is being renamed FWIW
City of San Rafael	11/2/2020	<a href="http://marin.granicus.com/DocumentViewer.php?file=marin_de89de2240ca6c651e9d5440cfbd1d.pdf">http://marin.granicus.com/DocumentViewer.php?file=marin_de89de2240ca6c651e9d5440cfbd1d.pdf</a>	<a href="#">Increase funding for WIOA program to improve equity</a>
City of Sausalito		<a href="https://www.racialequityalliance.org/about/">https://www.racialequityalliance.org/about/</a>	<a href="#">The City has submitted an application for acceptance into the Government Alliance on Race and Equity, a national network of government working to achieve racial equity and advance opportunities for all</a>

Napa County			
Jurisdiction	Date	Link	Notes
Unincorporated Napa County			HHSA Member of GARE
City of Napa	9/15/2020	<a href="https://www.cityofnapa.org/CivicAlerts.aspx?AID=312">https://www.cityofnapa.org/CivicAlerts.aspx?AID=312</a>	Recognized racism as a public health crisis
City of St. Helena	10/22/2020	<a href="https://www.cityofsthenana.org/community/page/press-release-special-city-council-meeting-racial-and-social-justice-spanish">https://www.cityofsthenana.org/community/page/press-release-special-city-council-meeting-racial-and-social-justice-spanish</a>	Special City Council meeting held on 10/22, approves resolution declaring racism as a public health threat and outlines immediate steps including new staffing for the City, trainings with Oakland-based consultancy
	1/29/2020	<a href="#">SHINE</a>	Bi-Monthly Newsletter regarding Diversity and Inclusion initiatives

Solano County			
Jurisdiction	Date	Link	Notes
Unincorporated Solano County	1/15/2016	<a href="https://www.solanocounty.com/depts/ph/quality_improvement_program/advancing_racial_equity_in_solano_county.asp">https://www.solanocounty.com/depts/ph/quality_improvement_program/advancing_racial_equity_in_solano_county.asp</a>	Solano County is member of GARE, has County Advancing Racial Equity (CARE) Team
City of Benicia	8/28/2020	<a href="#">Resolution</a>	Benicia passes BLM resolution with 6-page staff report
City of Vallejo			Member of GARE

Community Choice Aggregators			
CCA	Date	Link	Notes
East Bay Community Energy	6/16/2020	<a href="#">Agency Statement</a>	Published statement a couple of weeks after George Floyd Protests; lists out existing efforts helping COCs and DACs; commitment to anti-racism internally

Valley Clean Energy	11/12/2020	<a href="#">Board Statement</a>	Commitment to DEI, adoption of EJ definition, participation in EJ & Equity Committee; reach out and encourage DACs to join program design, CAC/Board meetings; internal DEI practices in HR
Sonoma Clean Power	8/6/2020	<a href="#">Board Directive; CEO statement; 2020 Annual Report</a>	CEO released a statement, Board Chair statement in 2020 Annual Report
Pico Rivera Innovative Municipal Energy		<a href="#">Agency Commitment</a>	Joining GARE, staff implicit bias training, develop equity framework, evaluating contracts and contracting process
Redwood Coast Energy Authority	6/25/2020	<a href="#">Board Packet</a>	Commitment to racial justice; names protests after George Floyd murder; commits to EJ & Equity committee, internal hiring/promoting practices, tribe involvement, racial justice action plan to be brought before the board
CleanPowerSF	2/4/2020	<a href="#">Equity Framework</a>	CleanPowerSF is a GARE member; 2-year development of equity framework





May 20, 2021

TO: MCE Board of Directors

FROM: Garth Salisbury, Director of Finance and Treasurer  
Vicken Kasarjian, Chief Operating Officer  
Catalina Murphy, Legal Counsel

RE: Proposed Updates to MCE Policy 015: Energy Risk Management Policy (Agenda Item #08)

ATTACHMENTS: A. Proposed Updates to MCE Policy 015: Energy Risk Management Policy in Redline  
B. Resolution 2020-04 Delegating Energy Procurement

Dear Board Members:

**SUMMARY:**

MCE's Policy 015: Energy Risk Management Policy ("Policy") describes MCE's risk management goals and principles; identifies and describes various energy market risks; defines a framework to manage risks; and outlines roles and responsibilities of those charged with managing risk. The Policy was approved by your Board on April 19, 2018 and updated by MCE's Technical Committee on May 2, 2019.

In November of last year, your Board adopted Resolution 2020-04 rescinding Resolution No. 2018-03. Resolution 2020-04 added to the authority your Board has delegated to the MCE Chief Executive Officer to execute short term (up to 30 days) verbal contracts for energy procurement with existing counterparties. This additional delegated authority addresses the potential need to procure capacity and energy on short notice to help control the costs of providing these products and services during extreme weather events affecting MCE's service area and customers.

The risks to MCE's finances posed by extreme weather events and possible mitigating responses by MCE staff adopted in Resolution No. 2020-04 are now incorporated to Section 6.4 of the Policy as proposed updates to be consistent with the authority delegated by your Board.

**Fiscal Impacts:** None

**Recommendation:** Approve the proposed updates to MCE Policy 015: Energy Risk Management Policy.



## **Policy 015: Energy Risk Management Policy**

Version: ~~2.03.0~~  
Approval Date: ~~05/02/2019~~05/20/2021



## Energy Risk Management Policy Table of Contents

1.0	General Provisions .....	<del>44</del>
1.1	Background and Purpose of Policy .....	<del>44</del>
1.2	Scope of Business and Related Market Risks .....	<del>44</del>
1.3	Policy Administration .....	<del>55</del>
1.4	Policy Distribution .....	<del>55</del>
2.0	Risk Management Goals.....	<del>55</del>
3.0	Risk Management Principles .....	<del>55</del>
4.0	Definitions of Market Risks .....	<del>66</del>
4.1	Market Price Risk.....	<del>66</del>
4.2	Counterparty Credit and Performance Risk .....	<del>66</del>
4.3	Load and Generation Volumetric Risk.....	<del>77</del>
4.4	Operational Risk .....	<del>77</del>
4.5	Liquidity Risk.....	<del>88</del>
4.6	Regulatory/Legislative Risk.....	<del>88</del>
5.0	Internal Control Principles .....	<del>88</del>
6.0	Risk Management Business Practices .....	<del>1010</del>
6.1	Risk Measurement Metrics and Reporting.....	<del>1010</del>
6.2	Market Price Risk.....	<del>1010</del>
6.3	Counter Party Credit and Performance Risk .....	<del>1111</del>
6.4	Load and Generation Volumetric Risk.....	<del>1111</del>
6.5	Operational Risk .....	<del>1212</del>
6.6	Liquidity Risk.....	<del>1212</del>
6.7	Regulatory/Legislative Risk.....	<del>1312</del>
7.0	Risk Management Governance .....	<del>1312</del>
7.1	MCE Board of Directors .....	<del>1312</del>
7.2	Technical Committee.....	<del>1312</del>
7.3	Risk Oversight Committee (ROC).....	<del>1312</del>

## **Energy Risk Management Policy**

### **1.0 General Provisions**

#### **1.1 Background and Purpose of Policy**

Marin Clean Energy's (MCE) mission is to address climate change by reducing energy-related greenhouse gas emissions through the use of renewable energy supply and energy efficiency programs at stable and competitive rates for customers while providing local economic and workforce benefits.

This Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations.

This Policy defines MCE's general energy risk management framework and provides management with the authority to establish processes for monitoring, measuring, reporting, and controlling market and credit risks to which MCE is exposed in its normal course of business.

#### **1.2 Scope of Business and Related Market Risks**

MCE provides energy to retail customers in its service territory that entails business activities such as; bilateral purchases and sales of electricity under short, medium and long term contracts; scheduling of load and generation of electricity into California Independent Systems Operator (CAISO) markets; retail marketing of electricity to consumers within its service territory; compliance with voluntary objectives and regulatory requirements as it relates to carbon free and renewable portfolio standard (RPS) compliant energy; participation in CAISO Congestion Revenue Rights ("CRRs") market; managing the balance of load and generation over short, medium and long term horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Examples of energy market risks include, but are not limited to, the following:

- Market Price Risk
- Counter party Credit and Performance Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory/Legislative Risk

This Policy focuses on the following:

- Risk Management Goals and Principles
- Definitions of Risks
- Internal Control Principles
- Risk Management Business Practices
- Risk Management Governance

This Policy does not address the following types of general business risk, which are treated separately in other official policies, ordinances and regulations of MCE: fire, accident and casualty; health, safety, and

workers' compensation; general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to market risks as herein defined, and not those other categories of risk.

### **1.3 Policy Administration**

This version of the Energy Risk Management Policy adopted by the MCE Board of Directors the 19th day of April, 2018, will be reviewed and updated as needed every two calendar years by the Technical Committee. This Policy may be amended as needed by MCE's Technical Committee.

### **1.4 Policy Distribution**

This Policy shall be distributed to and read by all MCE employees and third-party contractors who are engaged in the planning, procurement, sale and scheduling of electricity on MCE's behalf and/or in other MCE departments providing oversight and support for these activities. All such employees and contractors are required to confirm in writing that they have read and understand the Policy on an annual basis.

## **2.0 Risk Management Goals**

The goals of energy risk management shall be to:

- [1] assist in achieving the business objectives in the Integrated Resource Plan (IRP) and Reserve Policy including retail rate stability and competitiveness and the accumulation of financial reserves;
- [2] avoid losses and excessive costs which would materially impact the financial condition of MCE;
- [3] establish the parameters for energy procurement and sales activity to obtain the best possible price while ensuring compliance with Board-approved risk limits;
- [4] assist in assuring that market activities and transactions are undertaken in compliance with established procurement authorities, applicable laws, regulations and orders; and
- [5] encourage the development and maintenance of a corporate culture at MCE in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills and analytical rigor come together to achieve MCE objectives.

## **3.0 Risk Management Principles**

MCE manages its energy resources and transactions for the purpose of providing its customers with low cost renewable, carbon free and other energy while at the same time minimizing risks. Undue exposure to CAISO or bilateral energy market volatility for the purpose of potentially achieving lower costs but at the risk that costs may, in fact, be much higher, will not be accepted. Procurement and hedging strategy will be determined by analytical methods supplemented by experienced judgement. MCE will use that experienced judgement and its analytical tools to assess system cost drivers such as weather, short term energy prices, load variation and operational constraints to manage timing and quantity of purchases and sales of energy and related services, consistent with the limits identified in this policy. When actions are taken that are consistent with this Policy and for the purpose of the combined goal of low costs and optimized risk, those actions are considered to be consistent with the objectives of this policy. MCE will

not engage in transactions, without proper authorization, whose purpose is not tied to managing costs and risks or are outside of the limits identified in this policy.

#### **4.0 Definitions of Market Risks**

The term “market risks,” as used here, refers specifically to those categories of risk which relate to MCE’s participation in wholesale and retail markets as Load Serving Entity (LSE) and its interests in long-term contracts. Market risks include market price risk, counterparty credit and performance risk, load and generation volumetric risk, operational risk, liquidity risk, and regulatory and legislative risk. These categories are defined and explained as follows.

##### **4.1 Market Price Risk**

Market Price risk is the risk that wholesale trading positions, long-term supply contracts and generation resources may move “out of the money,” that is, become less valuable in comparison with similar positions, contracts or resources obtainable at present prices. These same positions can also be “in the money” if they become more valuable in comparison to similar positions, contracts or resources obtainable at present market prices. This valuation methodology is commonly referred to as “Mark to Market.” If MCE is “out of the money” on a substantial portion of its contracts, it may have to charge higher retail rates. This may erode MCE’s competitive position and market share if other market participants (e.g., Direct Access providers or PG&E) are able to procure power at a lower cost and offer lower retail electricity rates.

A subcomponent of market price risk is market liquidity. Illiquid markets make it more difficult to buy or sell a commodity and can result in higher premiums on purchases or deeper discounts on sales.

Another dimension of market price risk is congestion risk. Congestion risks arise from the difference between the prices MCE pays the CAISO to schedule its load and the prices MCE receives from the CAISO for energy delivered by MCE’s suppliers.

##### **4.2 Counterparty Credit and Performance Risk**

Performance and credit risk refer to the inability or unwillingness of a counter party to perform according to its contractual obligations. Failure to perform may arise if an energy supplier fails to deliver energy as agreed. There are four general performance and credit risk scenarios:

- [1] counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring MCE to purchase replacement product elsewhere, possibly at a higher cost;
- [2] counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price;
- [3] counterparties may fail to pay for energy or environmental attributes delivered; and
- [4] counterparties and suppliers may refuse to extend credit to MCE, possibly resulting in higher collateral posting costs impacting MCE’s cash and bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated in one or a very few counterparties, sources, or locations, it becomes more likely that

major losses will be sustained in the event of non-performance by a counterparty or supplier or as a result of price fluctuations at one location.

### **4.3 Load and Generation Volumetric Risk**

Energy deliveries must be planned for based upon forecasted load adjusted for distribution line losses. MCE forecasts load over the long and short term and enters into long and short-term fixed price energy contracts to hedge its load consistent with the provisions of its IRP.

Load forecasting risks arises from inaccurate load forecasts and can result in the over or under procurement of energy and/or revenues that deviate from approved budgets. Energy delivery risk occurs if a generator fails to deliver expected or forecast energy. Variations in wind speed and cloud cover can also impact the amount of electricity generated by solar and wind resources, and occasional oversupply of power on the grid can lead to curtailment of energy deliveries or reduce revenue as a result of low or negative prices at energy delivery points. Weather is an important variable that can result in higher or lower electricity usage due to heating and cooling needs.

In the CAISO markets this situation can result in both over supply and undersupply of electricity relative to MCE's load and the over or under scheduling of generation or load into the day ahead market relative to actual energy consumed or delivered in the real time market. Load and generation volumetric risk may result in unanticipated open positions and imbalance energy costs. Imbalance energy costs result from differences in the price or volume of generation or load scheduled into the day ahead market when compared to the price or volume of generation or load occurring in the real time market during that time period.

### **4.4 Operational Risk**

Operational risk consists of the potential for failure to act effectively to plan, execute and control business activities. Operational risk includes the potential for:

[1] organizational structure that is ineffective in addressing risk, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate and untimely forecasts or reporting, failure to separate incompatible functions, etc.;

[2] absence, shortage or loss of key personnel or lack of cross functional training;

[3] lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;

[4] exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.; and

[5] errors or omissions in the conduct of business, including failure to execute transactions, violation of guidelines and directives, etc.



## 4.5 Liquidity Risk

Liquidity Risk is the risk that MCE will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analysis, and debt analysis. Some unexpected financial events impacting liquidity could include:

[1] breach of MCE credit covenants or thresholds; MCE has credit covenants included in its banking and several short-term energy contracts. Breach of credit covenants or thresholds could result in the withdrawal of MCE's line of credit or trigger the requirement to post collateral;

[2] contractual requirement to post collateral with counter parties due to a decline in market prices below the contract price; and

[3] from time to time MCE may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by MCE could reduce MCE's liquidity if the cause of loss is not covered by MCE's insurance policies.

## 4.6 Regulatory/Legislative Risk

Regulatory risk encompasses market structure and operational risks associated with shifting state and federal regulatory policies, rules, and regulations that could negatively impact MCE. An example is the potential increase of exit fees for customers served by Community Choice Aggregators such as MCE that would result in higher electricity rates for MCE's customers.

Legislative risk is associated with actions by federal and state legislative bodies, such as any adverse changes or requirements that may infringe on MCE's autonomy, increase its costs, or otherwise negatively impact MCE's ability to fulfill its mission.

## 5.0 Internal Control Principles

Internal controls are based on proven principles that meet or exceed the requirements of financial institutions and credit rating agencies and good utility practice. The required controls shall include all customary and usual business practices designed to prevent errors and improprieties, ensure accurate and timely reporting of results of operations and information pertinent to management, and facilitate attainment of business objectives. These controls are currently and shall remain fully integrated into all activities of the business and shall be consistent with stated objectives. There shall be active participation by senior management in risk management processes.

The required controls include the following:

[1] Segregation of duties and functions between front, middle, and back office activities. Generally:

- Front office is responsible for planning (e.g. preparation of the IRP and procurement planning) and procurement, (e.g. solicitation management, contract negotiation, structuring and pricing, contract execution), contract management, compliance, and oversight of scheduling coordinator functions with the CAISO;

- Middle office is responsible for controls and reporting (e.g., risk monitoring, risk measurement, risk reporting, procurement compliance, counterparty credit review, approval and monitoring); and
- Back office is responsible for settlements and processing (e.g., verification, validation, reconciliation and analysis of transactions, tracking, processing, and settlements of transactions).

[2] Delegation of authority that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which they transact (e.g., CAISO). Contract origination, commercial approval, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractor for any single transaction. No single staff member shall perform all these functions on any transaction.

[3] Defining authorized products and transactions. Generally:

- Authorized transactions are those transactions directly related to the procurement and/or administration of electric energy, reserve capacity, transmission and distribution service, ancillary services, congestion revenue rights (CRRs), renewable energy, renewable energy credits, scheduling activities, tolling agreements, and bilateral purchases of energy products. All transactions must be consistent with this Policy and the board approved IRP.
- Prohibited transactions are those transactions that are not related to serving retail electric load and/or reducing financial exposure. Speculative buying and selling of energy products or maintenance of open positions that do not conform with the RMC-approved thresholds is prohibited. Speculation is defined as buying energy in excess of forecasted load plus reasonable planning reserves, intentionally under procuring energy relative to minimum load hedging targets or selling energy or environmental attributes that are not yet owned by MCE. In no event shall speculative transactions be permitted. Any financial derivatives transactions including, but not limited to futures, swaps, options, and swaptions are also prohibited unless approved by the Risk Oversight Committee followed by the approval process set forth in MCE's Board Resolution on Delegating Energy Procurement Authorities.

[4] Defining procurement authority as set forth in MCE's Board Resolution on Delegating Energy Procurement Authorities.

[5] Defining proper process for executing power supply contracts. Generally, MCE will ensure power supply contracts are approved by personnel from Procurement/Commercial, Technical, and Credit/Financial prior to execution. Legal review will be required of various forms of agreement. Forms of agreement will be reviewed no less than every six months.

[6] Complete and precise capture of transaction and other data, with standardization of electronic and hard copy documentation.

[7] Meaningful summarization and accurate reporting of transactions and other activity at regular intervals.

[8] Timely and accurate risk and performance measurement at regular intervals.

[9] Regular compliance review to ensure that this Policy and related risk management guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.

[10] Active participation by senior management in risk management processes.

## **6.0 Risk Management Business Practices**

### **6.1 Risk Measurement Metrics and Reporting**

A vital element of this Policy is the regular identification, measurement and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with MCE's procurement-related business activities and performance relative to goals.

MCE measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short term budget updates. The following items are measured, monitored, and reported:

[1] Mark-to-Market Valuation – marking to market is the process of determining the current value of contracted supply. A mark-to-market valuation shall be performed at least on a quarterly basis.

[2] Exposure Reporting – calculates the notional dollar risk exposure of open portfolio positions at current market prices. The exposure risk calculation shall be performed at least on a quarterly basis.

[3] Open Position Monitoring – on a monthly basis, MCE shall calculate/monitor its open positions for all energy and capacity products. If energy open positions for the month following the then current month (prompt month) exceed 10% of load, MCE will solicit market energy to close open positions and make a commercial decision to close the position. Open positions for terms beyond the prompt month will be monitored monthly and addressed in accordance with MCE's Load and Resource Balance Planning Model (Planning Model) and the IRP.

[4] Counterparty Credit Exposure – calculates the notional and mark-to-market exposure to each MCE counterparty individually by deal and in aggregate by counterparty. Counterparty credit exposure shall be evaluated on a quarterly basis. Counterparty exposure evaluation includes contingent collateral posting risks arising from changes in market prices and other factors.

[5] Reserve Requirement Targets – on no less than an annual basis, MCE staff will monitor MCE's reserves to ensure that they meet the targeted thresholds.

Consistent with the above, the Middle Office will develop reports and provide feedback to the Risk Oversight Committee.

Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure MCE adjusts its methods to reflect the evolving competitive landscape.

### **6.2 Market Price Risk**

MCE manages market price risk using its Load and Resource Balance which defines forecasted load, energy under contract and MCE's open positions in various energy product types including renewable energy

(Product Content Category I, II and III), carbon free energy, system power, and MCE's procurement targets.

MCE determines the quantity of energy it will contract for in each year using its Planning Model. The Planning Model includes an outline of the delivery term and quantity of energy by product type for which MCE will seek to contract in the upcoming year. The Planning Model informs MCE's solicitation planning including solicitation timing and strategy, and person or team responsible for the solicitation.

In general MCE will seek to purchase roughly equal portions of long term renewable energy in each year in order to diversify exposure to market conditions and reduce the risk of concentrating purchases in any one year.

For products generally purchased through short and medium-term contracts MCE follows a similar strategy of diversifying contracting over the delivery horizon.

As predominantly a net buyer, MCE manages its market liquidity risk through purchasing at different intervals as described in the Planning Model and maintaining a diverse set of counterparties to transact with.

Congestion risk is managed through the contracting process with a preference for day ahead scheduling and energy delivery at the NP 15 trading hub and through resource assessment and selection. Once energy is procured MCE manages congestion risks through the prudent management of Congestion Revenue Rights (CRRs) consistent with its Congestions Revenue Rights Risk Management Guidelines. CRRs are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. MCE uses a third-party scheduling coordinator to manage its CRR portfolio. MCE uses CRRs to reduce its exposure to congestion and other CAISO charges, and will not use CRRs for speculative purposes.

### **6.3 Counter Party Credit and Performance Risk**

MCE evaluates and monitors the financial strength of service and energy providers consistent with MCE's Credit Guidelines. Generally, MCE manages its exposure to energy suppliers through a preference for counter parties with Investment Grade Credit ratings as determined by Moody's or Standard and Poor's and through the use of security requirements in the form of cash and letters of credit. MCE measures its mark-to-market counter party credit exposure consistent with industry best practices.

### **6.4 Load and Generation Volumetric Risk**

MCE manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery, acquiring energy from a geographically and technologically diverse portfolio of generating assets with a range of generation profiles. In order to ensure energy product targets are achieved, MCE uses 80 to 100 percent of the generator's average annual expected energy for certain variable or as available resources for operating year load and resource planning.

MCE manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators who together provide the systems and data necessary to forecast and schedule load using good utility practice. By utilizing these data management and load forecasting services MCE may, from time to time, be able to anticipate significant or severe weather events. Such

events can and have resulted in excessive spikes in day-ahead and real-time prices, rolling black-outs, a shortage in energy supply compared to forecasted load and other acute CAISO market conditions. MCE should be able to anticipate with some degree of certainty the likelihood of an acute weather-related CAISO market event as those events become more probable over a period of time.

- a. During such events, MCE can utilize short-term purchases, the authority for which resides in MCE's Board Resolution Delegating Energy Procurement, as needed to mitigate price volatility. Such short-term purchases may include transactions with existing counterparties in both written and oral format.
  - i. Oral transactions may only be executed with counterparties contractually enabled with MCE through an approved master agreement on a recorded telephone line where written receipts and voice recordings documenting such transactions are provided to MCE.
  - ii. "Short-term purchases" for purposes hereof refers to Energy Procurement, as defined in MCE's Board Resolution Delegating Energy Procurement, on the day-ahead energy market within the forecasted 30 days.
  - iii. The CEO shall timely report any short-term purchases to the Board of Directors.
  - iv. The CEO may delegate authority to engage in short-term purchases under this subdivision to staff, including the Chief Operating Officer or Director of Power Resources.
  - v. The most recent MCE Board Resolution on Delegating Energy Procurement shall be the controlling authority in the event the above conflicts with a more recent resolution.

MCE's load scheduling strategy, as executed by its scheduling coordinator, is captured in its Load Bidding/Scheduling Guidelines. The strategy ensures that price risk in the day ahead and real time CAISO markets is managed effectively and is consistent with good utility practice.

## **6.5 Operational Risk**

Operational risks are managed through:

- Adherence to this Policy and oversight of procurement activity;
- Conformity to Human Resources Policies and Guidelines;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Ongoing and timely internal and external audits; and
- Cross-training amongst staff

## **6.6 Liquidity Risk**

MCE manages liquidity risk through adherence to its loan and power purchase agreement credit covenants, limiting commitments to provide security consistent with its Credit Guidelines, ensuring it has adequate loan facilities, prudent cash and investment management, and adherence to its Reserve Policy. MCE monitors its liquidity (defined as unrestricted cash, investments and unused bank lines of credit) no less than weekly. MCE utilizes scenario and sensitivity analyses while preparing budget, rate, and pro forma analyses in order to identify potential financial outcomes and ensure sufficient liquidity under adverse conditions.

## **6.7 Regulatory/Legislative Risk**

MCE manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions such as the California Community Choice Association. MCE regularly participates in regulatory rulemaking proceedings and legislative affairs to protect MCE's interests.

## **7.0 Risk Management Policy Governance**

### **7.1 MCE Board of Directors**

The MCE Board or its delegated subcommittee is responsible for adopting this Policy and reviewing it as needed every two calendar years. The Board also approves MCE's annual budget, contracting authorities and delegate responsibilities for the management of MCE's operations to its CEO and Staff.

### **7.2 Technical Committee**

The Technical Committee is responsible for approval of substantive changes to this Policy as needed every two calendar years, and for initiating and overseeing a review of the implementation of this Policy as it deems necessary. The Technical Committee is responsible for reviewing and approving the Integrated Resource Plan every year, and energy service and supply contracts consistent with MCE Board Resolutions describing contracting authorities.

### **7.3 Risk Oversight Committee (ROC)**

The ROC shall include the following voting members: Chief Executive Officer (CEO), Chief Operating Officer (COO), General Counsel, and Director of Finance, or their designees in case of their absence. The Director of Power Resources and Technical Procurement Advisor shall be non-voting members of the ROC. The CEO shall act as the chair of the ROC.

The ROC shall meet once per calendar quarter, or as otherwise called to order by the CEO. On at least a quarterly basis the Risk Oversight Committee shall provide a report to the Technical Committee regarding its meetings, deliberations, and any other areas of concern. The Director of Finance shall make reports and seek approval for any substantive changes to this Policy from the Technical Committee.

The ROC shall from time to time adopt and bring current risk management guidelines defining in detail the internal controls, strategies and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading and load and generation scheduling. The ROC shall specify the categories of transactions permitted and set risk limits for wholesale trading. The ROC shall receive and review information and reports regarding risk management, wholesale trading transactions, the administration of supply contracts.

The ROC shall have direct responsibility for enforcing compliance with this Policy. Any gross violations to this Policy, as determined by the Chair of the ROC, shall be reported to the Technical Committee for appropriate action.

## **RESOLUTION 2020-04**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY RESCINDING RESOLUTION NO. 2018-03 AND DELEGATING ENERGY PROCUREMENT AUTHORITY**

**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**, Resolution No. 2018-03 set forth energy procurement authority delegated by the Board of Directors; and

**WHEREAS**, the Board intends that this Resolution No. 2020-04 replaces Resolution No. 2018-03; and

**WHEREAS**, the Board of Directors, by this delegation of energy procurement and contracting authority as described herein, shall not be divested of any such authority, but shall retain and may exercise such authority at such times as it may deem necessary and proper, at its sole discretion; and

**WHEREAS**, the Board of Directors shall retain contracting authority over all contracts required by law to be approved by the Board, including but not limited to any contracts to borrow money or otherwise incur debt.

**NOW, THEREFORE, BE IT RESOLVED**, by the MCE Board of Directors:

- A. Resolution No. 2018-03 is hereby rescinded.
- B. For purposes of this Resolution, "Energy Procurement" shall mean all contracting, purchase and sale of energy and energy-related products for MCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage.
- C. The Board of Directors hereby delegates the following contracting authority consistent with an approved resource plan and/or budget, as applicable, including



contracts that are consistent with the current fiscal year's budget but extend beyond the current fiscal year:

### **1. Delegation to the Technical Committee**

The Technical Committee is hereby authorized to approve and direct the Chief Executive Officer ("CEO") and Technical Committee Chair to execute:

- a. contracts for Energy Procurement as herein defined;
- b. contracts for functions, programs or services related to Energy Procurement; and
- c. contracts related to MCE ownership, leasing or development of energy generation projects and assets.

### **2. Delegation to the Chief Executive Officer and Technical Committee Chair, Jointly**

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.

### **3. Delegation to the Chief Executive Officer**

The CEO is hereby authorized to approve and execute:

- a. 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;
- b. amendments or addenda to existing Energy Procurement contracts, regardless of the existing contract's price or total amount, which improve the terms of the contract to MCE's benefit without increasing the contract's not-to-exceed maximum dollar amount; and
- c. in the event of an emergency or critical needs situation, such as exposure to volatile CAISO market conditions during extreme weather events, or a shortage in energy supply compared to load forecasted, short-term purchases, which includes transactions with existing counterparties in both written and oral format.
  - i. Oral transactions may only be executed with existing counterparties contractually enabled with MCE through an approved master agreement on a recorded telephone line where written receipts and voice recordings documenting such transactions are provided to MCE.

- ii. "Short-term purchases" for purposes hereof refers to Energy Procurement on the day-ahead energy market within the forecasted 30 days.
- iii. The CEO shall timely report any short-term purchases to the Board of Directors.
- iv. The CEO may delegate authority to engage in short-term purchases under this subdivision to staff, including the Chief Operating Officer or Manager of Power Resources.

**PASSED AND ADOPTED** at a regular meeting of the MCE Board of Directors on this 19th day of November, 2020, by the following vote:

	<b>AYES</b>	<b>NOES</b>	<b>ABSTAIN</b>	<b>ABSENT</b>
County of Marin	X			
Contra Costa County				X
County of Napa	X			
County of Solano				X
City of American Canyon	X			
City of Belvedere	X			
City of Benicia	X			
City of Calistoga	X			
City of Concord	X			
Town of Corte Madera	X			
Town of Danville	X			
City of El Cerrito	X			
Town of Fairfax	X			
City of Lafayette	X			
City of Larkspur	X			
City of Martinez				X
City of Mill Valley	X			
Town of Moraga				X
City of Napa	X			
City of Novato	X			
City of Oakley	X			
City of Pinole	X			
City of Pittsburg	X			
City of Pleasant Hill	X			
City of San Ramon	X			

City of Richmond	X			
Town of Ross	X			
Town of San Anselmo	X			
City of San Pablo	X			
City of San Rafael	X			
City of Sausalito	X			
City of St. Helena	X			
Town of Tiburon	X			
City of Vallejo	X			
City of Walnut Creek				X
Town of Yountville	X			

DocuSigned by:



CE0286796CE54A5...

CHAIR, MCE

**Attest:**

DocuSigned by:



A59878416EBC4F8...

SECRETARY, MCE



# MCE Youth Engagement

Board of Directors - May 20, 2021

# Importance of Young Adults

## **Millennials**

- Make up increasingly growing share of our service area population 25-40 years old (born 1981-96).
- Largest most diverse population in the country. Millennials are first generation to influence up.

## **Gen Z**

- 71% of parents solicit opinions from their kids about purchases, and of those 66% actively take their kids opinions into consideration.

## **Gen Z & Millennials are key influencers**

- digital
- climate change activism
- multi-generational households
- diversity





# MCE Internship Program 2021

# Overview: MCE Internship Program



## Program Goals:

- Create ongoing entry level opportunities for members of our communities to work on meaningful projects and to learn more about MCE's mission and the renewable energy industry.
- Provide professional development opportunities to current staff by providing supervision opportunities, trainings, and resources.

# Recruitment Approach

## Outreach and Sourcing

- 4 Internship positions
- 1 Fellowship position
- 3 Temp positions
- Across 3 departments





# Onboarding and Training

Intern Onboarding / Training	Supervisor Training
<ul style="list-style-type: none"><li>● Department overviews and introduction to MCE positions</li><li>● STEM Focus<ul style="list-style-type: none"><li>○ Energy Economy</li><li>○ Climate Change</li><li>○ Energy Efficiency</li><li>○ Overview of CalCCA and Community Choice movement</li><li>○ The Grid and Energy Generation</li></ul></li><li>● What MCE does and how MCE impacts communities</li><li>● MCE's Mission, Values, and History</li><li>● New software and tools</li></ul>	<ul style="list-style-type: none"><li>● Supervising in a remote environment</li><li>● Creating a work plan</li><li>● Check-in tools</li><li>● Feedback</li><li>● Delegating</li><li>● Training of new hires</li></ul>

# Next Steps

- Strengthen and build connections with local organizations for potential candidates.
- Work with other departments to bring on more interns and opportunities.





#BecauseOfYouth  
2021

# #BecauseOfYouth Campaign

## Goals:

**Celebrate Young Environmental Leaders |  
Community Focused | Understand Youth Priorities |  
Brand Awareness | Develop Strategies**

## MCE's Call to Action:

**Share Your Story, Further Your Cause--**A Because of Youth story is anything that connects you to the natural environment.

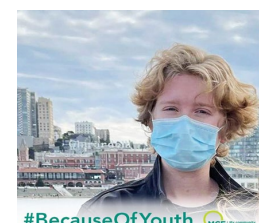
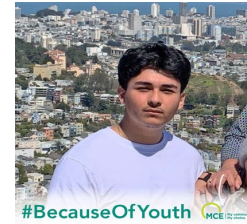
Participants invited to submit a picture or 20 – 60 second video via MCE's Instagram, including a descriptive caption and ask to "follow" MCE to lookout for their story.

Submissions accepted until April 22nd.

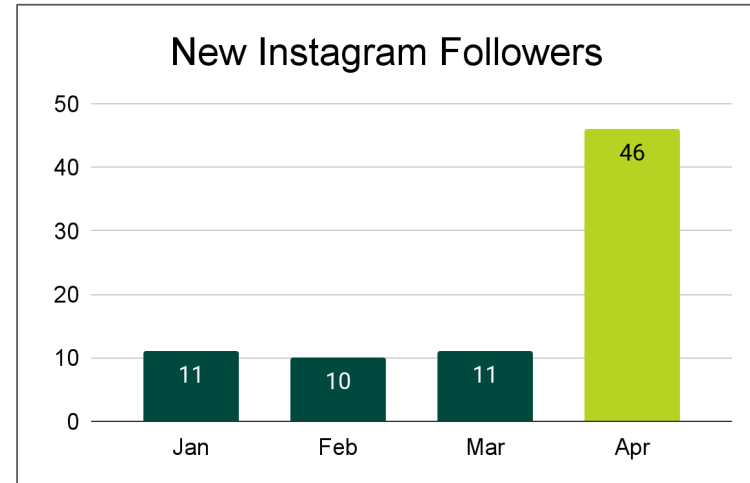
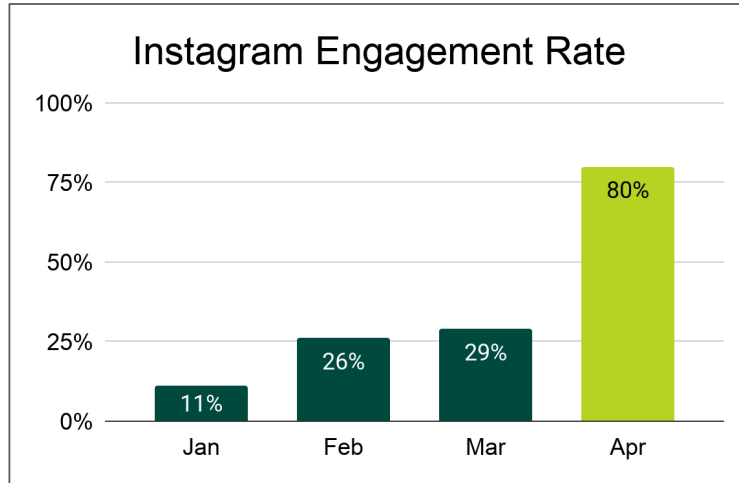


# Engagement Results

- 9 youth stories shared
- Deepened engagement with Youth serving Organizations
- #BecauseOfYouth stories make up MCE's top 5 liked Instagram posts of all time
- Large jump in total engagement and follower count in April
  - 24 out of 46 new followers were youth or youth serving organizations



# Social Media Engagement Results





# Outreach Approach

## Engagement Strategy 1: Building Awareness/Mass Outreach

- Conducted outreach to **over 32** CBOs and Community Partners
- **7 CBOs and Community Partners Reposted** on newsletters, social media, or shared directly with Youth

## Engagement Strategy 2: Deep Engagement

- **13** presentations or meetings held related to this campaign
- **Partners requested nominating Youth**
- **Direct Engagement:** MCE invited to present to **7 young people** who were nominated
- **3 Participants nominated** other Youth
- Estimated reach (directly engaged with MCE): **415**

# What Now?

- MCE blog spotlights for four #BecauseOfYouth participants with the most post engagements.
- Support additional MCE youth campaigns
- Develop Educational Materials
- Sponsor Youth Oriented Climate Events and Efforts





# Thank You

Lindsay Meehan, Human Resources Manager  
Mariela Herrick, Community Development Manager  
Sarah Dilleuth, Marketing Coordinator





May 20, 2021

TO: MCE Board of Directors

FROM: Michael Callahan, Senior Policy Counsel

RE: Policy Update of Regulatory and Legislative Items

Dear Board Members:

---

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

I. **Legislative Advocacy**

a. **Bills MCE has supported**

The following table includes all bills on which MCE has taken a position thus far. Noteworthy updates on select bills are included below.

Bill Number, Author	Position	Description
AB 21 (Bauer-Kahan)	Support	Empowers Attorneys General (AG) and District Attorneys (Das) to file civil actions against grid operators for vegetation management failures
AB 427 (Bauer-Kahan)	Support	Resource Adequacy credit for demand response programs
AB 525 (Chiu)	Support	Supports planning for offshore wind development
AB 843 (Aguiar-Curry)	Support	Gives CCAs access to BioMAT to support bioenergy (co-sponsored by MCE)

AB 1087 (Chiu)	Support	Creates a grant program to support resilience hubs in environmental justice communities (co-sponsored by APEN, MCE Community Power Coalition member)
AB 1395 (Muratsuchi, C.Garcia)	Support	Carbon-neutral California by 2045, net negative GHG emissions thereafter
SB 18 (Skinner)	Support	Supports planning for green hydrogen development
SB 30 (Cortese)	Support	Requires state agency buildings to be carbon-neutral by 2035
SB 99 (Dodd)	Support	Grant program to support local governments in developing community energy resilience plans
SB 345 (Becker)	Support	Requires CPUC to value and consider non-energy benefits in distributed energy resource programs
SB 612 (Portantino + 20)	Support	PCIA reform (sponsored by CalCCA)

**i. AB 21 (Bauer-Kahan)**

AB 21 has been made into a two-year bill, which means it will not advance this year, but will be re-considered in 2022.

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

MCE and Pioneer Community Energy are co-sponsoring AB 843 (Aguiar-Curry). The bill was voted unanimously out of its policy committee and is currently in Appropriations.

**i. AB 1087 (Chiu)**

MCE took a formal support position on this bill after favorable amendments regarding the program's administration.

**ii. SB 30 (Cortese)**

SB 30 has been made into a two-year bill, which means it will not advance this year, but will be re-considered in 2022.

**b. New support position approved – SB 617 (Wiener)**

At its May 7, 2021 meeting, the Executive Committee approved MCE to take a support position on SB 617. SB 617 would require cities and counties of a certain size to implement real-time, online permitting for standard solar and solar-plus-storage systems. It would also create a grant program at the California Energy Commission (CEC) to provide technical assistance and implementation grants to local governments that are subject to the requirement.

**c. Bills MCE is watching**

**i. AB 1161 (Garcia)**

This bill would require all state buildings to be served with 100% carbon-free energy provided through contracts purchased by the Department of Water Resources. This bill has also been made into a two-year bill, and will not be considered further this year.

**ii. AB 354 (Cooper)**

This bill would require the CEC to create a rebate program for low-income residential customers to purchase new appliances that meet energy efficiency standards. MCE is watching this bill and may oppose if only bundled customers of IOUs are able to access the incentives. MCE will advocate for CCA customers to also be able to access these incentives.

**II. California Public Utilities Commission**

**a. Power Charge Indifference Adjustment (PCIA)**

On April 5, 2021, the Commission issued a Proposed Decision in the PCIA Rulemaking. This decision responds to the proposals for portfolio optimization made by a group of load serving entities, including the California Community Choice Association (CalCCA). The decision would direct the utilities to voluntarily allocate and sell significant portions of their renewable portfolio standard (RPS) energy to load serving entities (LSEs) whose customers pay the PCIA, including CCAs. The decision rejects a similar proposal to continue greenhouse-gas-free allocations to the same LSEs and rejects a proposal to allocate or sell resource adequacy resources. On April 26, 2021 and May 3, 2021 CalCCA filed opening and reply comments respectively on the decision. The comments urge the Commission to implement the full proposals of the stakeholders and identified legal error and inappropriate cost shifts to CCA customers that would persist under the decision. The Commission

originally included this decision on a voting meeting agenda for May 6, 2021. Commission staff have since held the decision, assumedly to make revisions to the proposed decision based on stakeholder feedback. MCE will continue to engage on this matter.

**b. Provider of Last Resort (POLR)**

On March 25, 2021, the Commission issued an Order Instituting Rulemaking (OIR) to implement Senate Bill (SB) 520 (2019) and establish rules for the POLR. The POLR is intended to provide service to customers of an LSE that has ceased serving those customers. The OIR establishes two phases of the proceeding including: (Phase 1) the rules for utilities that are de facto POLRs under SB 520; and (Phase 2) the rules for other LSEs to take over the POLR role. On April 26, CalCCA filed comments on the OIR. CalCCA suggest that the POLR should be a temporary role to avoid unnecessary costs of the POLR incurring long-term investments when they may never need to serve a customer. CalCCA also proposed that CCAs should be able to voluntarily serve as the provider of second-to-last resort. This would allow a CCA to consider serving a Direct Access customer whose provider has ceased service or expanding their service area to include the area served by a CCA that is planning to cease service. This voluntary option could mitigate the need to rely on the POLR for service. MCE will continue to engage on this matter.