1 (888) 632-3674
mceCleanEnergy.org

MCE Special Meeting
Friday, September 22, 2017

The Cobra Experience
777 Arnold Drive, Suite 200
Martinez, CA 94553

8:45 - 9:30
Optional: New Board Member Welcome and Orientation

9:40 - 9:45
Swearing in of New Board Members

9:45 - 9:50
1. Welcome, Opening Remarks & Board Announcements (Discussion)

9:50 - 9:55
2. Public Open Time (Discussion)

9:55 - 10:00
3. Consent Calendar (Discussion/Action)
   - C.1 7.20.17 Meeting Minutes
   - C.2 Addendum No. 5 to MCE's Implementation Plan
   - C.3 FY 2017/18 Budget Amendment

10:00 - 10:45
4. Prior Year Highlights & Goals for the Coming Year (Discussion)

10:45 - 11:15
5. The Growth of CCA and Changes to the Energy Landscape in California (Discussion)

Break: 11:15 - 11:30

Agenda material can be inspected at 1125 Tamalpais Avenue, San Rafael, CA 94901 on the Mission Avenue side of the building. The meeting facilities are in accessible locations. If you are a person with a disability and require this document in an alternate format (example: Braille, Large Print, Audiotape, CD-ROM), you may request it by using the contact information below. If you require accommodation (example: ASL Interpreter, reader, note taker) to participate in any MCE program, service or activity, you may request an accommodation by calling (415) 464-6032 (voice) or 711 for the California Relay Service or by e-mail at djackson@mceCleanEnergy.org not less than four work days in advance of the event.

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11:30 - 11:45
6. MCE 2016 Power Content Label & Attestation (Discussion/Action)

11:45 - 12:05
7. MCE Reserves Policy and Future Finance Targets (Discussion)

12:05 - 12:15
8. Board Committees and Engagement (Discussion/Action)

Lunch: 12:15 -1:15

1:15 - 1:45
9. Community Inclusion Timeline and Tasks (Discussion)

1:45 - 2:15
10. Deep Green Campaign Update (Discussion)

2:15 - 3:00
11. Emerging Technology & Innovation (Discussion)
    A. Natural Gas CoGeneration to Battery Storage Conversion: Scott Valentino, AltaGas
    B. Autonomous Drive Vehicles: Randy Iwasaki, Contra Costa Transportation Authority

3:00 - 4:00
12. Complete any Unfinished Business

Adjourn

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MCE BOARD MEETING MINUTES
Thursday, July 20, 2017
7:00 P.M.
THE CHARLES F. MCGLASHAN BOARD ROOM
1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901

Roll Call: Director Kate 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, City of Richmond
Barbara Coler, Town of Fairfax
Arturo Cruz, City of San Pablo
Paul Fadelli, Alternate, City of El Cerrito
Kevin Haroff, City of Larkspur
Bob McCaskill, City of Belvedere
Andrew McCullough, City of San Rafael
Sashi McEntee, City of Mill Valley
Emmett O'Donnell, Town of Tiburon
Elizabeth Patterson, Alternate, City of Benicia
P. Rupert Russell, Town of Ross
Kate Sears, Chair, County of Marin
Mike Anderson, Alternate, City of Lafayette (Lafayette Location)
Kevin Wilk, City of Walnut Creek
Ray Withy, City of Sausalito

Absent:
Ford Greene, Town of San Anselmo
Brad Wagenknecht, County of Napa

Staff:
Greg Brehm, Director of Power Resources
Nicole Busto, Deputy Director, Marketing Communications
John Dalessi, Operations and Development
Alex DiGiorgio, Deputy Director, Community Development
Carol Dorsett, Operations Associate
Kirby Dusel, Resource Planning & Renewable Energy Programs
Sarah Estes-Smith, Director of Internal Operations
Jenna Famular, Community Affairs Coordinator (Lafayette Location)
Noel Voskuil, Public Affairs Assistant
Brian Goldstein, Resource Planning & Implementation
David McNeil, Finance Manager
Justine Parmelee, Operations Associate (Lafayette Location)
Dawn Weisz, Chief Executive Officer

1. **Board Announcements (Discussion)**

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

   Chair Sears opened the public comment period and there were no speakers.

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

   CEO Dawn Weisz reported on the following:

   - Reminder of microphone use
   - Remote participation and video conferencing from Lafayette
   - Press release went out today regarding 11 municipalities opting up to Deep Green
   - Shared 3 brief videos regarding status of MCE Solar One, overview of renewable projects (underway and completed) throughout MCE territory, and The Rising Loafer Café owner testimonial
   - MCE 2017 Fall Board Retreat will take place on Friday, September 22

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

   C.1 5.18.17 Meeting Minutes
   C.2 Approved Contracts Update
   C.3 Proposed First Agreement with Czarnecki-Yester Consulting Group, LLC
   C.4 New MCE Staff Position
   C.5 Proposed First Amendment to the First Agreement with Cypher Group
   C.6 Proposed Second Agreement with Open Energy Efficiency, LLC
   C.7 Proposed New Advertising Agreement with Comcast

   Chair Sears opened the public comment period and there were no speakers.

ACTION: It was M/S/C (Butt/Wilk) to **approve Consent Calendar items C.1**. Motion carried by unanimous vote. (Abstain on C.1: Directors Patterson and O'Donnell). It was M/S/C (Bailey/Wilk) to **approve Consent Calendar items C.2-C.7**. (Absent: Directors Greene and Wagenknecht).

5. **Receive Applicant Analysis and Consider 1. Resolution 2017-06 of the Board of Directors of MCE approving Contra Costa County (unincorporated); the Cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the Towns of Danville and Moraga as members of MCE; 2. Amendment 12 to the MCE JPA Agreement; and 3. Resolution 2017-07 Delegating Energy Procurement Authorities for New Member Communities (Discussion/Action)**

   John Dalessi, Operations and Development, presented this item and addressed questions from Board members.

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Chair Sears opened the public comment period and there were no speakers.

ACTION: It was M/S/C (Bailey/Athas) to **approve the following: 1. Resolution 2017-06 of the Board of Directors of MCE approving Contra Costa County (unincorporated); the Cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the Towns of Danville and Moraga as members of MCE; 2. Amendment 12 to the MCE JPA Agreement; and 3. Resolution 2017-07 Delegating Procurement Authorities for New Member Communities**. Motion carried by unanimous vote. (Absent: Directors Greene and Wagenknecht).

6. Resolution 2017-08 Approving Third Amendment to Credit Agreement with River City Bank in the Principal Amount of $25,000,000; and 2. Resolution 2017-09 Regarding Authority to Execute Third Amendment to Credit Agreement with River City Bank (Discussion/Action)

David McNeil, Finance Manager, presented this item and addressed questions from Board members.

Chair Sears opened the public comment period and there were no speakers.

ACTION: It was M/S/C (Patterson/Haroff) to **1. adopt proposed Resolution 2017-08 Approving the Third Amendment to Credit Agreement with River City Bank; and 2. adopt Proposed Resolution 2017-09 Regarding Authority to Execute Third Amendment to Credit Agreement with River City Bank**. Motion carried by unanimous vote. (Absent: Directors Greene and Wagenknecht).

7. Resolution 2017-10 Delegating Authority for Destruction of Non-Judicial Public Records (Discussion/Action)

Emily Fisher, Legal Counsel, introduced this item and addressed questions from Board members.

Chair Sears opened the public comment period and there were no speakers.

ACTION: It was M/S/C (Athas/Coler) to **approve proposed Resolution No. 2017-10 Delegating Authority for Destruction of Non-Judicial Public Records**. Motion carried by unanimous vote. (Absent: Directors Greene and Wagenknecht).

8. Update on MCE Naming Considerations (Discussion)

Nicole Busto, Deputy Director, Marketing Communications, presented this item and addressed questions from Board members.

Chair Sears opened the public comment period and there were no speakers.

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ACTION: No action required.

9. Customer Programs Update (Discussion)

Alice Stover, Manager of Customer Programs, Policy and Planning, introduced this item and addressed questions from Board members.

Chair Sears opened the public comment period and there were no speakers.

ACTION: No action required.

10. FY 2016/17 Financial Statement Presentation (Discussion)

David McNeil, Finance Manager, presented this item and addressed questions from Board members.

Chair Sears opened the public comment period and there were no speakers

ACTION: No action required.

11. MCE Contra Costa Office (Discussion)

Sarah Estes-Smith, Director of Internal Operations, presented this item and addressed questions from Board members**.**

Chair Sears opened the public comment period and there were no speakers.

ACTION: No action required.

12. Policy Update on Regulatory and Legislative Items (Information Only)

ACTION: No action required.

13. Board Member & Staff Matters (Discussion)

There were none.

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14. Adjournment

The Board of Directors adjourned the meeting at 9:25 p.m. to the Board Retreat on September 22, 2017.

____
Kate Sears, Chair

Attest:

____
Dawn Weisz, Secretary

September 22, 2017

TO: MCE Board of Directors

FROM: Pacific Energy Advisors, Inc.
Dawn Weisz, CEO

RE: Addendum No. 5 to MCE's Implementation Plan (Agenda Item #03 - C.2)

ATTACHMENT: Addendum No. 5 to MCE's Revised Implementation Plan and Statement of Intent

Dear Board Members:

Background on MCE's Planned 2018 Expansion

On July 20, 2017, your Board received a new member applicant analysis focused on prospective MCE membership for the following nine communities: the unincorporated areas of Contra Costa County; the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga (together, the "Expansion Communities"). The applicant analysis reflected favorable projections, which were supportive of key criteria included within MCE's new membership policy. As a result, your Board approved, via Resolution No. 2017-06, the membership requests of the Expansion Communities and amended its Joint Powers Authority Agreement (via Amendment No. 12) to reflect its expanded membership. Considerable information was provided to your Board in support of this decision-making process, including MCE Policy No. 007 (addressing new customer communities), MCE's Affiliate Membership Process, and MCE's Membership Application Checklist. On July 20, 2017, your Board also approved Resolution No. 2017-07, which delegated energy procurement authorities for new member communities, creating additional administrative efficiencies across the various planning and procurement efforts that will need to be undertaken prior to serving MCE's expanded customer base.

In light of the aforementioned actions, the next administrative item that will be required prior to serving customers within the Expansion Communities is the submittal of Addendum No. 5 to MCE's Revised Community Choice Aggregation Implementation Plan and Statement of Intent ("Addendum No. 5"), which addresses the process and consequences of providing CCA service within the Expansion Communities. With this in mind, staff has prepared a draft Addendum No. 5 for your review. Similar to recent MCE Implementation Plan updates, Addendum No. 5 addresses MCE's service area expansion in a streamlined format, limiting new information to those areas of the document that are directly affected by the Expansion Communities. In particular, the discussion and tables focused on expected increases in customer counts, energy sales, peak demand, renewable energy requirements and complementary energy programs (such as energy efficiency, distributed generation and demand response) have been updated to reflect anticipated changes to these key planning assumptions. Use of the

Addendum approach has also served to reduce the 90-day California Public Utilities Commission ("CPUC") review period that is provided for in statute – while there is no guarantee that the CPUC's review of Addendum No. 5 will take less than the aforementioned 90 days, recent experience suggests that this prospect seems likely.

As a reminder, MCE currently serves approximately 255,000 customers, which is expected to increase to nearly 470,000 following customer enrollment within the Expansion Communities. MCE's annual retail energy sales are also projected to increase (by approximately 90%), growing to 5,500 GWh per year following expansion activities.

Recommendation: Approve Addendum No. 5 to MCE's Revised Community Choice Aggregation Implementation and Statement of Intent, and authorize the submittal of this document to the California Public Utilities Commission.

MARIN CLEAN ENERGY

DRAFT

ADDENDUM NO. 5 TO THE REVISED COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT

TO ADDRESS MCE EXPANSION TO CONTRA COSTA COUNTY; THE CITIES OF CONCORD, MARTINEZ, OAKLEY, PINOLE, PITTSBURG AND SAN RAMON; AND THE TOWNS OF DANVILLE AND MORAGA

September 25, 2017

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

Table of Contents

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 unincorporated areas of Contra Costa County; the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga (the nine communities together, the "Expansion Communities"). MCE is a public agency that was formed in December 2008 for 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 the Marin Clean Energy CCA program ("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 this 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 the aforementioned Decision.

During 2015, the County of Napa and the Cities of Benicia, El Cerrito, and San Pablo joined MCE; service was extended to customers in unincorporated Napa County during February 2015 and to customers in Benicia, El Cerrito and San Pablo during May 2015. To address the anticipated effects of these 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 the Commission's certification of this revision, MCE submitted Addendum No. 1 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of San Pablo (Addendum No. 1) on September 25, 2014 (and the

Commission subsequently certified Addendum No. 1 on October 29, 2014); and Addendum No. 2 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of Benicia (Addendum No. 2) on November 21, 2014 (the Commission subsequently certified Addendum No. 2 on December 1, 2014); and Addendum No. 3 to the Revised Community Choice Aggregation Implementation Plan and Statement of Intent to Address MCE Expansion to the City of El Cerrito (Addendum No. 3) on January 7, 2015 (the Commission subsequently certified Addendum No. 3 on January 16, 2015).

On April 21, 2016, MCE's Board of Directors ("Board" or "Governing Board") unanimously adopted Resolution No. 2016-01, which approved the cities of American Canyon, Calistoga, Lafayette, Napa, St. Helena and Walnut Creek as well as the Town of Yountville as members of MCE. On this date, MCE's Board also approved the related Addendum No. 4 to its Revised Community Choice Aggregation Implementation Plan and Statement of Intent ("Addendum No. 4"), which addressed expansion to such communities. Addendum No. 4 was submitted to the Commission on April 22, 2016; Addendum No. 4 was certified by the Commission thereafter on May 6, 2016.

More recently, MCE's Governing Board approved the membership requests of the Expansion Communities on July 20, 2017 via Resolution No. 2017-06. Staff subsequently prepared this Addendum No. 5 to its Revised Community Choice Aggregation Implementation Plan and Statement of Intent ("Addendum No. 5"), which addressed expansion to the aforementioned communities. MCE's Board approved this Addendum No. 5 on September 22, 2017.

Over time many communities have contacted MCE regarding membership opportunities. In response to such inquiries, MCE's Governing Board adopted Policy 007, which established 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/addenda 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 255,000 customers, including a cross section of residential and commercial accounts. During its more than seven-year operating history, non-member municipalities have monitored MCE's 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 Expansion Communities requested MCE membership, consistent with MCE Policy 007, each adopting the requisite ordinance for joining MCE. As previously noted, MCE's Board of Directors approved such membership requests at a duly noticed public meeting on July 20, 2017 through the adoption of Resolution No. 2017-06.

This Addendum No. 5 describes MCE's expansion plans to include the Expansion Communities. 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 previous Addendums, and has identified certain information that requires updating to reflect the changes and consequences of adding the new municipalities as well as other forecast modifications reflecting the most recent historical electric energy use within MCE's existing service territory. This Addendum No. 5 reflects pertinent changes related to the new member additions as well as projections that account for MCE's planned expansion and recent operations. 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 D, addresses all requirements identified in Public Utilities 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 EXPANSION COMMUNITIES

This Addendum No. 5 addresses the anticipated impacts of MCE's planned expansion to the Expansion Communities, as well as other forecast modifications reflecting the most recent historical electric energy use within MCE's existing service territory. As a result of these member additions, certain assumptions regarding MCE's future operations have changed, including customer energy requirements, peak demand, renewable energy purchases, revenues, expenses and 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. 5, 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 American Canyon
City of Belvedere
City of Benicia
City of Calistoga
City of Concord
County of Contra Costa
Town of Corte Madera
Town of Danville
City of El Cerrito
Town of Fairfax
City of Lafayette
City of Larkspur
County of Marin
City of Martinez
City of Mill Valley
Town of Moraga
City of Napa
County of Napa
City of Novato
City of Oakley
City of Pinole
City of Pittsburg
City of Richmond
Town of Ross
Town of San Anselmo
City of San Pablo
City of San Rafael
City of San Ramon
City of Sausalito
City of Saint Helena
Town of Tiburon
City of Walnut Creek
Town of Yountville

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 the electric customers of such jurisdictions 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 Expansion Communities. These communities have requested MCE membership, and MCE's Board of Directors subsequently approved the membership requests at a duly noticed public meeting on July 20, 2017.

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, seven phases have been successfully implemented, and an eighth phase will commence in April 2018. The eighth phase will now include service commencement to customers located within Contra Costa County (unincorporated areas); the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga, 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	**Complete**: Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County.	February 2015
Phase 6	**Complete**: Residential, commercial, agricultural, and street lighting accounts within the City of San Pablo, the City of Benicia and the City of El Cerrito.	May 2015
Phase 7	**Complete**: Residential, commercial, agricultural, and street lighting accounts within the Cities of American Canyon, Calistoga, Lafayette, Napa, Saint Helena, Walnut Creek and the Town of Yountville.	September 2016
Phase 8	**April 2018:** Residential, commercial, agricultural, and street lighting accounts within Contra Costa County (unincorporated areas); the cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon; and the towns of Danville and Moraga, subject to economic and operational constraints.	April 2018

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 470,000 accounts, following completion of Phase 8 customer enrollments. This approach has also allowed MCE and its energy suppliers 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 5,500 GWh following Phase 8 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	-1,252	-1,710	-2,103	-2,889	-4,772	-5,515
Distributed Generation	0	2	4	5	9	14	19	24	46	63
Energy Efficiency	0	0	0	0	1	3	3	5	7	10
Losses and UFE	-5	-11	-34	-66	-74	-102	-125	-172	-283	-327
Total Demand	-97	-195	-601	-1,172	-1,316	-1,795	-2,205	-3,032	-5,002	-5,768
MCE Supply (GWh)										
Renewable Resources										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	23	50	289	564	645	926	1,140	1,664	3,051	3,673
Total Renewable Resources	23	50	289	564	645	926	1,140	1,664	3,051	3,673
Conventional Resources										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	74	145	312	608	670	869	1,065	1,368	1,951	2,095
Total Conventional Resources	74	145	312	608	670	869	1,065	1,368	1,951	2,095
Total Supply	97	195	601	1,172	1,316	1,795	2,205	3,032	5,002	5,768
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	Sep-16	Apr-18
MCE Customers								
Residential	7,354	12,503	77,345	106,510	120,204	149,610	225,128	419,682
Commercial & Industrial	579	1,114	9,913	13,098	15,316	19,147	27,274	43,722
Street Lighting & Traffic	138	141	443	748	1,014	1,219	1,866	3,528
Agricultural & Pumping	-	<15	113	109	1,467	1,625	1,700	2,102
Total	8,071	13,759	87,814	120,465	138,001	171,601	255,968	469,035

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	149,610	225,128	223,140	419,682	421,780
Commercial & Industrial	579	1,114	9,913	13,098	13,098	19,147	27,274	27,432	43,722	43,941
Street Lighting & Traffic	138	141	443	748	748	1,219	1,866	1,178	3,528	3,546
Agricultural & Pumping	-	<15	113	109	109	1,625	1,700	1,705	2,102	2,113
Total	8,071	13,759	87,814	120,465	120,465	171,601	255,968	253,455	469,035	471,380

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	1,252	1,710	2,103	2,889	4,772	5,515
Distributed Generation	0	-2	-4	-5	-9	-14	-19	-24	-46	-63
Energy Efficiency	0	0	0	0	-1	-3	-3	-5	-7	-10
Losses and UFE	5	11	34	66	74	102	125	172	283	327
Total Load Requirement	97	195	601	1,172	1,316	1,795	2,205	3,032	5,002	5,768

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	234	318	447	544	1,034	1,039
Distributed Generation	-	(1)	(2)	(3)	(5)	(8)	(11)	(14)	(26)	(36)
Energy Efficiency	-	-	-	(0)	(0)	(1)	(1)	(1)	(2)	(2)
Losses and UFE	2	3	11	14	14	19	26	32	60	60
Total Net Peak Demand	30	47	191	244	243	328	462	561	1,067	1,061
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	29	37	36	49	69	84	160	159
Capacity Requirement Including Reserve	34	55	220	281	279	377	531	645	1,227	1,220

Chapter 6, Renewables 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	183,741	566,640	1,105,310	1,241,233	1,693,246	2,080,477	2,860,315	4,719,180	5,441,798
Baseline	-	18,244	36,748	113,328	221,062	269,348	394,526	520,119	772,285	1,368,562
Incremental Procurement Target	18,244	18,504	76,580	107,734	48,286	125,179	125,593	252,166	596,277	318,395
Annual Procurement Target	18,244	36,748	113,328	221,062	269,348	394,526	520,119	772,285	1,368,562	1,686,957
% 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	183,741	566,640	1,105,310	1,241,233	1,693,246	2,080,477	2,860,315	4,719,180	5,441,798
Annual RPS Target (Minimum MWh)	18,244	36,748	113,328	221,062	269,348	394,526	520,119	772,285	1,368,562	1,686,957
Program Target (% of Retail Sales)	25%	27%	51%	51%	52%	55%	55%	58%	65%	67%
Program Renewable Target (MWh)	**22,805**	**49,610**	**288,986**	**563,708**	**645,441**	**926,138**	**1,140,143**	**1,663,571**	**3,051,244**	**3,673,029**
Surplus In Excess of RPS (MWh)	**4,561**	**12,862**	**175,658**	**342,646**	**376,094**	**531,612**	**620,024**	**891,286**	**1,682,682**	**1,986,072**
Annual Increase (MWh)	22,805	26,805	239,376	274,722	81,733	280,697	214,005	523,429	1,387,673	621,785

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	1,252	1,710	2,103	2,889	4,772	5,515
MCE Energy Efficiency Goal	0	0	0	0	-1	-3	-3	-5	-7	-10

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	220	281	279	377	531	645	1,227	1,220
Greater Bay Area Capacity Requirement (MW)	5	9	35	44	44	40	56	69	131	130
Demand Response Target	-	-	-	-	-	-	-	-	15	31
Percentage of Local Capacity Requirment	0%	0%	0%	0%	0%	0%	0%	0%	12%	23%

Chapter 6, Distributed Generation

Marin Clean Energy
Distributed Generation Projections
(MW)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DG Capacity	-	1	2	3	5	8	11	14	26	36

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 2019)

CATEGORY	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
I. REVENUES FROM OPERATIONS ($)										
ELECTRIC SALES & OTHER REVENUE	10,529,582	20,457,577	43,687,317	81,279,541	98,031,511	142,656,873	171,398,844	211,347,206	316,864,919	352,622,851
LESS UNCOLLECTIBLE ACCOUNTS	-	(309,659)	(61,992)	(950,674)	(484,404)	(1,432,948)	(893,645)	(1,442,225)	(2,164,417)	(2,409,085)
PLUS NET ENERGY METERING REV. ADJ.	-	-	-	-				1,071,474	1,632,208	1,648,852
TOTAL REVENUES	10,529,582	20,147,918	43,625,325	80,328,867	97,547,107	141,223,925	170,505,199	210,976,455	316,332,711	351,862,618
II. COST OF OPERATIONS ($)										
(A) ADMINISTRATIVE AND GENERAL (A&G)										
STAFFING	433,250	605,855	923,190	1,376,429	1,953,241	2,778,126	4,199,088	6,151,600	7,652,648	8,268,477
CONTRACT SERVICES	1,711,537	1,394,953	2,920,222	4,081,277	4,360,839	4,821,343	5,762,064	7,370,528	11,669,049	10,815,431
IOU FEES (INCLUDING BILLING)	20,468	60,780	214,113	547,806	669,037	865,764	1,025,141	1,467,230	2,431,556	2,806,461
OTHER A&G	140,427	316,671	437,596	1,374,738	1,581,589	2,393,573	2,285,284	1,513,659	2,103,928	2,294,702
SUBTOTAL A&G	2,305,682	2,378,259	4,495,121	7,380,250	8,564,705	10,858,806	13,271,577	16,503,017	23,857,180	24,185,071
(B) COST OF ENERGY	7,418,662	15,167,808	33,340,133	71,137,536	83,028,734	118,194,567	140,527,541	186,992,524	263,491,899	307,497,028
TOTAL COST OF OPERATION	9,724,343	17,546,067	37,835,255	78,517,786	91,593,440	129,053,373	153,799,118	203,495,541	287,349,079	331,682,099
CCA PROGRAM SURPLUS/(DEFICIT)	805,239	2,601,851	5,790,071	1,811,081	5,953,667	12,170,552	16,706,082	7,480,914	28,983,632	20,180,519
REPAYMENT OF LOAN PRINCIPAL	578,566	2,473,134	567,938	920,147	1,142,408	2,296,675	-	-	-	-

Expansion Addendum Appendices

Appendix A: Marin Clean Energy Resolution 2017-06
Appendix B: Joint Powers Agreement
Appendix C: Member Ordinances
Appendix D: Marin Clean Energy Revised Implementation Plan and Statement of Intent (November 21, 2014)

September 22, 2017

TO: MCE Board of Directors

FROM: David McNeil, Manager of Finance

RE: Proposed Amendment to FY 2017/18 Operating Fund Budget (Agenda Item #03 - C.3)

ATTACHMENT: Proposed Amendment to FY 2017/18 Operating Fund Budget

Dear Board Members:

SUMMARY:

In March 2017, your Board approved MCE's Fiscal Year (FY) 2017/18 Operating Fund Budget. The Budget authorizes Staff to spend funds within the limits set forth in each budget line item and collect revenue. In May 2017, your Board approved an amendment to the FY 2017/18 Operating Fund Budget to support revenues and expenses associated with a grant from the California Energy Commission.

In July 2017, your Board adopted Resolution No. 2017-06 which approves the County of Contra Costa (unincorporated), the Cities of Concord, Martinez, Oakley, Pinole, Pittsburg and San Ramon, and the Towns of Danville and Moraga ("new member communities") as members of MCE. The enrollment of customers from new member communities is expected to occur in the spring of 2018. Revenues and electricity costs associated with the enrollment of customers from new member communities will not occur in FY 2017/18. These revenues and expenses will be budgeted for in the FY 2018/19 budget.

An amendment to the FY 2017/18 Operating Fund Budget is proposed at this time for two reasons. First, MCE's existing customer usage has increased slightly during the current fiscal year, yielding an anticipated increase in the cost of energy offset by an anticipated increase in revenue. Second, the proposed amendment would authorize Staff to make certain pre-enrollment expenditures in preparation for the new load to be served in FY 2018/19.

At its September 1, 2017 meeting, the Executive Committee reviewed the proposed Budget Amendment, offered input, and recommended that your Board approve the proposed Budget Amendment at the September Board Retreat.

Operating Fund Budget Amendment Detail

The attached Proposed FY 2017/18 Operating Fund Budget Amendment sets forth changes to the following budget line items:

Revenue – electricity (+$10,451,000, 5% increase): Budgeted electricity revenues are based on estimates of customer electricity usage and retail electricity rates. The increase in revenue results from an estimated increase in customer electric use and an increase in Deep Green program participation.

Cost of energy (+$9,152,000, 5% increase): Cost of energy includes expenses associated with purchase of energy products, charges by the California Independent Systems Operator (CAISO) for scheduled load, and services performed by the CAISO. Credits for energy generation scheduled into the CAISO market are netted from the Cost of energy. The proposed increase in cost of energy reflects the cost of purchasing additional energy products to serve an increase in estimated customer electric use and an increase in Deep Green program participation.

Personnel (+$343,000, 5% increase): The proposed increase in personnel costs would enable MCE to hire new staff to serve new customers. Additional positions include four Climate Corps Fellows that would support customer outreach and would be hired on ten month contracts. The proposed increase also accommodates additional positions in the Power Resources, Public Affairs and Internal Operations departments.

Legal and regulatory services (+$60,000, 8% increase): Legal counsel expenses support MCE's contracting and regulatory activities. The proposed increase in legal expenses would support contracting for additional energy supplies required to serve customers in new member communities.

Communications and related services (+$838,000, 74% increase): Communications and related services include costs associated with: print, online, and other advertising; printing and mailing customer notices; and events and sponsorships. The proposed increase in Communications expenses relates to printing and mailing customer notifications required by the California Public Utilities Code, and to additional advertising and outreach costs. Two mail notifications would occur in FY 2017/18 in order to support new customer enrollment in the spring of 2018.

Other services (+$443,000, 43% increase): Other services encompass expenses which are not captured in other budget categories, and include accounting, auditing, information technology, and other services. Of the proposed increase in other services, $192,000 results from a proposed internal transfer from the Integrated demand side management budget line item. The remaining proposed increase relates primarily to an increase for contingencies associated with opening a new office in the East Bay and enrolling new customers.

General and administration (+$111,000, 20% increase): General and administration costs include office, data, travel, dues and subscriptions, and other related expenses. The proposed increase relates to expenses associated with opening a new office in the East Bay and enrolling new customers.

Occupancy (+$164,000, 31% increase): Occupancy costs include the costs of leasing MCE's office, utilities, and building maintenance. The proposed increased in occupancy costs are associated with leasing a new office in the East Bay. Staff is evaluating several possible locations and lease start dates.

Integrated demand side pilot programs (-$193,000, 47% decrease): Local pilot programs support residential demand side management pilot programs offered in MCE's service territory including the My Energy Insight program, Richmond Advanced Energy Communities, and transportation electrification. The decrease in costs reflect a proposed transfer of expenses funded by a grant from the California Energy Commission to the Other services budget category. This transfer reflects recently proposed contract terms with a prospective sub-contractor and is administrative in nature.

Capital outlay (+$338,000, 92% increase): Expenditures associated with Capital outlay include various leasehold improvements at MCE's office and office equipment expenses. The proposed increase would support the purchase of office furniture and equipment for the new office as well as tenant improvements to the new office.

FISCAL IMPACT: The net impact of the proposed Amendment to the Operating Fund Budget is a $467,000 decrease in operating income and expected contribution to the net position. The decrease reflects the need to incur expenses in FY 2017/18 in order to support the enrollment of new customers in FY 2018/19.

RECOMMENDATION: Approve the proposed Amendment to FY 2017/18 Operating Fund Budget.

MARIN CLEAN ENERGY Fiscal Year 2017/18 PROPOSED OPERATING FUND BUDGET AMENDMENT				
	A	B	C	D
	FY 2017/18 Budget	Proposed Amendment	FY 2017/18 Budget (Amended)	Variation (%)
ENERGY REVENUE				
Revenue - Electricity (net of allowance)	198,711,000	10,451,000	209,162,000	5%
Other Revenue	10,000		10,000	
GROSS ENERGY REVENUE	**198,721,000**	10,451,000	**209,172,000**	
ENERGY EXPENSES				
Cost of energy	174,042,000	9,152,000	183,194,000	5%
NET ENERGY REVENUE	**24,679,000**	1,299,000	**25,978,000**	
OPERATING EXPENSES				
Personnel	6,241,000	343,000	6,584,000	5%
Data manager	3,794,000	-	3,794,000	0%
Technical and scheduling services	806,000	-	806,000	0%
Service fees - PG&E	1,487,000	-	1,487,000	0%
Legal and regulatory services	744,000	60,000	804,000	8%
Communications services and related services	1,133,000	838,000	1,971,000	74%
Other services	1,038,000	443,000	1,481,000	43%
General and administration	567,000	111,000	678,000	20%
Occupancy	525,000	164,000	689,000	31%
Integrated demand side pilot programs	408,000	(193,000)	215,000	-47%
Marin County green business program	10,000	-	10,000	0%
Low income solar programs	40,000	-	40,000	0%
TOTAL OPERATING EXPENSES	**16,793,000**	1,766,000	**18,559,000**	11%
OPERATING INCOME	**7,886,000**	(467,000)	**7,419,000**	-6%
NONOPERATING REVENUES	-			
Grant and other income	713,000		713,000	0%
Interest income	130,000		130,000	
TOTAL NONOPERATING REVENUES	**843,000**		**843,000**	0%
NONOPERATING EXPENSES	-			
Banking Fees and Financing Costs	168,000		168,000	
Depreciation (supplemental)	121,000		121,000	
TOTAL NONOPERATING EXPENSES	289,000		**289,000**	
CHANGE IN NET POSITION	**8,440,000**		**7,973,000**	5.9%
Budgeted net position beginning of period	41,807,000		44,659,171	
Change in net position	8,440,000		7,973,000	
Budgeted net position end of period	50,247,000		52,632,171	
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	367,000	338,000	744,000	92%
Depreciation (supplemental)	(121,000)		(121,000)	
Transfer to Renewable Energy Reserve	-		-	
Transfer to Local Renewable Energy Development Fund	186,000		186,000	
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	432,000		809,000	
Budgeted net increase (decrease) in Operating Fund balance	$ 8,008,000		$ 7,164,000	

Mission Statement
To address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits.

Vision Statement
Clean and sustainable energy for all communities.

Our Promise
At MCE, we strive to provide you with clean, renewable energy at stable and affordable rates. Renewables come from constantly replenishing and virtually limitless supply of natural resources. Think sun, wind, tides, bioenergy and geothermal heat. By turning to these sources instead of fossil fuels, we can help create a clean and secure energy future for California.

Our Values
- We provide high quality products to our rate payers and accessible, responsive service.
- We support thoughtful and robust innovation to advance a more sustainable energy economy.
- We support a productive and collaborative culture while maintaining a healthy work-life balance.
- We respect diverse points of view and proactively engage with positivity and professionalism.
- We serve and strengthen our communities through public outreach, energy education and technical assistance.

Strategic Goals
2016 - 2018

1. Serve our customers and communities with care and excellence.
2. Ensure financial strength and sustain market competitiveness.
3. Reduce greenhouse gas emissions through cost-effective energy services and customer programs.
4. Be efficient in our administration while supporting and developing our staff.
5. Support community choice by cultivating key partnerships and opportunities.

September 22, 2017

TO: MCE Board of Directors

FROM: Kirby Dusel, Resource Planning & Renewable Energy Programs

RE: MCE 2016 Power Content Label and Attestation (Agenda Item #06)

ATTACHMENT: A) Customer Communication: 2016 Power Content Label
B) Presentation: CY 2016 Power Resource Statistical Highlights

Dear Board Members:

SUMMARY:

California Public Utilities Code requires all retail sellers of electric energy, including MCE, to disclose "accurate, reliable, and simple-to-understand information on the sources of energy" that are delivered to their respective customers.[1] Applicable regulations direct retail sellers to provide such communications to customers following each year of operation. The format for requisite communications is highly prescriptive, offering little flexibility to retail sellers when presenting such information to customers. This format has been termed the "Power Content Label" (or PCL) by the California Energy Commission (CEC).

Information presented in the PCL includes the proportionate share of total energy supply attributable to various resource types, including both renewable and conventional fuel sources. In the event that a retail seller meets a certain percentage of its supply obligation from unspecified resources, the report must identify such purchases as "unspecified sources of power." As your Board is aware, certain of MCE's supply agreements allow for the use of such unspecified purchases to satisfy a portion of MCE's energy requirements – these purchases have been appropriately identified as "unspecified sources of power" in the PCL.

During the 2016 calendar year, MCE successfully delivered a substantial portion of its electric energy supply from various renewable energy sources, including wind, solar, geothermal, hydroelectricity, biomass and biogas – for Light Green customers, the

[1] California Public Utilities Code Section 398.1(b)

percentage of supply attributable to renewable energy sources approximated 55 percent; for Deep Green customers, renewable energy comprised 100 percent of the supply portfolio. A simplified representation of MCE's 2016 PCL is presented below:

POWER CONTENT LABEL			
ENERGY RESOURCES	2016 LIGHT GREEN Power Mix	2016 DEEP GREEN Power Mix	2016 CA Power Mix
Eligible Renewable	**55%**	**100%**	**25%**
-- Biomass & waste	5%	25%	2%
-- Geothermal	0%	0%	4%
-- Small hydroelectric	7%	0%	2%
-- Solar	9%	25%	8%
-- Wind	34%	50%	9%
Coal	0%	0%	4%
Large Hydroelectric	13%	0%	10%
Natural Gas	12%	0%	37%
Nuclear	0%	0%	9%
Other	0%	0%	0%
Unspecified sources of power*	**19%**	**0%**	**15%**
TOTAL	**100%**	**100%**	**100%**

Consistent with applicable regulations, MCE will complete requisite customer communications following your Board's approval of pertinent information to be included in the 2016 PCL. Customers receiving PCL communications will include those enrolled in the MCE program as of December 31, 2016 – the distribution list was derived based on prior discussions with designated CEC staff. The entirety of the communication provided to the aforementioned group of MCE customers is attached for your review.

While developing MCE's 2016 PCL, staff performed a detailed review of all power purchases completed for the 2016 calendar year. This review included an inventory of all renewable energy transfers within MCE's Western Renewable Energy Generation Information System (WREGIS) accounts, pertinent transaction records, and a requisite independent audit for MCE's voluntary Deep Green, 100% renewable energy program.[2] Based on staff's review of available data and findings of the independent auditor (related to the Deep Green product offering), the information presented in the PCL was determined to be accurate.

To fulfill its PCL reporting obligation, MCE must also provide the CEC with your Board's attestation regarding the accuracy of information included in the PCL – this internally administered process is permitted under the regulations pertaining to California's Power Source Disclosure Program (PSDP), which allow public entities, including MCE, to self-certify the accuracy of one retail electricity product, so long as other retail offerings are

[2] MCE's Deep Green retail service option is a Green-e Energy certified product, conforming to guidelines established by the Center for Resource Solutions, the Green-e Energy program administrator. As part of this certification, MCE must successfully complete an annual independent audit of power sources, ensuring the delivery of qualifying renewable energy to participating Deep Green customers.

subject to third-party audit. Because MCE's Deep Green product offering was independently audited (a process that was completed in June 2017 for the 2016 operating year), MCE proceeded with self-certification of its Light Green product offering, consistent with PSDP regulations.

In consideration of the aforementioned internal review, independent audit and applicable regulations, staff requests that your Board accept this determination and attest to the accuracy of information included in MCE's 2016 PCL, which will soon be distributed to MCE customers. Should your Board endorse staff's recommendation, a copy of this staff report, related meeting minutes and a copy of MCE's 2016 Audit Report for the Deep Green product offering will be forwarded to the CEC, thereby completing MCE's PCL reporting obligation for the 2016 calendar year.

Recommendation: Endorse the accuracy of information presented in MCE's 2016 Power Content Label based on staff's review.

AI #06A: 2016 Power Content Label_6x9

CALIFORNIA THANKS YOU!

In 2016, MCE customers like you added more renewable energy to the grid.

2016 POWER CONTENT LABEL

ENERGY RESOURCES	2016 MCE LIGHT GREEN POWER MIX	2016 MCE DEEP GREEN POWER MIX	2016 CA POWER MIX** (for comparison)
Eligible Renewable	**55%**	**100%**	**25%**
Biomass & biowaste	5%	25%	2%
Geothermal	0%	0%	4%
Small hydroelectric	7%	0%	2%
Solar	9%	25%	8%
Wind	34%	50%	9%
Coal	**0%**	**0%**	**4%**
Large Hydroelectric	**13%**	**0%**	**10%**
Natural Gas	**12%**	**0%**	**37%**
Nuclear	**0%**	**0%**	**9%**
Other	**0%**	**0%**	**0%**
Unspecified sources of power*	**19%**	**0%**	**15%**
TOTAL	**100%**	**100%**	**100%**

* "Unspecified sources of power" means electricity from transactions that are not traceable to specific generation sources.

** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the identified year.

For specific information about these electricity products, contact **MCE** at **1 (888) 632-3674** or **info@mceCleanEnergy.org**.
For general information about the Power Content Label, contact the California Energy Commission at 1 (844) 421-6229 or www.energy.ca.gov/pcl.

Percentages may not total 100% due to rounding.

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MCE

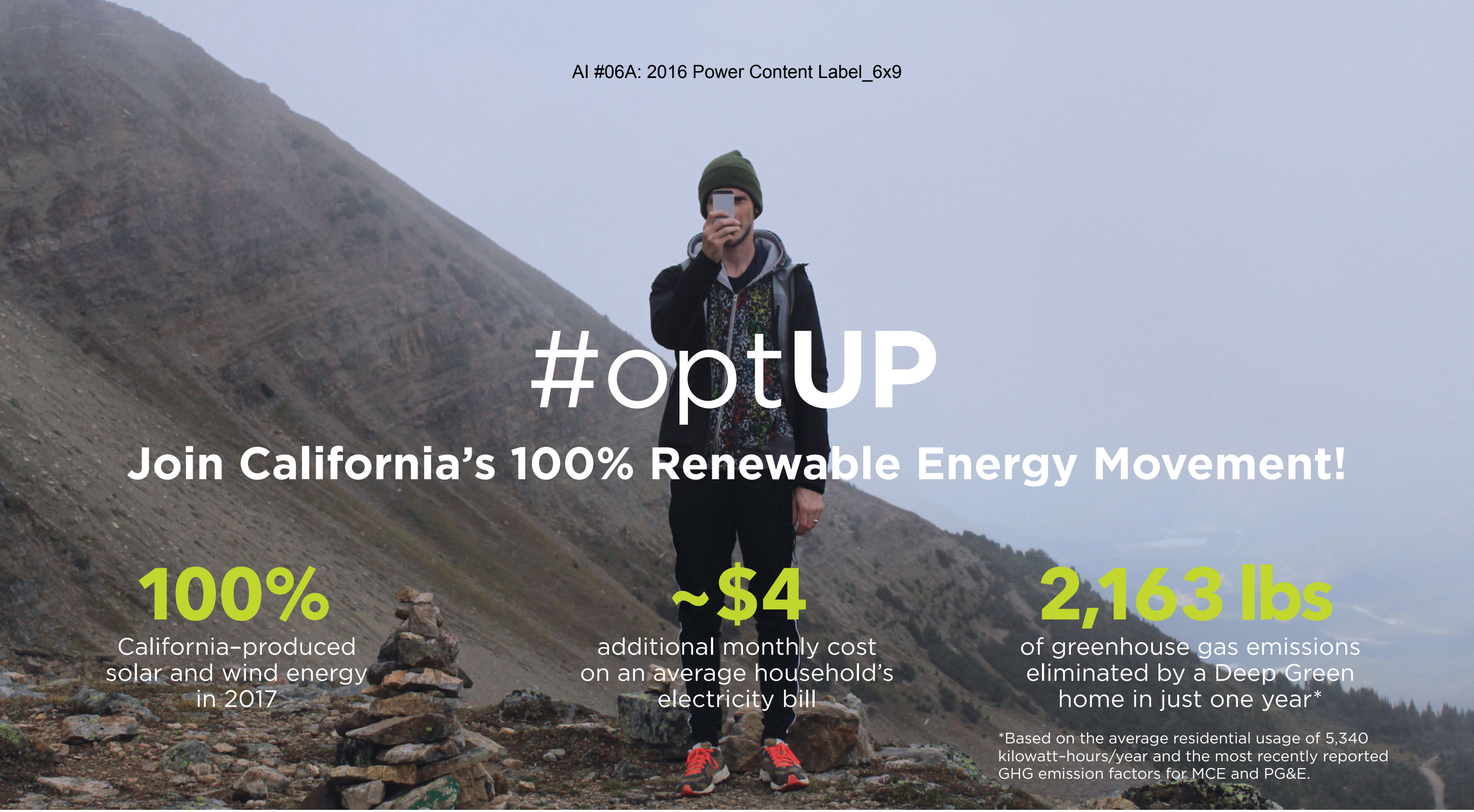
1125 Tamalpais Avenue
San Rafael, CA 94901

Stay in touch: **@mceCleanEnergy**

IMPORTANT: You are receiving this notice because on December 31, 2016 you were an MCE customer. Receiving this notice does not mean that you are currently an MCE customer.

Go paperless by contacting: info@mceCleanEnergy.org.

AI #06A: 2016 Power Content Label_6x9



JOIN THE MOVEMENT: mceCleanEnergy.org/enroll100 | 1 (888) 632-3674 | info@mceCleanEnergy.org

All of your electricity will be sourced from non-polluting, California wind and solar power when you opt up to MCE's Deep Green 100% renewable energy service. It's a quick and simple way to reduce your carbon footprint, while receiving the same reliable electric service you're used to.

MCE Clean Energy
My community. My choice.

MCE Power Statistics Update: 2016

Annual Board Retreat | September 22, 2017

MCE 2016 Power Content Label

POWER CONTENT LABEL			
ENERGY RESOURCES	**2016 MCE TOTAL POWER MIX** (Actual)	**2016 LIGHT GREEN POWER MIX** (Actual)	**2016 DEEP GREEN POWER MIX** (Actual)
Eligible Renewable	**56%**	**55%**	**100%**
-- Biomass & waste	6%	5%	25%
-- Geothermal	0%	0%	0%
-- Small hydroelectric	7%	7%	0%
-- Solar	9%	9%	25%
-- Wind	35%	34%	50%
Coal	0%	0%	0%
Large Hydroelectric	13%	13%	0%
Natural Gas	12%	12%	0%
Nuclear	0%	0%	0%
Other	0%	0%	0%
Unspecified sources of power*	**19%**	**19%**	**0%**
TOTAL	**100%**	**100%**	**100%**

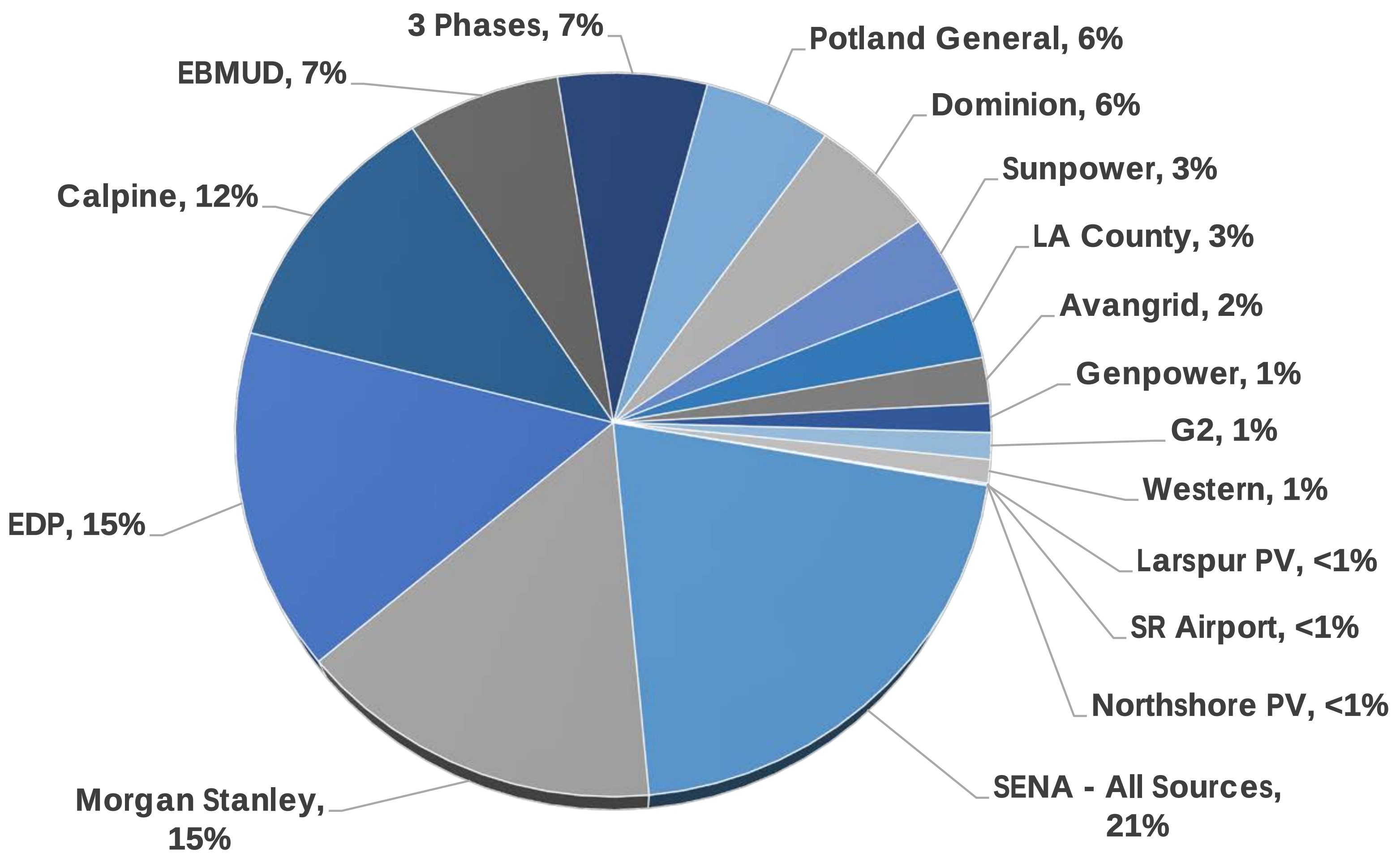
MCE & PG&E: 2016 Power Content Label

POWER CONTENT LABEL			
ENERGY RESOURCES	**2016 LIGHT GREEN POWER MIX** (Actual)	**2016 DEEP GREEN POWER MIX** (Actual)	**2016 PG&E POWER MIX*** (Actual)
Eligible Renewable	**55%**	**100%**	**33%**
-- Biomass & waste	5%	25%	4%
-- Geothermal	0%	0%	5%
-- Small hydroelectric	7%	0%	3%
-- Solar	9%	25%	13%
-- Wind	34%	50%	8%
Coal	0%	0%	0%
Large Hydroelectric	13%	0%	12%
Natural Gas	12%	0%	17%
Nuclear	0%	0%	24%
Other	0%	0%	0%
Unspecified sources of power*	**19%**	**0%**	**14%**
TOTAL	**100%**	**100%**	**100%**

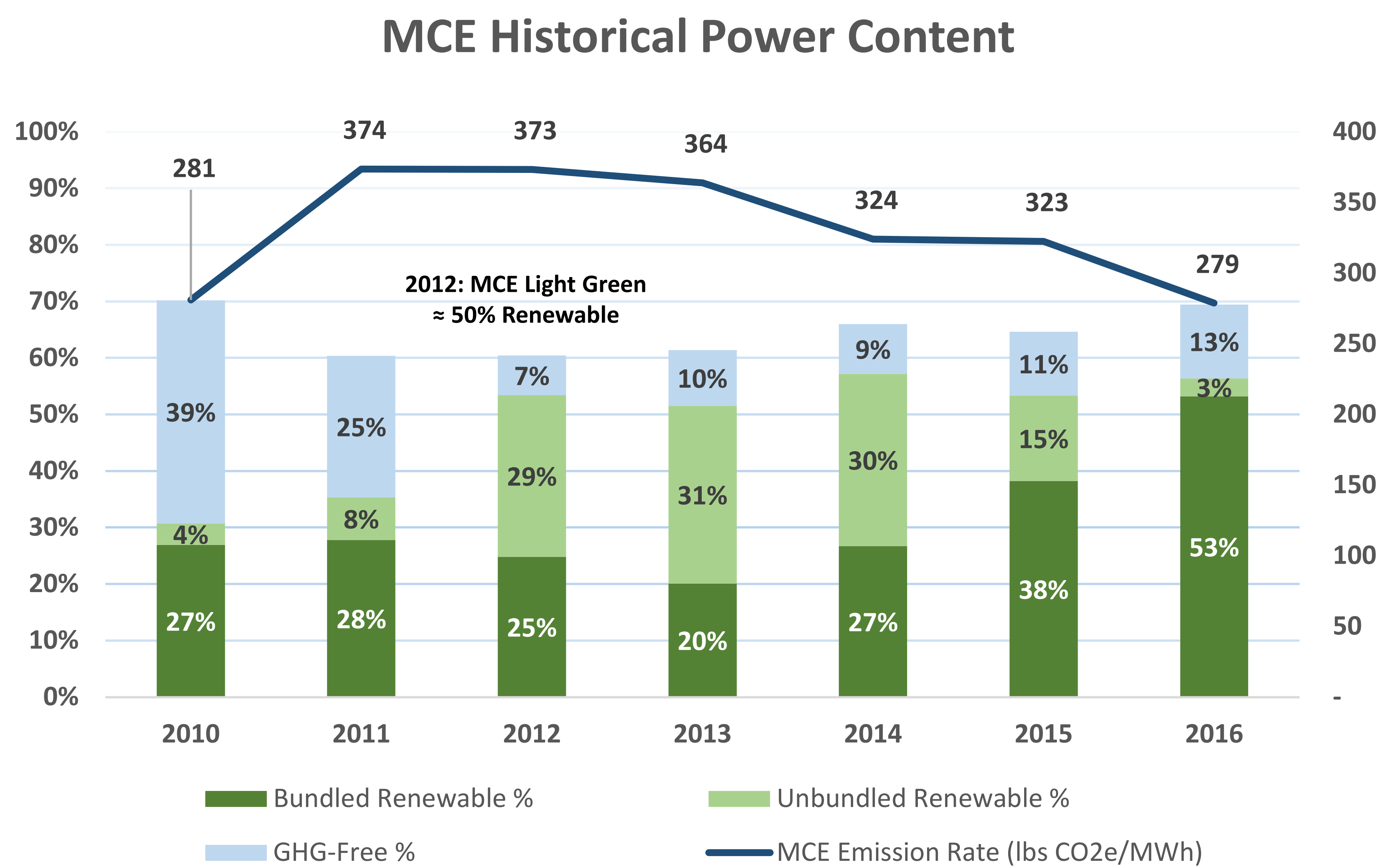
*Source: PG&E 2016 Power Source Disclosure Annual Report

MCE Supplier Inventory (2016)

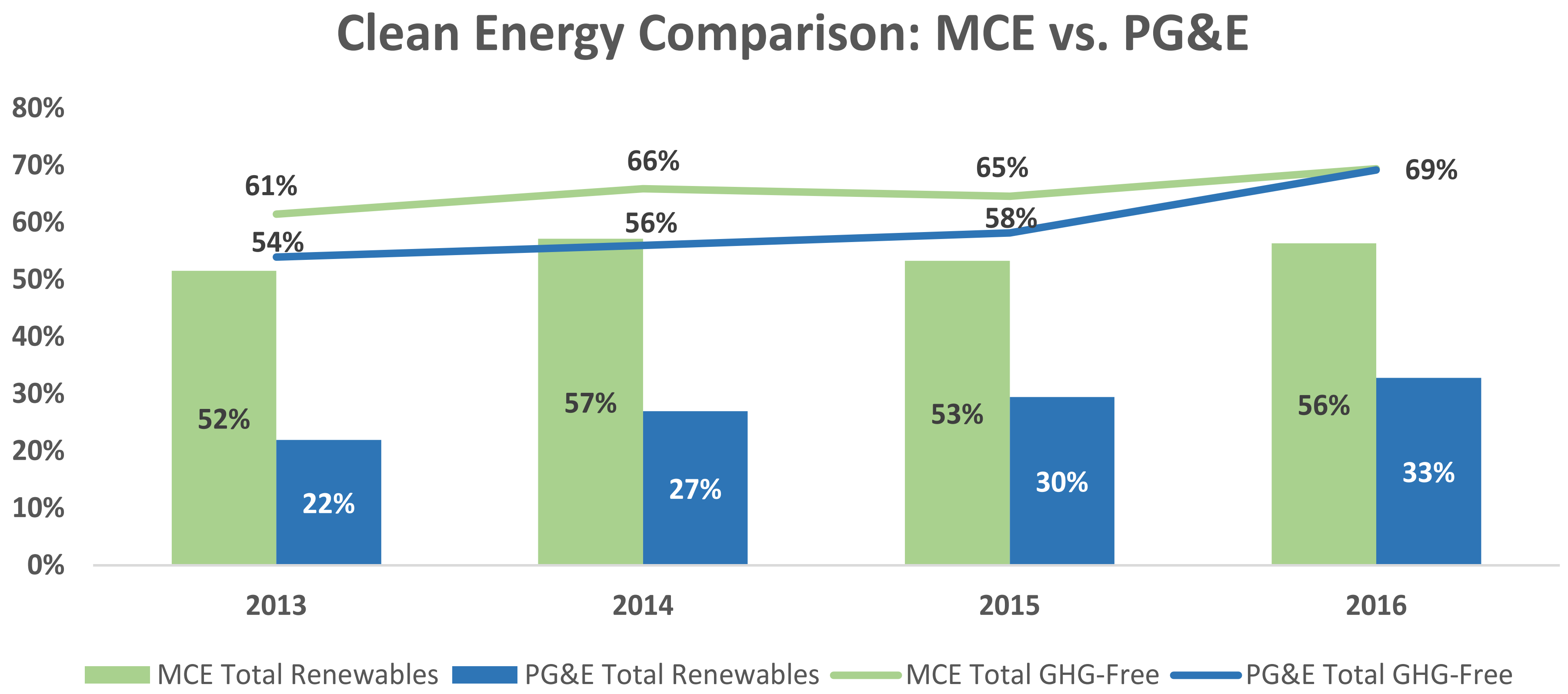
MCE received energy products from 17 unique suppliers in 2016



MCE Historical Power Content (2010-2016)



MCE & PG&E: Four-Year Portfolio Summary



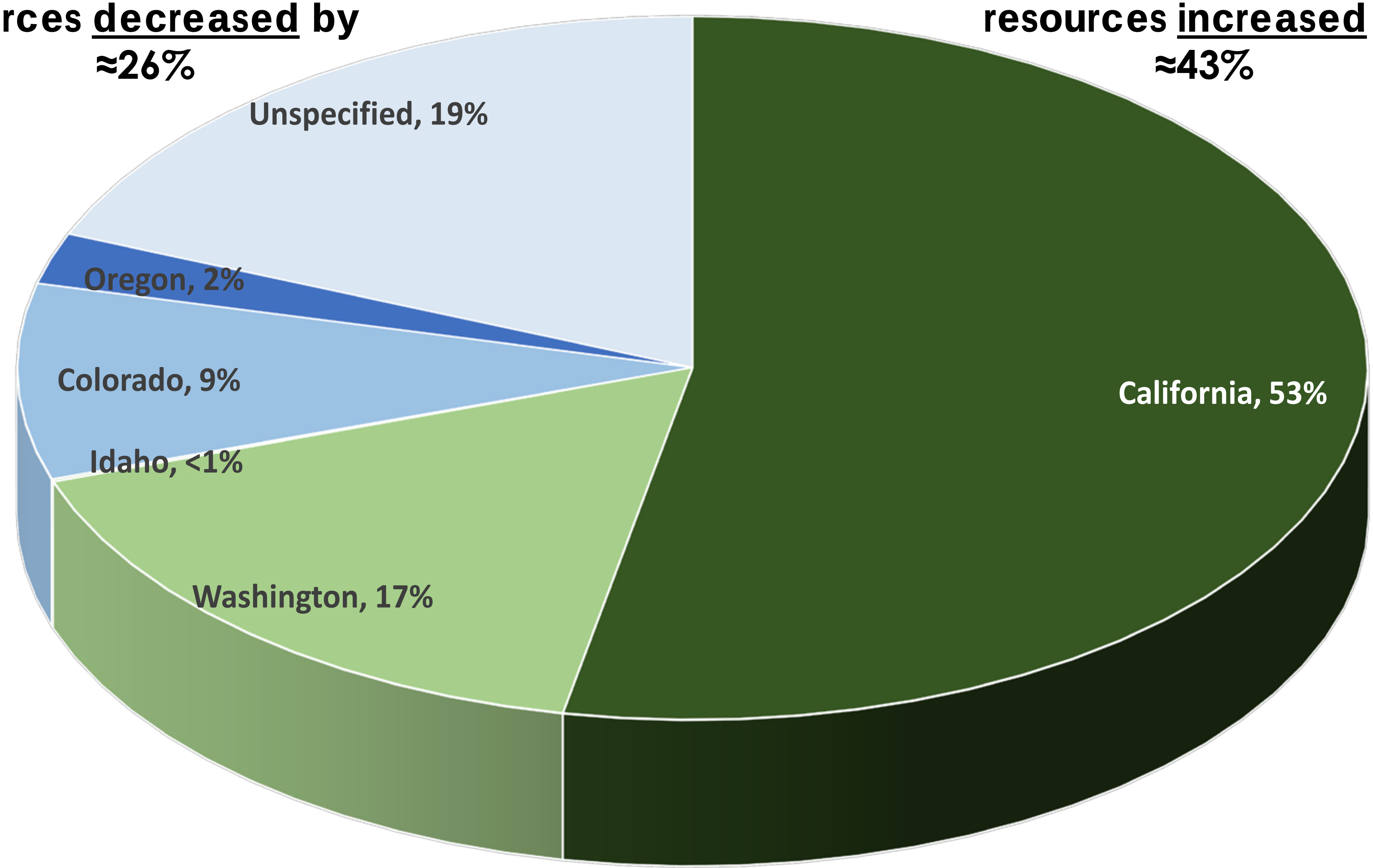
Source: Annual Power Source Disclosure Reports and Power Content Labels

PG&E's 2016 Power Portfolio included 12% Large Hydro and 24% Nuclear supply.

MCE Resource Locations (All, 2016)

Use of Unspecified Sources decreased by ≈26%

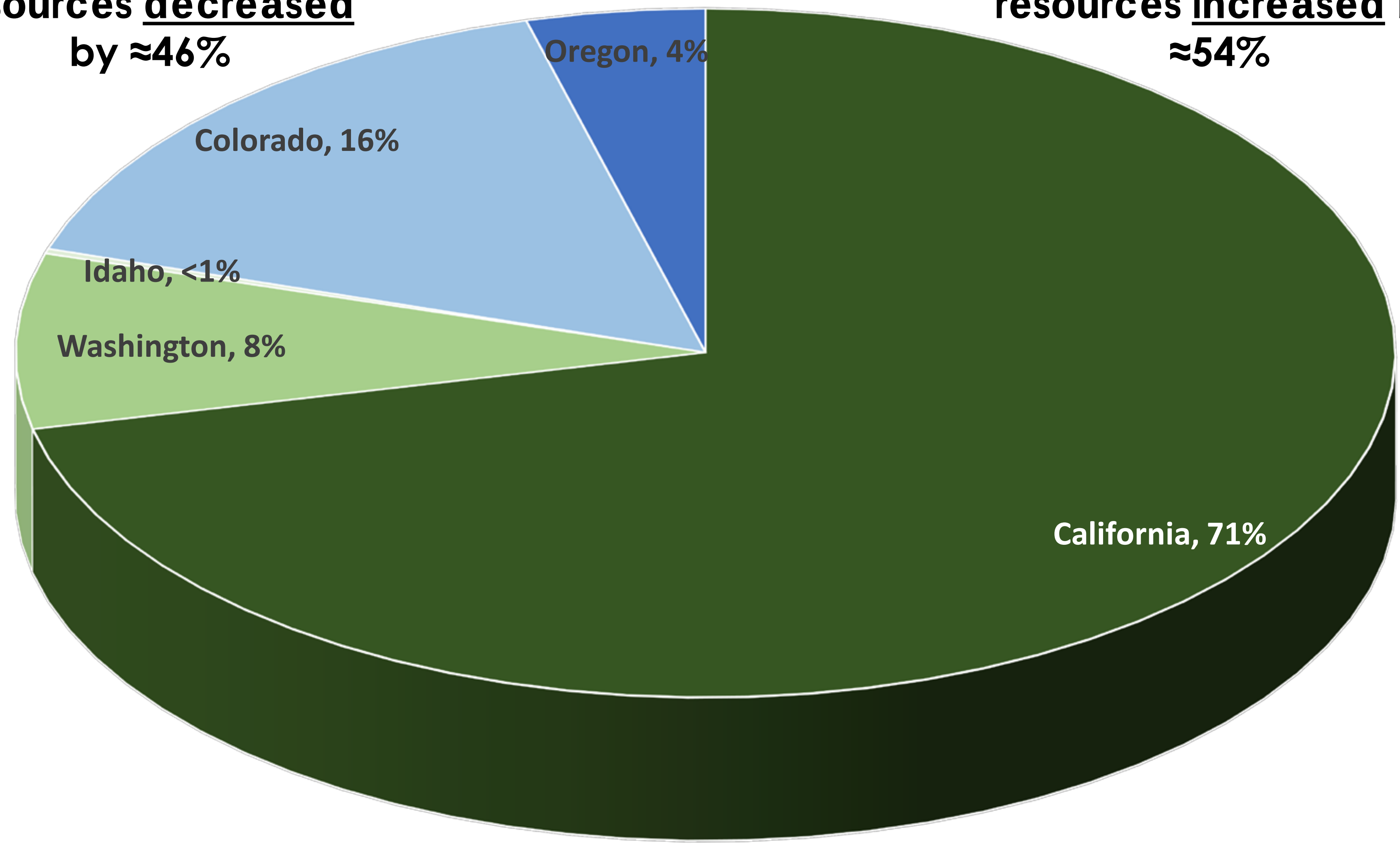
Use of California resources increased by ≈43%



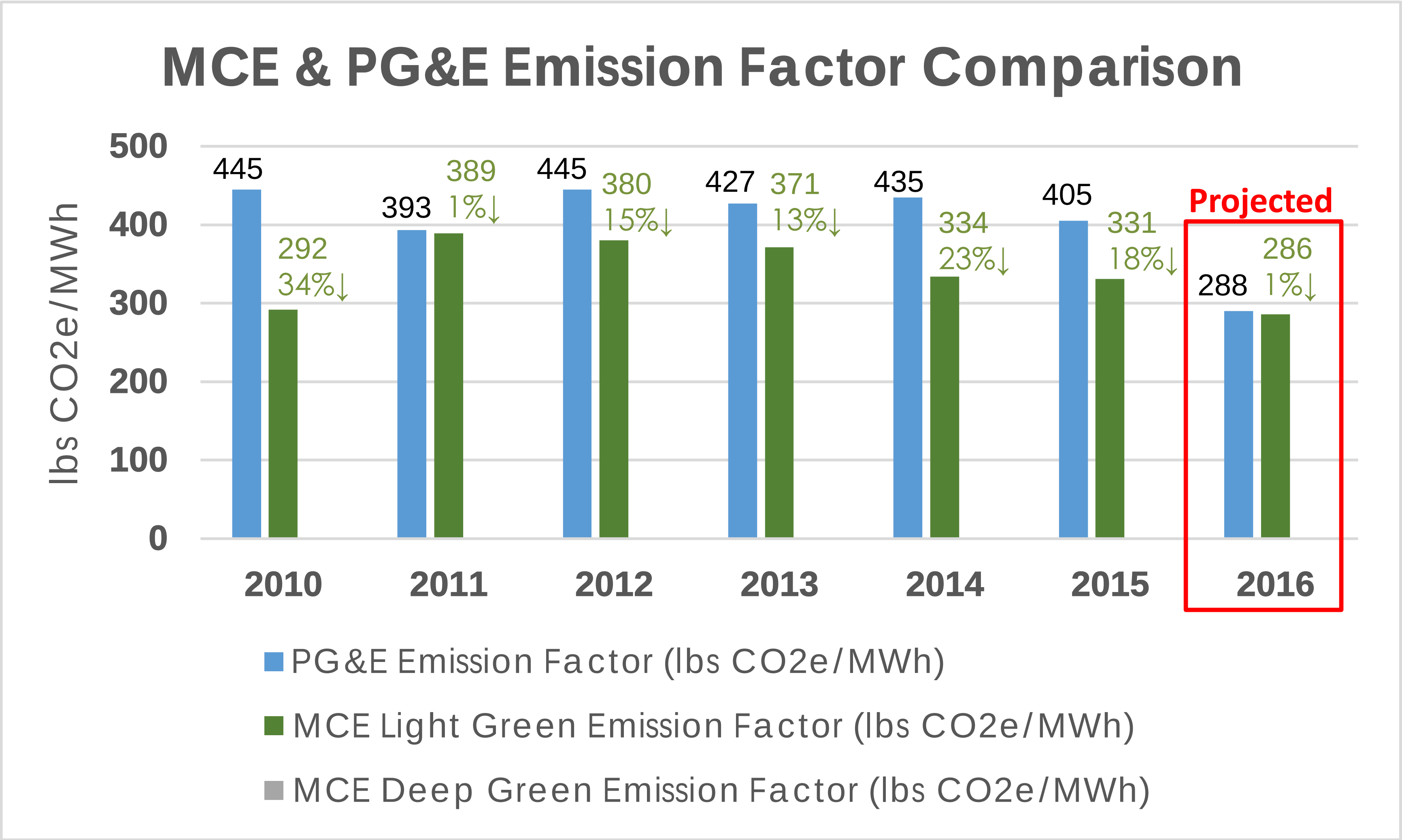
MCE Resource Locations (RE Only, 2016)

Use of Out-of-State resources <u>decreased</u> by ≈46%

Use of California resources <u>increased</u> by ≈54%



MCE & PG&E Emissions Factor Comparison



POLICY 013: Reserve Policy

Policy Statement

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

The Reserve will grow to and be maintained at the following funding levels:

- Available Cash: equal to 90 days of operating expenditures; and
- Contingency/Rate Stabilization: equal to 15% of projected annual revenues.

The MCE Board will adopt budgets and establish rates for MCE with the goal of building up the Reserve by March 2019, subject to MCE's ability to meet operational expenditures and maintain competitive rates.

Policy Purpose

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy (or "Policy") is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the development of a future stand-alone MCE credit rating. The Reserve Policy will govern the accumulation of reserves in the enterprise fund. The Reserve will be accounted for as the Net Position in MCE's financial statements.

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

Relationship to the Budget and Periodic Review

Authority to spend from reserves must align with Board approved Budgets. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE activities or the acquisition of generating assets.

Rate Setting Guidelines
Updated December 5, 2016

Pursuant to the Public Utilities Code and MCE's Joint Powers Agreement, the Board of Directors of Marin Clean Energy ("MCE") has independent authority to set retail electricity rates and charges. These Guidelines summarize the rate setting policies and procedures that govern the setting of rates as outlined in the Marin Clean Energy Revised Community Choice Aggregation Implementation Plan certified by the California Public Utilities Commission or as otherwise established by the Board of Directors.

Renewable Energy Programs: The default rate tariff for MCE customers corresponds to the Light Green 50% renewable energy program which represents a minimum of 50% renewable energy. MCE offers customers the option of a Deep Green 100% renewable energy program representing 100% renewable energy and a Local Sol tariff representing 100% renewable energy generated locally. The Deep Green Tariff is based on a 1 cent per kWh cost premium to the Light Green Product. The Local Sol Tariff will be based on cost of acquiring local renewable energy used to serve customers of Local Sol.

MCE's rates vary depending on which of the three energy programs customers are enrolled in and by rate schedule applicable to each of the rate groups described below. Depending upon the rate schedule in question, billing quantities can include monthly kWh, kWh during specified time-of-use periods (e.g., peak, partial peak, off-peak), maximum monthly kW demand and maximum kW demand during specified time-of-use periods. For instance, customers in the E-19 and E-20 rate groups enrolled in the Light Green energy program are charged different rates for summer and winter "peak", "partial peak" and "off-peak" periods as well as energy demand charges. Seasonal, time-of-use and demand charge definitions are generally designed to mirror those used in corresponding PG&E rate designs.

Rate Setting Objectives: MCE has established the following objectives that are considered in designing MCE rates.

Revenue sufficiency: rates must recover all expenses, debt service and other expenditure requirements, and build prudent reserves; i.e., the "revenue requirement". MCE targets an annual increase in Net Position equal to 4% of revenues.

Rate competitiveness: rates must allow MCE to offer customers competitive rates which will retain and attract customers.

Rate stability: rates changes should be minimized to reduce customer bill impacts, generally limited to once per calendar year.

Customer understanding: rates should be simple, transparent and easily understood by customers.

Equity among customers: rate differences among customer groups should be justified by differences in usage characteristics and/or cost of service.

Efficiency: rates should encourage conservation and efficient use of electricity (e.g., off-peak vehicle charging).

The objective of revenue sufficiency may not be violated. The Board may use discretion in how the other rate setting objectives are applied. To the extent that these objectives may be in tension with one another, the rate proposal attempts to strike an appropriate balance. For example, a cost-of-service analysis might suggest that the rate for a particular customer class should be increased, but the increase might be limited in the interest of rate stability and/or rate competitiveness.

Rate Setting Methodology: In order to establish rates, MCE forecasts electric energy sales for the coming fiscal year. The forecast includes the number of customers that are expected to be enrolled in each rate schedule and customer program and their energy use profile. The forecasted billing quantities are used to derive a forecast of revenues at current (and proposed) MCE rates.

The projected revenue at current rates is compared to fiscal year budget items that must be funded through such rates (the "revenue requirement") to determine whether rate adjustments are warranted for purposes of addressing a projected surplus or deficit. The revenue requirement is also applied to customer rate groups. Customer rate groups are based on end-use and other service characteristics in an attempt to represent customers with relatively similar cost-of-service profiles. Rate group revenue requirements are determined based on a cost of service analysis, assessment of rate competitiveness and other objectives noted above. A sample of rate groups are as follows;

Rate Group	Example End Use
E-1, E-6, ETOU, EV	Residential
A-1, A-6	Small office, small retail
A-10	Department store, office complex
E-19	Large retail complex, large office building, winery, hotel
E-20	Institutional, hospital, college, water treatment facility
AG-1, AG-4, AG-5	Agricultural
LS-1, LS-2, LS-3	Street and area lighting
TC-1	Traffic lights

To improve customer understanding, MCE's Board of Directors approved changes to rate group names effective July 2016 in order to make them consistent with the rate group names used by PG&E.

Rate Setting Process: MCE's annual rate setting process is coordinated with the establishment of its Operating Fund Budget. Rates and the Operating Fund Budget for the upcoming fiscal year are typically presented to the Board of Directors at its February meeting. This is followed by a 30-day public review period during which time MCE welcomes public input. Proposed rates and the annual Operating Fund Budget are typically approved by the Board during the month of March and are applied as of April 1.

The rates approved by the Board in March may differ from the rates proposed in February due to changes to the final budget, consideration of public comments and/or other factors that may be considered by the Board. If necessary MCE's rates can be adjusted at other times of the year at the Board discretion.

MCE

FINANCIAL STATEMENTS

Years Ended March 31, 2017 & 2016
with Report of Independent Auditors

MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2017 AND 2016

TABLE OF CONTENTS

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Marin Clean Energy
San Rafael, California

We have audited the accompanying financial statements of Marin Clean Energy ("MCE"), as of and for the years ended March 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise MCE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5000 Hopyard Road, Suite 335 Pleasanton, CA 94588 Tel: 925.734.6600 Fax: 925.734.6611 www.vtdcpa.com

FRESNO • LAGUNA HILLS • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA • RIVERSIDE • SACRAMENTO

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marin Clean Energy, as of March 31, 2017 and 2016, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Vavrinek, Trine, Day & Co., LLP.

Pleasanton, California
July 12, 2017

MARIN CLEAN ENERGY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of Marin Clean Energy's (MCE) financial activities for the fiscal years ended March 31, 2017 and 2016. The information presented here should be considered in conjunction with the audited financial statements.

Contents of this Report
This report is divided into the following sections:

- Management discussion and analysis, which provides an overview of operations.

- The Basic Financial Statements, which offer information on MCE's financial results.

    - The *Statements of Net Position* includes all of MCE's assets, liabilities, and net position using the accrual basis of accounting. The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

    - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE's revenue and expenses for the years shown.

    - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and payments, such as debt financing.

    - Notes to the Basic Financial Statements, which provide additional details and information pertaining to the financial statements.

Nature of Operations

MCE is a California Joint Powers Authority founded in 2008 pursuant to the Joint Exercise of Powers Act and is a public agency separate from its members. MCE provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code Section 366.2.

MCE's mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. MCE provides electric service to retail customers and has the rights and powers to set rates and charges for electricity and services it furnishes, incur indebtedness, and issue bonds or other obligations. MCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator and Pacific Gas and Electric Company. MCE's Energy Efficiency Program supports the development, coordination and implementation of residential, commercial and multi-family energy efficiency programs in and around MCE's service area.

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The parties to MCE's Joint Powers Agreement consist of local governments whose governing bodies elect to join MCE. Pursuant to the Public Utilities Code, when new parties join MCE, all electricity customers in its jurisdiction automatically become default customers of MCE for electric generation, provided that customers are given the option to "opt out". MCE receives no financial support from the parties to its Joint Powers Agreement and relies exclusively on operating revenues to meet its financial commitments.

MCE began to deliver electricity and energy efficiency programs in May 2010 and April 2013 respectively. From time to time new communities apply and are accepted to join MCE. The number of customers served following each new community enrollment phase since 2013 appears in the following table. MCE enrolled customers from new communities in July 2013, February 2015, May 2015 and September 2016. The September 2016 enrolment resulted from the cities of American Canyon, Calistoga, Lafayette, Napa, St. Helena, Walnut Creek and the Town of Yountville joining MCE and led to a 49% increase in MCE's customer base.

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

	July 2013	Feb 2015	May 2015	Sep 2016
MCE Customer Groups				
Residential	106,510	120,204	149,610	224,536
Commercial & Industrial	13098	15,316	19,147	27,402
Street Lighting & Traffic	748	1,014	1,219	1,903
Agriculture & Pump	109	1,467	1,625	1,702
Total	120,465	138,001	171,601	255,543
Customer Account Additions	32,651	17,536	33,600	83,942
% Increase in Customers Accounts	37%	15%	24%	49%

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial and Operational Highlights

MCE's recorded change in net position of $15.1 million in fiscal 2016/17 increasing the net position to $44.7 million as of March 31, 2017. Net income was $16.3 million in fiscal 2015/16. During fiscal 2016/17, MCE increased its cash and cash equivalents to $36.7 million. Working capital (current assets minus current liabilities) increased to $41.1 million and the current ratio (current assets divided by current liabilities) decreased from 2.81:1 to 2.73:1. For fiscal years 2016/17 and 2015/16, 78% and 79% of MCE's total liabilities consisted of accrued electricity costs which represent electricity delivered to MCE but not yet paid to the supplier. During fiscal 2015/16 MCE repaid notes payable to the bank ahead of schedule. MCE had no bank debt or letters of credit outstanding as of March 31, 2017.

The following table is a summary of MCE's assets, liabilities, and net position as of March 31:

	2017	2016	2015
Current assets			
Cash and cash equivalents	$ 36,655,995	$ 21,696,949	$ 10,173,815
Other current assets	28,112,638	19,424,154	16,027,326
Total current assets	64,768,633	41,121,103	26,201,141
Noncurrent assets			
Capital assets	571,666	542,199	407,626
Other noncurrent assets	3,032,573	2,479,516	1,378,587
Total noncurrent assets	3,604,239	3,021,715	1,786,213
Total assets	68,372,872	44,142,818	27,987,354
Current liabilities			
Accrued cost of electricity	18,477,359	11,500,898	8,808,354
Other current liabilities	5,235,796	3,110,850	3,898,645
Notes payable to bank	-	-	1,035,409
Total current liabilities	23,713,155	14,611,748	13,742,408
Noncurrent liabilities			
Notes payable to bank	-	-	988,627
Total liabilities	23,713,155	14,611,748	14,731,035
Net position:			
Net investment in capital assets	571,666	542,199	407,626
Restricted	2,212,221	1,659,164	598,200
Unrestricted	41,875,830	27,329,707	12,250,493
Total net position	$ 44,659,717	$ 29,531,070	$ 13,256,319
Working Capital:	$ 41,055,478	$ 26,509,355	$ 12,458,733
Current Ratio:	2.73	2.81	1.91
Total Liabilities / Net Position:	0.53	0.49	1.11
Liquidity Detail:			
Cash and cash equivalents	$ 36,655,995	$ 21,696,949	$ 10,173,815
Unutilized portion of line of credit	20,000,000	7,800,000	-
Total Liquidity	$ 56,655,995	$ 29,496,949	$ 10,173,815

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Consistent with its Reserve Policy, MCE is building its net position to support the working capital requirements of the Agency, to provide a reserve to manage the risk of adverse economic or regulatory events, and to improve its credit worthiness. A strong net position allows MCE to provide consistent and reliable service to the community and to contract for energy and other services at lower costs and on more favorable terms.

MCE's results of operations are summarized as follows for the fiscal year ended March 31:

	2017	2016	2015
Operating revenues	$ 181,166,489	$ 151,664,778	$ 100,654,696
Interest income	105,271	12,179	3,716
Total income	181,271,760	151,676,957	100,658,412
Operating expenses	166,110,598	135,257,348	96,835,644
Interest and related expenses	32,515	144,858	124,485
Total expenses	166,143,113	135,402,206	96,960,129
Change in net position	15,128,647	16,274,751	3,698,283
Beginning net position	29,531,070	13,256,319	9,558,036
Ending net position	$ 44,659,717	$ 29,531,070	$ 13,256,319

Electricity Sales and Costs

Electricity revenues increased by $30.2 million to $179.7 million in fiscal 2016/17 as a result of the inclusion of new communities. Customer accounts grew from approximately 171,000 in March 2016 to 255,000 during the year. Increased customer load was offset by a 9% decrease in average electricity rates which went into effect in September 2016. Cost of electricity increased by $28.2 million to $152.2 million as MCE acquired electricity to serve the new customers. Gross surplus, defined as electricity sales less cost of electricity, increased to $27.4 million from $25.4 million in the prior year. Gross margin, defined as gross surplus as a percent of electricity sales, decreased from 17% in 2016 to 15.2% in 2017. Year over year changes in gross surplus and gross margin were impacted by an increase in retail load, decreased average retail electricity rates and a lower average cost of power.

MCE's gross surplus and gross margin are summarized as follows for the fiscal year ended March 31:

	2017	2016	2015
Electricity sales, net	$ 179,689,662	$ 149,486,696	$ 98,840,861
Cost of electricity	152,293,297	124,095,978	87,996,399
Gross surplus	$ 27,396,365	$ 25,390,718	$ 10,844,462
Gross margin:	15.2%	17.0%	11.0%

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Operating Revenues and Operating Expenses less Cost of Electricity

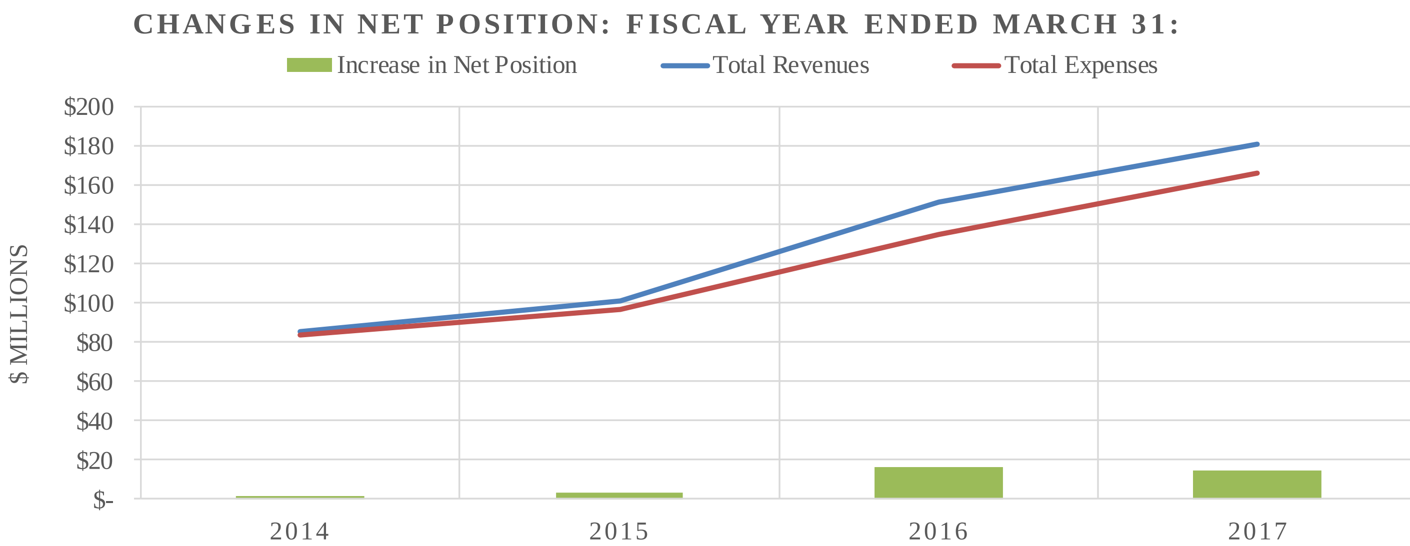
Total operating revenue less the cost of electricity increased to $28.9 million in fiscal 2016/17, up from $27.6 million in the prior year. This was driven by increased gross surplus and offset by $211,000 decrease in rate-payer funding for the Public Purpose Programs. During the fiscal years 2014/15 and 2015/16 MCE recognized other revenues relating to payments required from energy suppliers as a result of delays in energy deliveries, as well as a one-time consideration for a lease termination. These accounted for the majority of other revenues during those years. For fiscal 2016/17, these events did not occur and the result is a significant drop in other revenues. Year-over-year operating expenses, excluding cost of electricity, increased by 23.8% to $13.8 million reflecting increased staffing, contractor, legal and general overhead costs. Operating expenses, excluding cost of electricity, as a percent of operating revenue less cost of electricity rose from 40.5% in fiscal 2015/16 to 47.9% in fiscal 2016/17.

MCE's gross surplus, operating income, and various ratios are summarized as follows:

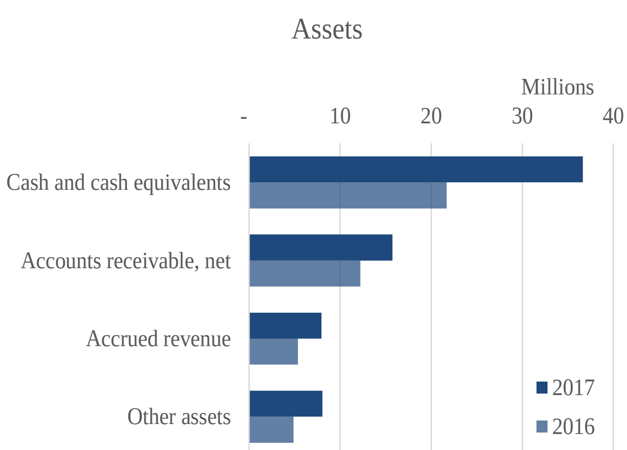
	2017	2016	2015
Gross surplus	$ 27,396,365	$ 25,390,718	$ 10,844,462
Public purpose program revenue	1,334,519	1,545,030	1,125,344
Other revenue	142,308	633,052	688,491
Total operating revenues less cost of electricity	28,873,192	27,568,800	12,658,297
Operating expenses, excluding cost of electricity	13,817,301	11,161,370	8,839,245
Operating income	$ 15,055,891	$ 16,407,430	$ 3,819,052
Operating expenses, excluding cost of electricity, over total operating revenues less cost of electricity:	47.9%	40.5%	69.8%
% increase in Gross surplus:	7.9%	134.1%	27.3%
% increase in operating expenses less cost of electricity:	23.8%	26.3%	15.4%
% increase in operating income:	-8.2%	329.6%	110.8%

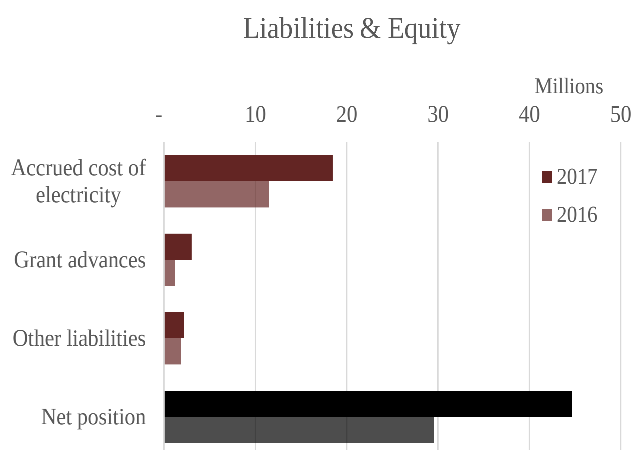
MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

FINANCIAL SUMMARY



ASSETS, LIABILITIES, AND NET POSITION AS OF MARCH 31:





	2017	2016
Cash and cash equivalents	$ 36,655,995	$ 21,696,949
Accounts receivable, net	15,740,298	12,217,586
Accrued revenue	7,938,840	5,356,608
Other assets	8,037,739	4,871,675
Total Assets	**$ 68,372,872**	**$ 44,142,818**

	2017	2016
Accrued cost of electricity	$ 18,477,359	$ 11,500,898
Grant advances	3,023,856	1,220,909
Other liabilities	2,211,940	1,889,941
Net position	44,659,717	29,531,070
Total liabilities & net position	**$ 68,372,872**	**$ 44,142,818**

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

PURCHASE COMMITMENTS AND ECONOMIC OUTLOOK

In the normal course of business, MCE enters into various agreements, including renewable energy agreements and other power purchase agreements to purchase power and electric capacity. MCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products as described in its Integrated Resource Plans. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities, such as MCE, to gradually increase the amount of renewable energy they deliver to their customers. In October 2015, the California Governor signed SB 350, the Clean Energy and Pollution Reduction Act of 2015 into law. SB 350 became effective January 1, 2016, and increases the amount of renewable energy that must be delivered by most load-serving entities, including MCE, to their customers from 33% of their total annual retail sales by the end of the 2017-2020 compliance period, to 50% of their total annual retail sales by the end of the 2028-2030 compliance period, and in each three-year compliance period thereafter, unless changed by legislative action. SB 350 provides compliance flexibility and waiver mechanisms, including increased flexibility to apply excess renewable energy procurement in one compliance period to future compliance periods. Beginning January 1, 2021, at least 65 percent of the procurement a retail seller, such as MCE, counts toward the renewables portfolio standard requirement of each compliance period shall be from its contracts of 10 years or more in duration.

MCE enters into long term purchase agreements to bring new solar, wind and other renewable energy generating facilities on-line, to meet its regulatory and voluntary RPS and GHG free targets and to accomplish its mission of providing renewable energy and reducing greenhouse gas emissions while ensuring retail rate stability by managing exposure to wholesale spot market prices.

MCE manages risks associated with these commitments by aligning purchase commitments with expected demand for electricity and assuring diversity of technologies, geographical locations, and suppliers. Expected obligations under power purchase agreements totaled approximately $1.85 billion as of March 31, 2017.

Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses.

REQUESTS FOR INFORMATION

This financial report is designed to provide MCE's board members, stakeholders, customers and creditors with a general overview of the MCE's finances and to demonstrate MCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to Finance and Project Manager, 1125 Tamalpais Avenue, San Rafael, CA 94901.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2017 AND 2016

	2017	2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 36,655,995	$ 21,696,949
Accounts receivable, net of allowance	15,740,298	12,217,586
Energy settlements receivable	1,694,749	-
Other receivables	246,763	525,658
Accrued revenue	7,938,840	5,356,608
Prepaid expenses	940,342	1,261,373
Other current assets and deposits	1,551,646	62,929
Total current assets	64,768,633	41,121,103
Noncurrent assets		
Restricted cash	2,759,721	2,206,664
Capital assets, net of depreciation	571,666	542,199
Other noncurrent assets and deposits	272,852	272,852
Total noncurrent assets	3,604,239	3,021,715
Total assets	68,372,872	44,142,818
LIABILITIES		
Current liabilities		
Accounts payable	600,800	657,336
Accrued cost of electricity	18,477,359	11,500,898
Other accrued liabilities	546,048	305,054
Security deposits - energy suppliers	105,000	-
User taxes and energy surcharges due to other governments	960,092	927,551
Advances from public purpose programs	3,023,856	1,220,909
Total current liabilities	23,713,155	14,611,748
NET POSITION		
Net position		
Net investment in capital assets	571,666	542,199
Restricted for line of credit collateral	2,212,221	1,659,164
Unrestricted	41,875,830	27,329,707
Total net position	$ 44,659,717	$ 29,531,070

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Electricity sales, net	$ 179,689,662	$ 149,486,696
Public purpose program revenue	1,334,519	1,545,030
Other revenue	142,308	633,052
Total operating revenues	181,166,489	151,664,778
OPERATING EXPENSES		
Cost of electricity	152,293,297	124,095,978
Contract services	7,764,638	6,584,384
Staff compensation	4,858,587	3,405,416
General and administration	1,101,430	1,094,963
Depreciation	92,646	76,607
Total operating expenses	166,110,598	135,257,348
Operating income	15,055,891	16,407,430
NONOPERATING REVENUES (EXPENSES)		
Interest income	105,271	12,179
Interest and related expenses	(32,515)	(144,858)
Total nonoperating revenues (expenses)	72,756	(132,679)
CHANGE IN NET POSITION	15,128,647	16,274,751
Net position at beginning of period	29,531,070	13,256,319
Net position at end of period	$ 44,659,717	$ 29,531,070

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

FISCAL YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 173,584,288	$ 146,949,614
Public purpose program receipts	3,370,343	291,375
Tax and surcharge receipts from customers	4,209,577	4,081,848
Payments received from other revenue sources	303,770	926,607
Payments received from security deposits with energy suppliers	525,000	-
Payments to purchase electricity	(147,416,447)	(122,324,217)
Payments for contract services	(7,660,258)	(6,560,471)
Payments for staff compensation	(4,742,015)	(3,312,945)
Payments for general and administration	(1,117,386)	(1,080,328)
Tax and surcharge payments to other governments	(4,177,036)	(3,765,527)
Return of security deposits to energy suppliers	(420,000)	-
Other cash payments	-	(41,598)
Net cash provided (used) by operating activities	16,459,836	15,164,358
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Return of financing reserve	-	598,200
Transfer to restricted cash	(553,057)	(1,659,164)
Principal payments of notes payable to bank	-	(2,024,036)
Interest and related expenses	(32,515)	(144,858)
Net cash provided (used) by non-capital financing activities	(585,572)	(3,229,858)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets	(901,806)	-
Acquisition of capital assets	(119,824)	(421,261)
Net cash provided (used) by capital and related financing activities	(1,021,630)	(421,261)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	106,412	9,895
Net change in cash and cash equivalents	14,959,046	11,523,134
Cash and cash equivalents at beginning of year	21,696,949	10,173,815
Cash and cash equivalents at end of period	$ 36,655,995	$ 21,696,949

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

**STATEMENTS OF CASH FLOWS
(CONTINUED)**

FISCAL YEARS ENDED MARCH 31, 2017 AND 2016

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	2017	2016
Operating income	$ 15,055,891	$ 16,407,430
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	92,646	76,607
Revenue reduced for uncollectible accounts	1,112,000	740,000
(Increase) decrease in net accounts receivable	(4,634,712)	(2,428,706)
(Increase) decrease in energy settlements receivable	(1,694,749)	-
(Increase) decrease in other receivables	377,754	59,811
(Increase) decrease in accrued revenue	(2,582,232)	(854,376)
(Increase) decrease in prepaid expenses	321,032	(893,221)
(Increase) decrease in other assets and deposits	(685,571)	(54,327)
Increase (decrease) in accounts payable	(60,165)	(15,240)
Increase (decrease) in accrued cost of electricity	6,976,461	2,692,544
Increase (decrease) in other accrued liabilities	240,994	105,697
Increase (decrease) in security deposits from energy suppliers	105,000	-
Increase (decrease) in user taxes due to other governments	32,541	316,321
Increase (decrease) in advances from public purpose programs	1,802,946	(988,182)
Net cash provided (used) by operating activities	$ 16,459,836	$ 15,164,358

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2017 parties to its Joint Powers Agreement consist of the following local governments: the Counties of Marin and Napa, the cities of American Canyon, Belvedere, Benicia, Calistoga, El Cerrito, Lafayette, Larkspur, Mill Valley, Napa, Novato, Richmond, San Pablo, San Rafael, Sausalito, St. Helena, and Walnut Creek and the towns of Corte Madera, Fairfax, Ross, San Anselmo, Tiburon, and Yountville (collectively, "the Parties"). MCE is separate from and derives no financial support from its members. MCE is governed by a Board of Directors whose membership is composed of elected officials representing each of the parties.

MCE's mission is to address climate change by reducing energy related greenhouse gas emissions through renewable energy supply and energy efficiency at stable and competitive rates for customers while providing local economic and workforce benefits. MCE provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code Section 366.2.

MCE began the delivery of electricity and energy efficiency programs in May 2010 and April, 2013 respectively. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the California Independent System Operator and Pacific Gas and Electric Company. The Energy Efficiency Program supports the development, coordination and implementation of energy efficiency programs in and around MCE's service area. The Energy Efficiency Program is supported by rate-payer funds regulated by the California Public Utilities Commission.

BASIS OF ACCOUNTING

MCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MCE's operations are accounted for as a governmental enterprise fund, and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for use, it is the MCE's policy to use restricted resources first, then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purpose of the Statements of Cash Flows, MCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments. Amounts restricted for debt service and collateral for energy efficiency loan program are not considered cash and cash equivalents. These restricted balances are presented separately in the Statement of Net Position.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment valued over $500 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment and seven years for furniture. Leasehold improvements are depreciated over 10 years.

OPERATING AND NON-OPERATING REVENUE

Operating revenues consists of revenue from the sale of electricity to customers and revenue related to the Energy Efficiency Program. Other revenues primarily consist of payments from energy suppliers that result from delays in energy deliveries. Interest income is considered "non-operating revenue".

REVENUE RECOGNITION

MCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED

During the normal course of business MCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and ancillary services arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from MCE's participation in the California Independent System Operator's centralized market. The cost of electricity and ancillary services are recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, MCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). MCE obtains Certificates with the intent to retire them, and does not sell or build surpluses of Certificates. An expense is recognized at the point that the cost of the RPS eligible energy is due and payable to the supplier. MCE is in compliance with external mandates and self-imposed benchmarks.

STAFFING COSTS

MCE pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. MCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code, and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest-bearing and non-interest-bearing demand and term deposit accounts at River City Bank of Sacramento, California. MCE's deposits with River City Bank are subject to California Government Code Section 16521 which requires that River City Bank collateralize public funds in excess of the FDIC limit of $250,000 by 110%. MCE monitors its risk exposure to River City Bank on an ongoing basis. MCE's Investment Policy permits the investment of funds in depository accounts, certificates of deposit and the Local Agency Investment Fund (LAIF) program operated by the California State Treasury.

3. ACCOUNTS RECEIVABLE

Accounts receivable balances were as follows:

	2017	2016
Accounts receivable from customers	$ 19,952,298	$ 15,317,586
Allowance for uncollectible accounts	(4,212,000)	(3,100,000)
Net accounts receivable	$ 15,740,298	$ 12,217,586

The majority of account collections occur within the first few months following customer invoicing. MCE estimates that a portion of the billed accounts will not be collected. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to have success collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

4. ENERGY SETTLEMENTS RECEIVABLE

During fiscal 2016/17 MCE entered into a contract to receive generation scheduling and other services from a registered, California Independent System Operator (CAISO) scheduling coordinator. Generation scheduling had previously been performed under a full services contract with an energy supplier and accrued settlements receivable were netted from accrued liabilities as of March 31, 2016 in accordance with the contract terms. Energy settlements due from the scheduling coordinator were $1.7 million as of March 31, 2017.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

5. OTHER CURRENT ASSETS AND DEPOSITS

During fiscal 2016/17 MCE acquired assets to support the development of a local renewable energy project located in Richmond, California (MCE Solar One). These assets were reported in other current assets and deposits in the Statements of Net Position and in the Statements of Cash Flows as an acquisition of nondepreciable capital assets. These assets were sold to a developer in May 2017 who will build, own and operate MCE Solar One and sell power to MCE once the project achieves commercial operation. Also included in this account are security deposits paid by MCE pursuant to agreements that expire in less than twelve months.

6. CAPITAL ASSETS

Changes in depreciable capital assets were as follows:

	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Net
Balances at March 31, 2015	$ 152,252	$ 331,392	$ (76,018)	$ 407,626
Additions	85,591	125,589	(76,607)	134,573
Balances at March 31, 2016	237,843	456,981	(152,625)	542,199
Additions	96,983	25,130	(92,646)	29,467
Balances at March 31, 2017	$ 334,826	$ 482,111	$ (245,271)	$ 571,666

7. PUBLIC PURPOSE PROGRAMS

MCE administers ratepayer-funded energy efficiency programs regulated by the Public Utilities Commission of the State of California (CPUC). Funds received are not recognized as revenue until they are expended for designated purposes. Total funding received for this Program during the fiscal year 2017 was $2,722,000, and $1,066,000 was spent and earned. In fiscal year 2016, funding received was $172,000 and $1,213,000 was spent and earned. The Energy Efficiency Program receives additional funding under the Gas Public Purpose Program that is not received in advance. Revenue of $268,000 and $332,000 was recognized under the Gas Public Purpose Program in fiscal years 2017 and 2016, respectively.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

8. DEBT

NOTES PAYABLE

During the fiscal year 2015/16, MCE retired bank notes of $2,024,036 ahead of schedule. MCE incurred no debt during fiscal 2016/17 and had no debt as of March 31, 2017.

LINE OF CREDIT AND LETTERS OF CREDIT

MCE entered into a non-revolving, $15,000,000 credit agreement with River City Bank (RCB) in August 2015 that may be used for short term borrowing and to issue standby Letters of Credit used for performance security. The credit agreement was amended in May 2016 to a revolving credit agreement and the borrowing limit was increased to $20,000,000. RCB requires collateral for the line of credit of $2.2 million which is reported as restricted cash and restricted net position. The agreement expires on August 30, 2017. Management is currently negotiating an amendment to the credit agreement that would extend the term of the agreement and include other changes.

During fiscal 2015/16, MCE arranged to post performance security in the form of standby Letters of Credit totaling $7,300,000 to two suppliers. As of March 31, 2016, MCE had not drawn any cash on the line of credit. During fiscal 2016/17 suppliers returned all issued and outstanding standby Letters of Credit to MCE. MCE arranged to issue no new Letters of Credit in fiscal 2016/17 and has no standby Letters of Credit or amounts outstanding under its credit agreement as of March 31, 2017.

Fees related to opening and renewal of the line of credit and posting the letters of credit are reported as interest and related expenses.

9. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. As of March 31, 2017, there were 43 plan members. MCE is required to contribute 10% of annual covered payroll to the Plan and contributed $394,000 and $257,000 during the years ended March 31, 2017 and 2016, respectively. The Plan includes vesting provisions intended to encourage employee retention. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

10. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased insurance policies from investment grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage.

MCE maintains risk management guidelines, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market.

Credit guidelines include a preference for transacting with investment grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, MCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counter parties.

11. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, MCE enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

MCE enters into power purchase agreements in order to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

11. PURCHASE COMMITMENTS (continued)

The following table represents the expected, undiscounted, contractual obligations outstanding as of March 31, 2017:

Year ended March 31,	
2018	$ 146,200,000
2019	126,800,000
2020	114,300,000
2021	97,000,000
2022	98,500,000
2023-42	1,263,100,000
	$ 1,845,900,000

As of March 31, 2017, MCE had contractual commitments to professional service providers through April 30, 2019 for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are expected to be $7.6 million.

12. OPERATING LEASE

Rental expense for MCE's office space was $321,000 and $179,000 for the years ended March 31, 2017 and 2016, respectively. On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its office premise. The rental agreement includes an option to renew the lease for five additional years.

Future minimum lease payments under the lease are as follows:

Year ended March 31,	
2018	$ 417,000
2019	430,000
2020	443,000
2021	460,000
2022	479,000
2023-25	1,554,000
	$ 3,783,000

Overview of MCE Board Offices and Committees

(Updated 9.13.17)

Board Offices

Kate Sears, Chair
Tom Butt, Vice Chair
Denise Athas, Auditor/Treasurer
Dawn Weisz, Secretary

Executive Committee

1. Tom Butt, Chair
2. Denise Athas
3. Sloan Bailey
4. Barbara Coler
5. Ford Greene
6. Kevin Haroff
7. Bob McCaskill
8. Kate Sears
9. Federal Glover (Interested)
10. Dave Trotter (Interested)

Technical Committee

1. Kate Sears, Chair
2. Ford Greene
3. Kevin Haroff
4. Greg Lyman
5. Emmett O'Donnell
6. Don Tatzin
7. Ray Withy

Ad Hoc Contracts Committee Open Season - 2017

1. Sloan Bailey
2. Barbara Coler
3. Ford Greene
4. Greg Lyman
5. Emmett O'Donnell
6. Don Tatzin

Ad Hoc Audit Committee - 2017

1. Bob McCaskill
2. Sashi McEntee
3. Don Tatzin
4. Ray Withy

Ad Hoc Ratesetting Committee - 2017

1. Greg Lyman
2. Sashi McEntee
3. Sloan Bailey
4. Bob McCaskill

MCE Executive Committee Overview and Scope

Maximum Membership:	13
Current Members:	1. Tom Butt, City of Richmond (Chair) 2. Denise Athas, City of Novato 3. Sloan Bailey, Town of Corte Madera 4. Barbara Coler, Town of Fairfax 5. Ford Greene, Town of San Anselmo 6. Kevin Haroff, City of City of Larkspur 7. Bob McCaskill, City of Belvedere 8. Kate Sears, County of Marin
Membership Process:	MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "Board Committees" is on the Agenda.
Current Meeting Date:	First Friday of each month at 12:00pm

Scope

The scope of the MCE Executive Committee is to explore, discuss and provide direction or approval on general issues related to MCE including legislation, regulatory compliance, strategic planning, outreach and marketing, contracts with vendors, human resources, finance and budgeting, and agenda setting for the regular MCE Board meetings and annual Board retreat.

Authority of Executive Committee

- Approval of legislative positions outside of the Board-approved legislative plan
- Approval of contracts with vendors
- Approval of new staff positions within the Board-approved budget
- Approval of Ad Hoc Committees that serve a temporary role and function such as the Ad Hoc Contracts Committee, Ad Hoc Audit Committee and Ad Hoc Inclusion Committee
- Approval of Recipient of McGlashan Advocacy Award
- Recommendations to the Board regarding the annual budget and any budget adjustments
- Recommendations to the Board regarding rate setting
- Recommendations to the Board to enter into debt
- Recommendations to the Board regarding adjustments to staff compensation ranges
- Recommendations to the Board regarding Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)

MCE Technical Committee Overview and Scope

Maximum Membership: 13

Current Members:
1. Kate Sears, County of Marin (Chair)
2. Ford Greene, Town of San Anselmo
3. Kevin Haroff, City of Larkspur
4. Greg Lyman, City of El Cerrito
5. Emmett O'Donnell, City of Tiburon
6. Don Tatzin, City of Lafayette
7. Ray Withy, City of Sausalito

Membership Process: MCE strives to assemble a Technical Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Technical Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "Board Committees" is on the Agenda.

Current Meeting Date: First Thursday of each month at 9:00am

Scope

The scope of the MCE Technical Committee is to explore, discuss, and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, and other topics of a technical nature.

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, and other activity related to the energy sector.

Authority of Technical Committee

- Review and discuss new technologies and potential application within MCE
- Approval of and changes to MCE's Net Energy Metering (NEM) Tariff
- Approval of and changes to MCE's Feed in Tariff (FiT)
- Approval of annual greenhouse gas (GHG) emissions level and related reporting
- Approval of contracts with vendors for technical programs or services, energy efficiency programs or services, and procurement functions or services
- Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan (IRP)

MCE Ad Hoc Audit Committee Overview and Scope

Typical Membership:	3 or 4
2017 Members:	1. Bob McCaskill 2. Sashi McEntee 3. Don Tatzin 4. Raymond Withy
Membership Process:	MCE strives to assemble an Ad Hoc Audit Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Ad Hoc Audit Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "Board Committees" is on the Agenda. The Ad Hoc Audit Committee is typically formed by the Board in March in advance of the annual audit cycle that begins in April each year.
Meeting Dates:	To be determined; typically in mid-May and late June

Scope

Each year MCE contracts with an independent auditing firm to audit MCE's annual financial statements. The Ad Hoc Audit Committee is responsible for appointing the independent auditor, meeting with the auditor on at least one occasion without staff present, reviewing financial issues or judgments, and investigating other matters pertaining to the audit as it deems necessary. The mandate of the Ad Hoc Audit Committee begins once the Board approves its creation, and will end with the presentation of the audited financial statements to the Board.

Authority of Ad Hoc Audit Committee

- Approve the selection of auditor and execute the contract for services with MCE's auditor
- Receive the findings of the auditor and meet with the auditor privately as needed
- Investigate other matters pertaining to the audit as it deems necessary
- Report to the governing body that the audit committee has discussed the financial statements with management, with the independent auditors in private, and privately among committee members and believes that they are fairly presented, to the extent such a determination can be made solely on the basis of such conversations

MCE Ad Hoc Contracts Committee Overview and Scope

Typical Membership:	6 to 8
Current Members:	1. Sloan Bailey 2. Barbara Coler 3. Ford Greene 4. Greg Lyman 5. Emmett O'Donnell 6. Don Tatzin
Membership Process:	MCE strives to assemble an Ad Hoc Contracts Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Ad Hoc Contracts Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "New Committee Members" is on the Agenda.
Meeting Frequency:	Typically, two to four times per year, but can be as much as ten times per year depending upon contracting volume and expansion activity.
Current Meeting Date:	Third Thursday of each month at 9:00am, if needed

Scope

The Ad Hoc Contracts Committee may be asked to review and provide input on the following:

- Short term (one- to five-year) power supply product transactions
- Open Season offers for power supply products
- Ad hoc request for offer (RFO) results for power supply products, including hydropower, renewable energy, conventional energy, resource adequacy and shaped delivery products

Authority of Ad Hoc Contracts Committee

- Review Open Season offers and potential long-term Power Purchase supply transactions, and recommend approval to MCE Technical Committee
- Engage in and provide input and recommendations to staff as requested regarding:
  - Resource preferences (e.g., solar vs. wind; PCC1, PCC2, carbon free, etc.)
  - Counterparty exposure, credit considerations
  - Appropriate power supply hedge percentages
  - Confidential discussions regarding price of power supply products
  - Local vs. in-state vs. out-of-state options
  - Contract delivery term options
  - Proposed contract language changes from pro forma for any long-term agreements

MCE Ad Hoc Rates Committee Overview and Scope

Typical Membership:	4 to 6
Current Members:	None
Membership Process:	MCE strives to assemble an Ad Hoc Rates Committee that broadly represents the interests of customers throughout the MCE service area. MCE also strives to assemble an Ad Hoc Contracts Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Ad Hoc Contracts Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member. Interested members can be added at a meeting of the Board when "Board Committees" is on the Agenda.
Meeting Dates:	To be determined; typically in mid-January and early February

Scope

The Ad Hoc Rates Committee is the best opportunity for Board members to help shape MCE's pricing strategy for its retail electric service offerings. Supported by technical experts and staff representing finance and public affairs, this committee considers what changes to MCE's rates should be recommended in light of a variety of important factors that affect MCE's success. These factors include the competitive environment in which MCE operates, customer impacts and behavior, MCE's projected/budgeted expenditures, MCE's financial condition, business risks, and consideration of special program options (e.g., Deep Green, Net Energy Metering, Electric Vehicles). The Committee meets once or twice during the beginning of the year as MCE's draft fiscal year budget is being prepared and MCE's rate proposal is being developed, leading to its public release in February.

Authority of Ad Hoc Rates Committee

- Assess the rate proposals and alternatives presented by staff
- Provide policy guidance in development of the proposed rates presented to the Board
- Recommend proposed rates for Board approval

AI #10: Deep Green Update

Choosing Deep Green

50% CA Solar

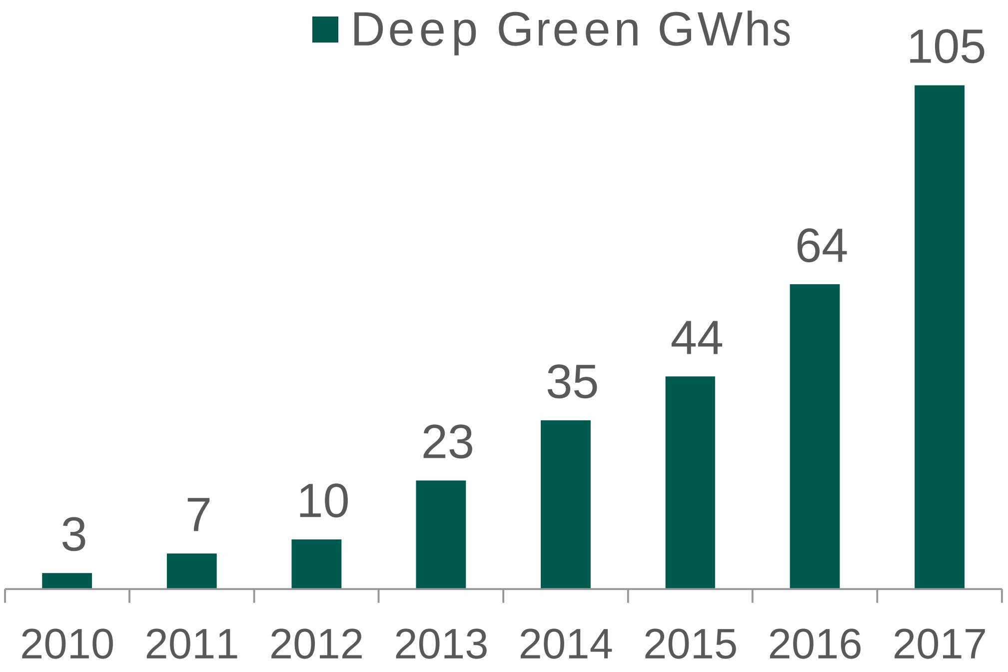
50% CA Wind

POWERED BY MCE
DEEP GREEN
100%
RENEWABLE

Supports Local Renewable Development

Evolution of Deep Green

- 3000% growth in kWh since launch
- Over 23,500 metric tons of carbon reduced
- Achieved 2025 Integrated Resource Plan (IRP) goal of 5%



Deep Green in 2017

100s of advocates

700 & counting new residential customers

New 2017 Deep Green Customers

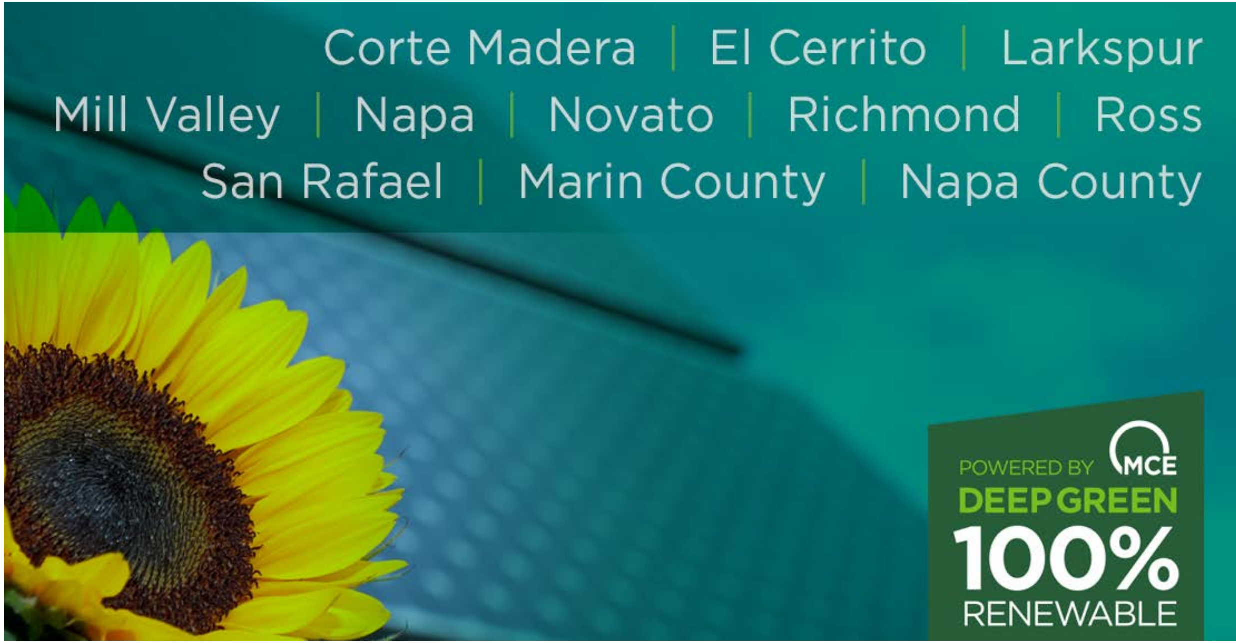
19 New Deep Green Champion Businesses

~6,000 Metric Tons of GHG Reduced

New 2017 Deep Green Customers

12 Local Govs Opted Up

- Joining Belvedere, Fairfax, San Anselmo, San Pablo, Sausalito
- Direct email marketing to residents



~6,000 Metric Tons of GHG Reduced

CASE STUDY

AI #10: Deep Green Update

City of San Rafael

3 Solar Arrays

EE & LED

Deep Green

32% decrease in kWh

mceCleanEnergy.org/elcerrito

CASE STUDY

El Cerrito’s 100 for 100 Campaign

Ties Going 100% Renewable with El Cerrito’s Centennial

Build the Deep Green Momentum

Become a Deep Green Champion!

- Include Deep Green information when businesses apply for a license
- Include a Deep Green message on City mailings
- Launch a campaign encouraging Deep Green enrollments
- Attend community events

#OptUP Easily on Your Mobile Device

1 | Go to mceoptup.org

2 | Fill in your name, email, address, and phone number

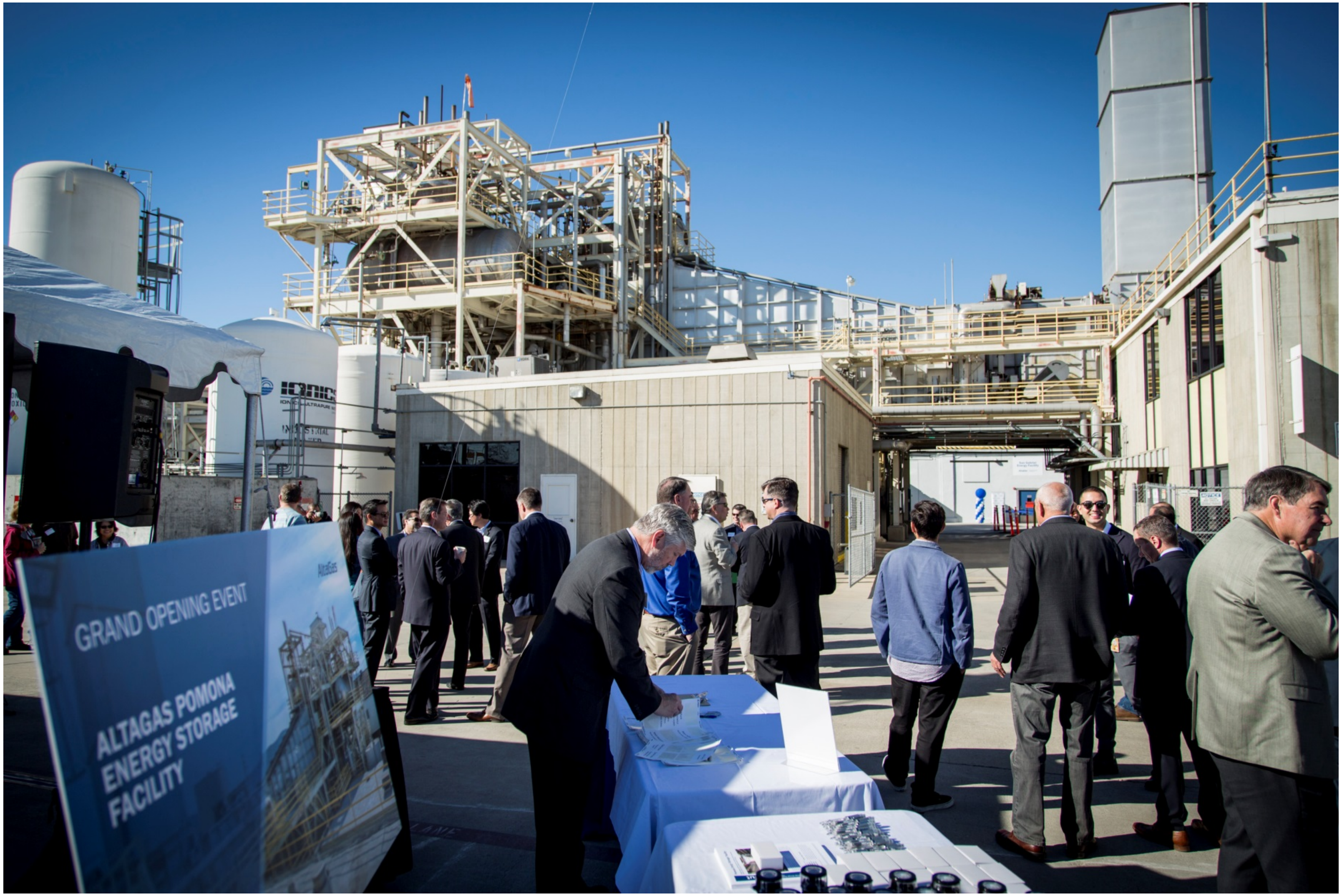
3 | Tap the authorization box

4 | Hit submit!

AltaGas

Pomona Energy Storage

Pomona Energy Storage



Pomona Energy Storage Project Overview

- Location: Pomona, California (LA Basin)
- Size: 20 MW / 80 MWh Lithium-ion battery system
  - Equivalent of powering 15,000 homes for a 4 hour period
- 4 month construction cycle with 12/31/2016 COD
- 10 year Resource Adequacy Energy Storage Agreement with Southern California Edison
- AltaGas retained the right to the Energy and Ancillary Services
- Market Participation
  - Energy - Day Ahead, 15-minute, Real Time
  - Ancillary Services – Reg-Up, Reg-Down, Spin
  - REM
- Located on the same site as old LM5000 Co-Generation plant
- Surrounding area is comprised of industrial sites

Pomona Site – Preconstruction

Pomona Site – Preconstruction Building Exterior

Pomona Site – Preconstruction Building Exterior

Pomona Site – Preconstruction Building Interior

Pomona Site – Preconstruction Building Interior

Pomona Energy Storage – Post Construction

Pomona Energy Storage – Post Construction

Repowering Aging Gas Generation with Energy Storage

- Ease of Permitting
  - Building Permit – only permit required for this Project
  - Additional energy storage at the site may require a Demolition Permit, Grading Permit, Building Permit
- Amended existing interconnection agreement and utilized existing full capacity deliverability status
- Utilized infrastructure from the original cogeneration plant
  - Used existing medium voltage switch gear, step up transformer, maintenance building, existing admin and O&M facility, existing utility connections
- Community Involvement
  - Viewed positively by Pomona City Manager, worked with LA Fire Marshall, and employed local unions
  - Leased space from neighboring companies for parking, construction trailer, and equipment staging
  - City of Pomona is now home to a state of the art, new innovative project

Reducing Usage of Natural Gas and Water

- Reduced gas usage in the Los Angeles Basin

	2014	2015	2016	2017 (Jan – June)
Natural Gas Usage (MMBtu)	1,036,819	1,012,619	31,735	0

- Decreased water usage (cooling, steam production, and distilled water plant)

	2014	2015	2016	2017 (Jan – June)
City Water Use	82,731,590	76,046,602	2,728,462	21,566

(2014 – 2015 normal cogeneration operations, 2016 merchant cogeneration operation and storage construction, 2017 battery storage operation)

Reducing Emissions Footprint

- Eliminated NOx Emissions

	2014	2015	2016	2017 (Jan - June)
NOx Emissions (lbs.)	23,906	20,414	518	0

- Eliminated CO2 Equivalent Emissions

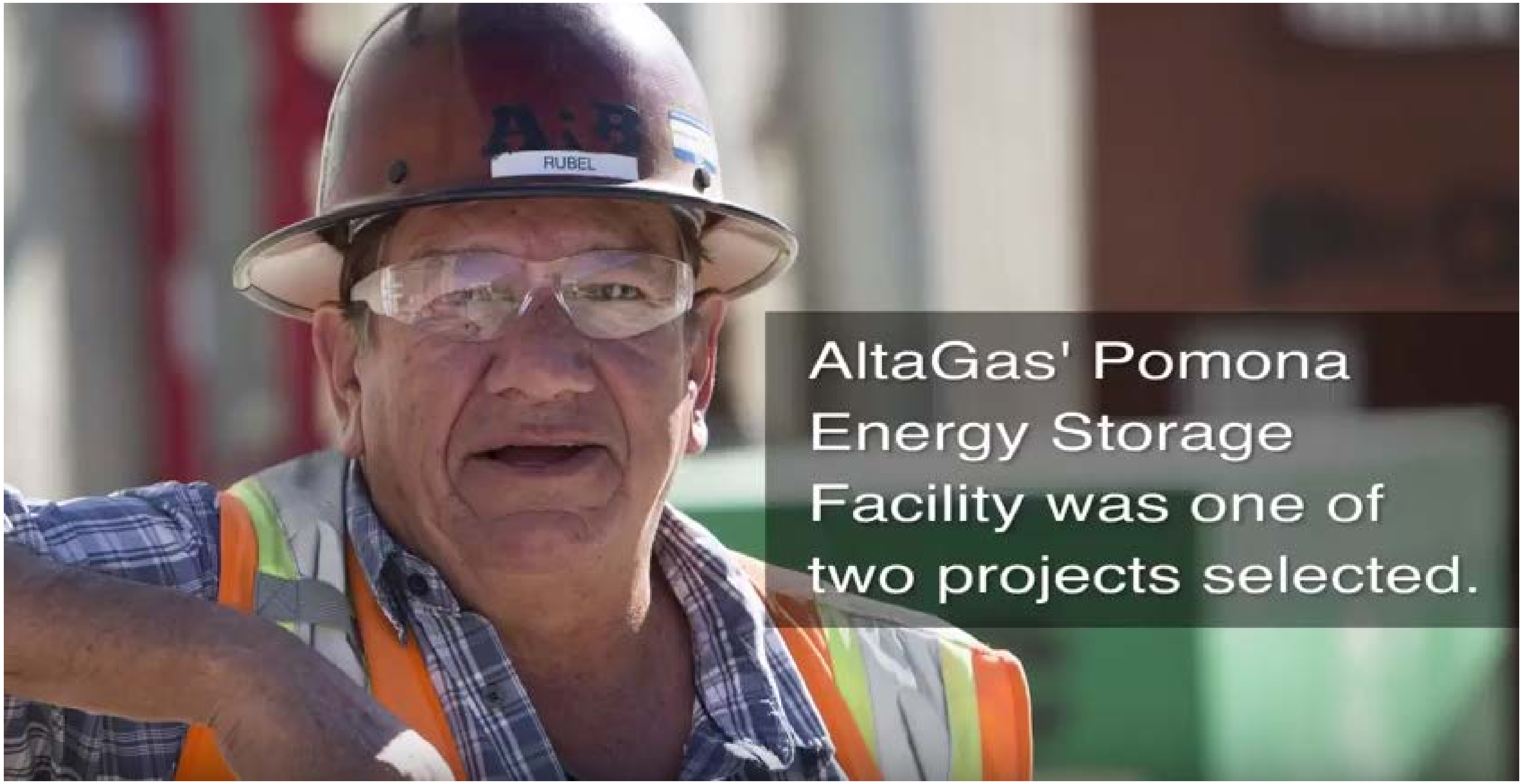
	2014	2015	2016	2017 (Jan – June)
CO2 Equivalent Emissions (MT)	55,025.9	53,741.6	1,684	0

(2014 – 2015 normal cogeneration operations, 2016 merchant cogeneration operation and storage construction, 2017 battery storage operation)

Storage Flexibility Leads to Success

- Storage assets are proving to be key resource
  - High utilization = ratepayers seeing quick return
  - “Instant” reliability and “Infinite” peak utilization
  - Enhances value of renewable and distributed resources
- Near term equality with natural gas peakers
  - Capital investment compatibility
  - Lower ongoing OPEX
  - Greater flexibility
- Storage is a total value play
  - Rapidly declining prices
  - Markets realizing more advantages that planned (scale will only improve results)
  - Remove market barriers to allow for full benefit realization

Time Lapse Video



https://youtu.be/JWIw42q3Hoo

Questions?

September 22, 2017

TO: MCE Board of Directors

FROM: Shalini Swaroop, Deputy General Counsel

RE: Policy Update on Regulatory & Legislative Items (Non-agenda Item)

SUMMARY:

I. MCE Legislative Activities

Given evolving information due to the end of the legislative session, MCE will report legislative activities for the next Board meeting.

II. MCE Regulatory Activities

Below is a summary of the key activities at the California Public Utilities Commission (CPUC) and the California Energy Commission (CEC) impacting Community Choice Aggregation (CCA) and MCE.

1) The CPUC issued an Order Instituting Rulemaking (OIR) to address the Power Charge Indifference Adjustment (PCIA)

On July 10, 2017, the CPUC issued an OIR to examine the current PCIA mechanism and consider alternatives to the PCIA. The OIR provided a number of guiding principles to frame the proceeding, which emphasized bundled customer indifference and PCIA transparency, predictability, and flexibility. The OIR also articulated a number of issues related to bundled customer indifference, transparency and data access, and ways to optimize Investor Owned Utility (IOU) portfolio management. CalCCA generally supported the OIR's guiding principles and issues and suggested some revisions to better frame CCA-specific concerns.

A Pre-Hearing Conference (PHC) was held on August 31, 2017. CalCCA provided a PHC Statement, which emphasized that data access and transparency were threshold issues that had to be addressed before any discussion of PCIA alternatives. The CPUC will likely issue a scoping ruling in September 2017. The scoping ruling will set the official schedule for the proceeding and the issues to be addressed.

2) MCE Succeeded in Protecting its Energy Efficiency Programs for Foodservice Customers

On August 4, 2017, the CPUC denied a PG&E motion to change its energy efficiency business plan, which relates to PG&E's energy efficiency programs on ten year cycle. PG&E's motion would have modified an earlier proposed statewide program to focus on foodservice customers instead of indoor agricultural customers, as originally proposed. Since statewide programs cannot be designed and implemented by a local administrator, this change threatened to remove all foodservice customers from potential CCA energy efficiency programs.

MCE provided a response opposing the motion on July 19, 2017. The CPUC denied PG&E's motion and agreed with MCE's arguments that the request was procedurally improper and risked disrupting other programs.

3) CalCCA Submitted Rebuttal Testimony on the CCA Bond Proceeding

On August 25, 2017 the California Community Choice Association (CalCCA) filed rebuttal testimony critiquing a Joint IOU proposal for the CCA bond posting requirement. California Public Utilities Code section 394.25(e) requires CCAs to post a bond sufficient to cover costs created by customers that may be involuntarily returned to IOU bundled service.

The rebuttal testimony emphasized the low likelihood that a CCA would cause an involuntary return of customers. CalCCA called for procurement costs to be excluded from the bond amount, limiting it to the administrative costs of reintegrating customers. CalCCA highlighted several flaws in the Joint IOU proposal that would create unnecessary costs.

MCE and the other operational CCAs will continue collaborating on the next steps in this proceeding including hearings and briefing.

4) CalCCA submitted comments to the California Energy Commission on the Implementation of AB 1110 (2016).

The CEC staff published its first draft AB 1110 Implementation Proposal for Power Source Disclosure on June 27, 2017. In a departure from current practice and the Renewable Portfolio Standard statute, the proposal would assign fossil fuel emissions to Product Content Category 2 (PCC2) energy resources, known as "firmed and shaped" products. CalCCA submitted comments on August 4, 2017 to urge the CEC to modify its proposal to reflect the current industry practice of assigning an emissions factor of zero to firmed and shaped products. MCE staff continues advocacy on this issue with a coalition of CCAs and other stakeholders.

5) MCE and Peninsula Clean Energy (PCE) jointly proposed a CCA Integrated Resource Plan Certification Process that Would Protect Local Governance.

The CPUC released the Integrated Resource Plan (IRP) Staff Proposal on Process for Integrated Resource Planning on May 16, 2017. Notably, the Staff Proposal lacked details on the CCA IRP certification process and the concrete steps for CCAs to exercise their opportunity to choose their own resources needed for renewable energy integration on the grid. Through joint comments, MCE and PCE proposed a two-level certification process that would allow CCAs to choose how much information they would provide in their IRPs to the CPUC for certification. The two-level certification process would also create a pathway for CCAs to voluntarily provide more information about their procurement planning to avoid non-bypassable charges, as long as the CCAs meet their reliability and GHG reduction goals.