

Questions?



MCE Expansion and Ratepayer Impacts

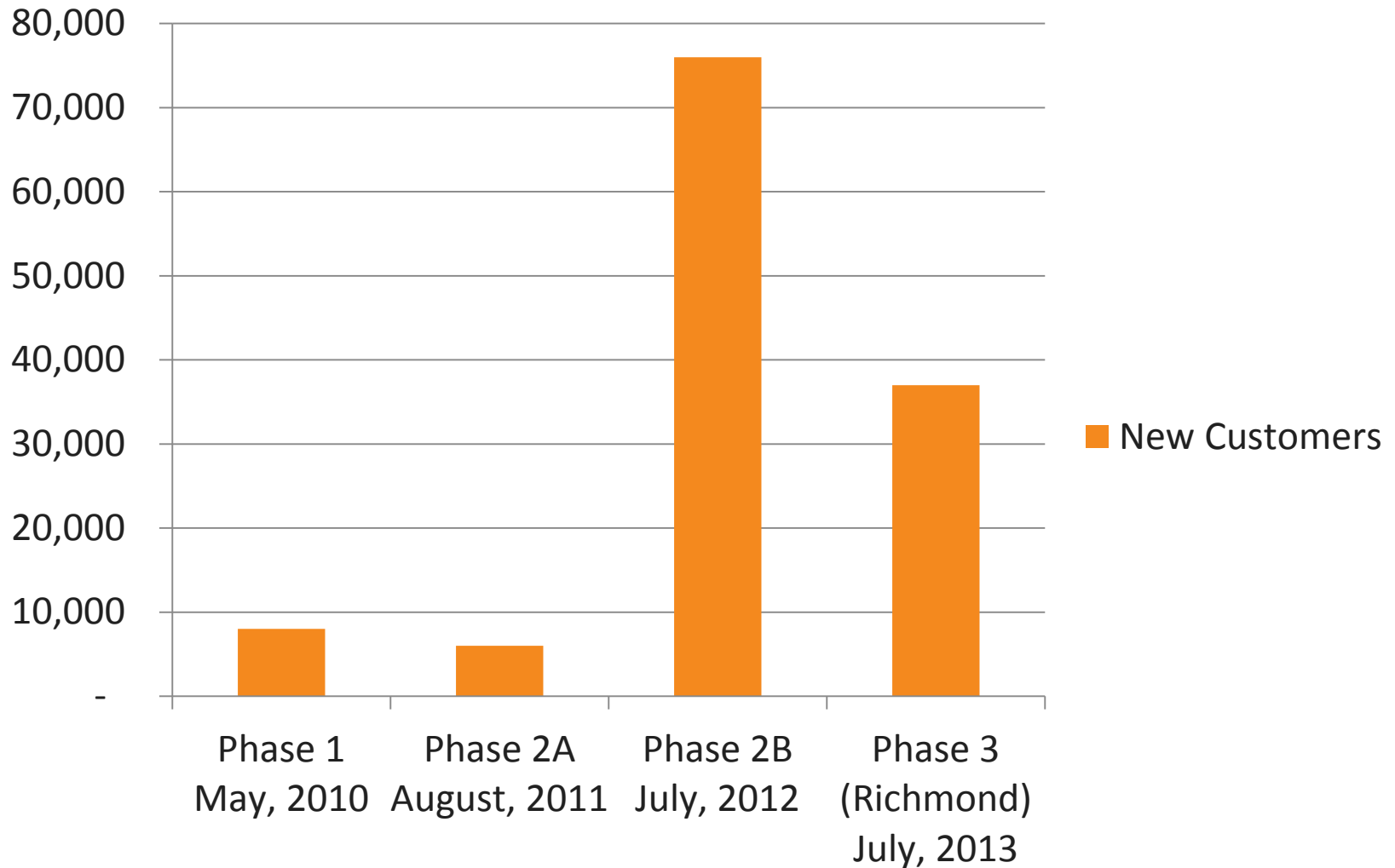


September 9, 2013

Introduction

- Expansion of MCE service to new communities involves several policy issues: political, economic, environmental and strategic.
- Focus of this presentation is on estimating expansion's direct economic benefits to MCE ratepayers from increasing program sales.
- The specific benefits and costs of a contemplated expansion would be determined through a more detailed applicant analysis.

MCE Expansion History



Expansion Experience

- Expansion within the PG&E service territory is operationally straightforward as protocols are well-defined for enrollment of additional customers – expansion to SCE or SDG&E territory would be more challenging.
- Primary workload increases are related to the initial electric procurement, update of Implementation Plan, communications, and customer service (e.g., opt out processing, enrollment and billing).
- Lessons learned from Phase 2B expansion, particularly in communications and opt-out processing, were applied successfully to Richmond.

How Can Expansion Benefit MCE Ratepayers?

- Greater scale efficiencies can reduce MCE program costs and help reduce customer rates.
- Additional electric purchases can reduce average power supply costs if lower cost power is available in the market.
- Growth through expansion offsets customer attrition that might otherwise result in a slow decline.
- Expansion can enhance MEA credit standing as continuing customer/member growth signals health and competitive success.

Estimated MCE Rate Benefits

| Source of Rate Benefit | Impact | Est. Rate Impact for +20% Load Growth | Est. Rate Impact for +100% Load Growth |
|---|---|---------------------------------------|--|
| Fixed costs spread over larger sales base | Small rate benefit because these fixed costs represent only about 5% of MEA budget | Approx. 1% reduction | Approx. 3% reduction |
| Incremental market purchases may reduce average power supply cost | Depends on market at time of expansion; Currently a modest benefit because MEA supply cost is close to market; could be a detriment if market power prices are increasing | Approx. 1% to 2% reduction | Approx. 2% to 5% reduction |
| Total | | 2% to 3% reduction | 5% to 8% reduction |

COR Impacts on Staff Capacity

Addition of 2 FTE specifically to serve Richmond:

(Annual cost: \$93,000)

- Customer Specialist (Ben Choi)
- Communications and Outreach (Elena Velez .5 FTE)
- Communications and Outreach (Ashley Aberi .5 FTE)

Addition 2 FTE to benefit Agency as a whole:

(Annual cost: \$116,000)

- Legal Analyst (Shalini Swaroop)
- Local Project Development (Rafael Silberblatt .5 FTE)
- Energy Efficiency (Rafael Silberblatt .5 FTE)

COR Impact on Indirect Job Creation

Energy Efficiency Programs: multifamily and small commercial: Modest increase in activity (25%)

- Contract jobs (energy audits, retrofits, upgrades)
- Job training programs

Solar installations: Modest increase expected due to new opportunity sites

- FIT-driven solar installations
- Net Energy Metering driven solar installations

COR Impact on Agency Budget FY2012/13

MCE total revenue FY13: \$ 53,000,000

COR- specific costs: \$ 350,000

- Staff positions
- Communications Expenses
- Technical Consultants

COR Impact on Agency Budget FY2013/14

MCE Total Revenue: \$86,900,000

Projected COR customer revenue: \$20,800,000

Less expenses

- Power supply cost \$ 17,200,000
- Billing/data management costs \$ 700,000
- Staff positions \$ 100,000
- Subtotal expenses \$ 18,000,000

Net contribution to fixed costs: \$2,800,000

Rate benefit: $\approx 3\%$

Expansion Process for COR

The expansion to COR took approximately 24 months from initial consideration to service cutover.

1. Expansion criteria established
2. Member application/fee agreement
3. Applicant analysis
4. Board approval
5. Implementation Plan update
6. Electric procurement
7. Communications/outreach
8. Enrollment

Questions?





renewable. reliable. affordable.

POLICY NO. 007 – NEW CUSTOMER COMMUNITIES

Whereas MEA's founding mission is to address climate change by using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs; and

Whereas creating opportunities for customer electric service in new communities may allow MEA to further progress towards its founding mission; and

Whereas MEA currently provides a minimum 50% renewable energy supply to all MCE customers (through its default Light Green retail service option), which substantially exceeds similar renewable energy supply percentages provided by California's investor-owned utilities (IOUs); and

Whereas the addition of new communities to MEA's membership will inevitably increase state-wide renewable energy percentages due to MCE's specified minimum renewable energy supply percentage of 50%; and

Whereas the addition of new communities to MEA's membership will also decrease greenhouse gas emissions within the Western United States as a result of minimum renewable energy supply percentages exceeding such percentages provided by California's IOUs.

Therefore, it is MEA's policy to explore and support customer electric service in new communities to further agency goals.

In consideration of the above, MEA will allow access to service in new communities through two channels, affiliate membership or special-consideration membership, as applicable:

Affiliate membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is not more than 30 miles from MCE existing jurisdiction, and
3. Customer base in new community is 40,000 or less.

Special-consideration membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is more than 30 miles from MCE existing jurisdiction, and
3. Customer-base in new community is greater than 40,000.



MCE Affiliate Membership Process

Step 1: Governing body submits letter to MEA from new community jurisdiction, requesting consideration as a member.

Step 2: Staff evaluates request timing to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.

Step 3: Request submitted to MEA Board to authorize initiation of membership analysis.

Step 4: Following MEA Board approval, staff executes contract with governing body of new jurisdiction to fund costs of membership analysis. Staff undertakes and completes analysis.

Step 5: Results of membership analysis presented to governing body of new community and to MEA Board. 1). If all of the affiliate membership criteria below are met, community is automatically authorized to complete affiliate membership process. 2). If all criteria are not met but other compelling criteria are present, Board may consider approval of affiliate membership.

Affiliate Membership Criteria:

- A. Allowing for MCE service in new customer community will result in a projected net rate reduction for existing customer base.**
- B. Offering service in new customer community will accelerate greenhouse gas reductions.**
- C. Including new community in MCE service will increase the amount of renewable energy being used in California's energy market.**
- D. There will be an increase in opportunities to launch and operate MCE energy efficiency activities and programs.**
- E. New opportunities are available to deploy local solar and other distributed renewable generation through the MCE Net Energy Metering Tariff and Feed in Tariff.**
- F. Greater demand for jobs and other economic activity is likely to result from service in the new community.**
- G. The addition of the new community is likely to create a stronger voice for MCE at the State and regulatory level.**

Step 6: Governing body of new jurisdiction approves a resolution requesting membership and a standard ordinance authorizing community choice aggregation service through MCE.

Step 7: MEA Board adopts a resolution authorizing membership of the additional incorporated municipality and submits updated Implementation Plan to CPUC.

ORDINANCE NO. **XXX**

ORDINANCE OF THE CITY/TOWN COUNCIL OF _____ APPROVING THE MARIN ENERGY AUTHORITY JOINT POWERS AGREEMENT AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM

The City/Town Council of the City/Town of _____ ordains as follows:

SECTION 1. The City/Town of _____ has been exploring options to provide electric services to constituents within its service area with the intent of using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs.

SECTION 2. On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation.

SECTION 3. The Act expressly authorizes participation in a Community Choice Aggregation (CCA) program through a joint powers agency, and on December 19, 2008, the Marin Energy authority (MEA) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time.

SECTION 4. On February 2, 2010 the California Public Utilities Commission certified the "Implementation Plan" of the MEA, confirming the MEA's compliance with the requirements of the Act.

SECTION 5. In order to become a member of the MEA, the Act requires the City of _____ to individually adopt an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in the MEA.

SECTION 6. Based upon all of the above, the City/Town Council elects to implement a Community Choice Aggregation program within the City/Town of _____'s jurisdiction by and through the City/Town of _____'s participation in the Marin Energy Authority. The Mayor is hereby authorized to execute the MEA Joint Powers Agreement.

SECTION 7. This ordinance shall take effect and be in force 30 days after its adoption, and, before the expiration of 30 days after its passage, a summary of this ordinance shall be published once with the names of the members of the Council voting for and against the same in the _____, a newspaper of general circulation published in the _____.

The foregoing ordinance was introduced at a meeting of the City/Town Council of the City/Town of _____ held on **Date**, and adopted at a meeting held on **Date**, by the following vote:

AYES: Councilmember
NOES: Councilmember
ABSENT: Councilmember

/s/ _____
XXX, Mayor

/s/ _____
XXX, City Clerk