

APPROVED

JUN 18 2015

MARIN CLEAN ENERGY

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BOARD MEETING MINUTES

Thursday, May 21, 2015

7:00 P.M.

**THE CHARLES F. MCGLASHAN BOARD ROOM
1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901**

Roll Call: Chair Sears called the regular Board meeting to order at 7:04 p.m. An established quorum was met.

Present: Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Tom Butt, Vice Chair, City of Richmond
Genoveva Calloway, City of San Pablo
Peter Lacques (Alternate to Barbara Coler), Town of Fairfax
Andrew McCullough, City of San Rafael
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Gary Lion, City of Mill Valley
Greg Lyman, City of El Cerrito
Bob McCaskill, City of Belvedere
Brad Wagenknecht, County of Napa
Ray Withy, City of Sausalito
Alan Schwartzman, City of Benicia
Kate Sears, Chair, County of Marin

Absent: Emmett O'Donnell, Town of Tiburon
Carla Small, Town of Ross

Staff: Dawn Weisz, Executive Officer
Elizabeth Kelly, Legal Director
Shalini Swaroop, Regulatory & Legislative Counsel
Beckie Menten, Director of Energy Efficiency
Greg Brehm, Director of Power Resources
Jennifer Dowdell, Consultant
Jose Perez, Administrative Assistant
Darlene Jackson, Clerk

1. Board Announcements (Discussion)

Chairperson Sears announced that sea level visualization devices have been set up and are located on the multi-use pathway in Mill Valley at Miller Avenue and El Monte Boulevard.

She thanked MCE for their support and tabling and described the interactive device wherein viewers can look and see current conditions, king tides, and alternative adaptation strategies. They will be in place for 12 weeks and she invited people to try it, noting that AutoDesk Wizardry created the visualizations.

2. Public Open Time (Discussion):

There were no public comments.

3. Report from Executive Officer (Discussion)

Dawn Weisz, Executive Officer, gave the following report:

- She gave an Office Space Update:
 - She welcomed the Board and staff to the MCE's new Board Room, described protocols of using microphones and identifying themselves, and said the Energy Efficiency Room will be used for printed materials and snacks.
 - Committee meetings will be held in the Barbara George Conference Room and parking is available in the regular lot, as well as in the dance studio lot on Mission Avenue across from MCE;
 - Phase I of the building at the 1125 Tamalpais Avenue location is complete. Phase II is expected to be completed sometime this summer and will include the addition of the elevator which will be a three-stop elevator with an access card;
 - Staff is working with the City of San Rafael and developing plans for a solar carport structure and EV charging stations;
 - Security cameras are in place throughout the building with live monitoring, a motion sensor alarm system and fire alarm system; and
 - She highlighted the following green features of the building: Recycled glass countertops in the restrooms, carpet tiles, low VOC paints, recycled materials, increased natural light to reduce the need for lights, installation of LED lighting with motion sensors and light sensors, contract with a worker-owned cleaning company who uses green building supplies, use of a local landscape company, and composting.

- She provided the following Enrollment Update:
 - Enrollment in all four new communities is going smoothly with a strong participation rate in all communities. There is a lot of interest in the Deep Green Program, in El Cerrito;
 - MCE received the Acterra 2015 Business Environmental Award in the category of Environmental Innovation for their Community Choice Aggregation Program. MCE will be honored at an evening reception in Silicon Valley on May 28th in Mountain View.

Board Member Schwartzman questioned and confirmed with Ms. Weisz that Benicia's participation rate is at 82%.

Board Member Haroff asked Ms. Weisz to comment on her participation at the Power Association of Northern California Conference this week.

Ms. Weisz described the annual PANC (Power Association of Northern California) seminar as an energy industry-heavy group that puts on monthly educational events. She sat on a panel that focused on how choice can drive innovation and how MCE is helping move the State towards the Governor's goals for more renewable and flexible use of energy and local control.

4. Consent Calendar (Discussion/Action):

C.1 4.16.15 Meeting Minutes

C.2 Approved Contracts Update

C.3 MCE Staff Position Adjustments

C.4 First Addendum to First Agreement with Low Voltage Security, Inc.

C.5 First Addendum to Second Agreement with The PFM Group

ACTION: It was M/S/C (Bailey/Haroff) to approve the Consent Calendar consisting of Items C.1 through C.4. Motion carried by unanimous roll call vote: 8-0-2-5 (Absent: O'Donnell and Small; Abstain-Item C.1: Lacques, McCullough, Lion, Withy, Schwartzman).

5. Resolution 2015-03 of the Board of Directors of MCE to Serve as Regional Liaison for Property Assessed Clean Energy Programs in Marin County (Discussion/Action)

Director of Energy Efficiency Beckie Menten stated PACE (Property Assessed Clean Energy) financing is a form of financing which public jurisdictions can allow in their areas where property owners can voluntarily opt into tax assessments. This allows a form of financing for such things as energy efficiency and renewable energy improvement projects, water conservation improvements and earthquake retrofits.

Since 2008 PACE has expanded and MCE supported CaliforniaFIRST in 2012, along with many cities. Since that time PACE has become more popular with new providers entering the marketplace. Currently, CaliforniaFIRST is the only PACE administrator that has the ability to administer their program in the County of Marin and in many jurisdictions in the area, but there are 4 other administrators who have approached the County of Marin seeking authorization to administer their programs locally.

Staff looked at Sonoma County which has been a leader in the PACE program for many years. The County of Sonoma started an open market PACE program where they allow any provider to operate a program in their jurisdiction as long as the provider signs an agreement which requires them to abide by best practices. This approach allows competition in the marketplace, and would remove MCE from having to make a determination about whether one

administrator is better than another, and it allows the County to set a baseline set of best practices for these administrators so they can operate within the region.

MCE staff has worked closely with the Marin County's sustainability team and Ms. Menten noted it is the County and its cities that must take action to authorize administrators to offer their programs. In 2012, MCE offered to act as a regional liaison for the PACE program, has operated as a storefront and has offered lead generation services for administrators connecting people who are interested in participating in the program with the providers. Ms. Menten developed the open market agreement in conjunction with the County; she is seeking authorization for the Executive Officer to execute the agreement. This agreement establishes baseline practices and she outlined those baseline terms of the agreement as described in the staff report.

Ms. Menten said the agreement is not yet finalized, as they are negotiating final terms with providers; the only outstanding piece relates to the privacy language because of MCE and the County's request for data sharing. Staff requests the Board approve Resolution 2015-03 to establish MCE as the regional liaison for PACE programs in Marin County and authorize the CEO of Marin Clean Energy to finalize and execute the agreement for collaborative services for the PACE financing marketplace.

Chairperson Sears asked and confirmed that MCE does not expect any changes in the agreement other than the privacy provision, although the privacy language will have to be sent back to providers for final review.

Board Member Lion said it is expected that cities will follow-up with allowing providers and he asked if staff will be providing a template of a resolution or staff report. Ms. Menten said yes; she is working with the County to prepare a set of documents for cities/towns that can choose to adopt if they wish which would incorporate the agreement by reference and would apply to each of the providers.

Board Member Bailey said the report asks not only that the Board approve the resolution but also to authorize the CEO to execute the agreement. He asked if the second authority is in writing or by motion itself. Ms. Menten said the resolution and recommendation should be entirely by motion of the Board.

Board Member Greene said in talking about how 68% of the mortgages in Marin are non-conforming mortgages, if what makes them non-conforming is that they are not financed by Freddie Mac or Fanny Mae. Ms. Menten said yes and that they are not under the jurisdiction of FHFA. She further explained that 68% of the mortgages in Marin County are non-conforming which is high and makes them an attractive market for PACE. The FHFA has had a stand-offish approach towards PACE assessments and has indicated they are uncomfortable with the position of the security because mortgages are subordinated to a PACE loan. As a result, some mortgages have provisions where if they are subordinated the lender can pull the mortgage and require it be paid in full. However, they have not seen this in any PACE program to date.

Ms. Menten noted there are over \$400 million in residential PACE assessments in California. What has happened on a very small percentage is that when a home comes up for sale, the buyer cannot get a mortgage until the PACE assessment is resolved at the time of sale. They do not want to inflate the risk but want to be sure that people are aware of the risk.

Board Member Schwartzman said he is in the mortgage business and he assumes that on the non-conforming lenders it will be lender-specific as to whether or not they agree. He asked if Ms. Menten has any statistics as to how many non-conforming properties have PACE now and what this translates to percentage-wise of lenders who allow this subordination.

Ms. Menten said she does not have these statistics but said what has been happening across the state is that there is a significant amount of PACE activity occurring. There has not been a mortgage that has been pulled due to subordination, but in some instances there have been reports of homeowners not being able to sell without the PACE assessment being dealt with. Her understanding is that these are with conforming mortgages, but she could not verify. She agreed to check with the County of Sonoma to determine if they have more specific data.

Board Member Schwartzman said this is his understanding as well; that it is the conforming mortgages that have been the issues, and he also was not sure how many non-conforming mortgages have PACE.

Board Member Lacques stated that the marketplace member is an entity that would actually administer the PACE program. He asked if there were provisions of how they get compensated or asked if this will be taken up by the Board under another item. Ms. Menten said this agreement does not speak at all to flow of funds between the marketplace member and the County. Generally, the way those marketplace members cover their costs of operation is through the spread of interest rate on the financing so there is no cost to the County or individual cities for participating.

Chairperson Sears commented that it is interesting how the marketplace has changed, noting that the County has been interested in expanding the ability for people to participate in the PACE program. She thinks it is great that they are able to move forward and she thanked Ms. Menten for her work.

Ms. Menten recognized the collaborative efforts of Dana Armanino, Marin EMT Coordinator.

Chairperson Sears opened and closed the public comment period, seeing no speakers.

ACTION: It was M/S/C (Bailey/Greene) to approve Resolution 2015-03 to establish MCE as the regional liaison for PACE programs in Marin County and authorize the CEO of Marin Clean Energy to finalize and execute the agreement for collaborative services for the PACE financing marketplace. Motion carried by unanimous roll call vote: 15-0-2 (Absent: O'Donnell and Small).

6. Adjustment to MCE Retirement Plans (Discussion/Action)

Consultant Jennifer Dowdell briefly summarized the item, stating the request is to delegate to the Executive Committee the ability to review and select some potential providers for the retirement plan and asking that the Board delegate that approval for plan upgrades to the Executive Committee and direct staff to research options and bring them to the Executive Committee for discussion, review and approval.

To provide context, MCE's retirement plans include a 401(A) plan which is an employer contribution plan and a 457(B) plan which is an employee contribution, and the total is coming close to \$1 million. In order to get a standard plan provider like Fidelity or Schwab, they must have \$1 million in each plan. MCE's plans are growing quickly and they have some different options from the time they launched which include a better deal from their current provider and other options.

Currently, employee accounts pay all administrative costs of the accounting and this is something employees may not prefer to incur. MCE also does not have an independent financial advisor in review of selection or changes to funds, which would reduce MCE's risk. They are trying to look at providers that will allow them to better customize the funds and directly engage investment advisors. Based on indicative bids, the cost of making these changes would be diminimous to the plan overall, and changes would increase MCE's cost above those amounts because MCE would take on the plan administration. There are a variety of providers and basically it is a menu in terms of the extensiveness of plan support, things like dividing up plans and accounting for accounts separately on the platform.

Ms. Weisz noted the item was discussed by the Executive Committee and she invited those members to comment further.

Board Member Lion said he understands this requires Board approval but suggested staff research opportunities, propose them to the Executive Committee and have the Board make the final decision. Ms. Weisz noted there is no time sensitivity for this and the reason the recommendation is framed in this way is because of the direction of the Executive Committee's conversation. She said the Committee could make a decision or recommendation at its next meeting.

Board Member McCullough supported delegating the authority to the Executive Committee, thinks the staff report is well done and points are persuasive with one minor exception. With experience as the plan fiduciary for his company's plan, his understanding in the private sector is that typically plan administer expenses are borne by the participants so it is spread equally among them or pro rata, and the company does not typically absorb those expenses. Therefore, this is something to consider and he suggested making sure this is standard within whatever sector or industry MCE finds itself in because it is not in the mid to small market private company sector.

Ms. Dowdell said this is an excellent suggestion and they can conduct further research and return. She explained that one of the issues around the administrative cost is that MCE is so new and a lot of employers are fairly early on in their career, so the accounts are small. The combination of the load in the fund line-up and the administrative expenses being borne by fairly small accounts was of concern, but she acknowledged Board Member McCullough's comments and can research this and bring it back.

Board Member Lyman echoed Board Member Lion's comments that it should be researched at the Executive Committee level and brought back to the full Board for consideration and final action.

Board Member Schwartzman concurred with this direction as well, and he asked if research has been done with other entities that provide no load funds. Ms. Dowdell said yes, and they have had a discussion with a no-load mutual fund group but they do not provide plan administration and have administrators they work with and two administrators have been contacted. Board Member Schwartzman asked if they have information back to present as a comparison to the current provider or others.

Ms. Dowdell said yes, the most expensive option is to go with a full service fiduciary and to go with a full-service administrator. By doing this, they get individual employee accounts accounted for separately as well as the two plans accounted for separately, which would be an improvement to what is in place now. Additionally, they provide a portal shell and MCE employees can fill that shell with their preferred funds. The more complete and more customized the administration is, the more flexibility they have as to how to fill that platform.

Board Member Schwartzman said it would be interesting to see some alternatives and different cost variances to see what they have now, what is most expensive and least expensive. Ms. Dowdell concurred and said they inquired with two separate plan administrators and she discussed costs to administer both plans as well as fiduciary services.

Chairperson Sears said the question is whether the Executive Committee should make a recommendation which will be brought back to the Board.

Board Members Greene and Haroff concurred with comments, particularly noting that the issue is sensitive and to be sure there is adequate governmental review.

Chairperson Sears opened and closed the public comment period, seeing no speakers.

ACTION: It was M/S/C (Lion/Haroff) to direct staff to further research options to be brought to the Executive Committee, which will then make a recommendation to the Board of Directors for final approval. Motion carried by unanimous roll call vote: 15-0-2 (Absent: O'Donnell and Small).

7. Grant from San Francisco Foundation (Discussion/Action)

Ms. Weisz recognized Regulatory Counsel Shalini Swaroop who did much of the work on the item, stating MCE has been very interested in engaging with the community on CCA in general, expansion in new communities and have developed a grassroots group called MCE Community Power. They applied to the San Francisco Foundation to extend and deepen the work of that group. The Foundation expressed an interest in the concept and a group of staff completed an application, discussed it with representatives of the foundation, and received notification a couple of weeks ago that they were awarded a grant.

The primary use of grant funds based on the application would be to hire a Community Organizer to help coordinate efforts of this group and engage in added analysis on how they can strengthen the work and ties of the group.

Ms. Swaroop referred to page 108 of the packet showing the mission statement of MCE Community Power, which focuses on marginalized constituencies and communities within MCE's service territory. There are 5 specific tasks they hope the Community Organizer can take on, which are listed in the award letter on page 113. She said she was available for questions.

Chairperson Sears asked if the organizer would be able to work in all communities that are part of the service territory. Ms. Swaroop said the San Francisco Foundation has unfortunately limited their grant activities to Marin and Contra Costa County and do not consider Napa and Solano counties as their grant focus. The hope is that the Community Organizer could receive some supplemental funding from MCE to address needs from those communities.

Chairperson Sears opened and closed the public comment period, seeing no speakers.

ACTION: It was M/S/C (Butt/Lyman) to accept the grant award in the amount of \$35,000 from the San Francisco Foundation. Motion carried by unanimous roll call vote: 15-0-2 (Absent: O'Donnell and Small).

**8. Amended and Restated Power Purchase Agreements with Stion MCE Solar One, LLC
(Discussion/Action)**

Director of Power Resources Greg Brehm stated this Power Purchase Agreement (PPA) authorized by the MCE Board in March, because the project is being built in multiple phases, the finance partner of Stion requested the PPA be split into two separate contracts so as they can come online individually, and each phase could qualify for tax credits. Because of that, staff adjusted the PPA, splitting the transactions into two separate draft agreements for consideration.

Mr. Brehm said there is nothing of significance that changed in the terms except for minor clarifications and splitting the contract into two. Also requested is that the Executive Director be authorized to sign the agreements, as staff is awaiting some action items from Stion to bring

the project schedule up to date and to secure Chevron's approval of the development plan, and Stion as the developer.

Chairperson Sears asked if there is any concern they may fall behind schedule. Mr. Brehm said they are about two months behind their original project schedule. They held a meeting with the developer today and gave them strict guidelines to have the project move forward with the first phase completed within the year. Once this occurs and Chevron moves forward with approving Stion as the developer, they should be in good shape.

Board Member Lacques asked if the contract price will be determined at some other date. Mr. Brehm said the price has been determined but while in negotiations, this is confidential and not included in the packet. The PPA was approved at the last Board meeting and Mr. Brehm could provide the price after the meeting.

Mr. Brehm then provided a brief update on both the 2 MW and 8.5 MW projects and described pertinent information about project site boundaries, lease, environmental review, and said the expected dedication is scheduled in late fall of 2016.

Board Member Haroff asked and confirmed that as part of the CEQA process there will be at least two public hearings in the process which will occur in Richmond and staff will work from a public list to provide public notice.

Ms. Weisz suggested amendment to the motion because of the timing issues that have surfaced. She suggested that the Board authorize approval by the CEO of the two agreements, as staff would like to wait until Stion meets a couple of milestones before moving forward with signatures.

Chairperson Sears opened and closed the public comment period, seeing no speakers.

ACTION: It was M/S/C (Bailey/Athos) to authorize the CEO to approve Power Purchase & Sale Agreement with Stion MCE Solar One, LLC for 2 MW local renewable energy supply; and authorize the CEO to approve Power Purchase & Sale Agreement with Stion MCE Solar One, LLC for 8.5 MW local renewable energy supply. Motion carried by unanimous roll call vote: 15-0-2 (Absent: O'Donnell and Small).

9. Energy Efficiency Update (Discussion)

Ms. Menten provided the following energy efficiency update, focusing first on the multi-family program. She noted that in each monthly Board packet is a snapshot of savings since launching their Energy Efficiency programs

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Board Member Bailey asked why there was such an increase between January and February 2015. Ms. Menten pointed to a graph of a project in Richmond and said multi-family projects often take a long time to implement and then all savings hit at once. She explained that these projects have considerable lead time and often require a unique approach. Affordable housing projects tend to have trigger points where they are re-capitalized and they will save major capital improvements for that point in time and then do a significant building upgrade when they have access to those resources.

She also said that often in market rate properties the property owner or manager will be reluctant to disrupt their tenants and they are more willing to consider phased approaches where they upgrade a unit at turnover. MCE has tried to accommodate these different applicants and have a solution for every property. She noted that the small commercial program is the single largest contributor to their savings portfolio and they have had a lot of upgrades throughout Richmond and Marin, and this is the largest number contribution overall. The single family program has a significant contribution and in addition, tends to be their most cost-effective program to implement.

Ms. Menten provided an additional multi-family overview including:

- Since beginning the program, they have audited about 52 properties throughout MCE's service territory and distributed \$180,000 worth of rebates.
- At the leadership of their Executive Officer, they have started to institute quarterly goal tracking among each of the programs to ensure they are directing resources in the right areas. They have found in the multi-family program they have exceeded goals which has a lot to do with collaboration with the Marin Municipal Water District (MMWD). Often MMWD will have grant funds for faucet aerators and shower heads which can reduce water, but they do not have rebate dollars to install the equipment, so MCE works with them to take the equipment and will install that equipment and achieve both the energy and water savings.
- MMWD has also referred properties that want to reduce water to MCE which has been very positive and savings projections for the multi-family program are very successful. Their goal is 145,000 KW hours and they have 260,000 KW in the pipeline or 76%. Their therm savings goal is 29,000 KW with 26,000 KW in the pipeline. In addition, they have achieved 18,000 KW already so they are looking at 114% of their therm goals. Important to note is that these are projects in the pipeline so the emphasis will be converting those projects and getting commitment to sign rebates and getting projects done by the end of the year.
- They found that over the past several years that they were having a bit of attrition in the program, in that homeowners would receive the report and they did not follow-up. They now require a good faith deposit from properties before moving forward with the audit process and they are reimbursed the cost of the deposit at the time of the rebate.

Ms. Menten then provided an update on the commercial program:

- The commercial program has continued to show a steady increase and a steady rate of savings.
- They have found that capturing therm savings has been very difficult because often the natural gas burning equipment tends to be owned by the landlord and MCE operates primarily in tenant owned spaces. MCE has made contact with building owners to get HVAC-related projects implemented, but savings sometimes diminish completely because they must be above code, which has been the other challenge.
- This program has negative therms. Incandescent lighting is 75% less efficient than CFL's and even more so than LED's. Through implementing lighting programs in California, they learn that when replacing an incandescent bulb with a CFL bulb, it can sometimes have an increase in heat use in the property and people turn up their HVAC systems. Therefore, they continue to find strategies to address this hard-to-reach sector.
- From inception they have audited over 2,400 businesses throughout the Richmond and Marin area and have distributed \$180,000 worth of rebates over 169 projects.

Ms. Menten then provided an update on the single family program:

- She reiterated that the savings for this program primarily come through something called a home utility report. MCE mails to customers a one or two page flyer that shows them how much energy their home uses as compared to a comparable neighbor. Providing customers with this information results in a 2% reduction in energy usage.
- This is also tied to their web tool program or myenergytool@mcecleanenergy.org and they are trying to have people open an account on that tool where they can claim their account which connects their energy usage with home profile information. This allows owners to conduct an on-line energy assessment, get connected to recommendations to reduce energy and connect them to a contractor and rebate database.
- Over the last six months, they have launched a finance marketplace which shows what financing tools are available to owners that can support their specific project.
- They have distributed 186,000 home utility reports which go to about 17,000 customers in their service territory.
- Soon they will roll out a mobile app to access myenergytool.mcecleanenergy.org and prior to rolling it out they want each Board Member to be part of their peer review group. She asked Board Members to go onto the tool and start an account and provide feedback on how it works or does not work. Board Members will also be receiving an email from staff requesting feedback.

Ms. Menten said in terms of tracking goals, they are at about 30% of their electric goals and at 42% of their KW goals. Their progress toward annual goals is 14% and 20% in KW hours and therms and they are finding positive traction, but they hope to get projects to convert and get them on the books.

Lastly regarding the 2016 update, Ms. Menten reported the following:

- The CPUC is moving towards a 10-year rolling portfolio cycle. Staff believes this will open the door for exciting opportunities with program design and are trying to get in their proposal to administrators.
- They have worked with Potrero Group, consultants to help prepare the business plan, and they anticipate bringing the final draft for the June Board meeting. They will also be providing some background information on the technical updates.
- Over the past few months they submitted a low income pilot proposal to the CPUC. They want to be able to offer more services to the income-qualified individuals in their service territory and access low income funds which are administered through a separate portfolio at the CPUC which would include the following:
 - Leverage their multi-family program to provide a deeper incentive for income-qualified properties.
 - They are looking at a fuel switching proposal from natural gas to electricity-based forms of heating and cooling which enable renewable integration. This is supported by the Governor's goals of cleaner fuels and they are trying to pilot switching to heat pumps or other electricity-based forms of heating and cooling.
 - They want to also pilot whether or not switching the fuel source can result in health and safety considerations.
 - They are also considering alternative enrollment criteria, as some of the existing low income programs require fairly invasive enrollment processes. They are going to try and use proxy enrollment criteria, which could include if a foreign language is spoken at home as a primary language or cases where there are subsidized school lunches.
 - On the single family side, they are moving to the web tool to encourage low cost or no cost improvements in low income settings where people may not have as much capital to invest in their homes.
 - They are hoping to pilot the Match Energy Savings Account. For every dollar a person saves on their utility bills, MCE will put \$2 in a match energy savings account to increase the wealth and allow the ability to use them for further energy savings improvements, like an appliance replacement.

Chairperson Sears asked Ms. Menten to show a similar chart that was done for multi-family and property locations for commercial and single family, as it would be interesting to know what their geographic distribution is.

Board Member Withy commented that from his vantage point there has been a tremendous change in how MCE staff has tracked statistics which he believes is impressive. Ms. Menten said with projections increasing, staff has been brought on board make this possible and she recognized her team.

Board Member Lacques said he is grateful to see so much emphasis on energy efficiency versus megawatts and said it is exciting to see the vision being implemented in a very substantive way. Ms. Menten commented it makes it easier for them to achieve 100% renewable for all customers when they have to buy less electricity to get there.

Board Member Wagenknecht asked Ms. Menten to forward the link: myenergytool@mcecleanenergy.org to him.

Board Member Lyman confirmed that a home address can be inserted which will pull up information from Google Maps and assessor information. This streamlines the amount of data the user must input about their property such as the age of equipment, level of insulation, and permitted work to achieve an accurate on-line assessment.

Board Member Lyman then asked if he could use his current Deep Green account or could he use a parallel account. Ms. Menten said years ago they actually connected the two, but because he is in El Cerrito she is not sure they “refreshed” the connection since new communities have come on board and agreed to follow-up on this.

Chairperson Sears opened and closed the public comment period, seeing no speakers and concluded the item.

10. Regulatory and Legislative Updates (Discussion)

Legal Director Elizabeth Kelly stated the regulatory and legislative arenas have been busy and Ms. Swaroop has been manning most of the legislative work in Sacramento. She referred to her staff report and felt it helpful to identify and explain the CPUC process. She said when a proceeding launches, the Board will typically have an application or rule making, then a policy discussion on the proceeding, go into facts and testimony, then a briefing of the law, the Commission issues a proposed decision which goes out for comment, then a final decision and implementation.

Ms. Kelly said they have been actively watching the residential rate proceeding at the CPUC which will be a major overhaul to residential rates for all customers into the future. This has been a long proceeding and they are nearing the end.

One of the biggest changes relates to time of use rates. People who have solar are on time of use rates and they have generally reflected peak times of use of electricity. In the past this has been in the middle of the day, which is co-incident with solar production. This is financially beneficial to customers; however, this is changing with how loads are changing in California. Now the co-incident peak of usage is in the late afternoon/early evening, or from 4:00 to 9:00 p.m. This will have a significant impact for those who have solar on their rooftops, and the legislation will most likely be adopted by the Commission.

Also proposed is a reduction to the CARE discount or the low income subsidy for energy. A key difference is the number of tiers, which will be reduced from 4 tiers, or low cost for the first tier and higher cost in higher tiers. If people are high users of electricity, costs will be lower, and this does not send a strong conservation signal.

Another proposed inclusion is a change to the minimum bill charges, which also has an impact on those who use solar. The one area MCE has been involved with is the prohibition on zero minimum bill provisions, which is technical.

Ms. Kelly noted this is a 4-year plan to transition to these different rate structures. Another proposal is to have a fixed charge for distribution cost instead of variable cost.

Chairperson Sears said she understands that MCE was not involved in the different components of proposed changes, but she asked why the CARE discount was reduced. Ms. Kelly said there was a sense that the subsidies were out of alignment with what was originally envisioned by statute, but MCE was not involved with this. She said MCE generally steps back when it comes to areas it does not get involved with and in this proceeding there are many ratepayer advocates and solar entities involved.

Board Member Schwartzman asked if it would be fair to say the CARE customers will get a double hit, given reduced discounts and tier impacts. Ms. Kelly said yes. If someone is a low usage CARE customer there would be three hits. The first would be that the CARE discount will be reduced. The second hit is that with changing of the tiers, if one conserves a lot of energy, they will see a higher bill. The third hit is by transitioning to a minimum bill charge or a set cost for distribution. She noted there are a lot of fixed costs that relate to transmission and distribution so from a pure rate design perspective, it makes sense to transition to this, but it is a very big policy change.

Board Member McCaskill said the proposed changes to the tier level and time of use will have a negative impact on solar uses. He asked how strongly the solar industry, Sierra Club or other organization will try and fight the proposed changes. Ms. Kelly said there has been vehement opposition. Solar customers are receiving a subsidy insofar as the time of use rates are not aligned with the new peak.

Ms. Swaroop added that the CPUC implemented this rule-making per AB 327 which passed last year. There was strong opposition from the solar industry, Sierra Club, the Natural Resources Defense Council and many ratepayer advocates and this is why the CPUC is making many of these changes as well.

Board Member Greene referred to the response that the rationale for reducing the CARE discount and increasing the minimum bill charges, and asked who this was envisioned by. Ms. Kelly said during the energy crisis some protections were put in so CARE customers would incur only so much of a percentage, but electricity costs outpaced that and the percentage between the two grew so it is catching up.

Board Member Greene referred to the flow charts and said the information is great, but he asked that in the future, information be made more bold and larger, with lots of contrast. He also asked to include the charts in the Board packet and Ms. Kelly agreed to the requested changes moving forward.

Board Member Lacques asked when rates will be implemented and as someone with solar panels, he asked which time of use rate is most advantageous. Ms. Kelly displayed a table showing that E-7 and E-8 are closed to new customers. Res 6 which is equivalent to MCE's E-6 rate are still open to new customers. With the decision, E-6 would be closed and over a 5 year period, those customers would be transitioned to the E-TOU rate, and other rates will be on a 5-year transition plan to the new E-TOU rate. Ms. Weisz said if someone installed solar several years ago, they may be on E-7 or E-8 and if so, they are lucky and she suggested sticking with this. However, if on E-6, customers do not have the option of going to anything else.

Ms. Kelly stated there is a surprising number of net energy metering customers who are on the E-1 rate, which under the current tariffs is not at all a cost-conscious way of making the most of one's solar.

Board Member Lion said he just got solar on his roof and is on E-7. When talking about a 5-year transition, he asked if this meant somewhere during the 5 years or at the end of 5 years. Ms. Kelly said the question is a bit more complicated, but she believes there will be revisions to E-7 to make it closer to the E-TOU rates.

Board Member Lion referred to the Tesla in-wall battery and asked if there is a way to use the Tesla battery to feedback off of it and power the house. Ms. Kelly said feeding back onto the grid by an electric vehicle is currently being piloted, but it has not yet deployed. Ms. Weisz commented that MCE is scheduled to have a presentation at the next Technical Committee with the one company testing this technology. Hopefully they will determine the expected trajectory for roll out to the public and she expected it is years away.

Ms. Kelly presented the graphics which will be in the Board packet going forward and she will try to make them larger and easier to read.

Ms. Kelly then discussed the Green Tariff Shared Renewables, stating this is the tariff option that PG&E is going to be launching which is similar to MCE's local product. It comes from a source or various sources of products and is a 100% green option for PG&E bundled customers. The CPUC breaks proceedings into phases and in one phase they will be launching this new opportunity for customers and separately they are working on outstanding policy issues.

From an implementation standpoint, PG&E is proposing a streamlined bill presentment and proposing that customers will have to pay the PCIA (Power Charge Indifference Adjustment) just like MCE customers. They are planning to bury it into a single varied rate. When customers come to MCE and ask what the charge is on their bill, these are questions PG&E does not have to answer. There are also a couple of issues related to time of use values and how the rate is calculated. There is also a cost related to the PG&E green tariff rate as a subsidized product. Customers only have to pay for the electrons and no overhead cost and therefore, MCE will not be able to compete with a subsidized product. She said in MCE's view, the subsidy should not be there to begin with and a question is, how does the CARE discount apply to people who are

on the GTSR rate. Another issue that will be very interesting is that currently, there is no set methodology for calculating GHG emissions of retail sellers of electricity. Here, they want to set a specific methodology for retail electricity products and this would be applicable to all CCAs, direct access providers and investor-owned utilities and MCE will be working on those proceedings.

Another key proceeding MCE is involved with now is the low income proceedings, which is in the testimony phase now. Their two core issues are seeking funding for low income tenants and families program and secondly, a new issue is the question of whether CARE customers should be paying the PCIA, which is the exit fee PG&E charges to customers leaving their service and beginning CCA service. She displayed a chart showing average costs on a bill for a CARE customer, normal customer and low income customer. PG&E is currently the only investor-owned utility that charges the PCIA to CARE and medical baseline customers. MCE is arguing that this is not an appropriate means of collecting ratepayer revenues and exit fees should not be charged to the most vulnerable customers.

Board Member Haroff asked what is the justification offered by the utilities. Ms. Kelly said it relates to what the discount means and in MCE's view it needs to be brought up in the proceeding. The CPUC has agreed and has moved it over to the low income proceeding for analysis. Ms. Swaroop added that the justification for the PCIA in general is to make the utility whole for purchases they made on behalf of the customer before they departed. Therefore, it is unclear whether they would bundle that same number and increase the charges to remaining non-CARE customers. There is not a uniform approach and MCE is concerned about the impact on low income customers.

Board Member Haroff said the reason he asked the question was because of the current difference between PG&E and other investor-owned utilities. Ms. Kelly said in this case, the PCIA was something initially charged to large and industrial customers that received service under Direct Access which is a different way of getting generation supply. Frankly, there are not CARE commercial and industrial customers. So when they had initially established the rules, the rate design was entirely different and there were still CARE customers that could receive service under a Direct Access program, but after the energy crisis, Direct Access is no longer allowed to serve residential customers. Now, when utilities are looking at their tariffs and saying they did not think about that 6 years ago and want to fix it, they propose it in advice letter or address it in a proceeding.

Board Member Bailey asked if MCE is slightly concerned that if it is successful in eliminating the PCIA charge for CARE customers, that charge may be re-distributed to the rest of the customers. Ms. Kelly said they are already doing exemptions for baseline medical customers and they just do not collect the revenues, which gets put into an overall slush of funds that is not specifically re-distributed to anybody else. It gets re-charged across all ratepayers.

Board Member Bailey said likewise, the fact that other investor-owned utilities are not charging that or for the medical baseline customers is because those charges are otherwise being

shuffled to all customers and not just to CCA customers. Ms. Kelly said she does not know about the rate design for SCE and SDG&E and it is possible they have not thought about it because they have not had the subset of these customers.

Board Member Bailey asked if there is a proceeding underway now to revisit the PCIA generally. Ms. Kelly said they do not but it is an excellent question and something she wished the Commission would bring up. A couple of years ago, MCE led a consortium of 50+ parties to request that exit fees be re-visited generally. The then-President of the CPUC said this was the proper method, but denied their petition for rule-making. So there is no home for it and they hope to create a home for it, but until then they are dealing proactively with issues on an ad-hoc basis and there are various proceedings they are involved in, such as the long-term procurement proceeding, the resource adequacy proceeding, the PCIA vintaging issue, and the low-income proceeding.

Ms. Swaroop said what has been interesting about the CARE and PCIA issue is that it has actually elevated the profile of the PCIA issues amongst a larger group of ratepayer advocates. Today, they have seen protests filed by Lancaster Choice Energy, the County of Los Angeles, the Local Energy Aggregation Network, the Greenlining Institute and Center for Accessible Technologies all addressing the PCIA. Therefore, they hope to continue to make strides in a larger way in the future.

Board Member Haroff asked to address opportunities from changes in a straight forward way instead of addressing it piece-meal and to exploit those opportunities everywhere they can. Ms. Kelly agreed and said there is a larger strategy of how they raise those which she will return to the Board with.

Ms. Kelly then referred to electric vehicles, stating they have three separate EV proceedings each with different procedural postures. The three investor-owned utilities have each put forward a proposal to install EV charging infrastructure in their service territories. In general, MCE is supportive of installation of it, but the big issue especially in the case of SDG&E and PG&E who are also proposing to own everything through the charging station itself. For MCE this is a significant competitive overreach. They are also planning on taking over a significant amount of market share. So one in four of every single EV charging stations would be owned by PG&E and in total, the three utilities are asking for over \$1 billion in order to implement these strategies. What MCE has recommended is that they did a motion to consolidate and they said: 1) the three proceedings should be combined into one proceeding and dealt with on a consistent basis on a policy matter, and 2) to deal with competitive issues, and 3) ensure that all customers are benefitting and also making sure there is enough inclusivity for low income communities. The Office of Ratepayer Advocates which is a part of the CPUC did a separate motion to consolidate.

Part of MCE's motion was jointly filed with several consumer advocacy groups and their motion was opposed by other environmental parties and by the Automobile Manufacturer's Association, the utilities and the unions of the utilities. MCE does not have information on

whether those will be consolidated or not, and while they want more EV infrastructure, they want it to be done in a thoughtful way and \$1 billion is not spent from ratepayer funds.

Ms. Kelly then reported on the 2015 legislative session, said Ms. Swaroop is deeply emerged in the work. MCE is active participants in the following legislation:

- **SB 350**: The 50-50-50 benchmarks bill or the Governor's plan to increase renewables to 50%, to reduce petroleum use by 50% and to increase energy efficiency in buildings by 50%. A concerning provision would increase the use of the cost allocation mechanism, or utilities buying power plants and charging costs to customers which is in the bill, and they are working to have this provision struck.
- **AB 802**: Support--Expanding EE implementation measures. Currently cost savings are measured by taking Title 24 and whatever is saved above it so very few energy efficient projects are cost-effective. They would like energy efficient projects reflect their actual savings to the grid and not just above code savings.
- **EV Infrastructure and Competitive Markets**: Support—MCE supports deployment of EV infrastructure and protecting competitive markets and this goes in tandem with their participation in the EV proceedings at the CPUC.
- **AB 1330**: Support: The bill sets higher standards for meeting energy efficiency goals and all load-serving entities of portfolios.
- **Direct Access Bill**: MCE is monitoring this bill which is how people choose to receive their generation services. Direct access is controversial in Sacramento.
- **SB 180**: A bill relates to emissions performance standards that raise some challenges for MCE and they are hoping to achieve some revisions.
- **AB 674**: A bill that would exempt certain customers from paying the PCIA and other charges and MCE is following this closely.
- There are a host of CPUC reform bills based on ex parte violations that have occurred.

Board Member Lacques asked if the \$1 billion of EV infrastructure would be passed onto ratepayers, and Ms. Kelly said yes.

Board Member Lacques asked what was the environmental appeal is for supporting the \$1 billion rate increase from groups that have aligned themselves with investor-owned utilities. Ms. Kelly said the idea is how quickly they can get EV charging stations deployed and at the financial cost and market cost. There are some environmental parties that say they need to think about how \$1 billion will be spent prior to it being spent. Until this year, the IOUs were prohibited from entering into the charging station line of business, so there is a lot of uncertainty right now and environmental groups that think that if proceedings are combined, it will slow down outcomes. There are other groups that say they need to think about how to deploy these.

Chairperson Sears and Board Members thanked Ms. Kelly and Swaroop for their presentation, as well as the summary memos which very clearly presented the information.

11. Board Member & Staff Matters (Discussion)

Ms. Weisz alerted the Board to upcoming Board meeting dates:

- Regular Board meeting on June 18, 2015;
- No Board meeting on July 16, 2015;
- Regular Board meeting on August 20, 2015; and
- Board Meeting and Retreat on September 17, 2015 from 9:30 a.m. to 4:00 p.m. at the Marin Art and Garden Center

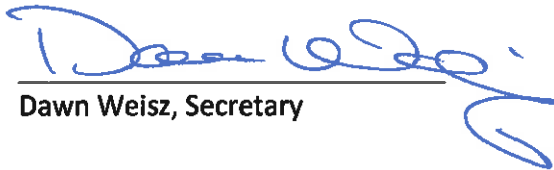
12. Adjournment:

The Board of Directors adjourned the meeting at 9:17 p.m. to the next regular Board meeting on June 18, 2015.



Kate Sears, Chair

Attest:



Dawn Weisz, Secretary

APPROVED

JUN 18 2015

MARIN CLEAN ENERGY

