



**MARIN CLEAN ENERGY
BOARD MEETING
THURSDAY, March 6, 2014
7:00 P.M.**

**SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901**

Roll Call

Present: Kathrin Sears, County of Marin
Tom Cromwell, City of Belvedere, Alternate
Sloan Bailey, Town of Corte Madera
Barbara Coler, Town of Fairfax, Alternate
Kevin Haroff, City of Larkspur
Garry Lion, City of Mill Valley
Denise Athas, City of Novato
Tom Butt, City of Richmond
Ford Greene, Town of San Anselmo
Emmett O'Donnell, Town of Tiburon

Absent: Damon Connolly, City of San Rafael, Chair
Carla Small, Town of Ross
Ray Withy, City of Sausalito

Staff: Dawn Weisz, Executive Officer
Elizabeth Kelly, Legal Director
Jamie Tuckey, Communications Director
Beckie Menten, Energy Efficiency Director
Jeremy Waen, Regulatory Analyst
Meaghan Doran, Energy Efficiency Program Specialist
Greg Morse, Business Analyst
John Dalessi, Technical Consultant
Kirby Dusel, Technical Consultant
Emily Goodwin, Internal Operations Director
Darlene Jackson, Clerk

The Meeting was called to order by Vice Chair, Kathrin Sears.

Public Session: 7:07PM

Agenda Item #1- Board Announcements (Discussion)

None

Agenda Item #2 – Public Open Time (Discussion)

None

Agenda Item #3 – Report from Executive Officer (Discussion)

Executive Officer Dawn Weisz reported on the following:

- The annual energy procurement Open Season process deadline was March 3rd and 23 conforming and 3 nonconforming bids were submitted for California-based renewable power. The quality of the bids was noticeably better from last year and the prices submitted were down significantly from last year. MCE has just begun the evaluative process which includes developing an Ad Hoc Contracts Committee, as indicated on tonight's agenda, to discuss with staff and technical team evaluate proposals and begin the contract negotiation process.
- PG&E announced its rate increase will go into effect May 1, 2014. The reason for the rate change is deferred GHG costs. Those costs had not been incorporated into the PG&E rate structure for over a year. This will be further discussed during the Communications presentation.
- Ms. Weisz shared a couple of interesting items on the upcoming March Technical Committee meeting agenda: 1) the proposed shared solar project as discussed at the February Board meeting. An initial timeline has been determined and MCE is looking to launch this program as early as Spring 2014 and 2) a presentation by Stion, US-based solar manufacturer.

Ms. Weisz responded to questions from the Board.

At the request of Director Sears, Ms. Weisz provided a brief description of each contract up for renewal in the coming fiscal year so that Board members would know what each contract/agreement represents.

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

- C.1 2.6.14 Board Minutes
- C.2 Monthly Budget Report
- C.3 Approved Contract Update
- C.4 Second Addendum to Second Agreement with PlanetEcosystems
- C.5 Second Agreement with Braun, Blaising, McLaughlin & Smith
- C.6 Fifth Agreement with Douglass & Liddell
- C.7 Third Agreement with Ellison, Schneider & Harris
- C.8 Fifth Agreement with Richards, Watson & Gershon
- C.9 Second Agreement with Troutman Sanders LLP (item pulled for further discussion)
- C.10 Third Agreement with Jay Marshall
- C.11 Sixth Agreement with Maher Accountancy
- C.12 Second Addendum to Second Agreement with CivicActions
- C.13 Fifth Agreement with Green Ideals
- C.14 Second Agreement with Marin Web Design

C.9 was pulled for further discussion. Director Greene observed Troutman Sanders' fees are above all others and asked for justification of the prices we pay them. Per Ms. Weisz, MCE has seen those similar fee structures working with power contract and transactional attorneys. In her experience, fees tend to be in that market range for that type of specialized support.

The caliber of work product from this particular firm is justified due to the niche area of expertise and in line with competitors in the market. The work provided upfront with this firm is likely to have long-term benefits for MCE,

by way of avoided potential future contract related issues/costs.

M/s Greene/Lion (passed 10-0-0) approved all items on the consent calendar. Directors Connolly, Small and Withy were absent.

Agenda Item #5 – Budget Adjustment FY2013/14 (Discussion/Action)

Greg Morse, Business Analyst presented this item.

Mr. Morse discussed the two small changes in the budget.

- Cost of Energy - This increase of \$1,350,000 is due to the increased cost of energy which is slightly higher than previously anticipated. This increase will be offset by a reduction in the Net Increases in Available Fund Balance line item.
 - ✓ All other increases in the operating expense budget are completely offset by excesses in the Technical Consultants, Legal and Other Service budget line items.
- Staffing –This increase of \$20,000 is due to Cost of Living Increases, market competitive salary adjustments and recent additions to staff.

Mr. Morse and Ms. Weisz responded to questions from the Board.

M/s Haroff/O'Donnell (passed 10-0-0) approved Budget Adjustment FY2013/14. Directors Connolly, Small and Withy were absent.

Agenda Item #6 - Budget for FY2014/15 (Discussion/Action)

Greg Morse, Business Analyst presented this item.

Mr. Morse shared that the information presented here is the same in content as presented at the February Board meeting with a more detailed Communications budget (based on the Board's request). Director Sears asked if staff could remind the Board about the local renewable energy development fund. Ms. Weisz explained that during the Summer of 2013 the Board decided to take half of the Deep Green revenue received and put it into a local renewable energy fund to cover predevelopment costs of local MCE owned project build out. Owning a local renewable facility has been and continues to be one of MCE's long term goals. Ms. Weisz spelled out some of the costs associated with local build outs, e.g. engineering, permits, site evaluation, PG&E interconnection fees, and transactional expenses.

Ms. Weisz also shared that MCE has potentially identified a local site at the Richmond Port. MCE is currently in negotiations with City of Richmond for a rooftop lease at that site. Ms. Weisz discussed additional processes associated with potential leasing on that site.

Director Sears asked how much more funding does MCE anticipate spending on advertisement in the upcoming fiscal year. Ms. Tuckey shared that MCE plans to reduce direct mail costs and will offer customers the option to receive electronic notices. The plan is to increase advertisement by focusing advertising campaigns in the MCE service area on bus ads, news publications and potentially television/video ads. MCE is wrapping up its first four videos with MicroDocumentaries, the Board having approved their contract last year.

Mr. Morse, Ms. Weisz and Ms. Tuckey responded to questions from the Board.

M/s O'Donnell/Greene (passed 10-0-0) approved Budget for FY2014/15. Directors Connolly, Small and Withy were absent.

Agenda Item #7 - Ad Hoc Contracts Committee for 2014 (Discussion/Action)

Executive Officer, Dawn Weisz presented this item.

Ms. Weisz explained the various MCE committees and the purpose of each that is formed. She shared from time to time there is a need to form an Ad Hoc Committee to deal with specific matters. As a result of the 2014 Open Season, it is now necessary to form an Ad Hoc Contracts Committee to review the process surrounding 2014 Open Season. Several Board members have expressed interest in participating on this Ad Hoc committee and being involved in contract discussions in addition to items more technical in nature. She shared her excitement that this is the strongest level of interest ever experienced for a committee of this type. The Board members who have expressed interest in the Committee are: Kate Sears, Emmett O'Donnell, Bob McCaskill, Kevin Haroff, Gary Lion and Sloan Bailey.

Ms. Weisz responded to questions from the Board.

M/s Lion/Athas (passed 10-0-0) approved Ad Hoc Contracts Committee for 2014. Directors Connolly, Small and Withy were absent.

Agenda Item #8 – Communications Update (Discussion).

Communications Director, Jamie Tuckey presented this item.

Ms. Tuckey provided status of MCE Expansion and CCA Development as follows:

- She reported while there is not a lot of movement on the CCA development front, she is pleased to share the exciting news that Sonoma Clean Power will be launching service in May and currently are getting enrollments for their 100% renewable program which they've named "Evergreen."
- She also shared the membership study has been initiated for the County of Napa and MCE's technical team is working on that. The County of Napa has approximately 16,000 electric customers to potentially be added to MCE's load.
- Ms. Tuckey reminded the Board that the City of Albany and El Cerrito applied for grants from the World Wildlife Fund (WWF). The WWF was offering grants to communities who were interested in exploring CCAs and it was to help fund communities for feasibility studies. A letter of interest was received from the City of Albany and MCE will be meeting with their staff to talk about next steps. A meeting has will also take place with the City of El Cerrito staff to determine next steps.
- Staff level meetings have taken place with the following cities:
 - ✓ City of Benicia Community Sustainability Commission
 - ✓ City of Hayward
 - ✓ City of Piedmont
 - ✓ City of San Pablo
 - ✓ City of San Ramon
 - ✓ CCA East Bay – The Local Clean Energy Alliance will be hosting an all-day session on 3.24.14 where an audience of City Staff, Councilmembers and Supervisors throughout the East Bay will come together to gain knowledge of CCAs and the start-up process.
 - ✓ Santa Barbara County – MCE has been invited to speak at the National Association of Counties (NACO) Sustainability Forum on March 21, 2014 where CCAs will be one of the topics addressed. County staff and officials throughout the United States are invited.

On the community meeting front, Ms. Tuckey shared that her team attended a meeting in South Silicon Valley. There were approximately 50 large business attendees and representatives from various Silicon Valley, City of San Jose and City of Mountain View businesses where information related to CCA start-up was being explored.

Ms. Tuckey talked about MCE's Deep Green Earth Day Campaign that was launched today. MCE customers who sign up for the Deep Green program will have an opportunity to vote for the nonprofit organization of their choice. On Earth Day 2014, MCE will donate \$1,000 to the 1st place winner of the competition (the organization with the most votes) and \$500 to the 2nd and 3rd place winners. The partner organizations are:

- Asian Pacific Environment Network
- Marin Agricultural Land Trust
- Mindful Life Project
- Bicycle Works
- Sustainable Surf
- Sierra Club on behalf of the Local Clean Energy Alliance
- Whistlestop

Printed material has been supplied to the partner organizations for distribution to their customers.

Ms. Tuckey talked about rate changes specifically as it relates to Cap & Trade. She provided some background on Cap & Trade and how it came out of AB 32: The Global Warming Solutions Act. It sets a cap on the amount of Green House Gas Emissions (GHG) certain point-source businesses can emit. These businesses have the option of either meeting that cap or being below it. If they exceed the cap, they are required to buy permits which are called Greenhouse Gas allowances from the State which allow them to exceed that cap. The cap reduces 3% each year to help achieve the goal of reducing emissions to 1990 levels by 2020. Point-source remitters are allowed to buy the additional GHG allowances through quarterly state-run auctions.

CA Climate Credit – The State decided any revenue obtained from auctioning off the GHG allowances will be returned to customers through their electric bills. IOU's throughout CA will be issuing climate credits on their residential and commercial bills.

The first credits will be reflected on residential customer bills in April and again in October 2014 and will continue every April and October through 2020. The commercial credits will be reflected on customer bills in October 2014.

PG&E GHG Allowance Costs – The GHG pass through costs to customers that PG&E has been shifting and delaying is now going to be included in their rates that will take effect May 1, 2014. It is worth noting that due to PG&E's rate increase, the cost comparison shows MCE's Residential Light Green costs less and MCE's Commercial Light Green and Deep Green costs less than PG&E's, once those rates take effect. Ms. Tuckey expressed how exciting it is to have such competitive rates, given all the ongoing PCIA charges. It continues to illustrate that the CCA model, as deployed by MCE, is working as projected.

Director Butt requested a press release or other communication that could be circulated within the communities notifying the community of MCE's rate savings.

Ms. Tuckey and Ms. Kelly responded to questions from the Board.

Agenda Item #9 – Energy Efficiency Update (Discussion)

Energy Efficiency Director, Beckie Menten presented this item.

Small Commercial Update

Ms. Menten provided background on how the small commercial program works and that MCE would be launching

its canvassing campaign this month in Mill Valley and mid-March in the City of Richmond and Central Marin. Ms. Menten shared one of the things her team has done is to implement a revised approach on how customers registered for energy audits, thereby increasing the efficacy of this campaign. The plan includes pre-calling from a list of customers living or operating in the area where the team plans to target, making an attempt to speak (in advance of being onsite) with a decision-maker, and letting them know about the opportunities and benefits available to them. The campaign will run until June.

Ms. Menten talked about the new incentives rolling out. She shared that many customers are not taking advantage of opportunities being presented to them. Bonus incentives are being offered to business customers depending on the number of measures installed and they are trying to create incentives for property owners as well.

Financing Program Update

Ms. Menten shared that the Energy Efficiency team is working to launch a marketing campaign in mid-March to raise awareness for the Green Home Loans program. They are coordinating this campaign with Bay Area Regional (BayRen) and MCE's financing partner, First Community Bank. Some of the items they currently are working on include collateral and messaging development, creating a list of outreach events and trust partners. They are also working with Adam Lenz, City of Richmond Program Coordinator, to get Energy Efficiency information on the City's website as well as establish a "showcasing of improvement" program in the City of Richmond. The "showcasing" program would include offering \$1,000 incentives for showcasing completed improvements at a customer's home, as well as have a financing representative available at the showcasing events, explaining how a customer could finance the project.

Single Family Update

Ms. Menten shared some exciting news on the Single Family project: the New User Interface launching on MyEnergyTool website on Monday, March 10th. There is a marketing campaign to drive traffic to the web portal and a new features launch that will include a financing portal. The website link activity will be monitored to determine possible increase in advertising, increase in traffic to the site and retention of that traffic, as well as any increase in account activity.

Ms. Menten talked about the Schools Program which is in outreach mode. Her team has sent out emails and letters to school principals across the County of Marin and the City of Richmond and is hopeful they will be able to confirm a few partners soon.

Post 2014 Program Planning

Ms. Menten shared that the 2015 Energy Efficiency Program funding extension request is due on March 26, 2014. Currently Energy Efficiency Programs are funded 2-3 years at a time which tends to create inefficiency in the flow of a program while waiting for approval of next cycle funding. The PUC basically has extended the Energy Efficiency Program funding time period for longer term cycles, encouraging more mature program development and greater ability to meet project goals. There will be a public workshop held on March 17th at the CPUC to discuss best practices for the new approach to funding cycles as the 2013/14 cycle wraps up.

Ms. Menten indicated that one of MCE's potential requests will include is more funding for financing marketing and expansion of the HAN pilot.

Ms. Menten responded to questions from the Board.

Agenda Item #10 – Regulatory and Legislative Update (Discussion)

Legal Director, Elizabeth Kelly presented this item.

Spoke about two components of the 2012 Long Term Procurement Plan (LTPP) proceeding. LTPP currently consists of 4 tracks and there is a decision in Track 3 that was recently voted out. There are a couple revisions to the power charge and the major exit fees that our customers pay.

- **PCIA Impacts:** Directs the IOUs to reasonably estimate levels of expected CCA departing load over the 10-year term of the IOUs bundled plans. It also requires IOUs to exclude this departing load from their future bundled procurement plans
 - ✓ Based on California Energy Commission's Integrated Energy Policy Report (IEPR)
 - ✓ Based on information presented to CCA Binding Notice of Intent (BNI)

The only issue with the IEPR is departing CCA load has never been reflected in IEPR. The Regulatory Team is working with the CEC to ensure that CCA loads are appropriately reflected in IEPR. There is also some additional language in the Track 3 decision which reflects that the IOUs need to reasonably estimate the CCA departing load. Once CCA loads are anticipated in this LTPP it means that IOUs will not be procuring on behalf of CCA customers and over the long run you would see PCIA costs roll off.

- **CAM Impacts:** The applicability of CAM is still ill-defined. These are resources that are supposed to serve a system local area reliability need that is brought online by the IOUs. The decision is helpful insofar as similarly procurement undertaken for bundled loads of utilities should not be receiving CAM and it clarifies procurement pursuant to bundled plans does not receive CAM treatment. Ultimately looking to bring exit fees in line for MCE customers.

LTPP – Track 4

Ms. Kelly spoke about Track 4 being another area of these proceedings that deals specifically with the San Onofre Nuclear Generation Station (SONGS). We generally do not become involved in proceedings that do not have an impact in the PG&E service territory. However, in this case because of the scale of the impact of how replacement procurement is addressed the decision will have a very significant impact on CCA in Southern California service territories.

- The Proposed decision authorizes up to 1,200 MW of new resources to replace SONGS. It is not a replacement in its entirety but it is a significant replacement of a resource that was fundamentally used for bundled ratepayers.

Ms. Kelly explained that CAM treatment is authorized for all of these resources and there aren't many protections to ensure replacement resources meet the need left by SONGS.

MCE has significant concerns but MCE's legal brief on CAM effects on CCAs was struck almost in its entirety from the record for being "not relevant to the scope". The Commission basically agreed with the IOUs that MCE's issues were "irrelevant." The topics that were "irrelevant" include:

- Legal background to CAM and its applicability
- Specific legal requirements of applicability of CAM to CCAs
- Significant impact of CAM on CCA development in Southern California

Cap and Trade having already been addressed by Ms. Tuckey during the Communications presentation, Ms. Kelly announced another bit of good news. A decision on State of California Commission budget will be voted on to include a couple of new high level energy efficiency positions and a 2-yr administrative law judge position. All proposed positions are specifically related to CCAs. This was voted on in sub-committee and next steps will be to

send to the assembly budget sub-committee for vote on April 30th. MCE received letters of support from the City of Richmond, LEAN, TURN, Monterrey Bay and others. MCE is looking forward to the next steps in this process. Ms. Kelly and Ms. Weisz responded to questions from the Board.

Agenda Item #11 – Board Member & Staff Matters (Discussion)

Director Greene announced that recently in the Transportation Authority of Marin, staff developed a list of alphabetically organized acronyms, interpretations and glossary. He believes it would be useful to have a similar tool for the MCE Board. Ms. Kelly will provide an updated version of the Key Legislation and Glossary of Terminology and Acronyms for the Board at the April meeting.

Barbara Coler, Town of Fairfax Alternate suggested since these Board meetings are made available to the public through video, it might be helpful if the acronyms are explained as they are being used.

Agenda Item #12 – Adjourn

8:43PM



Kathrin Sears, Vice Chair

ATTEST:



Dawn Weisz, Executive Officer

