



**MARIN ENERGY AUTHORITY
BOARD MEETING
THURSDAY, February 6, 2014
7:00 P.M.
SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901**

**Roll Call
Present:**

Kathrin Sears, County of Marin
Tom Cromwell, City of Belvedere, Alternate
Sloan Bailey, Town of Corte Madera
Kevin Haroff, City of Larkspur
Garry Lion, City of Mill Valley
Denise Athas, City of Novato
Tom Butt, City of Richmond
Carla Small, Town of Ross
Ray Withy, City of Sausalito
Emmett O'Donnell, Town of Tiburon

The Meeting was called to order by Vice Chair, Kathrin Sears.

Absent: Damon Connolly, City of San Rafael, Chair
Larry Bragman, Town of Fairfax
Ford Greene, Town of San Anselmo

Staff: Dawn Weisz, Executive Officer
Elizabeth Kelly, Legal Director
Beckie Menten, Energy Efficiency Coordinator
Alex DiGiorgio, Community Affairs Coordinator
Emily Goodwin, Internal Operations Coordinator
Greg Brehm, Resource Coordinator
Shalini Swaroop, Regulatory Counsel
John Dalessi, Consultant
Kirby Dusel, Consultant
Michael Maher, Maher Accountancy
Meaghan Doran, Energy Efficiency Specialist
Darlene Jackson, Clerk

Public Session: 7:06 PM

Agenda Item #1-Swearing in of New Board Members (Discussion/Action)

Dawn Weisz performed the swearing in of the new board members, Kevin Haroff, City of Larkspur and Garry Lion, City of Mill Valley.

Agenda Item #6 was moved up. Director Kate Sears read and presented the resolution to Director Wachtel. She shared kind words for his many contributions to the Board as well as to Marin Energy Authority. Director Wachtel shared sentiments about MCE and stated it is a humbling experience to be on the receiving end of such an honor. He also stated his commitment to continuing his work with MCE in any way he is needed.

M/s O'Donnell/Athas (passed 10-0-0) approved Resolution 2014-01 Honoring Director Ken Wachtel. Directors Bragman, Connolly and Greene were absent).

Agenda Item #2 - Board Announcements (Discussion)

NONE

Agenda Item #3 – Public Open Time (Discussion)

Member of the public, Sam Sparrow shared his Net Energy Metering experience while in Maui, Hawaii and how it does not measure up to what MCE is doing for its customers. He also stated how appreciative he is to have such an organization as MCE serving the people.

Agenda Item #4 – Report from Executive Officer (Discussion)

Executive Officer Dawn Weisz reported on the following:

- PG&E Rate Change – Ms. Weisz announced that PG&E implemented a rate change effective January 1, 2014 and wanted to make sure that everyone was aware in case they wanted to share the information with their constituents.
- MCE is in the process of going through the annual Open Season which allows the developers and landowners an opportunity to bid in supply to MCE for its power portfolio. The deadline for submittal is March 3, 2014 this year. A successful webinar was held today for folks who were interested in submitting bids with 62 participants on the call.
- MCE's Syndicated Solar Program will be discussed in the February 10th Technical Committee meeting. The name will likely change following the required trademark search for SunShares.
- The February 19th Executive Committee meeting is cancelled and we will resume regular scheduled meeting in March.
- A meeting of the MCE Community Power Group will meet for the 1st time on Friday, 2.7.14 at 11:00AM in the Boro Room of the SRCC.
- The CCA Champion Awards and MCE 5-year Anniversary Celebration will be held on Friday, February 7th from 2:00 - 4:00PM in the Tamalpais Room of the SRCC. Assembly Member Marc Levine will present a certificate to MCE in honor of its 5-year anniversary and Jared Huffman will present MCE with a Congressional Record Statement. MCE will be honoring and giving a "CCA Champion" award to Senator Mark Leno, and to Mark Toney of The Utility Reform Network.

Agenda Item #5 – Consent Calendar (Discussion/Action)

- C.1 12.5.13 Board Meeting
- C.2 Monthly Budget Report
- C.3 Approved Contract Update
- C.4 Regulatory Assistant Position
- C.5 Annual COLA Adjustments for Staff Compensation Ranges

C.6 First Amendment to and Restatement of Operating Agreement with First Community Bank
(Agenda item C.6 was pulled off of the consent calendar for further discussion)

C.7 Fourth Agreement with Lehman, Levi, Pappas & Sadler

M/s O'Donnell/Athas (passed 10-0-0) approved consent calendar. Directors Connolly, Greene and Bragman were absent.

Agenda Item #5-C.6 First Amendment to and Restatement of Operating Agreement with First Community Bank. Per Executive Officer Dawn Weisz, this item is an amendment to an existing agreement which is already in place with First Community Bank for MCE's On Bill Repayment Program. Upon approval of this program the Board thought it would be helpful if MCE could offer OBR for solar installation as well as energy efficiency. MCE pursued that idea and have been able to incorporate the concept of solar into the operating agreement. The additional discussion is required because some minor administrative adjustments in the contract related to implementation of late fees need to be clarified. The staff is looking for approval of the proposed draft pending clarification of any minor administrative adjustments. The Board determined there was no need to carry item over to next month's meeting.

M/s Lion/Withy (passed 10-0-0) approved consent calendar item 6 Directors Connolly, Bragman and Greene were absent.

Agenda Item #6 –Resolution 2014-01 Honoring Director Ken Wachtel (Discussion/Action)

This item was moved up to follow Agenda item #1. See above.

Agenda Item #7 Resolution 2014-02 with River City Bank to Name Officials Authorized to Transact Business on Operating Accounts (Discussion/Action)

Emily Goodwin, Internal Operations Coordinator presented this item.

Ms. Goodwin explained MCE's history with River City Bank and currently we have four accounts with them. River City Bank has new requirements by the California Department of Financial Institutions which requires them to identify a primary agency representative to administer, act or disable an account at our Bank. This person is and has been designated as Executive Officer, Dawn Weisz. MCE has a number of existing internal controls in place to avoid concerns of sweeping powers in any one staff member. Dawn has control to add or delete people to the accounts, but other decisions on the accounts include the checks and balances of our Legal Director and accountants who MCE works closely with on all receivable and payable items. This resolution is not adopting a new way of doing business, but rather formalizing naming a staff person as a primary account representative on all accounts.

Ms. Goodwin responded to questions from the Board.

M/s O'Donnell/Bailey (passed 10-0-0) approved Resolution 2014-02 with River City Bank to Name Officials Authorized to Transact Business on Operating Accounts. Directors Bragman, Connolly and Greene were absent.

NOTE: Directors Bragman and Connolly arrived during presentation of Agenda item #8.

Agenda Item #8 –Proposed Budget for FY2014-/15 (Discussion/Action)

Michael Maher, Maher Accountancy presented this item.

Mr. Maher discussed each line item but specifically explained the expected rise in the unit cost of energy. He explained this proposed budget reflects MCE's anticipated revenue and expenses for the 2015 fiscal year which will run from April 1, 2014 to March 31, 2015.

This proposed budget reflects data management costs increasing slightly in FY2015. Director Sears indicated she thought a lower rate had been negotiated on data management. Per Communications Director, Jamie Tuckey that is correct but MCE will experience a slight increase due to an increase in the Richmond customer base.

Director Small stated while she has no problem supporting the new innovative things being proposed, in the future she would like to see Communication expenses broken out indicating how funds are being allocated since the amount is substantial and requires Board approval.

Mr. Maher and Communications Director Jamie Tuckey responded to questions from the Board and indicated MCE would be seeking approval of the actual budget at the March Board meeting.

M/s O'Donnell/Sears (passed 12-0-0) approved Proposed Budget for Fiscal Year Ending March 31, 2015. Director Greene was absent.

Agenda Item #9 – Proposed Rates for FY 2014/15 (Discussion/Action)

John Dalessi, Technical Consultant presented this item.

Mr. Dalessi discussed MCE's ratesetting cycle, policies and processes. MCE typically adjusts its rates on an annual basis, and the new rates go into effect near the start of the fiscal year. He explained how the rate increase is primarily due to the scheduled increase in power supply contract prices beginning in July and also due to RPS compliance costs.

Mr. Dalessi discussed the MCE ratesetting calendar as typically beginning in January with proposed rates presented to the Board in February. The release of the proposed rates initiates a sixty-day public review and comment period. Following completion of the sixty-day public review and comment period, final rates are adopted by the Board in April and placed into effect the following day.

Mr. Dalessi discussed various MCE established policies that are considered in designing MCE rates:

- Rate sufficiency
- Rate competitiveness
- Rate stability
- Customer understanding
- Equity among customers, and
- Efficiency

Mr. Dalessi provided an overview of mechanics and how the FY2015 MCE rate design process began with a forecast of MCE sales and revenue requirements, revenue allocation and finally rate design.

He further explained how FY2015 revenue requirement (preliminary) is based on the proposed FY 2015 budget.

Proposed FY 2015 Revenue Allocation – Mr. Dalessi summarized the results of the cost-of-service and competitive rate assessment. It shows a comparison between the average revenue paid by each customer class under the proposed rate structure to the average cost-of-service for the respective customer class as well as the average revenues that would be paid under the currently effective PG&E generation rates.

Mr. Dalessi further discussed how cost of MCE service compares to PG&E and how MCE generation rates measure up/compare to PG&E's rate increase. The proposed MCE rates are generally lower than the generation rates currently charged by PG&E. Additionally, PG&E is expected to increase their generation rates again in May 2014. The proposed approach to rate design maintains the existing rate differentials among the various MCE charges, furthering the interest of rate stability.

Mr. Dalessi and Executive Officer Dawn Weisz responded to questions from the Board.

M/s Sears/O'Donnell (passed 12-0-0) approved Proposed Rates for FY 2014/15. Director Greene was absent.

Agenda Item #10 – Energy Efficiency Update and Expansion of Home Utility Report Pilot Program (Discussion)

Beckie Menten, Energy Efficiency Program Director presented this item.

Ms. Menten shared the history of the Home Utility Report (HUR) Pilot Program as being a major part of the contract with Planet Ecosystems, Inc. (PEI). An HUR is mailed to residential customers. The report displays that customer's energy consumption compared to households with similar characteristics and demonstrates how the recipient could be performing better to save energy. The intention of the mailer is to motivate the recipient to take action to reduce their energy use, and provides the recipient with access to the web tool where they can connect with more resources.

Due to potential concerns and the unknown about how such a report would be received in MCE's customer base, the MCE program initially offered these reports as a pilot. After monitoring of call center and account activity for the HUR program recipients there is no indication that these reports are causing a negative reaction with customers.

Given the findings of monitoring of the call center and customer account activity, MCE plans to roll the pilot into full expansion. This would mean extending the HURs mailers to an audience of approximately 20,000 recipients across Marin and the City of Richmond.

Ms. Menten reported on Solar Financing and the Energy Efficiency team is working on a marketing plan to coordinate single family financing, web tool, and home utility reports.

Ms. Menten shared Post 2014 Program Planning reviews including:

- CPUC shifting to longer term portfolios beginning (anticipated 2016)
- 2015 funding extension request
- Public workshop 2/19 CPUC
- Initial filing March 3
- Anticipated decision 5/15
- Intended as extension of existing programs
- Potential requests include more funding for schools program, financing marketing

Ms. Menten responded to questions from the Board.

Agenda Item #11 –First Addendum to First Agreement with Strategic Energy Innovations for the Schools Energy Efficiency Program (Discussion/Action)

Beckie Menten, Energy Efficiency Program Director presented this item.

Ms. Menten provided history of MCE’s relationship with Strategic Energy Innovations and the benefits that relationship has produced.

Strategic Energy Innovations (SEI) is a Marin based non-profit organization established in 1997 which has been providing energy efficiency programs in K-12 schools across the country for several years. In the 2013 contract term, SEI demonstrated their ability to contribute significantly towards the MCE efficiency program goals; working hard to achieve metrics outlined in the Program Implementation Plan and demonstrating the ability to problem solve to improve program delivery further. In the 2013 time frame, SEI delivered their curriculum in 7 schools across Marin. In 2013, SEI and PEI worked together to reach 813 students in Marin County schools, accomplishing the creation of 377 accounts on the online portal and the creation of 281 action plans.

SEI, PEI, and MCE have worked closely together to design the 2014 program to achieve the greatest amount of impressions in our community with the most cost-effective budget. The 2014 program proposal places less of an emphasis on in-classroom instruction and instead utilizes an assembly based approach to raise awareness and get kids excited. The program also intends to utilize a walk-a-thon model to empower the students to reach out to community members and get them engaged with the web tool, providing incentives for the highest achieving classrooms (both in terms of energy reductions accomplished and in terms of action plans created). The 2014 program proposal also includes participation in Richmond schools.

The proposed Addendum for consideration today would add \$27,300 to the existing First Agreement for a total not to exceed contract amount of \$49,800. This contract would be funded exclusively from the CPUC energy efficiency program funds. This contract represents 11% of the single family energy efficiency program budget, and 1% of the overall energy efficiency program budget. If this amendment is approved today, \$172,887 from the single family budget will remain unallocated (not including MCE staff expenditures).

Ms. Menten responded to questions from the Board.

M/s Sears/Athas (passed 12-0-0) approved proposed First Addendum to the First Agreement with Strategic Energy Innovations for MCE’s Schools Energy Efficiency Program. Director Greene was absent.

Agenda Item #12 – Communications Update (Discussion)

Jamie Tuckey, Communications Director presented this item.

Ms. Tuckey shared Business Community Outreach has included the following:

- San Rafael Chamber of Commerce
- Richmond Chamber of Commerce
- Marin Economic Forum
- Marin Convention & Visitors' Bureau
- Richmond Rotary Club (01/17/14)

- Richmond Council of Industries (04/16/14)

Other Meetings and Events include

- EAH San Clemente Place Corte Madera Sustainability Fair held on 12/07/13
- Community Health & Wellness Fair Richmond held on 12/07/13
- San Anselmo EV Ribbon Cutting held on 12/13/13
- Municipal Electric Aggregation: Market & Regulatory Trends held on 01/09/14
- Martin Luther King Day of Service, Richmond held on 01/20/14
- Sonoma Renewable Strategies Conference held on 01/24/14
- Marin Convention & Visitors' Bureau Green Tourism Summit held on 02/05/14

Upcoming Meetings and Events include the following:

- Environmental Youth Forum San Rafael (02/11/14)
- Bay Area Alt Car Expo Richmond (03/14-15/14)
- Earth Day Marin (04/06/14)
- Marin Green Drinks (04/08/14)
- Drake High School Earth Day (04/30/14)
- Caledonia Street Festival (05/25/14)

She shared the proposed MCE Rate Change will be noticed in several local publications: the Marin IJ, the West County Times, the Pacific Sun, and the Richmond Post. Director Sears suggested including circulations in Southern Marin that have far better readership in those areas as compared to the Marin IJ.

Ms. Tuckey shared on the MCE expansion front that the County of Napa feasibility study was approved and initiated by its Council and the City of Albany is awaiting a grant to fund the feasibility study.

Upcoming Meetings also include the City of El Cerrito whose Environmental Quality Committee will meet on 02/11/14; the City of Benicia whose Community Sustainability Commission will meet on 03/03/14 and, the City of Hayward with a to be determined date possibly in April or May.

MCE is in ongoing discussions with the City of Piedmont, City of San Ramon, City of San Pablo, San Luis Obispo County and Santa Barbara County.

Ms. Tuckey also shared the following information:

- As a result of MCE's proposed rate increase, MCE will include on-bill messages on its residential and commercial bills.
- As a direct result of efforts to re-engage commercial customers who formerly opted out, the Public Affairs Team realized success in the applied strategy. In the last six months, 192 opted out accounts re-enrolled in MCE for a total of 14.4 million kWh and a 1.3% increase to MCE's total demand.

Ms. Tuckey and Alex responded to questions from the Board.

Agenda Item #13 - Regulatory Update (Discussion)

Beth Kelly, Legal Director presented this item.

Ms. Kelly discussed a couple of challenges and issues raised in a proposed decision by Commissioner regarding

energy efficiency programs run by CCAs.

- This decision may place limitations on a CCAs ability to run comprehensive programs.
- The decision proposes cost effectiveness protocols applicable to MCE. The same costs effectiveness protocols would apply to MCE as the investor utilities; however, this issue raises the importance of ensuring IOUs cannot “cherry pick” the most cost effective programs for their own portfolios.

Ms. Kelly noted that an alternate proposed decision was issued by Commissioner Peterman. Commissioner Peterman was recently confirmed by the Legislature as a CPUC Commissioner. Commissioner Peterman’s thoughtful alternate proposed decision clarifies that CCAs can do more comprehensive program and also set different standards for the Total Resource Cost (TRC) calculations for cost effectiveness.

These proposed decisions were voted upon at the January 18, 2014 Commission voting meeting. The Ferron Decision was approved. MCE will evaluate how we can clarify that decision. Specifically, MCE seeks to ensure deep retrofit and other comprehensive programs that serve both electric and gas measures continue to be supported by the Commission.

MCE will also be looking at ensuring that if we are going to be subject to the same efficient cost measures as the investor utilities that, we are on an equal playing field for offering all types of portfolios and services for our customers.

2012 LTTP – Ms. Kelly shared this is where procurement plans of investor utilities are calculated. One of the key issues MCE has been having is that PG&E has refused to incorporate departing CCAs loads into their procurement forecasts. This is a key factor in the \$13M subsidy charges MCE customers are paying to PG&E, as previously discussed by Mr. Dalessi.

The proposed decision on this matter, for which a vote is expected in March, requires the investor utilities to back out projections of CCAs load. MCE plans to make clarifying comments on this proposed decision. Ms. Kelly noted that in the past, this CCA load issue had not been addressed for purposes of IOU procurement, but we are increasingly seeing CCA issues being addressed before the Commission.

2014 LTTP – Ms. Kelly reported this as being the new Long Term Procurement Plan (LTTP) rulemaking. MCE will be focusing on having CCAs treated in the same way as municipal departing load for purposes of load projections.

Resource Adequacy – Ms. Kelly reported there are two moving parts on the Resource Adequacy front: Flexible Resource Adequacy (FRAC-MOO) and the new Order Instituting Rulemaking on the Multi-Year Resource Adequacy Framework. MCE will be actively involved in the development of these new resource adequacy rules.

Cap and Trade – A Cap and Trade energy efficiency letter was sent out on January 28, 2014 by the CPUC Energy Division to require IOUs to return revenues and costs to all ratepayers. All Cap and Trade revenues are being funneled through investor utilities on CCAs behalf. MCE customers will receive their climate refund by way of PG&E.

Ms. Kelly responded to questions from the Board.

Agenda Item #14 Board Member & Staff Matters (Discussion)

Comforts will be catering the CCA Awards/MCE Anniversary affair tomorrow.

Agenda Item #10 – Adjourn

9:08PM



Damon Connolly, MCE Chair

KATHRIN SEARS, Vice -

ATTEST:



Dawn Weisz, MCE Executive Officer

