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**MARIN CLEAN ENERGY**

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**BOARD MEETING MINUTES**

**Thursday, April 16, 2015**

**7:00 P.M.**

**SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM  
750 LINDARO STREET, SAN RAFAEL, CA 94901**

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**Roll Call:** Chair Sears called the regular Board meeting to order at 7:00 p.m. An established quorum was met.

**Present:** Denise Athas, City of Novato  
Bob Ravasio, (Alternate to Sloan Bailey), Town of Corte Madera  
Tom Butt, Vice Chair, City of Richmond  
Rich Kinney (Alternate to Genoveva Calloway), City of San Pablo  
Barbara Coler, Town of Fairfax  
Ford Greene, Town of San Anselmo  
Greg Lyman, City of El Cerrito  
Bob McCaskill, City of Belvedere  
Keith Caldwell (Alternate to Brad Wagenknecht), County of Napa  
Kate Sears, Chair, County of Marin

**Absent:** Andrew McCullough, City of San Rafael  
Kevin Haroff, City of Larkspur  
Gary Lion, City of Mill Valley  
Emmett O'Donnell, Town of Tiburon  
Carla Small, Town of Ross  
Ray Withy, City of Sausalito  
Alan Schwartzman, City of Benicia

**Staff:** Dawn Weisz, Executive Officer  
Jamie Tuckey, Communications Director  
Kirby Dusel, Technical Consultant  
John Dalessi, Technical Consultant  
Brian Goldstein, Technical Consultant  
Jennifer Dowdell, Interim Deputy Director  
Jose Perez, Administrative Assistant  
Darlene Jackson, Clerk

**1. Board Announcements (Discussion)**

There were no Board member announcements.

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

Member of the public Sam Sparrow asked what Marin Clean Energy will be doing for Earth Day next week. He reported that \$1 trillion of new money will be coming into the solar industry. He suggested the Board consider building a large array and have it open as an IPO for Marin Clean Energy customers and, thereafter, the open market.

Dale Miller, President, Golden Gate Electric Vehicle Association, spoke about impediments to replacing gas with electric cars which he thinks is the lack of access to electricity. He disagreed with MCE's filling of protests with the CPUC to not offer rebates and felt MCE's recommendations for pilot projects and metering of EV's is counter-productive. He urged the Board to work to support EV charging connections and not to delay this effort.

Janelle Freebill, EV driver, voiced opposition to MCE's filing to the CPUC to oppose PG&E's proposal to expand availability of charging stations and infrastructure. She said she does not need PG&E's rebate, asked MCE to re-think its opposition, and asked the Board to embrace EV's in a positive and forward-thinking way.

Chair Sears asked for staff response to public comments.

Jeremy Waen, MCE's Regulatory Team Analyst, said MCE's purpose is GHG reduction, the rapid deployment of EV's and rapid adoption of electricity as a fuel, and this is fundamental for a sustainable community. Also fundamental is MCE's value of customer choice, and he believes the application proposal would essentially allow PG&E to command, control and own the entirety of the EV structure build-out to the charging stations themselves, and it does not allow for customer choice as far as who their electricity is coming from or competitive markets for EV charging equipment. MCE has worked very closely with other parties and has a coalition of 9 parties meeting with Commissioners regarding consumer choice.

Regarding the low carbon fuel standard, Mr. Waen said MCE is not protesting the fact that PG&E is attempting to return a credit to EV owners, but the low carbon fuel standard is about fuel consumption and there is little or no connection at all between actual fuel consumption and the rebate values. There is no difference with someone using PG&E's power and someone using MCE's light green power or deep green power, and there has been a lack of detail and thought. MCE is not trying to stop the rebate program but protesting it so the Commission will give it closer review so they will tell PG&E to revise their proposal and make it more true to the intent of the program to actually buy into electricity usage and not have some arbitrary value. MCE firmly supports the use of EV's and for them to address climate change, the adoption of EV's and widespread use of electricity as a fuel is fundamental.

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

Dawn Weisz, Chief Executive Officer, gave the following report:

- She welcomed the new Corte Madera Alternative Board member Bob Ravasio and thanked him for attending the meeting for Board member Bailey.
- MCE will be hosting a 5-year anniversary celebration from 10:00 a.m. to 1:00 p.m. on May 7<sup>th</sup> which will serve as a nice opportunity to welcome everybody to their new offices at 1125 Tamalpais Avenue. They plan to highlight some of the new local development projects that are getting built by MCE which include the Feed-in-Tariff projects, the MCE Solar One project, the very large 10.5 MW project, and will be conducting a field trip to the Cooley Quarry Landfill project where they are building solar for their local customers, which should be on line by July.
- MCE has received two awards since the last Board meeting; the Green Business of the Year Award from the San Rafael Chamber of Commerce. They were honored at a State of the City Dinner on March 19<sup>th</sup>. The second award given to MCE was the Acterra 2015 Business Environmental Award in the category of environmental innovation for their Community Choice Aggregation Program. MCE will be honored at Acterra's 25<sup>th</sup> Anniversary Business Environmental Awards Reception in Mountain View on April 28<sup>th</sup>.
- MCE has fully moved into their new location 1125 Tamalpais Avenue, formerly known as 700 Fifth Avenue. They were successful in changing the address so it matches the main entrance on Tamalpais Avenue. Committee and public meetings will be hosted here and staff hopes to host their next Board meeting here, depending on furniture delivery.
- Regarding PACE financing, many people may have been approached by one or several PACE financing providers over the last couple of months. Beckie Menten, from MCE's Team and Dana Armanino from the County of Marin have been working together to develop protocols to address the many inquiries they are receiving about the PACE program for financing improvements on their property. While they encourage these programs, they want to ensure there is a set of best practices and guidelines that providers adhere to. Dana Armanino has created a draft participation agreement which is included in the packet which they will be asking providers to sign before providing service in the community, and they do not see it as a barrier. Lastly, programs under consideration include Hero, Fig Tree Financing, Wide Green and Alliance IG. She asked Board members to let staff know if they would like more information.

Board member Coler commented that the Town of Fairfax adopted the Cal-First and designated MCE to be their liaison. Recently she was approached by Hero. At that time they used a model agreement received from Ms. Menten and she thought this was the main program now. Ms. Armanino explained that Cal-First is one of several programs that operate PACE programs. The County and most cities have adopted Cal-First first, but because everyone is getting more comfortable with the PACE program they feel it is time to open up that market and allow homeowners to have a choice in which provider they work with. They want to make sure there are those best management practices, and Cal-First is also going to sign the participation agreement. Once these new participants also sign that agreement, they will bring a Board packet to the Board of Supervisors which includes resolutions for each one. She said cities must authorize each program individually to allow them to operate. They plan to get everything set up in a sample packet which they eventually will take to the Board and share with all cities. She



clarified with Board member Coler that the Town of Fairfax will have to authorize four more resolutions in order to allow the next four to operate and each will have their own resolution.

Board member Coler asked about Fannie Mae and Freddie Mac, and Ms. Armanino said there has been no movement on their part but MCE feels that with the creation of the Loan Loss Reserve program by the Governor and the State, each of the programs either have to agree to participate in that program or have a comparable loan loss reserve program that would make any lender whole for the PACE portion of the assessments given the fact that the risk from FHFA has been lowered substantially.

Board member Coler said nine months ago they adopted the Cal-First program with no interested parties to date. She asked Ms. Armanino to provide information on how the Governor's program is really helping, given there is no participation. She said they sent a letter to the administration regarding Fannie Mae and Freddie Mac and their reluctance to change. Ms. Armanino said she does not believe the FHFA issue has cooled the market for California. She said 35 assessments have been completed, but they do not have the breakdown on jurisdictions and expect to get these by the end of the month. She will be getting back to each of the cities with updated information on this. She noted that Cal-First's interest rates are a little high as compared to a home equity loan so it is not as attractive, but they want to open the market to other case providers which might stimulate competition and homeowners who may find that Hero or another provider fits their purposes better than Cal-First.

Chair Sears asked when information about the other PACE providers will be brought to the Board of Supervisors. Ms. Armanino said the participation agreement is now being reviewed by each of the program providers and afterwards they will take it to County Counsel and MCE's counsel for final review, and hope to bring the packet to the Board of Supervisors in June.

- Ms. Weisz continued her report and stated there are 1% energy efficiency loans available for organizations, including cities, counties, special districts, hospitals, California State agencies, and there are zero percent loans available for school districts, charter schools, offices of education and college districts. She asked Board members to apprise Ms. Menten of any projects in their respective jurisdictions which might be a good fit. The zero percent interest loans are through Proposition 39 and in order to be eligible, the entity must be designated as a Proposition 39 designee. Also, another great resource for Marin public entities is Dana Armanino and her program.

Chair Sears asked if this loan information is being sent out to city and town managers, and Ms. Weisz said she believes they are but she will confirm this and said it is included in the Board packet with links to sign up for the loans.

- Jamie Tuckey, Communications Director, announced that MCE is celebrating Earth Day this year by attending several different events. This weekend there is an event in El Cerrito on April 18<sup>th</sup>. MCE will be at Sir Francis Drake High School's Earth Day Event on April 22<sup>nd</sup> and the following weekend, they will be at Napa County's Earth Day Festival

on April 25<sup>th</sup>. They are also inviting community members to take action this year on Earth Day by choosing Deep Green and will be running half page advertisements to celebrate and offer action items for people who want to participate. They will run ads in the Pacific Sun, Contra Costa Times, the Benicia Herald and the Napa Valley Register. They will also send out an e-Newsletter and social media promotions.

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

##### **C.1 3.5.15 Meeting Minutes**

Board member Greene referred to Item C.1; the minutes, and requested that Board members be identified by name in future meeting minutes.

##### **C.2 Approved Contracts Update**

##### **C.3 MCE Staff Position Adjustment**

Board member Coler referred to Item C.3 and asked if the Power Supply Contracts Manager Tier II is right below the Director of Power Resources, commenting that the salary level is a large jump. Ms. Weisz said yes. Board member Coler also asked if the market study compares to PG&E-equivalent positions. Ms. Weisz said no; the most useful comparisons are public agencies because MCE is a public agency. If MCE looked at private agencies comparisons would come in higher. She noted; however, they also looked at Sonoma Clean Power that tends to have very competitive staff compensation ranges as well as SMUD, Alameda Power Authority and water districts.

##### **C.4 Second Addendum to First Agreement with North Bay Office Furniture, LLC**

**ACTION:** It was M/S/C (Greene/McCaskill) to approve the Consent Calendar consisting of Items C.1 through C.4. Motion carried by unanimous roll call vote: 10-0-7 (Absent: McCullough, Haroff, Lion, O'Donnell, Small, Withy, Schwartzman).

#### **5. Monthly Budget Report (Discussion)**

John Dalessi, Technical Consultant, stated they have actual financial results through February which is 11 months into the fiscal year. Revenue and expenses both come in a little bit under budget and net income is right at budget. In looking at retail sales, they expect that by the end of the fiscal year they will be right at budget, and things are looking good as projected.

Chair Sears asked and confirmed there was no public comment.

#### **6. Repayment of Loans with River City Bank and Related Budget Adjustment for FY 15/16 (Discussion/Action)**



Jennifer Dowdell, Interim Deputy Director, stated the Board is proposing to redeem about \$1.2 million of two term loans from River City Bank. As background, these began as working capital facilities during the launch. They were short-term facilities and when they became due, were rolled over. In one case, a 5-year term loan and in another case, just short of 5 years. At the time MCE did not have the financial flexibility to pay those off, but the rates on them are quite high at 5.25% and 4.5% and both carry a pre-payment penalty.

Now that there are sufficient amounts in their operating funds and savings, staff proposes these be paid off and collect basically an interest savings of about \$84,000. This includes prepayment penalty of \$26,000, so the total savings is about \$110,000. Currently, funds on hand to pay those off are not earning interest and staff would propose paying those off tomorrow to avoid another payment and capture the savings, and is asking that the Board approve that action.

Board member Caldwell asked if interest rates were so high because the organization was just starting up or because MCE did not have a lot of credit history, noting that he was not on the Board at that time, but concurs they are high. Ms. Weisz said when these loans were negotiated they had a different economic environment, but in addition MCE was very young and had no assets and many liabilities which contributed to the offering at that time.

Board member Caldwell asked if MCE's funds run through the County Treasurer to utilize their investment portfolio at all. Ms. Weisz said no; there is completely separate accounting as MCE is not affiliated at all with the County Treasurer or any of their member jurisdictions. As a separate agency, they have separate debts and liabilities.

Board member Caldwell commented that in Napa County they allow other agencies to invest through the County's investments, and even with earning zero percent on their checking account, they roll funds every night to collect interest on a daily basis. He suggested MCE work through the County Treasurer and take advantage of some of these. Ms. Weisz said the Executive Committee will hold discussion in early May about reserves and needs and what MCE might be able to do to optimize any cash reserves on hand and she thanked Board member Caldwell for his suggestion.

Chair Sears concurred and said since no Board members were on the Board at MCE's creation one of the issues when formed was being able to insulate participants in the JPA from liability. She assumed this was an important driver in keeping these kinds of fund balances separate from any other entity. Now that they are in a different financial situation, she thinks the timing is good to revisit alternatives.

**ACTION:** It was M/S/C (Lyman/Caldwell) to authorize full repayment of both River City Bank Term loans and approve proposed budget adjustment for the fiscal year ending March 31, 2016. Motion carried by unanimous roll call vote: 10-0-7 (Absent: McCullough, Haroff, Lion, O'Donnell, Small, Withy, Schwartzman).

## **7. Feed in-Tariff Program Review (Discussion/Action)**

Kirby Dusel, Technical Consultant, gave a PowerPoint presentation to the Board on the annual review of the Feed-In Tariff (FIT) Program. He said from time to time MCE will review this program which is intended to promote the development of smaller scale, locally situated renewable energy projects of 1 MW or smaller. They all use fuel sources that are eligible under the California Renewables Portfolio Standard Programs, such as light, solar and wind.

He said the idea is to offer a standard contract with non-negotiated prices that are intended to reflect the above-market cost of developing programs within MCE's service territory. They go through this exercise once a year and look at how the program is structured, price, what the participatory cap might be, as well as the power purchase agreement used to contract for these various facilities. They make sure they are in line with the market of other competitive options, namely PG&E's feed-in tariff program which is called the Renewable Market Adjusting Tariff or "REMAT". Other considerations are items like legislation, regulations, or other concerns that might influence changes the Board might consider making to the program. Once these items of interest are identified at the staff level, they take them to the Technical Committee where they are discussed and ask the committee to make a recommendation with regards to changes they are considering making and then bring those changes to the Board.

Currently, MCE has one project which is actually delivering electric energy to customers under the Feed-in Tariff program which is the 1 MW solar project, located at the San Rafael Airport. In addition, there is almost 5.7 MW in their development queue as part of a total overall 10 MW participatory cap. They are making nice progress and at the 5-year anniversary event the Board will see where one of these projects is developed. He thinks it is an apt time to consider changes to the program, particularly when undergoing expansion.

Mr. Dusel noted that in 2015, MCE's retail sales will be growing by about 50% which is considerable growth. In consideration of that growth and with new communities beginning to operate, staff felt it was appropriate to consider looking at this program to create opportunities within those new communities. The three areas of focal point are the overall participatory cap, pricing and how it aligns with current market trends, and pricing options that are available under PG&E's Feed-in Tariff program. Also, they included a project buy-out option which they typically included in their more recent power purchase agreements, particularly with larger scale PV solar projects.

They also looked at a couple of items on a preliminary basis and deferred further evaluation of these items until another annual review. Those items include evaluation of energy storage projects and how those might fit in to the Feed-in Tariff at a later date and also whether or not they want to incorporate certain pricing incentives for certain types of development sites on disturbed lands, use of specific labor sectors, ease of interconnection, etc.



With regard to the participatory cap, it is set at 10 MW. MCE has about 5.7 MW that has been committed either through contract or through inclusion with their development queue. In light of their expansion in 2015 staff thought it would be a good idea to consider looking at growing this cap to allow for participation within these new member communities. This growth coupled with trends makes it a prime reason to consider increasing the cap at this point in time. In staging that increase in the participatory cap in line with their expected growth they would be looking at the cap increasing up to 15 MW which would result in an overall potential financial impact just under \$1 million a year. They look at these additional MW's included under the program and the cost they would be paying for that energy, which is about \$900,000 of additional cost per year. However, this would be phased in over a multiple year development period. He said increasing this cap would do really well to ensure the on-going access to the Feed-in Tariff program development opportunities. And, based on their assessment of administrative impacts, it does not seem there would be a major stress on staff as a result of this change.

In terms of pricing, Mr. Dusel said they have evolved over time. When they originally launched the program it was small and in line with their customer base. They had a 2 MW participatory cap at that time and the pricing they offered was tied to the prices they were paying through their Shell Energy North America Power Purchase Agreement. Since then, the market has evolved substantially. This consideration tied to some recent trends and pricing for PG&E's Feed-in Tariff program led them to re-evaluate how they are looking at their pricing scheme. He referred to a chart showing pricing conditions which depicts the original intent to capture expected efficiencies that would be gained in the renewable energy space over time. Because they have realized those, it is appropriate to have this trajectory. Currently they are in Condition 3 and if they were to consider increasing the cap from 10 MW to 15 MW, they would need to accommodate the additional capacity. They also want to make sure they offer competitive advantages for customers but not so far out of market that they are giving money away.

Mr. Dusel then presented the proposed pricing changes that are spliced in with the existing Feed-in Tariff pricing schedule which are existing prices. He noted that the red text represents changes they have incorporated to better align their program with current market conditions and also provide some incremental incentives that may be available to project developers.

Chair Sears asked Mr. Dusel to discuss changes proposed for Condition 5 and she asked if there is a particular reason why changing the existing condition was a good idea. Mr. Dusel explained that the \$89.23 base price for PG&E's Feed-in Tariff program is a key number for MCE when looking at its pricing scheme. It is noteworthy that they have progressive pricing steps that they work through as participation in their Feed-in Tariff program increases. To date, the bulk of participation in their program has focused on PV solar projects. Much like MCE's program, PG&E also has a three-prong pricing approach where they have a pricing scheme related to peak delivery, a base pricing scheme for bio-gas, landfill gas projects, and an off-peak or as available pricing scheme and this will focus on wind development opportunities. He stated the base price PG&E originally offered at \$89.23 a MW hour has already fallen off to \$57.23 based



on the level of participation they have seen. This price is delivery adjusted which means the base price equates for a PV solar project to about \$75/MW hour when considering there are pricing adjustments/increases that are awarded to these projects when they deliver during peak times of day. So the price MCE is competing for PV solar is roughly \$75, but for the other two buckets of prices and projects, the base and intermittent price, PG&E has not received strong participation so the price is still \$89.23.

MCE wants to make sure it has the appropriate incentives in place to make this more interesting to prospective developers in order to make sure they offer a competitive alternative. He noted that for a base load project which is expected to deliver power on a round-the-clock basis, even though the time of delivery adjustments will play in on average, they are intended to net out to the base price. So during peak times the multipliers are higher. During the night they are lower, but if delivering the same quantities at all hours of the day, it nets out to the base price.

For intermittent resources that typically deliver a disproportionate share of their power in the nighttime or off-peak hours, one would expect that price to be adjusted downward. Therefore, in both instances they still have a very competitive offering with this pricing schedule adjustment.

Mr. Dusel said in terms of the buyout option, this the third recommendation for the Board to consider. He said MCE, particularly with its PV solar power purchase agreements, is now regularly including buyout options and while it is not mandatory, MCE may buy the project from the developer for a certain price. What staff is recommending now is to include similar language as what already exists in their other PPA's with their Feed-in Tariff PPA. It creates no obligation but is just an option.

To summarize, Mr. Dusel said the recommendations are to increase the participatory cap of their Feed-in Tariff program from 10 MW to 15 MW, adjust the price schedule to accommodate the expanded participatory cap, as well as some competitive adjustments to make sure they are the preferred option for local renewable project developers, and also the inclusion of standardized language within their Feed-in Tariff Power Purchase Agreement to create an option for project buyout at some point in the future.

Board member Coler said she is assuming they would also expand this to every new jurisdiction within MCE's territory. Mr. Dusel said yes; the way the tariff is written; the language is broad and intended to be generic in that the service territory is defined as MCE's entire service territory. As MCE's territory grows in time any communities that join will, by default, be included as eligible.

Board member Coler referred to the option for the project buyout and she said if this were to be included as a standard option, she asked and confirmed there were elements to consider when buying it out in the future. Mr. Dusel added that it creates the structure if both parties agree to move forward with that buyout option and it creates no obligation whatsoever.

Board member Coler said before she was on this Board, Larry Bragman brought forward the idea of prevailing wage for hiring MCE employees. She wondered if, in order to buy a project, ultimately one of the terms would be that there would be certain considerations for those developers that when they build the project, that they pay prevailing wage to mirror the same social principles MCE agrees on, and she would propose this sort of language.

Chair Sears noted that this came to the Technical Committee first and had a similar presentation with good discussion and the Committee supports the proposal. Board member Coler asked if the Board would consider paying prevailing wage when there is consideration of a buyout.

Ms. Weisz stated MCE does have a Workforce policy and former Director Bragman played a role bringing it forward. The Technical Committee discussed incorporating any labor-related provisions into the Feed-in Tariff but they did not reach any firm determination about what they would want to include and it was deferred to a later date. However, this can be brought back to the Technical Committee to determine if Board members are interested in incorporating that, but they wanted to bring these recommendations for technical changes first.

Mr. Dusel stated one of the concepts discussed briefly with the Technical Committee was the idea of offering price differentials if there were certain labor requirements. However, it was not definitive enough at this time to move forward with a specific proposal so the idea is between now and the next review to continue gathering that information and come back with a more definitive proposal so they could incorporate that in the future.

Board member Coler said in the event that MCE wanted to exercise the buyout option where someone builds on a Brownfield site or something similar, she asked if there is some sort of liability or indemnifications that would go with that so that MCE does not eventually get stuck with a property that might have environmental liability that a state agency then requires environmental cleanup. She would definitely suggest the Technical Committee consider adding some sort of indemnification as MCE would want to be sure that someday in the future it is not required to join in on the cleanup. Mr. Dusel said all of their PPA's have indemnification language and he does not recall how it extends to the buyout provision and they can certainly look into this.

Chair Sears said while the Committee did not get into specifics with the buyout provision, at a time when MCE may want to purchase property it would want to look at all of these issues to ensure it is not taking on inappropriate liability. Therefore, she does not think MCE would change its practices because it is a Feed-in Tariff project. Mr. Dusel said it is reasonable to assume there will only be select cases where they would want to critically evaluate these ownership opportunities and in those instances, they would go through due diligence as done on similar projects.



Board member Lyman asked if Board member Coler's suggestion is to include prevailing wage requirements along with the buyout language included in the agreement. Board member Coler said the Technical Committee does not want to include it at this time, but it is said one of the things that can be considered in the future.

Mr. Dusel noted there was research done at the staff level to identify what the cost difference would be of developing a project with the use of prescriptive union labor requirements, and it was not definitive at this time. Therefore, they want to take some time between now and their next review to compile information on this issue.

Board member Coler asked if there is the possibility of having a standard provision to state these are considerations "including but not limited to" so five years into the future, if MCE decided it wanted to buy it they would have the option of introducing other considerations. Ms. Weisz noted that the discussions they had about prevailing wage were more tied to the rate that they would pay for the power. They were not coupling this with the buyout options, and she did not think there would be an advantage of layering that in when they are having buyout discussions. What they did talk about was maybe they should allow some type of incentive in their PPA rate that encourages prevailing wage, so this is what they need more information on.

Board member O'Donnell asked what percentage of the 15 MW would represent MCE's purchase power. Mr. Dusel said it is quite small and he referred to a slide in the PowerPoint under Current Fit Status, which indicates that the San Rafael Airport currently delivers about .1%, so they are looking at 1.5% of their total supply, and this is substantially because of the resource type they are likely to see participating in the Feed-in Tariff program because PV solar projects only produce electric energy during daylight hours, or a 25% capacity factor. If it were a bio-mass facility it would be a lot more.

Board member O'Donnell asked what percentage of their expenditures the 1.5% would represent. Mr. Dusel said he has not done the math on this, but it would probably be something like 2.5%. It would be disproportionately higher because of the incentives.

Board member Greene said as to the buyout option, the purpose of this is so there is a choice, and it does not make sense to frontload conditions into the exercise of the choice. All of the policies MCE has as an organization will be brought to bear on that possibility when considering it.

#### Public Comments:

Stan Sparrow distributed a copy of a Bloomberg report to Mr. Dusel and said the report mentions that the coal, nuclear and utility industries are buying up all of the solar arrays. He thinks it is therefore important that MCE has first option to buy.

**ACTION:** It was M/S/C (Coler/Athas) to approve the Feed in-Tariff Program. Motion carried by unanimous roll call vote: 10-0-7 (Absent: McCullough, Haroff, Lion, O'Donnell, Small, Withy, Schwartzman).

#### **8. Greenhouse Gas Emissions Analysis for Calendar Year 2013 (Discussion/Action)**

Mr. Dusel referred to the staff report and said for newer Board members, he gave a background, stating one of MCE's fundamental goals and objectives is focused on reducing GHG emissions, particularly those related to the power sector. One key metric that exists to measure progress and compare one entity to another is development of a portfolio emissions factor which represents the emissions' intensity associated with the various power sources that are included with any utility resource mix. The staff report goes through how MCE conducts that process each year, what information is taken into consideration and also information regarding discussions occurring in the industry. He said it is very important to MCE, PG&E and various other stakeholders to ensure there is a level playing field in how this information is calculated and presented.

Mr. Dusel said due to the availability of information within the electric utility industry occurring on a lag basis, they are just now providing the Board with an overview of the calendar year 2013 emissions factor and how it compares to the similar factor which has been calculated by PG&E. The process PG&E goes through results in their publication of that statistic about 12-15 months after the operating year for which that statistic relates.

Any resource that emits pollutants during the generation of electric power tends to increase emissions factors, and any resource that does not emit pollutants such as renewable energy sources, hydro-electric power and nuclear generation tends to reduce emissions factors. Unfortunately there is no standard that has been offered by any regulatory authority to which MCE or any other entity must adhere to. What they have is a publicly available emissions reporting regime administered by the California Air Resources Board (CARB), and MCE conforms with its reporting obligations under that program as does PG&E and other entities, but that program does not hand down how these emissions statistics should be calculated and communicated to customers of utilities. Therefore, when creating this statistic, MCE endeavors to generate an alignment between the information customers see and it is designed to take the power content label and translate it into how emissions are derived through delivery of those different power sources.

Mr. Dusel referred to the table on page 4 of the staff report and gave a brief overview of 2013 renewable energy sources, purchases and percentages of sources, and they consider the emissions' intensity associated with each fuel source category. This information is published by CARB in their mandatory reporting requirements for GHG emissions and the second table on page 4 identifies how they calculate MCE's GHG emissions factor by attributing the appropriate emissions intensity for each fuel category and build it up into a total emissions quantity. He commented that MCE's 2013 aggregate portfolio emissions factor was approximately 17% lower than PG&E's reported emissions factor.



Mr. Dusel noted the two additional attachments to the staff report are a more detailed discussion of the methodology employed by MCE in calculating its GHG emissions. He said there has been a lot of interest surrounding discussion of GHG emissions factors. The PUC has been trying to schedule a workshop on this subject and MCE will be participating in it and he believes it will be worthwhile for MCE to work towards the development of a single methodology for GHG emission factor calculations to avoid confusion around the subject.

The recommendation before the Board is to approve the release and posting of this information for use by MCE customers and members of the public.

Board member Lyman asked what percentage of customers are deep green, and Mr. Dusel replied it is now just over 3%, but in 2013 it was approximately 2%.

Board member Athas recognized the significant growth of MCE and she asked when 2014 power supply content statistics will be available. Mr. Dusel stated they are almost done with collecting all of the information needed for 2014 and should have everything within the upcoming 3 to 4 weeks.

Board member Coler said now that they are moving into natural gas, she asked and confirmed that natural gas will be included in the table and have its own line item representing the volume, proportion of total supply and emission factor.

Board member Coler asked if there is an estimate of what percentage of the power supply for light green and deep clean is coming from unbundled renewable energy because this has been continually asked. Mr. Dusel said these statistics are being calculated now and staff will have this information available soon. Staff is keenly aware of the sensitivity surrounding the issue and fundamentally these are important products available, but there are some concerns about them, and MCE seeks to wean the supply portfolio away from unbundled renewable energy certificates to the greatest extent practical and this information will be available soon.

Chair Sears applauded Mr. Dusel for his statistical work, noting this is an acutely important piece of information, and recognized also the importance of its accuracy.

**ACTION:** It was M/S/C (Caldwell/Lyman) to approve the Greenhouse Gas Emissions Analysis for Calendar Year 2013. Motion carried by unanimous roll call vote: 10-0-7 (Absent: McCullough, Haroff, Lion, O'Donnell, Small, Withy, Schwartzman).

#### **9. Second Amendment to Lease Agreement with 700 Fifth Avenue, LLC (Discussion/Action)**

Ms. Weisz stated the Board approved a 10-year lease agreement on September 4, 2014 with 700 Fifth Avenue, LLC. The size of the building is a 10,000 square foot commercial space in downtown San Rafael. There were several improvements that were included in the original lease agreement, some of which have been completed and some which are still underway,

which she briefly described. At this time they have ADA compliance with door widths and restrooms, and completion of the elevator will be the final step in full compliance. She said most improvements in the interior of the building have been substantially completed.

The Lessor of the new building was able to accommodate some of their interim work needs during the transition and due to that accommodate, staff believes it is reasonable to waive the proposed liquidated damages for late occupancy because they were able to move in at the time they needed to and not pay for any damages for being late. However, she noted that the liquidated damages will not be waived at this time for any delay completing the elevator or any non-occupancy related improvements and this has been clarified in the lease agreement.

Ms. Weisz said because the landlord was not as prompt in providing feedback on the lease agreement, there were some last minute changes proposed after the item was released for the Board packet, which she highlighted as follows:

- Item 3 regarding additional language relating to elevator damages; and
- Additional, non-substantive language added in paragraph 4; Consent of the Lessee to have pet dogs on the premises.

Board Lyman asked if there is consideration or recognition that work is sometimes out of the contractor's control because it takes time for state inspectors to arrive. Ms. Weisz said yes, it is taken into consideration and staff will be tracking this closely during the elevator completion. At this point, they have been involved in weekly construction meetings and potential delays are tied to a lack of early bids being put out and a lack of in-depth analysis of the bids that came back in. The lessor is currently looking to select a different model for an elevator, which will create additional delays. Permit issues have not yet come into play, but delays at this time are due to elevator selection. The lease states that the elevator must be completed within 90 days of the occupancy date. The key purpose of the second amendment is to codify the occupancy date as April 1<sup>st</sup> which gives the Lessor until July 1<sup>st</sup> to have the elevator operational. At that time, liquidated damages would be \$4,000 per month for any delay after that month, pro-rated per day.

Chair Sears asked and confirmed there was no public comment.

**ACTION:** It was M/S/C (Sears/Greene) to authorize approval of the Second Amendment to Lease Agreement with 700 Fifth Avenue, LLC. Motion carried by unanimous roll call vote: 10-0-7 (Absent: McCullough, Haroff, Lion, O'Donnell, Small, Withy, Schwartzman).

#### **10. Communications Update (Discussion)**

Jamie Tuckey, Communications Director, stated a couple of months ago she presented to the Board Community Outreach plans for unincorporated Napa County, Benicia, El Cerrito, and San Pablo. With the addition of these communities, they are expanding their customer base by



roughly 30%, and over the last few months the Public Affairs Team has been busy implementing these plans.

She reported that today the Napa enrollment is complete, with all Napa County customers having enrolled in February. The enrollments for Benicia, San Pablo and El Cerrito are scheduled to occur next month in May. Thus far, staff has sent out three notices to the account holders in each of those communities, sent out 56 unique enrollment notices that have been mailed out, and have contacted 475 different community organizations and businesses throughout those service areas.

Ms. Tuckey said before the Board is a lengthy list of community events for 2015, and to date, the team has already participated in 81 public events and meetings since January. They have 29 scheduled for mid-June to total 110 events.

She provided sample advertisements running in Napa County and said there are 15,700 eligible accounts. They participated in 9 events this year starting in November and participated in 10 other events in 2014. They also formed good relationships with Sustainable Napa County, Napa Valley Vintners, and Visit Napa Valley. Those three organization distributed newsletters to constituents about MCE. To date, there have been 172 deep green enrollments, a 90% participation rate in light green and a 9% opt out rate. She said across all communities that the top two reasons for opting out are concerns or disliking the automatic enrollment and concerns about rates. The other three reasons are concerns with government-run agency, billing concerns and reliability concerns.

She provided sample advertisements in Benicia, a full page advertisement in the Benicia Herald, and because of misinformation and questions circulated in that community about renewable energy supply compared to PG&E, how MCE operates and how it is governed, the team changed their tactic to be more information-based in their advertisements. In Benicia there are just under 13,000 eligible accounts and the team has 33 events planned and community newsletters have been circulated by 6 organizations. They also included an insert about MCE in the water bill, as well. Benicia customers will not be enrolled until May. They have had 115 deep green enrollments, 85% of customers who are planning on being in light green, and there is a 14% opt out rate.

Regarding El Cerrito, Ms. Tuckey presented sample advertisements and said they have just under 11,500 eligible accounts, 18 events scheduled and community newsletters have been sent. Currently, El Cerrito is taking the lead on deep green enrollments with 340 enrollments already, which represents 3% of the customer base which is great. The opt-out rate is low at 7%.

She presented advertisements for the City of San Pablo, said there are just over 10,000 eligible accounts and 21 events are scheduled, 3 community newsletters have been sent out, and to date there have been 172 deep green enrollments and the opt out rate is at 9%. Reasons for opting out mirror El Cerrito's.

Ms. Tuckey discussed the Deep Green program and said they have community campaigns implemented by grass roots organizations. She thanked Main Street Moms who implemented an extensive campaign, wrote two articles in the West Marin Citizen and Point Reyes Light, paid for advertisements about Deep Green, created flyers, and also did a radio interview in West Marin. As a result, MCE experienced a 14% increase in Deep Green enrollments in West Marin.

She thanked Fairfax Action Committee, stating last week they initiated a Deep Green Campaign on April 4<sup>th</sup> and they kicked off their campaign with a table at Good Earth. Board member Coler thanked staff and noted they will also have a table at the Farmer's Market.

Ms. Tuckey thanked the San Anselmo Quality of Life Commission who is also doing a Deep Green campaign. Thus far, there has been an increase of just over 5% in San Anselmo in Deep Green enrollment.

Ms. Tuckey reported that MCE's two websites; the [mcecleanenergy.org](http://mcecleanenergy.org) and the [marincleanenergy.org](http://marincleanenergy.org), have been officially merged. Staff will send an email with links where Board members can find the meeting agendas, calendar schedule and key documents.

Lastly, Ms. Tuckey presented a sample of the advertisement for Earth Day to be published in local newspapers on April 22<sup>nd</sup>.

Board members thanked Ms. Tuckey and the Public Affairs Team for their amazing work.

#### **11. Board Member & Staff Matters (Discussion)**

Chair Sears, Board members and staff welcomed Jose Perez, Administrative Assistant for the Internal Operations team, who joined MCE's team on April 13<sup>th</sup>.

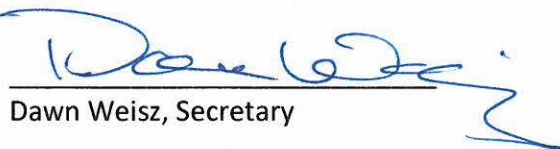
#### **12. Adjournment:**

The Board of Directors adjourned the meeting at 9:01 p.m. to the next regular Board meeting on May 21, 2015.



Kate Sears, Chair

Attest:



Dawn Weisz, Secretary

**APPROVED**

**MAY 21 2015**

**MARIN CLEAN ENERGY**