

APPROVED

SEP 17 2015

MARIN CLEAN ENERGY

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BOARD MEETING MINUTES

Thursday, August 20, 2015

7:00 P.M.

THE CHARLES F. MCGLASHAN BOARD ROOM

1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901

Roll Call: Chair Sears called the regular Board meeting to order at 7:05 p.m. An established quorum was met.

Present: Sloan Bailey, Town of Corte Madera
Peter Lacques (Alternative to Barbara Coler), Town of Fairfax
Gayle McLaughlin (Alternative to Tom Butt) City of Richmond
Larry Chu (Alternate to Kevin Haroff) City of Larkspur
Garry Lion, City of Mill Valley
Bob McCaskill, City of Belvedere
Emmett O'Donnell, Town of Tiburon
Kate Sears, County of Marin
Brad Wagenknect, County of Napa (arrived late)
Alan Schwartzman, City of Benicia
Greg Lyman, City of El Cerrito

Absent: Denise Athas, City of Novato
Genoveva Calloway, City of San Pablo
Andrew McCullough, City of San Rafael
Ford Greene, Town of San Anselmo
Carla Small, Town of Ross
Ray Withy, City of Sausalito

Staff: Dawn Weisz, Executive Officer
Jeremy Waen, Senior Regulatory Analyst
Beckie Menten, Director of Energy Efficiency
Meaghan Doran, Energy Efficiency Specialist
Michael Maher, Maher Accountancy
Kirby Dusel, Technical Consultant
John Dalessi, Technical Consultant
Katie Gaier, Human Resources Coordinator
Darlene Jackson, Board Clerk

1. Board Announcements (Discussion)

Board Member Lyman announced that on August 18th, the City of El Cerrito became the first City to be completely Deep Green among its Council membership. He found also that the City of El Cerrito has the highest Deep Green participation rate of any other member jurisdiction.

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Board Member McLaughlin, Alternate to Board Member Butt, commented that the new building is beautiful.

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

There were no public comments.

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

Dawn Weisz, Executive Officer gave the following report:

- She reminded Board Members to state their name when speaking on agenda items and gave protocols for using the microphones.
- She thanked Board Members for their input for Annual Retreat topics for September 17th. Three items on the agenda include:
 - Strategic Planning for 2016, with a highlight on procurement;
 - MCE Inclusion of New Communities and Next Steps; and
 - Presentations on Emerging Technologies and Best Practices
- The Ad Hoc Expansion Committee met on New Community Inclusion in July and they will meet again on Monday, August 24, 2015 at 10:00 a.m.

Ms. Weisz introduced Jeremy Waen, Senior Regulatory Analyst who will provide a brief overview on structural rate changes.

Mr. Waen stated there are two different proceedings ongoing at the CPUC that will result in rate changes that will concern MCE; 1) the ongoing proceeding at the CPUC dealing with how to restructure residential rates. A decision was reached recently that has substantial changes moving forward which will start in January 2016; and 2) Every year there is a proceeding with PG&E of their energy resource recovery account (ERRA) which is where they file their revenue requests for their bundled customers and related non-bypassable charges. These charges have substantial impacts on MCE's ability to compete with PG&E.

Regarding residential rate changes, he said there are two residential rates: 1) the default rates; and 2) the voluntary time of use rates. Currently there are 4 tiers of usage on residential customer rates and they will be reduced to 2 tiers which will occur over several years. There is also a reduction of the CARE discount which is unfortunate and also an increase in the monthly minimum billing amount that customers will see on their bills.

He then referred to Slide 4 which addresses changes that are happening with time of use rates. There are presently two time of use rates; E6 and E7 rates and a seasonal rate E8. He explained that the CPUC has realized that the peak periods for time of use rates are out of date. The true peak period of demand is no longer the middle of the day but later in the day. There is still a summertime peak but more and more of an evening peak in spring and fall months which is becoming more and more difficult to meet. They are closing enrollment for the E6 rate starting next year and are terminating the E7 and E8 rates. The majority of MCE's rooftop solar customers participate in either E6 or E7 rates and the closure to E6 and termination of E7 rate will be a significant change and challenge to the way these customers are able to monetize and recover costs for the rooftop solar they installed.

There will be a new PG&E rate called E-TOU that people switch to from the E7 and E8 schedules by default when E7 and E8 are terminated; however, this time of use rate will have a different peak period which will either be 4PM to 9PM or 3PM to 8PM. Another element is that the summer season has been shortened to fewer months in the year so there is less of a summer peak period which is the prime time to be monetizing rooftop solar.

Mr. Waen said changes will most likely not occur by January per the Commission Decision and will likely be delayed until March 2016. Either way, MCE wants to warn their customers that these changes are occurring. The E6 rate is being closed and not terminated and customers will have 5 years from the closure date to move to a new time of use rate. MCE will likely be encouraging customers to switch to the E6 rate schedule by the end of the calendar year so they have that rate schedule which provides better peak periods.

He said there is also the potential for current rooftop solar customers to install batteries which would allow them to shift their flow of electricity back to the grid to a later period of the day that coincides with new peak periods of E-TOU, and this will have material changes to how rooftop solar and the finance of rooftop solar plays out.

The last slide deals with the proposed changes in the 2016 ERRR filing in June. He explained this is an annual cycle and a very compressed cycle. PG&E filed in June 1, 2015 and they are asking for changes to rates to be effective January 1, 2016. They are asking for a substantial increase in the PCIA. For residential customers it will be up to a 72% increase. All customer classes will see an increase, and if the forecasted load for 2015 was the same for 2016, just accounting for this change in the PCIA that PG&E has proposed, the PCIA will amount to over a \$30 million collection from MCE customers over the course of 2016. For 2015, the PCIA will amount to approximately \$19 million collection from MCE customers, thereby an \$11 million increase on residential communities. MCE staff is doing all they can to resist this change and plead with the CPUC to look at alternatives or providing some protection for customers against this volatility in PCIA rates that they are seeing.

Lastly, Mr. Waen said the potential impact on a Light Green customers when comparing the generation charges for PG&E if they stayed bundled customers versus MCE Light Green in 2016, assuming MCE's rates do not change at all and assuming both the PCIA increases PG&E has proposed and the bundled rate decreases a bit as proposed, it would mean MCE rates with PCIA included would be more 1 cent per kilowatt hour more expensive than PG&E. Therefore, it is the PCIA which is cutting into MCE's ability to compete. He said they are preparing legal briefs and working with external counsel on these efforts, and also coordinating with Sonoma Clean Power.

Board Member Bailey asked if MCE has a basis to challenge the PCIA and assuming they do, he asked what is the mechanism for doing that and when will they find out whether customers will have to pay higher amounts.

Mr. Waen said the CPUC has a history of decisions authorizing fees and discussing how CCA's should be implemented and in that there is clear language about how CCA customers need to be protected from volatility of rates. There is also language of how the PCIA should not be bestowing a competitive advantage for investor-owned utilities against CCA's and it is clearly doing so here with this large swing. There is language as well about how a PCIA by design should be close to zero and should drop off and disappear over time. What MCE has seen over the last 5 years is that the PCIA does not appear to be going away. So there may be some disconnects between the methodologies they have authorized for

PCIA and the policy put in place first to govern that methodology. The challenge is that ERRA proceedings are strictly about compliance and not considering any policy measures. Now they have some policy to be explored in the 2015 ERRA which may change the way PCIA is applied to customers in terms of their vintaging.

He said there will be the potential in 2016 for this to happen or the Commission may acknowledge in the 2016 proceeding that the policy needs to be revisited in a new, separate proceeding. Unfortunately it is a very convoluted way to address these matters.

Board Member Bailey clarified that the ERRA proceedings are only about whether the data and formula is correct or incorrect, and the formula itself should not ordinarily be challenged. He asked if there is a mechanism for raising the formula argument.

Mr. Waen said whether or not they can get the true movement, they are still presenting arguments with the hope that either the Commission will be more ambitious in that proceeding or be willing to re-direct matters to another proceeding where it may be more properly considered. The other challenge of ERRA proceedings is typically each utility participates in their own ERRA and does not wade into the ERRAs of the other utilities.

Ms. Weisz said in 2012 they engaged with the CPUC to adjust the PCIA methodology and they were successful and able to bring the PCIA down about 50%. That continues to have an ongoing impact as it would have been much higher this year, but opening up the PCIA formula is not something the CPUC has an appetite for because it takes a lot of time. Because it was done in 2012, it may not be the best course of action at this point. What they are seeing is that other approaches might be useful, such as vintaging and focusing on mitigation issues from one year to the next so customers are not having a huge increase from one year to the next.

She noted that Item 8 on the agenda is a PCIA item where they will be continuing that item to a future board meeting until they learn more information in the next month about what is happening in the proceeding and what is the best course of action.

Board Member Lion said he noticed PG&E is planning to decrease generation fees for its bundled customers. He asked if this is going to be offset by the increase on transmission and distribution costs on the other side to make up for it.

Mr. Waen said he believes the decrease is because of changes in PG&E's forecast of how much bundled load they are expecting to serve. It is not a matter of shifting costs between generation and distribution. PG&E is realizing there has been increased participation in CCAs, increased adoption of energy efficiency and distributed generation like rooftop solar all leading to a reduced amount of electricity that PG&E needs to purchase. As such, some of the cost associated with that electricity purchasing is decreasing as well. This is why their bundled rates are decreasing. He said we are also in the third year of the drought, so there are fluctuations due to weather that also influence the amount of extra power that PG&E will need to purchase in the coming year. There are many factors that play into it. As a market participant, it is challenging for MCE to have access to enough of the data to comprehensively understand these annual fluxuations.

Board Member McLaughlin said there were discussions about a waiver or reduction of the PCIA for CARE customers, and she asked if this is in existence and if so, will it remain in existence.

Mr. Waen said this is another angle with the PCIA that MCE has raised in a couple of proceedings; in the 2015 proceedings and in the Energy Saving Assistance program for low income. The judges in both proceedings decided the issue was outside of scope, so MCE is still trying to find the right home to address the policy question of whether it is fair and reasonable to collect PCIA to CARE eligible customers. At present, PG&E is the only utility that applies the PCIA to CARE eligible customers and because of the way the CARE discount applies to bills and the way PCIA applies to bills, CARE customers are paying the same PCIA charges as regular customers. For the average residential household at 508 KW, the monthly PCIA charge is about \$6 per month presently, and with PG&E's proposed changes for 2016 it will be about \$10 per month.

Board Member Bailey asked that instead of challenging the formula itself, the alternate plan is to mitigate the effect of it by challenging its application. Ms. Weisz said they have a couple of options and she suggested not getting into more detail at this time until next month. Their approach will more likely be to look at how to minimize a steep impact on customers with a cap so customers do not see such a big jump in PCIA charges on January 1st. The second approach will be looking at the CARE issue and they are already seeing some traction on the vintaging issue, which is when a customer departs from PG&E, there assigned a vintage in that year. That vintage is in place to determine what their PCIA should be, and more importantly, when their PCIA should sunset.

Board Member O'Donnell commented that in the last two years or so, they were advocating on sun-setting PCIA and now they have gone a completely opposite direction in what they were hoping for.

Ms. Weisz said one of the things they are seeing as they have been successful with many CCA interests across the state is that the investor-owned utilities are expressing a lot of concern at the legislative level about how they are being protected against the customer departure. The PCIA has become important for them to latch onto to prevent them from instituting new means of trying to shift costs onto departing customers. The place where this is most prominent is in San Diego. If San Diego County were to launch a CCA program, that would be a much more dramatic impact on their service area than MCE is in PG&E's service area. So the role of the PCIA in that community has been important to prevent further imposition of cost shifting onto potentially departing customers. The efforts they are trying to take are their biggest priority but it is fair to say there are more people engaged in this topic than seen before and it is making the topic more complex.

Mr. Waen said due to the upcoming launch of the utilities green tariff programs, there will now be an opportunity for the utilities to witness first-hand how their customers experience the unfair nature of the PCIA. As more and more customers are participating in CCAs and other alternative programs to the utilities' bundled service, these many changes and new programs and are proving that the policies and assumptions used to implement the PCIA back when are due for re-examination.

4. Consent Calendar (Discussion/Action):

C.1 6.18.15 Meeting Minutes

C.2 Approved Contracts Update

C.3 First Agreement with Community Media Center of Marin

C.4 Second Addendum to Third Agreement with Association for Energy Affordability

ACTION: It was M/S/C (Wagenknecht/Lion) to approve Consent Calendar Items C.1, as submitted. Motion carried by unanimous roll call vote: (Absent: Athas, Calloway, McCullough, Greene, Small, Withy; Abstain: Chu, McLaughlin, Lacques).

ACTION: It was M/S/C (Schwartzman/Wagenknecht) to approve the Consent Calendar Items C.2 through Items C.4. Motion carried by unanimous roll call vote: (Absent: Athas, Calloway, McCullough, Greene, Small, Withy).

5. Monthly Budget Report and Audited Financial Statements for FY 2014-15 (Discussion)

John Dalessi, Technical Consultant, said they are three months into the fiscal year and financials are tracking well, and projections of revenues and cost of energy are slightly under the budgeted amounts. The other operating non-power expenses are tracking under budgeted amounts and they expect these to even out over the year.

Michael Maher, Maher Accountancy presented the audited financials, stating Marin Clean Energy gets audited annually, and any weaknesses or deficiencies are pointed out. He referred to the Accountants' Compilation Report and said he was pleased to report there were no material weaknesses and no recommendations were even given, noting it was a very clean report.

Mr. Maher then referred to the financial statements and letter to the Board, a portion of which he read into the record which gave Marin Clean Energy a very clean opinion. He provided an overview of the Independent Auditors' Report, Management's Discussion and Analysis, Financial Statements, and began discussion on page 7, stating that the side by side comparison is listed showing 2015 and 2014. He said cash increased by about 23%, a 15% increase in accounts receivables, estimates are shown for billing, total assets are \$27,987,354 as compared to 2014 which was \$22,492,248. Liabilities have increased and the largest item at year end is the accrued cost of electricity. Advances from grantor are energy efficiency funds MCE has received which have not yet been spent. As they use those expenses on qualified expenses, they will recognize the revenue and remove that liability.

He stated that notes to the bank were paid off last April and this will be the last statement showing these. Net position is broken out in capital assets, restricted for debt service which is collateral on the loans, and their unrestricted balance, leaving the total net position as \$13,256,319 as compared in 2014 to \$9,558,036, an increase of 38%. He then reviewed briefly the statement of revenues, expenses and changes in net position for years ended March 31, 2015 and 2014 showing an increase in net position of \$3.698 million. He deferred discussion on the Statement of Cash Flows and Notes to the Financial Statements, stating that it is much the same as presented in prior years.

He then referred to Note 3 on page 14; Accounts Receivable, which might cause some confusion. The table shows an allowance for uncollectible accounts in 2015 of \$2.36 million and gross accounts receivable is \$12.8 million. The allowance is an accumulation from 2010 where they still attempt collections on accounts and they are not written off and the gross positive number also has that portion built into it. The net number of \$10.5 million is the amount they expect to collect.

Mr. Maher then referred to Note 5; Advances from Grantor and said this note explains the methodology of how they receive funds in advance, spend and recognize them on eligible expenses. He said \$1.5 million was grant funding received and they spent just over \$1 million of it and recognize it as revenue

during 2014-2015. In addition, they received grant funding under the Gas Public Purpose Program which is structured differently wherein they spend the money first and request reimbursement.

Mr. Maher then referred to Note 9 on page 17; Commitments and Contingencies, and he explained that MCE has entered into multiple power purchase agreements to meet its near and long term needs. It had outstanding non-cancelable power purchase commitments of approximately \$886.5 million for energy and related services through October 31, 2041 that have not yet been provided. He pointed to the table that is broken out and said over the next three years much of the energy is procured and already contracted.

Board Member Chu referred to page 14 and Uncollectibles. He said irrespective of how it is reported for this purpose, the Board would want to know if MCE is doing better or worse on a year-end basis. The way it is presented, on a percentage basis to revenue, it looks like MCE is doing worse than it truly is.

Mr. Maher said revenues are tied to their actual sales, so it is a percentage of revenues. As their revenues grew from \$80 million in 2014 to \$100 million in 2015, they would expect about that increase also. Their collection cycle is long so it takes many months to weed out and see how much their collections are in each county. With new counties coming on board, they will do the same so they have a more cautionary estimate. They do not want to overstate revenue and err on the conservative side.

Board Member Chu said from a comparative basis, if MCE identifies who these uncollectibles are and whether they are getting better or worse, they can control and reduce the uncollectible. Mr. Maher said there is a point where those customers will automatically revert back to PG&E so the accounts will not grow. MCE will limit that loss so to speak and will try to collect on that amount.

Ms. Weisz thanked Board Member Chu for his comments and explained that MCE's business model is a bit different in that the opportunity for people to pay stays open for a long time. The requirement by statute is that charges that come into PG&E apply to first charges first. So if a customer is delinquent 6 months and then pays, MCE will not see revenue hit for about 6 months and even longer until charges are in time applied to MCE's bill. Board Member Chu said if MCE has a payment track record from PG&E, MCE might not want to take them on as a customer, and Ms. Weisz said they have asked PG&E for this information, but they are unwilling to provide it.

Board Member O'Donnell asked who is providing the financial information. Mr. Maher said there are two distinct financial numbers—the operating expenses that are run internally, and then the customer data, which gets processed by their data manager, which is their largest contracting service. The customer charges are sent to PG&E who then sends it out to the customer. PG&E communicates back with amounts collected, apply collections by each customer account, and our data manager sorts through the data. The procurement team will go through every invoice, match it, validate it, ensure it complies with the contracted amount, and once vetted and approved, it goes through yet another approval process and this is all done internally.

6. Resolution 2015-04 Approving Non-Revolving Credit Agreement with River City Bank (Discussion/Action)

John Dalessi, Technical Consultant, said staff has negotiated a non-revolving credit agreement with River City Bank to provide up to \$15 million in financing for the purpose of providing collateral to MCE's

suppliers for incremental power purchases. The power purchases contemplated would be for future delivery for the period after the agreement with Shell Energy North America terminates in 2017.

As they move off of the current structure, what is standard is that the buyer needs MCE to post collateral and a letter of credit is issued. These credit terms typically require that MCE post cash collateral or provide a standby letter of credit issued by a qualifying bank that can be called upon by the seller in the event of a default. MCE intends to use the RCB credit facility to post collateral for certain forward power purchase contracts with deliveries commencing in the post 2017 period. The \$15 million will cover their anticipated collateral needs for the next 2-3 years. It provides the ability for MCE to draw cash under a traditional credit line or have letters of credit issued to support MCE's power purchases. They can request letters of credit be issued either via Union Bank which is an A+ rated bank or by River City Bank which is a smaller regional bank.

The term of the credit facility is one year and letters of credit issued will also be one year with automatic renewal for up to 5 years unless the issuing bank provides advance written notice of its intent to cancel the standby letters of credit (SBLC) upon its expiration. The termination notice is 120 days which will provide MCE the ability to replace it with a different form of collateral. In the event that a SBLC is drawn upon by the beneficiary, MCE would have the option of repaying the amount drawn, plus interest, over a five year term

He said primary fees are applicable to the entire \$15 million aggregate credit limit and for any LOC's issued it would be 1.25% if issued by Union Bank and 1% if issued by River City Bank. While MCE does not expect to use the entire \$15 million this year, if they did, the fees would be about \$225,000 a year. This fiscal year, he expects fees will be approximately \$60,000.

As collateral for the credit line, MCE will need to establish a debt service reserve fund and provide River City Bank a security interest in that fund in the amount of \$1.657 million which equates to six months of debt service payments.

Mr. Dalessi said they started the process in March and engaged in discussions with three different banks. They also had support from MCE's financial consultant and engaged the Finance Ad-Hoc and Technical Committees. They are confident that the fees and terms of this credit facility are competitive and recommend the Board adopt Resolution 2015-04 approving the Agreement with River City Bank for a credit facility to support MCE power purchases. He noted there are some clean-up revisions in the agreement in the Board's packet, but these are minor.

Board Member Lyman asked if the resolution needs to also establish the debt service reserve fund. Ms. Weisz said no; the resolution is adequate for what is being recommended.

Board Member Lacques said if the Letter of Credit converts to a note, he asked if a predetermined interest rate is set. Mr. Dalessi said yes, it is a floating rate and LIBOR plus a margin, and this is specified in the agreement.

Board Member Lacques asked and confirmed that the Debt Service Reserve Fund will be housed at River City Bank and it can be moved to an interest-bearing account where MCE would draw interest.

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

ACTION: It was M/S/C (Wagenknecht/Lyman) to adopt Resolution 2015-04 approving the Agreement with River City Bank for a credit facility to support MCE power purchases. Motion carried by unanimous roll call vote: (Absent: Athas, Calloway, McCullough, Greene, Small, Withy).

7. MCE Rate Tariff Schedule E-19 and E-20 Option R (Discussion/Action)

John Dalessi, Technical Consultant, said PG&E recently introduced a variant to its large commercial and industrial schedules or COM-19 AND COM-20 schedules that can be more beneficial to customers with on-site solar and photovoltaic systems. They have evaluated the new PG&E options and are recommending the Board adopt a similar option under its commercial and industrial rate schedules.

The standard commercial rate schedules have two types of charges; the per KW energy charge and a per KW demand charge. The demand charge is applied to the highest demand during every 15 minute interval during the month. If a solar customer is normally self-producing most of their energy and there is a rainy day, their demand would spike and the charge would apply to the highest peak. The demand charges are not particularly solar-friendly and so the Option R variant will eliminate the demand charge and instead have higher energy charges. In theory, it is revenue neutral. Staff conducted an analysis and they estimate that MCE would see a revenue loss of about \$35,000 this fiscal year if this option were to be offered. He noted that if not offered, customers might have a better deal with PG&E and MCE might lose that revenue in that scenario.

Regarding eligibility, they would follow PG&E's eligibility guidelines. If they are on the Option R schedule for delivery charges, they would automatically qualify for MCE's Option R. The recommendation is to adopt the Option R variant rates as set forth in the staff report.

Board Member Lion said since the solar rate structure is changing dramatically which is not also not friendly to solar he asked if there is a chance to do anything for the residential customers that install solar. Mr. Dalessi said they will need to address this for customers by next year and noted that PG&E will introduce its new TOU so MCE will want to introduce something similar. This discussion will occur in the early part of next year, given changes.

Board Member Lacques said he was curious how many customers currently have COM-19 or COM-20 within MCE that would be eligible for Option R. Mr. Dalessi said they see less than ten customers at present.

Board Member Lacques asked what the total revenue these customers produce for MCE that could be lost if they switch over to PG&E.

Mr. Dalessi said they conducted this analysis and while he does not have exact numbers, the revenue loss, as well as the surplus of revenue over cost would be greater than \$35,000. In response to Board Member Lacques, Mr. Dalessi confirmed it is more cost-effective to lose a little rate revenue in order to retain those ten customers. Ms. Weisz added that staff received inquiries from a couple of those ten customers and this was part of staff's reasoning in looking at this.

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

ACTION: It was M/S/C (Bailey/O'Donnell) to adopt the proposed COM-19-R and COM-20-R rates and instruct staff to implement them as soon as practicable. Motion carried by unanimous roll call vote: (Absent: Athas, Calloway, McCullough, Greene, Small, Withy).

8. Authorization to File Petition for Rulemaking with the California Public Utilities Commission regarding Power Charge Indifference Adjustment (PCIA) Charges to Customers (Discussion/Action)

This matter was deferred to a future meeting.

9. MCE Staff Positions (Discussion/Action)

Katie Gaier, Human Resources Coordinator, stated that given continued growth in MCE's Energy Efficiency offerings, there is a need for mid-management level staff position of Energy Efficiency Program Manager for the Energy Efficiency Team to support the Director. The salary range is that of other mid-management positions.

The second position is a Finance and Project Manager position to assist the Chief Executive Officer. The recommended salaries are at the senior level of mid-management positions.

Board Member Lyman asked where positions fit in the organization chart of the Energy Efficiency Business Plan. Ms. Gaier said the positions do not necessarily translate to the function as described in the Business Plan. Program Managers would most likely take on some of the contracted work and so it is not a direct correlation. She noted also because some of the positions described here are "function-related" which provide a single point of contact, rather than that of a Program Manager position.

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

ACTION: It was M/S/C (Bailey/Wagenknecht) to approve the job description for Energy Efficiency Program Manager with the salary range of \$77,833 - \$96,657 with exact compensation to be determined by the Chief Executive Officer within the Board approved budget; and approve the job description of the Finance and Project Manager with the salary range of \$91,000 - \$117,000 with exact compensation to be determined by the Chief Executive Officer within the Board approved budget. Motion carried by unanimous roll call vote: (Absent: Athas, Calloway, McCullough, Greene, Small, Withy).

10. Energy Efficiency Update and Approval of Program Implementation Plans for 2016 Cycle (Discussion/Action)

Beckie Menten, Director of Energy Efficiency, said staff seeks approval tonight of the Implementation Plans for 2016 and Beyond and presented a PowerPoint presentation, stating staff has been regularly reporting information to the CPUC. For the past 6 to 8 months they have been preparing a more user-friendly version with more of the qualitative metrics such as the number of homes audited.

She referred to the program results of 2015 and noted that the information is also posted on MCE's Energy Efficiency website page. She said what they have been able to demonstrate since launching these programs is a dramatic increase in the savings of the program and also that due to their hard work in their multi-family program they are over-subscribed and have had to establish a wait list. If projections

hold true, they may also be over-subscribed in 2016. They are on track in small commercial and the single family program savings are based on sending out mailers.

Ms. Menten discussed numbers as of July, stating they have provided energy savings equipment to almost 1,000 units throughout their service territory, have done 137 projects for the small commercial sector, and they expect a huge uptick of these numbers by the end of the year.

They provided in the Board's packets not only the final versions of the implementation plans but also the original versions that were sent out for public comment showing track changes. They include a quick summary in the appendices and on the last page of the Business Plan is a summary of public comment received to date.

The implementation plans are structured to provide the detail that does not exist by design in the Business Plan, which is a high level strategy. The Implementation Plans; however, go into much more detail. They include market characterization, building and energy characteristics, key market factors and forces that impact energy usage, the non-residential benchmarking law, vision that shows they have an understanding of their global market and how they plan on intervening in that market to get people to do energy efficiency upgrades.

The implementation plans also talk about specific strategies, and their approach is for a single point of contact that has a variety of strategies at their disposal that they can combine, direct customers to, and not disreect programs competing against each other within one customer sector. They also talk about quality assurance/quality control which leads into how to measure the programs' success. They also have smart meter data to monitor real time impacts, customer and contractor surveys, and in the packet they pulled a list of all metrics for each implementation plan to see what they are tracking over time.

Ms. Menten briefly discussed the process for the implementation plan review and said at each workshop people could sign up for a list serve to receive information, said they had some people to show up at Tech Com and Ex Com in early August to provide feedback, and they revised the implementation plans as shown in the Board packet.

Ms. Menten said between May 2014 and January 2015 they were out on the streets asking people how energy efficiency figured into their lives and what mattered to them which helped shape the plans today. She presented the schedule of events and said they have had significant activity. She displayed actual GHG emission savings from programs and reported that the proposed decision they were anticipating from the CPUC has come out on Tuesday. The decision provides the structure for forms of applications. There are one or two tweaks to the Business Plan, but by and large it is exactly on point for the level of detail they were hoping to see. Regarding the implementation plan, she is encouraged as they have a lot of involvement with joint stakeholders which has served them very well. She said they will spend some time conducting final review and making final changes, and the next step would be to file a motion for consideration of the CPUC. They are seeing that the Business Plan itself would be the formal document the CPUC votes on. The implementation plans are not voted on, but posted on the website for the CPUC to review and can be updated at any time by Program Administrators.

Chair Sears thanked Ms. Menten for including the summary of metrics in the packet, which are helpful to be in one place. She thinks the slides demonstrate the significance of the implementation plans and Business Plan and the incredible amount of work by the team.

Board Member Lyman asked if it will be an advantage to be out there first.

Ms. Menten said they think so because when MCE initially launched its program proposal to the CPUC, they were directed to avoid duplication of existing programs. Since then, they were told they must achieve the same cost effectiveness ratio as programs that have been operating for over 20 years and have access to state-wide rebate programs and high air conditioning loads such as the San Joaquin Valley. Because of the fact that they have to achieve the higher cost effectiveness ratio and secondly, because they have to do this with 88% of their customers being single family residential with the majority in a coastal temperate climate, they need to be able to stake the claim on the cost-effective programs to achieve the mandates of the CPUC. Secondly, they also have some policy guidance. The CCA decision that directs how CCAs can do EE was passed mid-cycle for them so in order to come into compliance with that decision, they think there is an opportunity to put their application in at this point, being the third year of their program. It falls in line with the decision on CCAs and energy efficiency, as well.

Board Member O'Donnell said he hopes it all works, but he would have gone down more of the niche road rather than trying to do everything for every person. He thinks it is taking on a lot and he said he would like to see the flexibility and innovation MCE has always brought to the table that is more focused and not replicating what all programs are doing.

ACTION: It was M/S/C (Bailey/Lion) to approve the 2016 Energy Efficiency Program Implementation Plans and authorize MCE staff to file the 2016 Beyond Energy Efficiency Program Application with the CPUC. Motion carried by the following roll call vote: (No: O'Donnell; Absent: Athas, Calloway, McCullough, Greene, Small, Withy).

11. Communications Update (Discussion)

Jamie Tuckey, Public Affairs Director, gave the following energy efficiency tips and update:

- She reminded everybody that now is a great time in the summer heat to exercise energy efficiency habits. The current temperature to set when hot outside to be most efficient and comfortable is between 75 and 78, health permitting. She also reminded everybody to keep their shades down, turn off A/C and work with nature to stay cool later in the day.
- The team has been busy in town, attending community events and meetings, farmer's markets, and in the Board packet is a list of events they participated to date this year. She said they participated in more than 170 events in 2015. This is twice as many at the same time last year.
- Over the last several months MCE's customer base has been growing independently from the addition of new communities added in Napa County, Benicia, El Cerrito and San Pablo. Customers who had previously chosen to opt out of MCE are now deciding to enroll in the Light Green or Deep Green programs.
- Today MCE serves over 170,000 accounts and more than 3,200 Deep Green customers which represent 2% of their overall customer base today.
- She presented a chart showing the percentage of customers that have chosen to receive their electric service from MCE.
 - 90% of the customer base in Napa County has enrolled. 1% of those have chosen Deep Green.

- 91% in San Pablo have enrolled, and just less than 1% are enrolled in Deep Green.
- 90% in El Cerrito have enrolled, and they have a huge Deep Green rate at 5%.
- 79% in Benicia have enrolled with a 2% Deep Green rate.
- They also track the City of Richmond and Marin communities, and the participation rate between both is about 80%.
- An Advocacy Training Workshop will be held and videotaped on September 22, 2015. The workshop was requested by advocates so they can have an opportunity to come together and spend a day at MCE's offices to network amongst each other. She said MCE works a lot with community organizations throughout the service area and relationships have been instrumental in growing their programs. They have primarily been working with the Main Street Moms, the Fairfax Climate Action Committee, the San Anselmo Quality of Life Commission and the Marin Conservation League to develop this training workshop. Items advocates wanted discussed on the agenda include:
 - Basics about Community Choice Aggregation and how it works;
 - Power resources and the electric grid;
 - How different renewable energy works;
 - How renewable compares to traditional fossil fuels;
 - How the electric grid works;
 - MCE procurement principles and policies;
 - Details about Deep Green, Local Sol and MCE's Energy Efficiency Program;
 - Brainstorming about what types of campaigns and efforts to continue advocating for MCE and what that means for real life and other community groups.

Board Member O'Donnell asked about the process for selecting advocates.

Ms. Tuckey said MCE has relationships with many community groups throughout their service areas. A large part of this happened organically when they rolled out in communities and sometimes it begins with individuals who have a passion for sustainability and renewable energy. They sometimes work with City staff to identify community groups.

She said another example is asking individuals and residents within the community to join and meet with them regularly to help inform their outreach efforts. For this particular training, they are inviting all networks and asking them to pass it on to their networks as well. They are taking R.S.V.P.'s because of the maximum occupancy of 49 people, and she said she would be happy to forward along the invitation.

Chair Sears commented that this type of workshop would be of interest to high schools, the Terra Linda School of Environmental Leadership and the Marin Youth Commission, and she asked if Ms. Tuckey could forward information to a couple of representatives of each body. Ms. Tuckey noted that an Intern from Drake High School is going to be working with MCE for the entire year and they are happy to engage youth whenever possible.

Board Member Schwartzman asked if staff was reaching out to school districts in other areas for advocacy training, and Ms. Tuckey said she can do this. Chair Sears suggested Ms. Tuckey consider holding a separate youth workshop, as well.

- Regarding their advertising campaign, Ms. Tuckey said the plan details what they will be doing over the next several months to promote MCE. The goal is to increase brand awareness, educate

the community about options and how MCE works, and ultimately increase customer participation in programs. She discussed outdoor advertising, advertisements running on 4 radio stations, on-line digital ads which are geographically targeted, social and earned media such as Facebook, Twitter and Instagram as well as MCE's e-newsletters, and newspaper articles or radio interviews. She then presented a sampling of the many advertisements.

Board Member Wagenknecht offered to pick from the Letters to the Editor and choose one to place in the Napa Register newspaper.

In response to a question from Member of the public, Leslie Alden, on advertising in movie theaters, Ms. Tuckey said this is something they have done in the past and can explore later in the year.

12. Board Member & Staff Matters (Discussion)

Chair Sears reminded all Board Members that they have a Regulatory Executive Summary and a Legislative Executive Summary in the packet and she recognized staff for producing such a user-friendly report.

13. Adjournment:

The Board of Directors adjourned the meeting at 9:03 p.m. to the Board Retreat on September 17, 2015.


Kate Sears, Chair

Attest:


Dawn Weisz, Secretary

APPROVED

SEP 17 2015

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