

MARIN CLEAN ENERGY

ADDENDUM NO. 2 TO THE REVISED COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS MCE EXPANSION TO THE
CITY OF BENICIA



November 21, 2014

APPENDIX E

For copies of this document contact Marin Clean Energy in San Rafael, California or visit www.mcecleanenergy.org

Table of Contents

CHAPTER 1 – **Introduction** 2

CHAPTER 2 – **Changes to Address MCE Expansion to the City of Benicia** 4

 Aggregation Process 5

 Program Phase-In 5

 Sales Forecast 6

 Financial Plan 10

 Expansion Addendum Appendices 10

CHAPTER 1 – Introduction

The purpose of this document is to make certain revisions to the Marin Clean Energy Implementation Plan and Statement of Intent in order to address the expansion of Marin Clean Energy (“MCE”) to the City of Benicia. MCE is a public agency that was formed in December 2008 for the purposes of implementing a community choice aggregation (“CCA”) program and other energy-related programs targeting significant greenhouse gas emissions (“GHG”) reductions. At that time, the Member Agencies of MCE included eight of the twelve municipalities located within the geographic boundaries of Marin County: the cities/towns of Belvedere, Fairfax, Mill Valley, San Anselmo, San Rafael, Sausalito and Tiburon and the County of Marin (together the “Members” or “Member Agencies”). In anticipation of CCA program implementation and in compliance with state law, MCE submitted the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on December 9, 2009. Consistent with its expressed intent, MCE successfully launched its CCA program, Marin Clean Energy (“MCE” or “Program”), on May 7, 2010 and has been serving customers since that time.

During the second half of 2011, four additional municipalities within Marin County, the cities of Novato and Larkspur and the towns of Ross and Corte Madera, joined MCE, and a revised Implementation Plan reflecting updates related to said expansion was filed with the CPUC on December 3, 2011.

Subsequently, the City of Richmond, located in Contra Costa County, joined MCE, and a revised Implementation Plan reflecting updates related to this expansion was filed with the CPUC on July 6, 2012.

A revision to MCE’s Implementation Plan was then filed with the Commission on November 6, 2012 to ensure compliance with Commission Decision 12-08-045, which was issued on August 31, 2012. In Decision 12-08-045, the Commission directed existing CCA programs to file revised Implementation Plans to conform to the privacy rules in Attachment B of this Decision.

The most recent planned MCE membership expansions, which entail CCA service delivery to residential and business customers within the County of Napa and the City of San Pablo, are scheduled to commence in February and May 2015, respectively. To address the anticipated effects of these respective expansions, MCE filed with the Commission a revision to its Implementation Plan on July 18, 2014 to address expansion to the County of Napa (the Commission subsequently certified this revision on September 15, 2014); following this revision, MCE submitted Addendum #1 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of San Pablo (Addendum #1) on September 25, 2014 (the Commission subsequently certified this revision on October 29, 2014).

Numerous communities continue to contact MCE regarding membership opportunities, including specific requests to join MCE and initiate related CCA service within these respective jurisdictions. In response to these inquiries, MCE's governing board adopted Policy 007, which establishes a formal process and specific criteria for new member additions. In particular, this policy identifies several threshold requirements, including the specification that any prospective member evaluation demonstrate rate-related savings (based on prevailing market prices for requisite energy products at the time of each analysis) as well as environmental benefits (as measured by anticipated reductions in greenhouse gas emissions and increased renewable energy sales to CCA customers) before proceeding with expansion activities, including the filing of related revisions to this Implementation Plan. As MCE receives new membership requests, staff will follow the prescribed evaluative process of Policy 007 and will present related results at future public meetings. To the extent that membership evaluations demonstrate favorable results and any new community completes the process of joining MCE, this Implementation Plan will be revised through a related addendum, highlighting key impacts and consequences associated with the addition of such new community/communities.

The MCE program now provides electric generation service to approximately 125,000 customers, including a cross section of residential and commercial accounts. During its more than four-year operating history, non-member municipalities have monitored MCE progress, evaluating the potential opportunity for membership, which would enable customer choice with respect to electric generation service. In response to public interest and MCE's successful operational track record, the City of Benicia, which is located in Solano County, requested MCE membership, consistent with MCE Policy 007, and adopted the requisite ordinance for joining MCE. MCE's Board of Directors approved the City of Benicia's membership request at a duly noticed public meeting on October 2, 2014 (through the approval of Resolution No. 2014-06) and the City of Benicia's Council completed its final reading of the requisite CCA ordinance (Ordinance No. 14-9) on November 18, 2014.

This Addendum No. 2 to the Marin Clean Energy Community Choice Aggregation Implementation Plan and Statement of Intent ("Addendum No. 2") describes MCE's expansion plans to include the City of Benicia. According to the Commission, the Energy Division is required to receive and review a revised MCE implementation plan reflecting changes/consequences of additional members. With this in mind, MCE has reviewed its revised Implementation Plan, which was filed with the Commission on July 18, 2014, as well as Addendum #1, which was filed with the Commission on September 25, 2014, and has identified certain information that requires updating to reflect the changes and consequences of adding the City of Benicia. This Addendum No. 2 reflects pertinent changes related to the new member addition(s) and includes related projections that account for MCE's planned expansion. This document format, including references to MCE's most recent Implementation Plan revision (filed with the Commission on July 18, 2014 and certified by the Commission on September 15, 2014), which is incorporated by reference and attached hereto as Appendix E, addresses all requirements identified in PU Code Section 366.2(c)(4), including universal access, reliability, equitable treatment of all customer classes and any requirements established by state law or by

the CPUC concerning aggregated service, while streamlining public review of pertinent changes related to MCE expansion.

CHAPTER 2 – Changes to Address MCE Expansion to the City of Benicia

This Addendum No. 2 addresses the anticipated impacts of MCE’s planned expansion to the City of Benicia. As a result of this Member addition, certain assumptions regarding MCE’s future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues and expenses as well as various other items. The following section highlights pertinent changes related to this planned expansion. To the extent that certain details related to membership expansion are not specifically discussed within this Addendum No. 2, MCE represents that such information shall remain unchanged relative to the July 18, 2014 Implementation Plan revision, which was certified by the Commission on September 15, 2014.

With regard to the defined terms Members and Member Agencies, the following communities are now signatories to the MCE Joint Powers Agreement and represent MCE’s current membership:

Member Agencies
City of Belvedere
City of Benicia
Town of Corte Madera
Town of Fairfax
City of Larkspur
City of Mill Valley
County of Marin
County of Napa
City of Novato
City of Richmond
Town of Ross
Town of San Anselmo
City of San Pablo
City of San Rafael
City of Sausalito
Town of Tiburon

Throughout this document, use of the terms Members and Member Agencies shall now include the aforementioned communities. To the extent that discussion addresses the process of aggregation and MCE organization, each of these communities is now an MCE Member and its electric customers will be offered CCA service consistent with the noted phase-in schedule.

Aggregation Process

MCE's aggregation process was discussed in Chapter 2 of MCE's July 18, 2014 Revised Implementation Plan. This first paragraph of Chapter 2 is replaced in its entirety with the following verbiage:

As previously noted, MCE successfully launched its CCA Program, MCE, on May 7, 2010 after meeting applicable statutory requirements and in consideration of planning elements described in its initial Implementation Plan. At this point in time, MCE plans to expand agency membership to include the City of Benicia. This community has requested MCE membership, and MCE's Board of Directors subsequently approved the membership request at a duly noticed public meeting on October 2, 2014.

Program Phase-In

Program phase-in was discussed in Chapter 5 of MCE's July 18, 2014 Revised Implementation Plan. Chapter 5 is replaced in its entirety with the following verbiage:

MCE will continue to phase-in the customers of its CCA Program as communicated in this Implementation Plan. To date, four phases have been successfully implemented; a fifth phase will commence in February 2015; and a sixth phase will commence in May 2015 – the sixth phase will now include service commencement to customers located within the City of Benicia, as reflected in the following table.

MCE Phase No.	Status & Description of Phase	Implementation Date
Phase 1	Complete: MCE Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies.	May 7, 2010
Phase 2	Complete: Additional commercial and residential accounts, comprising approximately 20 percent of total customer load within MCE's original Member Agencies (incremental addition to Phase 1).	August, 2011
Phase 3	Complete: Remaining accounts within Marin County.	July, 2012
Phase 4	Complete: Residential, commercial, agricultural, and street lighting accounts within the City of Richmond.	July, 2013

MCE Phase No.	Status & Description of Phase	Implementation Date
Phase 5	February 2015: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County, subject to economic and operational constraints.	February 2015
Phase 6	May 2015: Residential, commercial, agricultural, and street lighting accounts within the City of San Pablo and the City of Benicia, subject to economic and operational constraints.	May 2015

This approach has provided MCE with the ability to start slow, addressing any problems or unforeseen challenges on a small manageable program before gradually building to full program integration for an expected customer base of approximately 157,000 accounts, following completion of Phase 6 customer enrollments. This approach has also allowed MCE and its energy supplier(s) to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential exposure to uncertainty and financial risk by “walking” prior to ultimately “running”. The Board may evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

Sales Forecast

With regard to MCE’s sales forecast, which is addressed in Chapter 6, Load Forecast and Resource Plan, MCE assumes that total annual retail sales will increase to approximately 1,950 GWh following Phase 6 expansion. The following tables have also been updated to reflect the impacts of planned expansion to MCE’s new membership.

Chapter 6, Resource Plan Overview

Marin Clean Energy Proposed Resource Plan (GWH) 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Demand (GWh)										
Retail Demand	-91	-185	-570	-1,110	-1,294	-1,729	-1,876	-1,876	-1,876	-1,876
Distributed Generation	0	1	1	5	12	16	24	27	29	29
Energy Efficiency	0	0	0	0	1	1	2	3	5	7
Losses and UFE	-5	-11	-34	-66	-77	-103	-111	-111	-110	-110
Total Demand	-96	-196	-603	-1,171	-1,357	-1,814	-1,960	-1,956	-1,952	-1,950
MCE Supply (GWh)										
<u>Renewable Resources</u>										
Generation	0	0	0	0	0	0	0	4	7	11
Power Purchase Contracts	23	50	291	566	673	899	994	1,009	1,025	1,040
Total Renewable Resources	23	50	291	566	673	899	994	1,013	1,032	1,050
<u>Conventional Resources</u>										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	73	146	312	605	685	915	966	944	920	899
Total Conventional Resources	73	146	312	605	685	915	966	944	920	899
Total Supply	96	196	603	1,171	1,357	1,814	1,960	1,956	1,952	1,950
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Chapter 6, Customer Forecast

Marin Clean Energy Enrolled Retail Service Accounts Phase-In Period (End of Month)

	May-10	Aug-11	Jul-12	Jul-13	Feb-15	May-15
MCE Customers						
Residential	7,354	12,503	77,345	106,510	120,204	137,252
Commercial & Industrial	579	1,114	9,913	13,098	15,316	17,290
Street Lighting & Traffic	138	141	443	748	1,014	1,107
Ag & Pump.	-	<15	113	109	1,467	1,467
Total	8,071	13,759	87,814	120,465	138,001	157,116

Marin Clean Energy Retail Service Accounts (End of Year) 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Customers										
Residential	7,354	12,503	77,345	106,510	106,510	137,252	137,252	137,252	137,252	137,252
Commercial & Industrial	579	1,114	9,913	13,098	13,098	17,290	17,290	17,290	17,290	17,290
Street Lighting & Traffic	138	141	443	748	748	1,107	1,107	1,107	1,107	1,107
Ag & Pump.	-	<15	113	109	109	1,467	1,467	1,467	1,467	1,467
Total	8,071	13,759	87,814	120,465	120,465	157,116	157,116	157,116	157,116	157,116

Chapter 6, Sales Forecast

Marin Clean Energy Energy Requirements (GWh) 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Energy Requirements (GWh)										
Retail Demand	91	185	570	1,110	1,294	1,729	1,876	1,876	1,876	1,876
Distributed Generation	0	-1	-1	-5	-12	-16	-24	-27	-29	-29
Energy Efficiency	0	0	0	0	-1	-1	-2	-3	-5	-7
Losses and UFE	5	11	34	66	77	103	111	111	110	110
Total Load Requirement	96	196	603	1,171	1,357	1,814	1,960	1,956	1,952	1,950

Chapter 6, Capacity Requirements

Marin Clean Energy Capacity Requirements (MW) 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Demand (MW)										
Retail Demand	28	46	182	233	233	331	331	331	331	331
Distributed Generation	(0)	(1)	(4)	(8)	(11)	(16)	(18)	(20)	(20)	(20)
Energy Efficiency	-	-	-	(0)	(0)	(0)	(0)	(1)	(1)	(1)
Losses and UFE	2	3	11	14	13	19	19	19	19	19
Total Net Peak Demand	30	47	189	239	236	333	331	329	329	328
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	28	36	35	50	50	49	49	49
Capacity Requirement Including Reserve	34	55	218	274	271	383	381	379	378	378

Chapter 6, Renewable Portfolio Standards Energy Requirements

Marin Clean Energy RPS Requirements (MWh) 2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales	91,219	185,493	570,144	1,110,487	1,293,681	1,729,103	1,875,566	1,875,566	1,875,566	1,875,566
Baseline	-	18,244	37,099	114,029	222,097	280,729	402,881	468,892	506,403	543,914
Incremental Procurement Target	18,244	18,855	76,930	108,069	58,631	122,152	66,011	37,511	37,511	37,511
Annual Procurement Target	18,244	37,099	114,029	222,097	280,729	402,881	468,892	506,403	543,914	581,425
% of Current Year Retail Sales	20%	20%	20%	20%	22%	23%	25%	27%	29%	31%

Marin Clean Energy
RPS Requirements and Program Renewable Energy Targets
(MWh)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales (MWh)	91,219	185,493	570,144	1,110,487	1,293,681	1,729,103	1,875,566	1,875,566	1,875,566	1,875,566
Annual RPS Target (Minimum MWh)	18,244	37,099	114,029	222,097	280,729	402,881	468,892	506,403	543,914	581,425
Program Target (% of Retail Sales)	25%	27%	51%	51%	52%	52%	53%	54%	55%	56%
Program Renewable Target (MWh)	22,805	50,083	290,773	566,348	672,714	899,134	994,050	1,012,806	1,031,561	1,050,317
Surplus In Excess of RPS (MWh)	4,561	12,984	176,745	344,251	391,985	496,253	525,158	506,403	487,647	468,892
Annual Increase (MWh)	22,805	27,278	240,690	275,575	106,366	226,419	94,916	18,756	18,756	18,756

Chapter 6, Energy Efficiency

Marin Clean Energy
Energy Efficiency Savings Goals
(GWH)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MCE Retail Demand	91	185	570	1,110	1,294	1,729	1,876	1,876	1,876	1,876
MCE Energy Efficiency Goal	0	0	0	0	-1	-1	-2	-3	-5	-7

Chapter 6, Demand Response

Marin Clean Energy
Demand Response Goals
(MW)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Capacity Requirement (MW)	34	55	218	274	271	383	381	379	378	378
Demand Response Target	-	-	-	-	-	5	14	19	19	19
Percentage of Local Capacity Requirement	0%	0%	0%	0%	0%	8%	24%	32%	32%	32%

Chapter 6, Distributed Generation

California Solar Initiative Deployment

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
IOU Territory Target (MW)	705	882	1,058	1,235	1,411	1,587	1,764	1,940	1,940	1,940
Total Funding (\$Millions)	240	240	240	160	160	160	5	0	0	0
PG&E Funding (\$Millions)	105	105	105	70	70	70	2	0	0	0
PG&E Incentives Share	44%	44%	44%	44%	44%	44%	40%	40%	40%	40%
PG&E Area Deployment (MW)	309	386	463	540	617	694	705	776	776	776
MCE Share of PG&E Load	0.1%	0.3%	0.8%	1.5%	1.8%	2.3%	2.5%	2.5%	2.5%	2.5%
MCE Solar Deployment (MW)	0	1	4	8	11	16	18	20	20	20

Financial Plan

With regard to MCE's financial plan, which is addressed in Chapter 7, Financial Plan, MCE has updated its expected operating results, which now include projected impacts related to service expansion within MCE's new member communities. The following table reflects updated operating projections in consideration of these planned expansions.

Chapter 7, CCA Program Implementation Feasibility Analysis

**Marin Clean Energy
Summary of CCA Program Phase-In
(January 2010 through December 2021)**

CATEGORY	2013	2014	2015	2016	2017	2018	2019	2020	2021
I. REVENUES FROM OPERATIONS (\$)									
ELECTRIC SALES REVENUE	79,097,747	99,874,244	138,426,441	149,028,438	149,028,438	149,028,438	149,028,438	149,028,438	149,028,438
LESS UNCOLLECTIBLE ACCOUNTS	(395,489)	(499,371)	(692,132)	(745,142)	(745,142)	(745,142)	(745,142)	(745,142)	(745,142)
TOTAL REVENUES	78,702,259	99,374,873	137,734,309	148,283,296	148,283,296	148,283,296	148,283,296	148,283,296	148,283,296
II. COST OF OPERATIONS (\$)									
(A) ADMINISTRATIVE AND GENERAL (A&G)									
STAFFING	1,386,303	1,825,000	1,993,875	2,053,691	2,115,302	2,178,761	2,244,124	2,311,448	2,380,791
CONTRACT SERVICES	4,457,964	4,611,420	5,201,044	5,437,175	5,480,941	5,526,019	5,572,450	5,620,274	5,669,532
IOU FEES (INCLUDING BILLING)	584,729	660,114	828,263	873,689	899,900	926,897	954,703	983,345	1,012,845
OTHER A&G	302,806	373,125	398,084	409,388	421,030	433,022	445,374	458,096	471,200
SUBTOTAL A&G	6,731,802	7,469,659	8,421,267	8,773,943	8,917,173	9,064,699	9,216,651	9,373,162	9,534,368
(B) COST OF ENERGY	69,284,393	85,810,595	122,870,723	133,444,822	132,932,269	126,411,187	128,690,020	131,035,025	133,463,153
(C) DEBT SERVICE	1,195,162	1,195,162	1,151,494	671,149	447,432	-	-	-	-
TOTAL COST OF OPERATION	77,211,357	94,475,416	132,443,484	142,889,914	142,296,874	135,475,886	137,906,672	140,408,187	142,997,520
CCA PROGRAM SURPLUS/(DEFICIT)	1,490,902	4,899,458	5,290,825	5,393,382	5,986,422	12,807,410	10,376,624	7,875,108	5,285,775

Expansion Addendum Appendices

Appendix A: Marin Clean Energy Resolution 2014-06

Appendix B: City of Benicia, Request for MCE Membership – Resolution No. 14-129

Appendix C: Joint Powers Agreement

Appendix D: City of Benicia, CCA Ordinance – Ordinance No. 14-9

Appendix E: Marin Clean Energy Revised Implementation Plan and Statement of Intent (July 18, 2014)