



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

## Executive Committee Meeting Friday, March 3, 2023 12:00 P.M.

Charles F. McGlashan Board Room, 1125 Tamalpais Avenue, San Rafael, CA 94901  
Mt. Diablo Room, 2300 Clayton Road, Suite 1150, Concord, CA 94920

Members of the public who wish to observe the meeting and/or offer public comment 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/83485920504?pwd=ak5XMmpkc0N4bmN3aGllaTkyNnNLUT09>

Dial: 1-669-900-9128  
Webinar ID: 834 8592 0504  
Passcode: 368129

### 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 2.3.23 Meeting Minutes
6. Fiscal Year 2023/24 Proposed Budgets (Discussion/Action)
7. Deep Green Resource Mix and New Service Offering (Discussion)
8. Review Draft 3.16.23 Board Agenda (Discussion)

## Agenda Page 2 of 2

9. Committee Matters & Staff Matters (Discussion)
10. Adjourn

*The Executive Committee may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the items are described.*

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation or an alternative format, please call MCE at 1 (888) 632-3674 at least 72 hours before the meeting start time to ensure arrangements for accommodation.

**DRAFT****MCE EXECUTIVE COMMITTEE MEETING MINUTES**

Friday, February 3, 2023

12:00 P.M.

The Executive Committee Meeting was conducted pursuant to the requirements of [Assembly Bill No. 361](#) (September 16, 2021) which allows a public agency to use teleconferencing during a Governor-proclaimed state of emergency without meeting usual [Ralph M. Brown Act](#) teleconference requirements. Committee Members, staff and members of the public were able to participate in the Committee Meeting via teleconference.

---

<b>Present:</b>	Eli Beckman, Town of Corte Madera Cindy Darling, City of Walnut Creek Kevin Haroff, City of Larkspur Devin Murphy, City of Pinole Laura Nakamura, Alternate, City of Concord Gabe Quinto, City of El Cerrito Holli Thier, Town of Tiburon Sally Wilkinson, City of Belvedere
<b>Absent:</b>	Barbara Coler, Town of Fairfax David Fong, Town of Danville Max Perrey, City of Mill Valley Shanelle Scales-Preston, City of Pittsburg
<b>Staff &amp; Others:</b>	Jesica Brooks, Board Clerk Alice Havenar-Daughton, Director of Customer Programs Darlene Jackson, Lead Board Clerk Vicken Kasarjian, Chief Operating Officer Catalina Murphy, Associate General Counsel Jamie Tuckey, Chief of Staff Alex Valenti, Senior Customer Programs Manager Dawn Weisz, Chief Executive Officer

**1. Roll Call**

Chair Haroff called the regular Executive Committee meeting to order at 12:07 p.m. with quorum established by roll call.

**2. Board Announcements (Discussion)**

There were none.

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

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

**DRAFT**

**4. Resolution No. 2022-02 Authorizing Continued Remote Teleconference Meetings for the Board of Directors and Every Committee of the Board of Directors Pursuant to Government Code Section 54953(e) (Discussion/Action)**

Catalina Murphy, Associate General Counsel, presented this item and addressed questions from Committee members.

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

Action: It was M/S/C (Quinto/Thier) to **adopt proposed Resolution No. 2023-02 Authorizing Remote Teleconference Meetings for the Board of Directors and Every Committee of the Board of Directors Pursuant to Government Code Section 54953(e)**. Motion carried by unanimous roll call vote. (Absent: Directors Coler, Darling, Fong, Perrey, and Scales-Preston).

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

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

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

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

- C.1 Approval of 12.2.22 Meeting Minutes
- C.2 Second Agreement with Energy Solutions
- C.3 Schedule A.3 to Master Services Agreement with CLEAResult Consulting Inc.

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

Action: It was M/S/C (Quinto/Thier) to **approve Consent Calendar item C.1**. Motion carried by roll call vote. (Abstained: Directors Beckman and Wilkinson  
Absent: Directors Coler, Fong, Perrey, and Scales-Preston).

Action: It was M/S/C (Thier/Beckman) to **approve Consent Calendar item C2-C.3**. Motion carried by unanimous roll call vote. (Absent: Directors Coler, Fong, Perrey, and Scales-Preston).

**7. Seventh Agreement with The Energy Alliance Association (Discussion/Action)**

Alice Havenar-Daughton, Director of Customer Programs, and Alex Valenti, Senior Customer Programs Manager, presented this item and addressed questions from Committee members.

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

**DRAFT**

Action: It was M/S/C (Quinto/Darling) to **approve the proposed Seventh Agreement with The Energy Alliance Association**. Motion carried by unanimous roll call vote. (Absent: Directors Coler, Fong, Perrey, and Scales-Preston).

**8. In-Person Meetings and Teleconferencing Options Under the Brown Act and AB 2449 (Discussion/Action)**

Catalina Murphy, Associate General Counsel, presented this item and addressed questions from Committee members.

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

Action: It was M/S/C (Thier/Darling) to **recommend to the Board of Directors, when a state-proclaimed State of Emergency is not in place, to hold Board and Committee meetings beginning March 1, 2023 under the Default Teleconferencing Rules**. Motion carried by unanimous roll call vote. (Absent: Directors Coler, Fong, Perrey, and Scales-Preston).

**9. MCE Formation Documents and Voting Rules Discussion (Discussion)**

Catalina Murphy, Associate General Counsel, presented this item and addressed questions from Committee members.

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

Action: No action required.

**10. Review Draft 2.16.23 Board Agenda (Discussion)**

Dawn Weisz, CEO, presented this item and addressed questions from Committee members.

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

Action: No action required.

**11. Committee Matters & Staff Matters (Discussion)**

There were none.

**12. Adjournment**

Chair Haroff adjourned the meeting at 1:49 p.m. to the next scheduled Executive Committee Meeting on March 3, 2023.

---

Kevin Haroff, Chair

**DRAFT**

Attest:

---

Dawn Weisz, Secretary



March 3, 2023

TO: MCE Executive Committee

FROM: Garth Salisbury, Chief Financial Officer & Treasurer  
Maíra Strauss, Manager of Finance

RE: Fiscal Year 2023/24 Proposed Budgets (Agenda Item #06)

ATTACHMENTS: A. Proposed FY 2023/24 Operating Fund Budget  
B. Proposed FY 2023/24 Program Development Fund Budget  
C. Proposed FY 2023/24 Resiliency VPP Fund Budget  
D. Proposed FY 2023/24 Energy Efficiency Program Fund Budget  
E. MCE Policy 013: Reserve Policy

Dear Executive Committee Members:

**Summary:**

MCE's fiscal year (FY) runs from April 1 through March 31 of the following calendar year. Before the end of every fiscal year, MCE's staff present proposed Budgets to the Executive Committee and Board for consideration for MCE's Operating Fund, Energy Efficiency (EE) Program Fund, Program Development Fund (PDF)<sup>1</sup> and the Resiliency VPP Fund<sup>2</sup> for the upcoming fiscal year. These Budgets authorize staff to:

1. Spend funds within the limits set forth in each budget line item and apply budgeted contingency amounts if necessary;
2. Fund MCE's Program Development Fund, Electric Vehicle and other customer programs;
3. Fund MCE's Resiliency VPP Fund; and
4. Move closer to reaching MCE's reserve targets by further funding MCE's Operating Fund balances and reserves.

The attached Proposed Budgets reflect MCE's projected revenue, expenditures and

---

<sup>1</sup> Previously called the "Local Renewable Energy and Program Development Fund."

<sup>2</sup> Previously called the "Resiliency Fund." We are now adding "VPP" for MCE's investments in Virtual Power Plant technology.

contingencies for FY 2023/24, and are anticipated to allow MCE to continue providing a minimum of 60% renewable energy and move closer to our goal of 95% greenhouse gas (GHG)-free energy for our customers. The rate increases implemented on January 1 of this year are also anticipated to result in additional revenue to enable MCE to cover the costs for energy and resource adequacy (RA) and make progress on reaching the Board's Reserve Policy goals.

The proposed FY 2023/24 Operating Fund Budget is projected to result in an increase of \$99,663,000 to MCE's Net Position at the end of the fiscal year, assuming continuation of the current rate schedule and no further significant increases in market prices. Staff has incorporated contingencies into the proposed budget including a summer heat wave and continued grid congestion which can negatively impact the availability of MCE's solar resources. An addition to MCE's Net Position of \$99,663,000 would result in achieving 81% of the Board Reserve Policy Goals and 82% of the Board liquidity goal by the end of the fiscal year in 2024. At the conclusion of the 2023/24 fiscal year Staff may propose, and the Board could consider, deferring some of this projected revenue into the Operating Reserve Fund for use in future years. Any deferral into the Operating Reserve Fund would reduce the addition to Net Position by a like amount. Staff will update the Board on the progress and status of the budget throughout the fiscal year.

Staff requests that the Executive Committee review and discuss the proposed Budgets and recommend to the full Board for approval, with any requested amendments, at its March 16, 2023 meeting.

#### **FY 2023/24 Operating Fund Budget Highlights:**

Attached is the Proposed FY 2023/24 Operating Fund Budget (Attachment A). For comparison purposes, Proposed FY 2023/24 is shown alongside the current year's Approved Budget and actual results through November 2022 and projections through March 31, 2023 ("Projected Budget").

**Revenue – Electricity (+\$170,000,000, 26.2% increase):** Electricity revenue is projected to go up by \$170 million primarily due to the effects of a full fiscal year with the rate adjustment passed by your Board in December 2022. Sales volume (GWh) is projected to be up slightly (1.2%) due to load growth within the existing customer base. Projected Net Electricity Revenue is adjusted downward by an assumed delinquency rate of 2% of Electricity Revenues, which represents over \$16 million in projected uncollectible revenue.

**Cost of energy (+\$171,000,000, 34.5% increase):** Cost of energy is expected to go up by \$171 million over the current budget and about \$100 million over the projected actuals for the current fiscal year. Expenses associated with the purchase of energy include our power purchase agreements, 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.

**Personnel (+\$2,502,000, 15.5% increase):** This increase is reflective of cost-of-living



adjustments to salaries, promotions, a budgeted assumption of merit increases for staff in 2024 (a combined 10.5%), fully integrating the full year's costs of new FTEs added last year, and the anticipated addition of 7 new FTEs over the course of the fiscal year (a combined 5%). This would increase FTE headcount from 89 to 96.

Furthermore, MCE is continuing its successful workforce development program through hiring and training 9 interns, 3 fellows, and 2 temporary staff. The program allows members of MCE's service area, who may not have otherwise had the opportunity to work in the renewable energy industry, to get professional development and education in the industry.

Overall, the proposed personnel costs represent 2.3% of the total Operating Fund Budget, which is slightly less than the current fiscal year (2.6% in FY 2022/23). Personnel costs are net of a \$2.3 million allocation of MCE staff time to CPUC Funded Programs and other grant program administration.

**Data Manager (-\$628,000, 10.9% decrease):** This decrease captures the first full year of moving in-house some of the previously outsourced call center services plus the shift to a more cost-effective data management services provider.

**Technical and Scheduling Consultants (+\$247,000, 24.0% increase):** Current energy market price volatility in addition to unprecedented increases in energy and RA costs require staff to work with a number of technical consultants. These consultants allow us to develop new and more advanced strategies to better predict our daily and hourly customer load and to respond to new regulatory mandates. MCE is proactively educating staff and working with more specialized technical consultants to better manage these risks and to implement more sophisticated energy scheduling strategies.

**Legal and Policy Services (+\$84,000, 6.0% 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 changing counsel to more cost-effective firms. Additionally, CalCCA continues to take 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 employment law, storage technologies and financing matters such as MCE's potential bonding activities and electricity prepayment transactions.

**Communications Services (+\$253,000, 11.8% increase):** Communications costs are associated with print, online, social, and video advertising; printing and mailing customer notices including compliance notices, targeted program marketing and on-going engagement; maintaining the website; community outreach and sponsorships; and special events. MCE is also investing in customer engagement campaigns, increasing diverse customer outreach, and promoting our clean power supply and programs. Costs for Communication Services are expected to increase modestly in anticipation of additional vendor support for Customer Programs marketing, and communications to increase participation, maintain and grow our customer base, as well as more in-person engagement

and outreach with the pandemic winding down.

**Other services (+\$101,000, 4.4% increase):** Other services encompass certain expenses which are not captured in other budget categories, such as consulting related to the ongoing support of Customer Relationship Management (CRM) software and the Digital Analytics Platform (DAP) developed by the Technology and Analytics Department.

**General and Administration (+\$167,000, 6.2% increase):** 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 with increased regulatory and legislative activities, CRM licenses for use by our Public Affairs Department, Customer Programs Department, and Legal and Policy Department, and load forecasting software for use by the Power Resources Department to allow for more sophisticated resource allocation and optimization of load scheduling.

**Occupancy (-\$18,000, 1.8% decrease):** Decreased costs are expected to impact the budget by the end of the fiscal year due to an anticipated renegotiation of existing office leases.

**Finance and Contingency (no change):** As the operating cost components of the Finance Department are allocated in all of the other budget line items, only the Contingency is represented here. This line represents \$1.5 million or 0.2% of the total Operating Fund Budget. Staff proposes once again that it be managed/allocated 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 (+ \$3,104,000, 136% increase):** 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. Some grants expired in the current fiscal year and others are starting in the 2023/24 fiscal year. The following grants or portions thereof are included:

1. \$1,000,000 (2022-2027) to support MCE's Healthy Homes program in Richmond. Funded by the California Strategic Growth Council Transformative Climate Communities program.
2. \$ 750,000 (2023-2025) to support MCE's Healthy Homes program across our service area. Funded by congressionally directed community spending requests (federal earmarks).
3. \$750,000 (2020-2025) to support solar combined with storage installations for non-profits in Marin. Funded by the Marin Community Foundation.
4. \$500,000 (2023-2025) to support solar combined with storage installations for community resiliency centers. Funded by federal earmarks.

5. \$1,500,000 (2022-2024) to support EV charging installations in Contra Costa disadvantaged communities in partnership with the Contra Costa Transportation Authority. Funded by the California Energy Commission.
6. \$180,000 (2022-2023) to support EV charging installations at multifamily properties in Marin. Funded by the Marin Community Foundation.
7. \$86,000 (2023-2024) to support EV charging installations at multifamily properties. Funded by the California Energy Commission Reliable, Equitable, and Accessible Charging for multi-family Housing (REACH) program.
8. \$2,000,000 (2023-2025) to support EV charging installations. Funded by congressionally directed community spending requests (federal earmarks).
9. \$1,762,000 for Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs (DACG-GT). The program enables income-qualified, residential customers in disadvantaged communities who may be unable to install solar on their roof to benefit from utility scale clean energy and receive a 20% bill discount.

**Interest Income (+\$3,500,000, +233% increase):** Increased interest income is expected to result from a targeted investment strategy developed by MCE Staff and the retention of an outside investment management company to take advantage of the increase in interest rates and further additions to our reserves over the course of the fiscal year.

#### **FY 2023/24 Program Development Fund (PDF)**

The PDF is financed by a transfer from the Operating Fund equal to 50% of the 1¢/kWh premium for Deep Green service and additional amounts if approved by the Board. For the 2023/24 budget year, in addition to a \$1,970,000 transfer representing 50% of the incremental 1¢/kWh, MCE will receive \$500,000 of Federal earmarked funds for EV rebates. This fund will be used for incentives, technical assistance, community education, and implementation of the following programs:

- **Transportation electrification.**
  - Rebates for newly purchased and leased EVs for income-qualified residents.
  - Rebates for charging ports installed at workplaces and multifamily properties.
  - MCE's EV smart charging app, MCE Sync, which automates home EV charging to use the least expensive and cleanest energy on the grid.
- **Fleet electrification.**
- **Low-income solar rebates.**
  - Rebates for solar installations when paired with storage for income-qualified residents. Expenditures primarily target residential single-family and multi-family rooftop installations.
- **Building electrification.**

- Rebates for electric, grid-enabled Heat Pump Water Heaters.

### FY 2023/24 Resiliency VPP Fund

On November 21, 2019, your Board approved the creation of a Resiliency VPP Fund with initial funding in the amount of \$3,000,000 plus an incremental funding of \$3,000,000 in FY 2020/21, \$1,000,000 in FY 2021/22, and \$2,000,000 in FY 2022/23. The creation of this fund was in large part a response to PG&E's Public Safety Power Shutoff (PSPS) events. Power outages 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 energy storage paired with solar to retain essential power supply during power outages while minimizing the use of carbon-emitting generators and fossil-fuel technologies.

Staff is recommending an additional \$500,000 of Federally earmarked funds and \$750,000 from Marin Community Foundation bringing the total funding to date to \$10,250,000.

### Energy Efficiency Program Fund

**(\$28,757,000, 40% increase):** 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 (EE) Program and the Low-Income Families and Tenants (LIFT) Pilot Program, Peak FLEXmarket, and Residential Market Programs. The funds awarded from the CPUC have increased from \$20,183,000 in FY 2022/23 to \$28,757,000 in FY 2023/2024.

**Fiscal Impacts:** The net impact of the Proposed Operating Fund Budget is a projected \$99,663,000 contribution to MCE's net position during FY 2023/24. The projections assume no change to MCE's current rates and are based on the best available information regarding market prices for any unhedged power supply.

**Potential FY 2023/24 Budget Impacts:** A number of anticipated and unanticipated events could have a measurable effect on MCE's portfolio and finances in the coming fiscal year. These include:

- 1) System energy, renewable energy and resource adequacy prices may end up being higher than anticipated due to market volatility, scarcity, availability and/or due to regulatory changes that can diminish the value of existing contracts, or drive-up costs;
- 2) Customer Energy Demand – As we continue to experience climate change through extreme weather events, including summer heat waves, severe cold temperatures, and drought, energy demand can outpace our hedged energy supply and negatively impact MCE's finances. This is particularly true when day-ahead and/or real-time market prices are abnormally high.

**Projected Impacts on MCE’s Reserve Policy Goals:** If results are as anticipated with the proposed budget, MCE would make significant progress on meeting the Board approved reserve and liquidity targets:

Reserve & Liquidity Requirement Targets		FY 2022/23	FY 2023/24
Reserve Projections	Reserve Target (\$)	336,540,000	423,000,000
	Projected Actual Reserves (\$)	241,051,000	341,051,000
	% of Target	72%	81%
Liquidity Projections	Liquidity Target (\$)	368,811,000	463,562,000
	Total Projected Liquidity (\$)	265,832,424	380,832,424
	Projected Days Liquidity on Hand	173	197
	Target Days Liquidity on Hand	240	240

**Recommendation:** Recommend approval of the proposed FY 2023/24 Operating Fund, Energy Efficiency Fund, Program Development Fund, and Resiliency VPP Fund Budgets to the MCE Board of Directors.



## A. Proposed FY 2023/24 Operating Fund Budget

**MCE Operating Fund**  
**Proposed Budget Fiscal Year 2023/24**  
**From April 1, 2023 through March 31, 2024**

	Fiscal Year 2022/23 Approved Budget	Fiscal Year 2022/23 Projected Budget	Fiscal Year 2023/24 Proposed Budget	Approved vs Proposed \$ Variance (Under) Over	Approved vs Proposed % Variance (Under) Over	As % of Net Electricity Revenue
<b>ENERGY REVENUE</b>						
Operating Revenues	\$ 647,152,000	\$ 642,543,000	\$ 816,760,000	\$ 169,608,000	26.2%	
Uncollectible Accounts	(18,459,000)	(18,335,000)	(16,621,000)	(1,838,000)	-10.0%	
<b>REVENUE - ELECTRICITY NET</b>	<b>628,693,000</b>	<b>624,208,000</b>	<b>800,139,000</b>	<b>171,446,000</b>	<b>27.3%</b>	<b>100.0%</b>
<b>ENERGY EXPENSES</b>						
Cost of Energy	495,310,000	566,383,000	665,973,000	170,663,000	34.5%	83.2%
<b>NET ENERGY REVENUE</b>	<b>133,383,000</b>	<b>57,825,000</b>	<b>134,166,000</b>	<b>783,000</b>	<b>0.6%</b>	<b>16.8%</b>
<b>OPERATING EXPENSES</b>						
Personnel	16,167,000	15,636,000	18,669,000	2,502,000	15.5%	2.3%
Data Manager	5,762,000	5,917,000	5,134,000	(628,000)	-10.9%	0.6%
Technical and Scheduling Consultants	1,028,000	955,000	1,275,000	247,000	24.0%	0.2%
Service Fees - PG&E	2,465,000	2,250,000	2,527,000	62,000	2.5%	0.3%
Legal and Policy Services	1,403,000	908,000	1,487,000	84,000	6.0%	0.2%
Communication Services	2,152,000	1,429,000	2,405,000	253,000	11.8%	0.3%
Other Professional Services	2,318,000	1,790,000	2,419,000	101,000	4.4%	0.3%
General and Administrative	2,688,000	2,070,000	2,855,000	167,000	6.2%	0.4%
Occupancy	1,028,000	1,027,000	1,010,000	(18,000)	-1.8%	0.1%
Contingency	1,500,000	-	1,500,000	-	0.0%	0.2%
<b>TOTAL OPERATING EXPENSES</b>	<b>36,511,000</b>	<b>31,982,000</b>	<b>39,281,000</b>	<b>2,770,000</b>	<b>7.6%</b>	<b>4.9%</b>
<b>OPERATING INCOME</b>	<b>96,872,000</b>	<b>25,843,000</b>	<b>94,885,000</b>	<b>(1,987,000)</b>	<b>-2.1%</b>	<b>11.9%</b>
<b>NONOPERATING REVENUES</b>						
Grant Income	2,281,000	1,862,000	5,385,000	3,104,000	136.1%	0.7%
Other Income	-	7,982,000	-	-	-	-
Interest Income	1,500,000	2,602,000	5,000,000	3,500,000	233.3%	0.6%
<b>TOTAL NONOPERATING REVENUES</b>	<b>3,781,000</b>	<b>12,446,000</b>	<b>10,385,000</b>	<b>(2,061,000)</b>	<b>-54.5%</b>	<b>1.3%</b>
<b>NONOPERATING EXPENSES</b>						
Banking Fees and Financing Costs	222,000	167,000	222,000	-	0.0%	0.0%
Grant Expenses	2,281,000	152,000	5,385,000	3,104,000	136.1%	0.7%
<b>TOTAL NONOPERATING EXPENSES</b>	<b>2,503,000</b>	<b>319,000</b>	<b>5,607,000</b>	<b>3,104,000</b>	<b>124.0%</b>	<b>0.7%</b>
<b>CHANGE IN NET POSITION</b>	<b>98,150,000</b>	<b>37,970,000</b>	<b>99,663,000</b>	<b>1,513,000</b>	<b>1.5%</b>	<b>12.5%</b>
Budgeted Net Position Beginning of Period	215,657,000	203,279,000	241,249,000	25,592,000	11.9%	0.30
Change in Net Position	98,150,000	37,970,000	99,663,000	1,513,000	1.5%	12.5%
<b>BUDGETED NET POSITION END OF PERIOD</b>	<b>313,807,000</b>	<b>241,249,000</b>	<b>340,912,000</b>	<b>27,105,000</b>	<b>8.6%</b>	<b>0.43</b>
<b>CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</b>						
Capital Outlay	75,000	-	389,000	314,000	418.7%	0.0%
Transfer to Resiliency VPP Fund	2,000,000	2,000,000	-	(2,000,000)	-100.0%	0.0%
Transfer to Program Development Fund	1,712,000	1,712,000	1,970,000	258,000	15.1%	0.2%
CARES	5,000,000	2,637,000	-	(5,000,000)	-100.0%	0.0%
<b>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</b>	<b>8,787,000</b>	<b>6,349,000</b>	<b>2,359,000</b>	<b>(6,428,000)</b>	<b>-73.2%</b>	<b>0.3%</b>
<b>BUDGETED NET INCREASE IN OPERATING FUND BALANCE</b>	<b>89,363,000</b>	<b>31,621,000</b>	<b>97,304,000</b>	<b>7,941,000</b>	<b>8.9%</b>	<b>12.2%</b>



## B. Proposed FY 2023/24 Program Development Fund Budget

MCE  
Program Development Fund  
Proposed Budget Fiscal Year 2023/24  
From April 1, 2023 through March 31, 2024

	Fiscal Year 2022/23 Approved Budget	Fiscal Year 2022/23 Projected Budget	Fiscal Year 2023/24 Proposed Budget
<b>REVENUE AND OTHER SOURCES</b>			
Transfer from Operating Fund	\$ 770,000	\$ 770,000	\$ -
Deep Green Transfer	942,000	942,000	1,970,000
<b>TOTAL REVENUE AND OTHER SOURCES</b>	<b>1,712,000</b>	<b>1,712,000</b>	<b>1,970,000</b>
<b>EXPENDITURES AND OTHER USES</b>			
Local Pilot Programs	3,436,000	1,087,000	4,850,000
Low Income Solar Programs	100,000	50,000	-
Regional Heat Pump Water Heater Program	200,000	200,000	360,000
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>3,736,000</b>	<b>1,337,000</b>	<b>5,210,000</b>
Net Increase (Decrease) in Fund Balance	(2,024,000)	375,000	(3,240,000)
Fund Balance at Beginning of Period*	2,033,000	2,913,000	3,288,000
Fund Balance at End of Period	<b>9,000</b>	<b>3,288,000</b>	<b>48,000</b>

\*Beginning balance for FY 2023/24 differs from budget FY 2022/23 ending balance due to delays in actual fund spending.



## C. Proposed FY 2023/24 Resiliency VPP Fund Budget

MCE  
Resiliency VPP Fund  
Proposed Budget Fiscal Year 2023/24  
From April 1, 2023 through March 31, 2024

	Fiscal Year 2022/23 Approved Budget	Fiscal Year 2022/23 Projected Budget	Fiscal Year 2023/24 Proposed Budget
<b>REVENUE AND OTHER SOURCES</b>			
Marin Community Foundation Grant	\$ -	\$ -	\$ 750,000
Federally Directed Funding	-	-	500,000
Transfer from Operating Fund	2,000,000	2,000,000	-
<b>Total Revenue and Other Sources</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>1,250,000</b>
<b>EXPENDITURES AND OTHER USES</b>			
Efforts Related to Marin Community Foundation Grant	485,000	-	750,000
VPP Solar Storage	-	-	2,000,000
VPP Efforts	3,379,000	1,350,000	500,000
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>3,864,000</b>	<b>1,350,000</b>	<b>3,250,000</b>
<b>Net Increase (Decrease) in Fund Balance</b>	<b>(1,864,000)</b>	<b>650,000</b>	<b>(2,000,000)</b>
Fund Balance at Beginning of Period*	2,838,000	3,582,276	4,232,276
Fund Balance at End of Period	<b>974,000</b>	<b>4,232,276</b>	<b>2,232,276</b>

\*Beginning balance for FY 2023/24 differs from budget FY 2022/23 ending balance due to delays in actual fund spending.





## D. Proposed FY 2023/24 Energy Efficiency Program Fund Budget

MCE  
Energy Efficiency Fund  
Proposed Budget Fiscal Year 2023/24  
From April 1, 2023 through March 31, 2024

	Fiscal Year 2022/23 Approved Budget	Fiscal Year 2022/23 Projected Budget	Fiscal Year 2023/24 Proposed Budget
<b>REVENUE AND OTHER SOURCES</b>			
Public Purpose Energy Efficiency Program	\$ 14,705,000	\$ 6,995,000	\$ 14,982,000
Public Purpose Low Income Families and Tenants Pilot Program	1,625,000	426,000	1,625,000
Peak FLEXmarket	3,854,000	117,000	8,250,000
ResMap	-	37,000	3,900,000
<b>TOTAL REVENUE AND OTHER SOURCES</b>	<b>20,184,000</b>	<b>7,575,000</b>	<b>28,757,000</b>
<b>EXPENDITURE AND OTHER USES</b>			
Public Purpose Energy Efficiency Program	14,705,000	\$ 6,995,000	14,982,000
Public Purpose Low Income Families and Tenants Pilot Program	1,625,000	426,000	1,625,000
Peak FLEXmarket	3,854,000	117,000	8,250,000
ResMap	-	37,000	3,900,000
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>20,184,000</b>	<b>7,575,000</b>	<b>28,757,000</b>
<b>BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>



## **POLICY 013: Reserve Policy**

### **Policy Statement**

MCE will adopt budgets and establish rates that provide for a growing Reserve until target funding levels are met.

The Reserve will grow to and be maintained at a funding level equal to or exceeding 60% of projected energy and operating expenses for the current fiscal year. The Reserve will be accounted for as the Net Position in MCE's financial statements.

The MCE Board will adopt budgets and establish rates for MCE with the goal of building and maintaining Reserves at or above the target level by March 2022, subject to MCE's ability to meet operational expenditures and maintain competitive rates.

### **Policy Purpose**

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the maintenance and potential improvement in MCE's stand-alone credit ratings.

Adequate Reserves will enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan or bond covenants, cover unanticipated expenditures, and support rate stability.

### **Relationship to the Budget, Liquidity and Periodic Review**

By setting rates and authorizing expenditures through approved Budgets, MCE determines targeted additions to Reserves. Staff will carefully monitor MCE's liquidity to ensure it meets the objectives of the organization with the goal of securing 240 days liquidity on hand<sup>1</sup>. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE activities or the acquisition of generating assets.

---

<sup>1</sup> Days liquidity on hand = (unrestricted cash and investments + unused bank lines of credit) x 365 / (operating expenses + cost of energy, each for the current fiscal year)



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

**DRAFT**

**Board of Directors Meeting  
Thursday, March 16, 2023  
7:00 P.M.**

Charles F. McGlashan Board Room, 1125 Tamalpais Avenue, San Rafael, CA 94901  
Mt. Diablo Room, 2300 Clayton Road, Suite 1150, Concord, CA 94920

Members of the public who wish to observe the meeting and/or offer public comment 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/86784992940?pwd=SDF1NUpjZWZVRy9BRnBTSFJYcXZpUT09>

Dial: (669) 900-9128  
Webinar ID: 867 8499 2940  
Passcode: 314955

**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 2.16.23 Meeting Minutes
  - C.2 Approved Contracts for Energy Update
6. Amendment to MCE Investment Policy (Discussion/Action)
7. Fiscal Year 2023/24 Proposed Budget (Discussion/Action)

## Agenda Page 2 of 2

8. Deep Green Resource Mix and New Service Offering (Discussion/Action)
9. Generation Project Request for Information (Discussion)
10. Public Affairs Update (Discussion)
11. Customer Programs Update (Discussion)
12. Board Matters & Staff Matters (Discussion)
13. Adjourn

*The Board may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the items are described.*

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation or an alternative format, please call MCE at 1 (888) 632-3674 at least 72 hours before the meeting start time to ensure arrangements for accommodation.