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Executive Committee Meeting Friday, March 2, 2018 12:00 P.M.

**MCE Barbara George Conference Room
1125 Tamalpais Avenue
San Rafael, CA 94901**

Remote location:

One Concord Center, 2300 Clayton Road, Room 650, Concord, CA 94520

Marten Law, PLLC, 555 Montgomery Street, Suite 820, San Francisco, CA 94111

1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Chief Executive Officer (Discussion)
4. Consent Calendar (Discussion/Action)
 - C.1 Approval of 2.2.18 Meeting Minutes
 - C.2 Monthly Budget Update
 - C.3 Sixth Agreement with Braun Blasing Smith & Wynne, P.C.
 - C.4 Fourth Agreement with Davis Wright Tremaine LLP
 - C.5 Seventh Agreement with Jay Marshall
 - C.6 Tenth Agreement with Maher Accountancy
 - C.7 Eighth Agreement with Niemela Pappas & Associates
 - C.8 Sixth Agreement with Troutman Sanders, LLP
 - C.9 Second Agreement with Keyes & Fox, LLP
 - C.10 Fifth Agreement with North Bay Office Furniture LLC
5. Proposed Time of Use Rates (Discussion/Action)
6. MCE Compensation Study Adjustments (Discussion/Action)
7. MCE New Staff Positions (Discussion/Action)
8. Updating Procurement Authorities (Discussion/Action)



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- a. Adopting Resolution No. 2018-03 Rescinding Resolution No. 2017-02 and Delegating Energy Procurement Authority
 - b. Adopting Resolution No. 2018-04 Designating the Chief Executive Officer as Purchasing Agent Pursuant to Government Code 25500 and Delegating Purchasing Agent Authority
9. MCE Joint Powers Agreement and Local Planning Obligations (Discussion)
 10. Review Draft 3.15.18 Board Agenda (Discussion)
 11. Committee Member & Staff Matters (Discussion)
 12. Adjourn



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March 2, 2018

TO: MCE Executive Committee Members
FROM: Justin Kudo, Deputy Director of Account Services
RE: New Residential Time-Of-Use Rate (Agenda Item #05)

Dear Executive Committee Members:

SUMMARY:

Effective once filed this March, PG&E has established the new rate “**E-TOU-C3 RESIDENTIAL TIME-OF-USE (PEAK PRICING 4 – 9 p.m. EVERY DAY)**” to serve customers on the upcoming PG&E default Residential Time-of-Use (TOU) pilot. This TOU rate, unlike the basic, flat residential rate, has higher usage charges during the “peak” period from 4:00 p.m. to 9:00 p.m. along with a discounted rate during all other times. These pricing signals are intended to encourage residential customers to reduce their usage during periods of peak statewide electricity usage. Customers selected for PG&E’s TOU pilot will be billed on the new rate starting in April 2018 unless they elect not to participate and remain with their current rate.

For MCE customers to participate in this pilot, MCE needs to establish a comparable TOU rate, with similar pricing signals for peak and off peak periods as those provided by PG&E.

Background

To support statewide TOU efforts and better understand the impact of these rate changes on CCAs and their customers, MCE and Sonoma Clean Power have extended the pilot to 5% of their residential accounts. Approximately 10,000 MCE residential accounts were selected and notified by PG&E of the upcoming change to their rate schedule. Residential customers already on a time-of-use rate, in the current Contra Costa enrollment, or with a Medical Baseline Allowance were excluded from the pilot.

Initial outreach mailers began arriving in customer homes at the beginning of January, and continue monthly until enrollment in April. These mailers include both PG&E and MCE logos, along with some minor language adjustments requested by MCE; MCE staff suggested that the option for PG&E customers to “opt-out” of the pilot would be confusing for customers on CCA service. Mailers also include a sample comparison for customers of how they will perform on the pilot rate vs their current rate or other TOU rates, based on PG&E rates, with an acknowledgement that their own rates may differ. Customers are also notified that they are

generally eligible for Bill Protection for the first year, which refunds customers the difference should their costs with the new rate exceed what they would have paid on the basic rate.

As of February 15th, 4.15% of MCE customers selected for the pilot declined to participate. This is similar to SCP's result of 4.39%, but is significantly lower than PG&E's overall decline rate of 6.90%. We are working with PG&E to determine if this difference is due to the timing of mailers, or other causes.

Proposed Rates

As of March 1st, MCE's E-1 (basic residential) rate is \$0.00579/kWh less than PG&E's, resulting in a typical cost savings of about 2.5%. Staff recommends setting a rate for each E-TOU-C3 time-of-use period which is as close as reasonably possible to this cost savings. Proposed rates are as follows (using the most current PCIA and Franchise Fee vintage, for all usage below baseline):

E-1 BASIC RESIDENTIAL	GENERATION	NON-GEN	PCIA & FF	TOTAL RATE	VS. PGE RATE
MCE	\$0.06800	\$0.10389	\$0.03401	\$0.20590	\$0.00579
PG&E	\$0.10780	\$0.10389	\$0.03401	\$0.21169	
E-TOU-C3 PILOT RATE	GENERATION	NON-GEN	PCIA & FF	TOTAL RATE	VS. PGE RATE
MCE					
- SUM. PEAK	\$0.13200	\$0.12356	\$0.03401	\$0.28357	\$0.00566
- SUM. OFF PK	\$0.06800	\$0.12356	\$0.03401	\$0.21957	\$0.00622
- WIN. PEAK	\$0.07600	\$0.09293	\$0.03401	\$0.19794	\$0.00531
- WIN. OFF PK	\$0.05900	\$0.09293	\$0.03401	\$0.17994	\$0.00598
PG&E					
- SUM. PEAK	\$0.16567	\$0.12356	\$0.03401	\$0.28923	
- SUM. OFF PK	\$0.10223	\$0.12356	\$0.03401	\$0.22579	
- WIN. PEAK	\$0.11032	\$0.09293	\$0.03401	\$0.20325	
- WIN. OFF PK	\$0.09299	\$0.09293	\$0.03401	\$0.18592	

Staff also requests that this rate be made retroactive to March 1st. While staff is not aware of any customers yet on the E-TOU-C3 rate, customers may be eligible to actively switch to the rate as soon as the rate is published, before the pilot commences April 1st. Making this rate retroactively effective March 1st limits potential challenges with billing these accounts correctly for their usage.

Rate Name

PG&E is currently describing the pilot rate as E-TOU-C3, but has indicated that this may be a placeholder for a more permanent rate description. To avoid customer confusion staff recommends initially establishing the rate as E-TOU-C3, but adjusting the name should it be changed in future PG&E filings.

Recommendation

Adopt the generation rates set forth above, retroactive to March 1, 2018.