



**Marin Clean Energy
Board of Directors Meeting
Thursday, February 18, 2016
7:00 P.M.**

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Sashi McEntee
City of Mill Valley

Brad Wagenknecht
County of Napa

Denise Athas
City of Novato

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Genoveva Calloway
City of San Pablo

Andrew McCullough
City of San Rafael

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674
mceCleanEnergy.org

**The Charles F. McGlashan Board Room
1125 Tamalpais Avenue, San Rafael, CA 94901**

Agenda Page 1 of 2

1. Swearing in of New Board Member Sashi McEntee
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1 1.21.16 Meeting Minutes
 - C.2 Approved Contracts Update
 - C.3 Monthly Budget Report
 - C.4 Second Agreement with River City Bank for On Bill Repayment Services
6. Proposed Budgets for FY16/17 (Discussion/Action)
7. Proposed Rates for FY16/17 (Discussion/Action)
8. Electric Schedule Local Sol – 100% Local Solar Electricity Supply (Discussion/Action)



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Agenda Page 2 of 2

9. Draft Reserve Policy 013 (Discussion/Action)
10. Update on Voting Shares for MCE Service Area Communities (Discussion)
11. Regulatory and Legislative Updates (Discussion)
12. Board Member & Staff Matters (Discussion)
13. Adjourn



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OATH OF OFFICE

**STATE OF CALIFORNIA
COUNTY OF MARIN**

I, Sashi McEntee, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the constitution of the State of California; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties upon which I am about to enter.

Sashi McEntee

subscribed and sworn to before me

this 18th day of February 2016

**DAWN WEISZ
CHIEF EXECUTIVE OFFICER, MARIN CLEAN ENERGY**

By _____,

Note: Language of Oath is prescribed to Article XX, Sect. 3 of the Constitution of the State of California and applicable case law as verified by Marin County Counsel, May, 1989.

MARIN CLEAN ENERGY

BOARD MEETING MINUTES

Thursday, January 21, 2016

7:00 P.M.

**THE CHARLES F. MCGLASHAN BOARD ROOM
1125 TAMALPAIS AVENUE, SAN RAFAEL, CA 94901**

Roll Call: Director Tom Butt called the regular Board meeting to order at 7:00 p.m. An established quorum was met.

Present: Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Tom Butt, City of Richmond
Genoveva Calloway, City of San Pablo
Barbara Coler, Town of Fairfax
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Greg Lyman, City of El Cerrito
Bob McCaskill, City of Belvedere
Andrew McCullough, City of San Rafael
Emmett O'Donnell, Town of Tiburon
Alan Schwartzman, City of Benicia
Katie Rice, (Alternate to Kate Sears), County of Marin
Carla Small, Town of Ross
Brad Wagenknecht, County of Napa

Absent: City of Mill Valley Representative Not Yet Assigned
Ray Withy, City of Sausalito

Staff: Greg Brehm, Director of Power Resources
John Dalessi, Operations & Development
Alex DiGiorgio, Community Development Manager
Carol Dorsett, Administrative Assistant
Katie Gaier, Human Resources Manager
Brian Goldstein, Resource Planning & Implementation
LaWanda Hill, Administrative Assistant
Darlene Jackson, Board Clerk
Michael Maher, Maher Accountancy
David McNeil, Project and Finance Manager
Beckie Menten, Director of Energy Efficiency
Jamie Tuckey, Director of Public Affairs
Dawn Weisz, Chief Executive Officer

1. Board Announcements (Discussion)

Director Butt wished CEO Dawn Weisz a happy birthday, and a round of applause followed.

2. Public Open Time (Discussion):

Stan Sparrow, an electrician working on the Buck Institute Solar project, drew the Board's attention to new PG&E tariffs impacting commercial customers. Mr Sparrow suggested that media coverage of tariffs and PCIA charges and municipally sponsored ballot surveys would help draw public attention to the issues and promote the success of solar energy in California.

3. Report from Chief Executive Officer (Discussion)

Dawn Weisz, Executive Officer gave the following report:

- MCE is streaming the Board meeting live for the first time. She briefly spoke about the video technology and said meetings are uploaded and posted to MCE's website.
- On Tuesday the City of Napa voted unanimously to adopt an ordinance to join MCE subject to the approval of the MCE Board. Four cities in Napa have now taken this step, with Yountville expected to take action in the next 4-6 weeks.
- Last Wednesday the San Francisco PUC signed power supply contracts to supply their CCA program, Clean Power SF, which is expected to launch in May of this year. They feature a green program and a 100% renewable super-green product. They will start by serving 30 MW in May, add another 20 MW in August and then they will be phasing in additional customers in future phases.
- The Ad Hoc Rate Setting Committee discussed the proposed rates for the 2016/17 fiscal year. These will be presented along with the proposed budget at the February Board Executive Committee meetings..

4. Board Introductions for 2016 (Discussion)

Ms. Weisz stated that in some of her individual discussions with Directors at the beginning of the year it was suggested it might be helpful to do a roundtable at the beginning of each year so Directors have an opportunity to introduce themselves. Directors introduced themselves and each provided a brief description of their backgrounds and qualifications.

5. Consent Calendar (Discussion/Action):

- C.1 12.17.15 Meeting Minutes
- C.2 Approved Contracts Update
- C.3 Monthly Budget Report
- C.4 MCE New Staff Legal Team Positions for 2016
- C.5 2nd Addendum to 2nd Agreement with Rincon Consultants

ACTION: It was M/S/C (Wagenknecht/Bailey) to approve Consent Calendar Items C.1 through C.5. Motion carried by unanimous roll call vote: (Abstain on Item C.1: Small; Absent: Withy).

6. Formation of 2016 Ad Hoc Contracts Committee (Discussion/Action)

Greg Brehm, Director of Power Resources, stated that the Ad Hoc Contracts committee is part of the MCE Open Season process and reviews and recommends MCE's longer term contract opportunities of 5 years or longer in duration. MCE expects to have a significant year of contracting with expansion of the

light green program to include a higher percentage of renewables starting in 2016 and continuing over the next 5 years and also filling MCE open positions for 2018 and beyond.

Ms. Weisz explained that MCE can have up to 7 members, but they must ensure they do not violate the Brown Act by constituting a quorum of any MCE standing committee or a quorum of the MCE Board.

Mr. Brehm asked if there were questions from the Board regarding the Open Season process, noting that most Directors have already been exposed to it. There were no questions and Director Butt asked for volunteers.

Director Bailey asked about the number of times the group meets and Mr. Brehm said he expects the Ad Hoc Contracts Committee will hold 3-5 meetings this year.

Director Coler asked whether the committee will meet to approve the contracts or was it making decisions as to which suppliers to contract with. Mr. Brehm replied that the Ad Hoc Contracts Committee typically reviews Staff proposals, conducts an analysis, and then recommends which proposals are presented to the Board of Directors. Director Coler commented that she sometimes gets concerned about where MCE is heading on certain power purchases. She asked and confirmed that the Committee makes those decisions and thereafter voiced her interest in volunteering.

Director Butt confirmed the composition of the Ad Hoc Committee based on volunteers:

- Director Bailey
- Director Greene
- Director Lyman
- Director Haroff
- Director Coler
- Director Wagenknecht
- Director Schwartzman

Director Calloway questioned whether the current slate of volunteers constituted a quorum of the Executive Committee. Ms. Weisz stated Directors Bailey, Green, and Haroff are on the Executive Committee, and Director Lyman is on the Technical Committee. The proposed members of the Committee therefore do not comprise a quorum of any other committee.

ACTION: It was M/S/C (Athas/Greene) to approve 2016 Ad Hoc Contracts Committee comprising of Directors Bailey, Greene, Lyman, Haroff, Coler, Wagenknecht and Schwartzman. Motion carried by unanimous roll call vote: (Absent: Withy).

7. Budget Amendment for FY 2015/16 (Discussion/Action)

David McNeil, Project and Finance Manager, said the item before the Board is consideration of a Budget Amendment. The purpose of the Amendment is to seek the Board's approval of additional expenditures in the current fiscal year ending March 31, 2016. These amendments are relatively common occurrences and he noted this was the second Amendment brought forward for the Board's consideration this year.

Mr. McNeil summarized and provided an explanation for increases outlined in the Staff Report. He stated that expenditure increases total \$487,000 and are offset by expected lower energy costs. The net impact on the Operating Fund balance is zero.

Michael Maher, Maher Accountancy, suggested comment be given about how MCE expects to finish the year. Mr. McNeil said MCE expects higher total revenues and lower total expenditures than budgeted.

Director Bailey noted that the proposed amendments were discussed at the Executive Committee. He stated that the Committee reviewed each line item individually. He complemented Ms. Weisz and Staff for their explanations and expressed support for approval of the Budget Amendment.

ACTION: It was M/S/C (Bailey/Wagenknecht) to approve the Budget Amendment for FY 2015/16. Motion carried by unanimous roll call vote: (Absent: Withy).

8. Rates Update (Discussion)

John Dalessi, Operations & Development, provided a PowerPoint presentation and update on PG&E's rate changes. At the end of each year PG&E files an advice letter which consolidates all of the various rate changes approved by the CPUC. Those rates become effective on January 1st.

Mr. Dalessi presented a table identifying MCE customer electric costs for each component of the bill, as projected for FY 2017. This compares costs of a bundled PG&E customer and a MCE customer. PG&E's generation rates on average went down 5%. The delivery charges increased about 12% from prior year levels, and the total bill for PG&E customers increased about 6%.

For FY beginning April 1, 2016 and ending March 31, 2017 MCE projects that for every dollar of a customer's electric bill, 43 cents goes to MCE in generation services MCE provides for the program. About 46 cents of every dollar goes to PG&E for delivery, transmission, distribution and other services they provide as the local distribution utility. And, 11 cents of every dollar goes to the PCIA. On average, MCE projects a total of about \$36 million in PCIA costs will be paid by MCE customers in the coming fiscal year.

As of January MCE's generation rates are 14% lower on average than PG&E's generation rates and services. This does not account for the PCIA and he said it is important to keep in mind that MCE is relatively low cost and it does a good job in managing its rates. If it were not for the PCIA, MCE could be saving customers \$23 million in the coming year.

Mr. Dalessi then presented a slide on the Annual Generation Cost Comparisons which compares PG&E and MCE generation costs by customer Rate Group. MCE's generation costs are approximately \$24 million or 14% less expensive than PG&E

Director Bailey asked for an example of the Com-10 structure. Mr. Dalessi replied that it would be applicable to a customer the size of a bank or a restaurant.

Director Butt asked for an explanation on the two categories at net 0% which are Com-6 and SL-1. Mr. Dalessi stated a Com-6 customer might include small commercial buildings such as a strip mall. SL-1 customers are street lighting accounts. He said some differences from the way the PCIA is allocated to the different groups by PG&E's rate design, noting that streetlight usage is all nighttime demand so their

contribution to peak demand is low. As a consequence, the PCIA charge for the Streetlights Rate Group is low. The opposite applies to residential customers. He said the costs for MCE customers including the PCIA is about 4% above that of PG&E as rates stand today.

Mr. Dalessi then presented average bills for an average residential customer over the year. Since 2010 when MCE launched it had identical rates at parity with PG&E inclusive of the PCIA at that time. He explained the graph which includes the MCE light green program, other delivery, PCIA/FFS fees, and PG&E costs. The graph shows that over time MCE rates have varied below and above comparative PG&E rates. Costs were highest in 2012. MCE has been fortunate to have lower costs in recent years despite offering a higher renewable energy content. Now given the increased PCIA customer costs are a bit higher; however, staff considers the rate comparisons to still be within a competitive range.

Another change from PG&E relates to residential time of use rates and setting the right pricing signal, when to use and when to conserve energy and how that aligns with conditions on the electric system as a whole. What people are finding is that the old traditional peak definition of noon to 6PM in summer months is less and less applicable. The peak time is also shifting, some of which is due to solar coming onto the system, both small and large, which is generating the bulk of energy during those daylight hours.

Partially as a consequence of this PG&E has proposed to eliminate a couple of their residential time of use schedules. The E-7 rate is being eliminated and PG&E will move those customers onto newly adopted schedules that have a peak period that is shifted later in the day and shortened by one hour. The summer season is also shortened from 6 months to 4 months which will take effect in March.

MCE staff plans to propose a comparable schedule so when a customer is taking delivery service on the new ETOU schedule, MCE has a generation schedule that aligns with those time of use periods. Therefore, staff anticipates bringing comparable time of use options in February to the Board for approval to be effective in March to ensure there is a seamless transition for these customers.

Mr. Dalessi said this has generated a bit of controversy because of the shifts in peak periods and shorter summer period, this tends to make rooftop solar less attractive and valuable to the NEM consumer. Some of the existing time-of-use schedules are going to be grandfathered and kept open for a period of 5 years so the E-6 schedule will remain open. MCE has a comparable schedule to Res-6 but the E-7, 8 and 9 schedules are disappearing which MCE will be discussing in February.

Director Greene stated this is a substantial difference in the cost comparison between what it costs MCE and what it costs PG&E. MCE is \$23 million less expensive for generation, but he said what is not broken out exactly is that PG&E gets fairly compensated for using its infrastructure to deliver MCE's cheaper energy. Basically, PCIA costs are awards of money to PG&E because MCE's customers are not theirs any longer.

Mr. Dalessi stated in theory this is correct; the PCIA's justification is so that remaining PG&E customers do not see rate increases as a result of PG&E losing customers to CCA's.

Director Greene said the end result is that the costs for all customers are increasing which is resulting in it being more difficult to MCE to compete with PG&E, and Mr. Dalessi agreed. He likened it the handicap system in golf; if one is a better golfer one is penalized. In that sense, it makes it hard to gain a

competitive advantage even if they can buy power cheaper which MCE does by 14%. By attaching the PCIA charge, it makes it difficult to get closer to parity or, in this case, a bit higher.

Director Greene thanked Mr. Dalessi for his explanation and noted that he did not think the Board could be educated too much about the vagaries, the consequences and how the PCIA factors into this endeavor MCE is seeking to perform in terms of providing clean energy at a competitive if not cheaper rate, and this is making MCE's job much more difficult.

Director Lyman referred to the E-7 rate changes and the disincentive or the less attractive position for new NEM customers. He asked and confirmed with Mr. Dalessi that PG&E customers are going to have the same disincentive as MCE customers.

Director Rice referred to questions about the PCIA and she clarified that this fee is helping to backfill revenue as PG&E continues to lose customers so it does not have to charge its remaining customers. She asked what the forecast is for the PCIA as PG&E loses more and more customers to CCAs.

Mr. Dalessi said MCE has made its best attempts to forecast reasonable expectations of the PCIA in moving forward. There is a lack of data availability from PG&E and they claim this is confidential and does not release it to MCE. As a result, there is a lot of participation in the regulatory process. Late last year the CPUC established a workshop scheduled for March focused on the PCIA and data availability is one of the key issues in transparency generally. MCE has put in a data request to PG&E for that very information and questions how long the PCIA charge will go on and at what levels. Thus far, PG&E has not responded and they are still claiming confidentiality but MCE is hoping to receive better insight at the workshop. He said MCE's own projections are that the PCIA is not being reduced anytime soon. They think it is reasonable to assume that it will stay at this level for the foreseeable future.

Ms. Weisz added that while PG&E is not providing MCE with the amount of the PCIA going forward, they have responded to data requests asking when they expect it will terminate. For 2010 vintages, they are expecting it to terminate in 2043, and 2045 for other vintages.

Director O'Donnell asked if there are variable rates for different CCAs such as Clean Power SF. Mr. Dalessi said yes, depending on when the customer departs the PG&E system there is a different charge. It is not specific to a CCA. For instance, MCE has some 2010 vintages and more recent vintages, so any customer who leaves PG&E in the same year would get that same charge regardless of the program they are participating in. He clarified that cost differences among the vintages are marginal, looking at data for the past 5-6 years.

Director Coler referred to the pie chart showing the generation rate cost comparisons and the electric cost comparison. She asked how much of the difference is PCIA fees versus PG&E infrastructure costs.

Mr. Dalessi displayed the chart and said the PCIA is \$36 million and the cost premium is all due to the PCIA fee. He added that infrastructure charges do not disadvantage MCE because the rates are the same if someone is a bundled or CCA customer. The only charge that really works to MCE's disadvantage is the PCIA. If it were not for the PCIA MCE customers would actually be saving almost \$24 million. Because of the PCIA their customers are paying \$12 million extra which is the result of the PCIA.

Director Athas clarified with Mr. Dalessi that for a customer that came in 2010 PG&E is saying they purchased power for them 33 years out. She said for groups who can promote what is being done out

there, that terminology and the PCIA charge projection of over \$36 million alone are the figures the Board should focus on and will make sense to people. She was not sure where Directors fall, but said for other groups, to tell someone they are going to pay out for 33 years when she has seen articles since 2010 where PG&E had to buy more power because they did not have enough is just ludicrous. She thought these were the things MCE should focus on.

Director Haroff said the PCIA has been part of the overall discussion since he joined the MCE Board 2 years ago. This is the critical issue for MCE going forward in the future. It is having a disparate, adverse impact on their customer base that puts MCE in a non-competitive position and this is an intolerable situation.

He said MCE has an opportunity with the workshop on March 8th which is currently the single best opportunity MCE has to address this issue on behalf of their customers. He hopes the message is conveyed back to respective constituents in respective jurisdictions to get the kind of support they got from the public in connection with the last CPUC hearing. He said this is much more important because the issues are broader ranging. MCE continues to have opportunities to engage with individual CPUC commissioners and he said he was pleased to be able to participate in a meeting yesterday. It was educational for commissioners and said while commissioners are smart and sophisticated they do not have a good sense of the impact this is having on customers. Therefore, MCE's engagement with individual commissioners and with the public is critical towards the survival of MCE and other CCAs into the future.

Director Butt said in addition to the upcoming workshop some Directors have had discussions with their State Legislators, and there is a core interested in looking at some kind of legislative remedy to this. While speculative, at the end of the day there might be a legal remedy to it as well. Therefore, he suggested waiting to see how the workshop plays out in March and depending on what relief if any it gives, the Board should be looking at legislative and legal remedies and share this with other existing CCAs. He thanked Mr. Dalessi for the thorough presentation.

9. Energy Efficiency Update (Discussion)

Beckie Menten, Director of Energy Efficiency, gave a PowerPoint presentation. She provided the following updates:

- MCE has had a 7 ½-fold increase in savings in 3 years which has been phenomenal, given they went from a brand new program to a program that has exceeded its targets. She mentioned that the slide showing the results is also being used in CPUC Commissioner "meet and greets".
- She displayed the steep trajectory over the last couple of months in MCE's multi-family program and identified slides showing buildings that have been audited, total rebates distributed and number of units provided with free energy savings equipment, all of which have exceeded targets.
- MCE's commercial program often drags down savings given that inefficient lighting upgrades emits less heat therefore resulting in negative therm savings and increased usage of natural gas. However, the multi-family program has done so well in terms of therms that the program at large has achieved targets.
- She reported on consistent savings in the small commercial programs.
- Regarding the single-family program almost 2,000 people have logged on to the web portal and have been able to develop a customized individual action plan to save energy in their homes.

- MCE will have a soft launch for Directors in March regarding the Energy Efficiency Learning Center. Staff has been working with interns and developing interpretive displays in conjunction with the Marin Sanitary District and Marin School and Environmental Leadership, which is a charter school within a high school. She presented coloring books developed by MIG with guidance and contributions from an intern to match this year's and the next few years' theme for the Energy Efficient Learning Center. An owl named SPOC (Single Point of Contact) is MCE's new energy efficiency mascot. SPOC will help to draw in families and children to make the program more relatable to people in their service territories.
- MCE staff is also preparing for a large launch for Earth Day and is working with communities to add to their planned activities.

Regarding MCE's 2016 application:

- MCE received a pre-hearing conference schedule for their 2016 Application which means the CPUC is making forward action on their application.
- The CPUC noticed the pre-hearing conference in the service list associated with their Application, as well as in the larger energy efficiency service list, which indicates they are inviting stakeholders across the state to discuss policy issues raised in the Application and possibly create some consolidation between the two proceedings. This allows them to draw in a larger group of stakeholders aligned with MCE and it allows them to make the case to other emerging CCAs that they should be getting engaged as well.
- The downside of the possible consolidation in the main proceeding is that this proceeding is moving very slowly. Initially they were to be accepting business plans and applications from all administrators in the first quarter of this year. This has been pushed to September or further into the year.
- MCE has a list of policy questions they will be responding to. They have also requested other CCAs to engage and staff has been working with them about energy efficiency programs to help educate them on issues and get their voices heard.
- Independent of the pre-hearing conference, the EE team assumed people would like to know more about MCE's application and they moved forward in setting up workshops of their own. Next Thursday the EE team will host a workshop open to the public which will be on webcast and the exact same content will be presented February 4, 2016 at Richmond City Hall. The content of the workshops will focus on the actual application, the proposal, and nuts and bolts of implementing such a large scale expansion of MCE's program and to provide stakeholders with an opportunity to attend. They hope this provides a chance to build some consensus and engagement with stakeholders.

Director Athas congratulated Ms. Menten on their program. She said now there are more cities and counties on line she asked if staff had an idea of where those energy programs are the most successful. She also asked if they are seeing the majority of success in Richmond versus Marin County.

Ms. Menten said it has been pretty evenly split. Their programs are specifically targeted and it is not a geographic area in terms of the City boundary. It tends to be more about composition of the neighborhood. MCE tends to get more success in the smaller commercial programs in concentrated, small commercial parks, and have had a less aggressive approach toward the new communities. But, MCE is looking to ramp-up activities in those new communities and she expects some East Bay communities to have a lot of opportunity in the small commercial sector.

Director Athas commented on the new forms for the California Association of Realtors which have now included lien items in these programs so they can disclose directly to their clients what happens if there is a PACE program and what happens with the sale of that and assessment of that charge. She asked about the disclosure of all of these programs, given they are seeing more leased programs than lien programs which are specifically different things, but they are affecting the sales of real estate.

Ms. Menten said the programs are very much incentive based. A rebate is paid to the participant to cover the upfront cost as opposed to more of a financing structure or leasing structure. There are programs like the PACE program and Solar City programs that lease solar panels. She would like to explore those programs in the future as they move into more streamlined delivery models. She also thinks there is opportunity to engage the real estate community on communicating the value of energy. As they ramp up more single family opportunities, there will be more relevance, but currently there is not a lot of engagement with the realtor community.

Director Haroff echoed Director Athas' comments on the terrific work done and he thanked the Energy Efficiency team and for keeping the momentum as they go through the application proceeding. He asked what role if any do they expect PG&E to seek to play in that context and asked whether this may have implications for their success. Ms. Menten said she definitely sees a role with PG&E and all investor-owned utilities. Thus far, what the utilities have done is suggest MCE's Application should be held and considered on the same schedule of the rest of the administrators. MCE strategically filed early so direction can be given to the utilities to work around MCE. She expects all investor owned utilities to "throw everything they have" at MCE in this proceeding and staff is trying to anticipate and prepare comments about MCE's results, benchmark against utility programs and they are trying to work actively with stakeholders to try to build a coalition.

Director Haroff offered his support in anticipation of the proceedings. Ms. Menten thanked him and stated that in looking at the trajectory of savings they have always achieved a new milestone when a new member of MCE's great staff came onboard.

Director Butt asked Ms. Menten to email him a copy of the PowerPoint presentation.

10. Communications Update (Discussion)

Jamie Tuckey, Director of Public Affairs, discussed the following updates:

- The MCE website has a new look and feel. It has been updated to make sure it is functioning at the highest capacity and she presented the Board with snapshots of the website.
- Videos advertisements are now running in movie theaters throughout MCE's service area. They launched in November and are running in Napa, Corte Madera, Larkspur, Mill Valley, Richmond, San Rafael and Sausalito through March. The videos will air 20,000 times during this period.
- Later on in the year MCE will consider a second campaign of movie theater advertisements in additional cities and towns in MCE's service area.
- Many local solar projects are under development in MCE's service area including MCE Solar One, Cooley Quarry, Buck Institute, and Cost Plus.
- She displayed a time lapse video of the Cooley Quarry solar construction and said cameras are placed at development sites in order to watch the construction over time. She confirmed this video is on the MCE website home page.

- In the next few days she will be sending out highlights of all local projects that are currently under development to the Board.
- MCE will be electronically distributing the second or winter version of their quarterly newsletter called the “RE-Source” next week and delivering hard copies to cities, counties and towns later this month and in early February. She asked for Directors’ help in distributing them to their respective city offices.
- Catahoula Coffee is a popular café in the East Bay and recently got a special logo created for them which they put on all of their coffee bean bags stating they choose 100% renewable energy. Staff hopes to be able to implement this sort of branding opportunity with other commercial customers.
- She presented a slide showing the variety of upcoming community meetings and presentations to City Councils throughout the East Bay and in Napa to talk about MCE.

Director Haroff asked if Ms. Tuckey could discuss the Cool California outreach some Directors have been participating in.

Ms. Tuckey reported that Directors Haroff, Coler and Butt volunteered to be in videos promoting the Cool California Challenge. These are being placed online and on social media. She explained that the Cool California Challenge is a challenge where 9 MCE communities have agreed to participate and compete among California cities who want to compete for energy savings within their communities. The way people are saving their energy is using the My Energy Tool where users create action plans. They also have special events in Richmond, Benicia, El Cerrito and San Pablo promoting the Cool California Challenge. She stated the top 3 participating MCE communities are El Cerrito, Benicia and Fairfax.

Director Athas thanked Justin Kudo for identifying what the cost would be for her home if they went to the Deep Green program. They added onto and remodeled their home for 5 months, and even with that, it was \$8 more per month to go 100% renewable. She and her husband are therefore going to sign up for it and she encouraged other Directors to consider this and sign up.

11. Board Member & Staff Matters (Discussion)

Director Lyman stated he and Director Butt attended the League of Cities Environmental Policy Committee today. There were several comments about energy, how unfair NEM policies were and how much the exit tariff is causing issues with CCAs. The League of Cities’ northern and southern agencies are generally supportive of CCAs, and he hoped for discussion to occur this year about the current League’s policy that the PCIA should be fair.

12. Adjournment

The Board of Directors adjourned the meeting at 8:29 p.m. to the next Regular Board Meeting on February 18, 2016.

Kate Sears, Chair

Attest:

Dawn Weisz, Secretary



February 18, 2016

TO: Marin Clean Energy Board

FROM: Sarah Estes-Smith, Director of Internal Operations

RE: Report on Approved Contracts (Agenda Item #05 – C.2)

Dear Board Members:

SUMMARY: This report summarizes agreements entered into by the Chief Executive Officer in the past month. This summary is provided to the Board for information purposes only.

Review of Procurement Authorities

In March 2013 your Board adopted Resolution 2013-04 as follows;

The Chief Executive Officer is hereby authorized to enter into and execute contracts for an amount not to exceed \$25,000 per contractor per fiscal year, consistent with the Board approved budget, the Joint Powers Agreement, and the Operating Rules and Regulations.

In November 2012 your Board approved the MCE Integrated Resource Plan stating;

Power purchase agreements (energy, capacity, RECs) with terms of 12 months or less may be entered into on MCE's behalf by the Chief Executive Officer.

Power purchase agreements (energy, capacity, RECs) with terms of greater than 12 months and less than or equal to 5 years and which are made pursuant to a Board approved resource plan may be entered into on MCE's behalf by the Chief Executive Officer in conjunction with the MCE Board Chair. An ad hoc committee of the MCE Board will be consulted prior to execution of any medium-term contracts.

Power purchase agreements (energy, capacity, RECs) with terms of greater than 5 years shall require Board approval prior to execution.

The Chief Executive Officer is required to report all such contracts and agreements to the MCE Board on a monthly basis.

Summary of Agreements entered into by the Chief Executive Officer in the past month

Month	Purpose	Contractor	Maximum Annual Contract Amount	Term of Contract
January	Purchase of 6 MW Resource Adequacy April 2016	Calpine Energy	\$5,400	1 month

January	Purchase of 16 MW Resource Adequacy April-June 2016	Calpine Energy	\$14,400	3 months
January	Recruitment, training, and placement of Climate Corp. Bay Area Fellow for MCE's Energy Efficiency Team	Strategic Energy Innovations	\$23,650	6 months
January	Professional video production support services for the broadcasting of MCE meetings and events	Community Media Center of Marin	\$2,000	3 months
January	Sale of 5 MW Resource Adequacy May 2016	Direct Energy	(\$4,000)	1 month
February	Purchase of System Energy	Direct Energy	\$39,399,379	3 years
January	ADA signs for MCE office	Durkin Signs & Graphics	\$2,687	N/A
February	Incentive program for 100 Fairfax households to participate in MCE's Deep Green Program	Fairfax, Town of	(\$6,000)	12 months
February	Sale of 2 MW Resource Adequacy May 2016	Lancaster, City of	(\$1,600)	1 month
January	Addendum increasing contract maximum for website content development, editing, and updates	Marketing Machine	\$25,000	10 months
January	Construction related consulting services for projects at MCE office	Precision GCC	\$25,000	7 months

Budget Impact: Expenses that occur in FY 2015/16 are included in the approved FY 2015/16 Budget. Expenses that are expected to occur in FY 2016/17 are included in the FY 2016/17 Budget that will be submitted to the Board for approval in March 2016.

Recommendation: Information only. No action required.



February 18, 2016

TO: Marin Clean Energy Board

FROM: David McNeil, Finance and Project Manager
Mike Maher, Maher Accountancy

RE: Monthly FY 15/16 Budget Report (Agenda Item #05 – C.3)

ATTACHMENT: MCE Budget Reports 2015-12 (Unaudited)

Dear Board Members:

SUMMARY:

The attached budget update compares the FY 2015/16 budget to the unaudited revenue and expenses of MCE for the month ending December 2015.

OPERATING BUDGET:

Year-to-date revenues continue slightly over budget by approximately 1.5%, with cost of energy at levels under budget by approximately 5%. Operating expenditures are generally below anticipated year-to-date levels, but much of this will be smoothed as the year continues. In the January 21, 2016 Board meeting, a Budget Amendment was approved. This staff report presents the year-to-date figures through December 31, 2015, and so does not reflect the subsequent budget amendment.

Overall, MCE continues to spend near projections, as reflected in year-to-date figures.

ENERGY EFFICIENCY PROGRAM BUDGET:

The Energy Efficiency Program is entirely funded by the California Public Utilities Commission. For financial reporting purposes, MCE treats funds received from this program as a reimbursable grant. The result is that program expenses are offset by revenue. A deferred asset is recorded for funds received by the CPUC that have yet to be expended by MCE.

In FY 2015/16, Energy Efficiency (EE) revenue is being recognized to offset \$52,784 of prior year EE "planning" expenses not originally intended to be provided for by EE grant funds. The \$52,784 2015/16 "increase" in fund balance equals the prior year "decrease" in fund balance. There is no cumulative effect on fund balance.

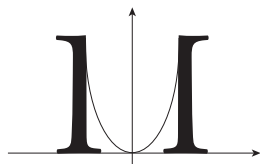
LOCAL DEVELOPMENT RENEWABLE ENERGY BUDGET:

This program is funded through a portion of the Deep Green service provided to customers. To date, expenses primarily relate to legal and consulting costs associated with establishing a local renewable energy project.

RENEWABLE ENERGY RESERVE BUDGET:

This fund is intended for the procurement or development of renewable energy not planned for in the operating funds. Resources may accumulate from year to year and be expended as management determines.

Recommendation: No action needed. Informational only.



MAHER ACCOUNTANCY 1101 FIFTH AVENUE • SUITE 200 • SAN RAFAEL, CA 94901

Financial Plumbline

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Marin Clean Energy

Management is responsible for the accompanying special purpose budgetary comparison statement of Marin Clean Energy (a California Joint Powers Authority) as of December 31, 2015. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

The supplementary information contained on page 4 is presented for purposes of additional analysis. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Certain accounting functions provided by Maher Accountancy are considered management functions by the American Institute of Certified Public Accountants. Accordingly, we are not independent with respect to Marin Clean Energy.

Maher Accountancy

San Rafael, CA
January 19, 2016



MARIN CLEAN ENERGY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2015 through December 31, 2015

	Actual from April 1, 2014 through December 31, 2014	2015/16 YTD Budget (Amended)	2015/16 YTD Actual	2015/16 YTD Budget Variance (Under) Over	2015/16 YTD Actual/Budget %	2015/16 Annual Budget (Amended)	2015/16 Budget Remaining
REVENUE AND OTHER SOURCES:							
Revenue - Electricity (net of allowance)	\$ 75,097,634	112,849,677	\$ 114,461,924	\$ 1,612,247	101.43%	\$ 145,933,098	\$ 31,471,174
Other revenues	42,463	-	448,532	448,532	-	-	-
Total sources	<u>75,140,097</u>	<u>112,849,677</u>	<u>114,910,456</u>	<u>2,060,779</u>	<u>101.83%</u>	<u>145,933,098</u>	<u>31,471,174</u>
EXPENDITURES AND OTHER USES:							
CURRENT EXPENDITURES							
Cost of energy	62,378,692	97,169,059	92,308,367	(4,860,692)	95.00%	129,522,715	37,214,348
Staffing	1,480,210	2,185,950	2,197,940	11,990	100.55%	2,964,000	766,060
Technical consultants	375,477	486,404	464,271	(22,133)	95.45%	629,000	164,729
Legal counsel	252,198	270,000	267,257	(2,743)	98.98%	360,000	92,743
Communications consultants and related expenses	436,510	563,250	516,169	(47,081)	91.64%	751,000	234,831
Data manager	1,951,871	2,146,500	2,144,336	(2,164)	99.90%	2,862,000	717,664
Service fees- PG&E	506,799	690,750	636,227	(54,523)	92.11%	921,000	284,773
Other services	244,887	313,500	313,237	(263)	99.92%	418,000	104,763
General and administration	283,396	246,750	187,126	(59,624)	75.84%	329,000	141,874
Occupancy	-	195,000	157,020	(37,980)	80.52%	260,000	102,980
Integrated Demand side pilot programs	-	37,500	10,190	(27,310)	27.17%	50,000	39,810
Marin County green business program	-	10,000	-	(10,000)	0.00%	10,000	10,000
Solar rebates	-	14,000	4,000	(10,000)	0.00%	35,000	31,000
Total current expenditures	<u>67,910,040</u>	<u>104,328,663</u>	<u>99,206,140</u>	<u>(5,122,523)</u>	<u>95.09%</u>	<u>139,111,715</u>	<u>39,905,575</u>
CAPITAL OUTLAY	18,695	136,500	154,557	18,057	113.23%	150,000	(4,557)
DEBT SERVICE *	895,409	2,080,000	2,147,718	67,718	103.26%	2,080,000	(67,718)
INTERFUND TRANSFER TO:							
Renewable Energy Reserve Fund	-	1,000,000	1,000,000	-	100.00%	1,000,000	-
Local Renewable Energy Development Fund	109,994	151,383	151,383	-	100.00%	151,383	-
Total expenditures	<u>68,934,138</u>	<u>107,696,546</u>	<u>102,659,798</u>	<u>\$ (5,036,748)</u>	<u>95.32%</u>	<u>142,493,098</u>	<u>\$ 39,833,300</u>
Net increase (decrease) in available fund balance	<u>\$ 6,205,959</u>	<u>\$ 5,153,132</u>	<u>\$ 12,250,658</u>	<u>\$ 7,097,526</u>		<u>\$ 3,440,000</u>	<u>\$ (8,362,126)</u>

* Debt Service includes fees related to a Line of Credit and a Letter of Credit issued during the 2015/16 year.

**MARIN CLEAN ENERGY
ENERGY EFFICIENCY PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2015 through December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Public purpose energy efficiency program	\$ 1,505,702	\$ 1,299,431	\$ 206,271	86.30%
EXPENDITURES AND OTHER USES:				
CURRENT EXPENDITURES				
Public purpose energy efficiency program	<u>1,505,702</u>	<u>1,246,647</u>	<u>259,055</u>	<u>82.80%</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ 52,784</u>		

**LOCAL RENEWABLE ENERGY DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2015 through December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Transfer from Operating Fund	\$ 151,383	\$ 151,383	\$ -	100.00%
EXPENDITURES AND OTHER USES:				
Capital Outlay	<u>151,383</u>	<u>81,115</u>	<u>70,268</u>	<u>53.58%</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ 70,268</u>		

**RENEWABLE ENERGY RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2015 through December 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Transfer from Operating Fund	\$ 1,000,000	\$ 1,000,000	\$ -	100.00%
EXPENDITURES AND OTHER USES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>		

See accountants' compilation report.

MARIN CLEAN ENERGY
BUDGETARY SUPPLEMENTAL SCHEDULE
April 1, 2015 through December 31, 2015

	<u>Actual</u>
Other services	
Audit	\$ 35,500
Accounting	116,660
IT Consulting	55,323
Human resources & payroll fees	5,699
Legislative consulting	67,500
Miscellaneous professional fees	32,555
Other services	<u><u>\$ 313,237</u></u>
 General and administration	
Cell phones	\$ 672
Data and telephone service	24,551
Insurance	7,169
Office and meeting rentals	3,156
Office equipment lease	4,093
Dues and subscriptions	44,657
Conferences and professional education	17,917
Travel	16,282
Business meals	5,901
Office supplies and postage	62,728
General and administration	<u><u>\$ 187,126</u></u>

See accountants' compilation report.



February 18, 2016

TO: Marin Clean Energy Board

FROM: Beckie Menten, Energy Efficiency Director
David McNeil, Finance and Project Manager

RE: MCE On-Bill Repayment Program Second Operating Agreement
with River City Bank (Agenda Item #05 – C.4)

ATTACHMENTS: A. Draft MCE On-Bill Repayment Program Second Operating
Agreement
B. Executed First Operating Agreement

Dear Board Members;

SUMMARY:

The proposed MCE On-Bill Repayment Program Second Operating Agreement with River City Bank (“Agreement”) makes changes to the program allowing MCE to offer this program to non-customers. Other changes to the agreement are as follows;

- The pilot period is increased from 6 to 12 months.
- The purpose of the pilot is amended to include testing on bill repayment and the loan loss reserve (previously OBR only)
- Available loan terms were increased from a minimum of five years to a minimum of 2 years. Shorter loan terms are expected to enable more financing transactions.
- Loan disbursement to borrowers, vendors and contractors is now permitted. Previously loan disbursement was only allowed to the borrower only. This is expected to increase vendor and contractor support for the program.
- Availability period of the program is defined as December 31, 2015 to December 31, 2017. Previously the period of the program was the earlier of 2 years from disbursement of first loan or December 31 2016.
- The loan loss reserve definition was changed from “an amount not to exceed equal to twenty (20%) of the total Loan Commitment” (sic) to “an amount equal to twenty percent (20%) of the Loan Commitment”

Background

On November 9, 2012, the CPUC approved MCE’s application for funding for 2013 – 2014 energy efficiency programs, allocating over \$4 million to MCE. The 2013 – 2014 portfolio of programs includes continuation of the MCE multi-family energy efficiency program (EE), implementation of small commercial and single family energy efficiency programs, and four financing pilots: on-bill repayment (OBR) for the multi-family,

commercial, and single family sectors, and a standard offer program. On June 6, 2013 the MCE Board approved the original Agreement, which defined the basic terms and function of the Multi-Family and Small Commercial OBR Program (OBR Program, or the Program) and the relationship between River City Bank (RCB) and MCE. In February 2014, the MCE Board approved an amended and restated version of the Agreement making minor non-substantive changes. The Second Agreement offered for consideration today makes several adjustments to the terms of the program as noted above.

Discussion

Financing is a critical step towards accomplishing energy efficiency upgrades. The initial costs associated with implementing an energy efficiency project can serve as a barrier for property owners who may be interested in making such improvements. While some financing programs exist, many financial institutions are unfamiliar with energy efficiency lending and tend to place a higher interest rate on their products due to perceived risk of default on loans.

The OBR Program is an innovative financing concept that allows the loan to be tied to, and repaid on, the utility bill. This creates a strong link between the anticipated energy savings resulting from the projects and the cost of financing the project. If the program is successful in demonstrating lower default rates than anticipated, banks may become more likely to lend for energy efficiency improvements in the future and the cost of capital for these projects could drop over time.

RCB and MCE agreed on a set of terms for an OBR program in February 2013. RCB has offered an interest rate of 5%; additionally, the MCE OBR Program is secured with two components. First, RCB has requested that a UCC-1 Fixture Filing be placed on participating properties to record the debt on the title and ensure that RCB has a means of recuperating lost loan expenses upon foreclosure of the property or bankruptcy of the borrower. Second, MCE is providing a loan loss reserve that is funded through the Energy Efficiency program funds. The loan loss reserve is a fund that will be available to RCB upon default of loans and will help RCB to recuperate the losses it incurs through participating in this program. The First Agreement set the total loss that RCB could collect at 15% of the total program volume (though RCB may collect 100% of any *individual* loss up to that 15% cap). For example, RCB agreed to lend \$3.65 million to MCE customers during the program term.¹ MCE has agreed to provide a total of \$547,000 (15% of \$3.65 million), which will be available upon default. Thus, RCB can collect up to \$547,000 for losses incurred during participation in the program, but no more. RCB will be responsible for collections on any defaulted loans, and when collection efforts are successful, will refund the loan loss reserve fund (less any legal and collection fees incurred to obtain those funds).

In October 2014, MCE received confirmation from the Energy Division of the CPUC that non-MCE customers are eligible to participate in the MCE OBR Program. As MCE does not have a direct billing relationship with non-MCE customers, RCB originally expressed concern about extending the eligibility of the program to non-customers. To mitigate

¹ \$1 million is available for small commercial customers, and \$2.65 million is available for multi-family customers. These program volumes were suggested by MCE staff and are based on projections in the original application submitted to the CPUC in July of 2012.

potential risk associated with the expansion of the program, but leave one set interest rate for all participants, MCE and RCB negotiated a change to the terms of the loan loss reserve. MCE agreed to increase the loan loss reserve to 20%, and accomplished this by reducing the bank's commitment to lend proportionally. Thus, RCB has now agreed to fund \$2,737,500 worth of energy efficiency projects which will be secured by a loan loss reserve of \$547,500 (or 20%).

During the duration of the program, MCE has yet to field a single applicant for the financing program. Recently, MCE closed its single-family OBR program when the financial institution, First Community Bank, withdrew participation. At the time, MCE considered whether or not it made sense to continue the OBR for multifamily and small commercial. As there are no similar products currently available on the market, MCE staff intends to market the availability of the program in early 2016 and revise and improve program documents to generate more interest in the program. The success of the program can be reevaluated in mid-2016 to determine if it is providing meaningful solutions for energy efficiency projects.

RCB is a strong partner in this program, continually offering assistance to review and revise agreements and negotiate solutions to problems. MCE appreciates the ongoing relationship with RCB and the willingness to participate in pilot programs such as the multifamily and small commercial OBR program.

Budget Impacts: The amount of the loan loss reserve commitment has not changed as a result of proposed changes to the Agreement. The LLR is completely funded through CPUC energy efficiency funds. There are no impacts on the MCE Operating Fund resulting from this Agreement.

Recommendation: Approve the MCE On-Bill Repayment Program Second Operating Agreement with River City Bank.

**MCE ON-BILL REPAYMENT PROGRAM
SECOND OPERATING AGREEMENT**

Dated as of 01/15/2016

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MCE ON-BILL REPAYMENT PROGRAM

SECOND OPERATING AGREEMENT

This MCE On-Bill Repayment Program Second Operating Agreement (“Agreement”) is hereby made and entered into as of September 21, 2015, between Marin Clean Energy, as Program Developer (“MCE”), and River City Bank, a California corporation (“RCB”). MCE and RCB shall together hereinafter be referred to individually as a “Party” and collectively as “Parties”. Other capitalized terms used without definition at first use shall have the meanings set forth for them in Article VII, Definitions, below.

RECITALS

WHEREAS, MCE has developed a program to provide resources and loans for enhancing the energy efficiency of existing buildings (the “Program”) in an effort to increase the adoption of energy efficiency measures by commercial property owners and multi-family property owners within its jurisdiction;

WHEREAS, MCE has sought the assistance of RCB in developing the Program to explore on-bill repayment and a loan loss reserve fund as ways to facilitate long-term financing for investments in energy efficiency to building owners;

WHEREAS, on July 8, 2013 MCE and RCB entered into that certain MCE On-Bill Repayment Program Operating Agreement;

WHEREAS, MCE and RCB seek to continue this Program partnership with this Agreement;

WHEREAS, RCB will serve as the lender for qualifying Borrowers;

WHEREAS, the Parties desire to enter into this Agreement to (i) establish the terms of a Pilot Program to test the business assumptions associated with the Program, (ii) identify the roles and responsibilities of each Party during the Availability Period; (iii) set forth the respective rights and obligations of the Parties in managing the Program.

NOW, THEREFORE, in consideration of the foregoing Recitals, of mutual promises of the Parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties hereby agree to the Program pursuant to the terms and conditions set forth in this Agreement, which reads in its entirety as follows:

ARTICLE I.

PROGRAM OVERVIEW

1.01. Name.

The name of the Program is the MCE On-Bill Repayment Program.

1.02. Program Phases.

The Program shall be delivered in two phases:

(a) **The Pilot Program.** The Pilot Program will be available either during the first twelve (12) months of the Availability Period or until \$500,000 in loans have been originated through this program, whichever comes first. The purpose of the Pilot Program is to permit the Parties to test and evaluate the assumptions, procedures and processes related to (i) the operational and technical aspects of the Program, (ii) the roles and responsibilities of each Party, (iii) the effectiveness of the marketing and web-based information, and (iv) revisions by the Parties to documents, processes, procedures and assumptions prior to Full Implementation.

(b) **Full Implementation.** No later than two (2) weeks prior to the end of the Pilot Program, the Parties will determine whether or not to continue the Program to Full Implementation. To the extent there is mutual agreement, Full Implementation will begin and continue through the Termination Date. If there is not mutual agreement, this Agreement shall terminate except as to OBR Loans already made.

(c) Except as otherwise provided in this Agreement, the Parties agree to offer the Program during the Availability Period.

1.03. Pilot Program Goals.

(a) During the Pilot Program, the Parties will endeavor to:

- (i) test the established processes and procedures using funded loans;
- (ii) evaluate the effectiveness and viability of the Program;
- (iii) test repayment of energy efficiency loans via the utility bill as a method for reducing potential financial barriers to Borrowers;
- (iv) evaluate whether the Program is the optimal and most cost-effective vehicle for stimulating the adoption of energy efficiency measures;
- (v) refine process and procedures as agreed; and
- (vi) determine if the Program should continue to Full Implementation.

1.04. Service Description.

Operational elements offered under the Program include the following functions: (i) marketing the Program to prospective Borrowers, (ii) loan underwriting, analysis and approval, (iii) loan set-up for qualifying Borrowers, (iv) monthly billing of the OBR Loan, (v) report generation and review, (vi) account maintenance and reconciliation functions, (vii) customer inquiry and problem resolution, (viii) payment processing, (ix) payment remittance to RCB, (x) loan removal, (xi) delinquency management, (xii) ongoing training and refinements to the Program, and (xiii) debits from and credits to the Loan Loss Reserve Account.

1.05. Term of Agreement.

This Agreement takes effect upon the signature of the Parties and shall remain in effect until the first of the following occurs: (a) final repayment in full of all OBR Loans issued in connection with the Program, (b) the mutual agreement of the Parties to terminate this Agreement and (3) termination pursuant to the terms of this Agreement.

1.06. Representations and Warranties

MCE represents and warrants to RCB as follows:

(a) Neither the execution of this Agreement nor compliance with the terms and provisions of this Agreement on the part of MCE shall breach any statute or regulation of any governmental authority or result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, any agreement or other instrument to which MCE is a party or by which it is bound.

(b) The execution, delivery and performance of this Agreement and the transactions contemplated hereunder have been duly and validly authorized by all necessary actions and proceedings to be taken by MCE.

ARTICLE II.

ROLES AND RESPONSIBILITIES

2.01. Marketing and Information Delivery

2.01.1 MCE

(a) MCE will identify potential applicants, oversee the installation of appropriate energy efficiency improvements, certify satisfactory completion of the energy project, and be responsible for maintaining compliance with any and all rules and regulatory requirements that are applicable to it.

(b) Except as provided herein, MCE will not act as a representative or agent of RCB and will ensure that public information does not contain any representations or warranties of RCB in connection with the application, underwriting or approval processes associated with the Loans without the prior express written consent of RCB.

(c) Except as otherwise set forth in this Agreement, MCE, within authority granted to it by the CPUC, shall have full, complete and exclusive discretion to manage and control the delivery of Program information to the public.

(d) MCE will define the business and information technology requirements, processes, procedures and reports necessary to implement the services described in this Agreement to RCB.

(e) Subject to Section 6.03, Confidentiality, MCE will treat all information received from RCB as highly confidential and will ensure that all financial information received by it either

directly through RCB, or indirectly through a Borrower or Service Provider, is maintained with the standard of care generally afforded to sensitive information.

(f) MCE will comply with any and all regulatory requirements for information and will respond to any discovery requests issued in accordance with applicable laws and regulations.

(g) MCE will provide advance copy to RCB of draft agreements or draft amendments of agreements, or schedules attached to said agreements, that relate to the OBR program including but not limited to agreements executed with PG&E relating to the billing procedures of the OBR program.

2.01.2 RCB

RCB will (i) provide MCE with an approved form of Application for distribution to Borrowers interested in financing options and other information intended for public distribution and (ii) notify MCE of any material regulatory or policy change that may have an impact on the Program. RCB reserves the right, upon review of any change proposed or mandated by PG&E as provided in 2.01.1(g) above, to assess and determine if RCB, in its sole discretion, is able to implement and/or comply with the proposed change. If RCB is not able to implement and/or comply with the proposed change, RCB upon written notice to MCE shall have the right to terminate its role as lender under the OBR Program for loans originated on or after the date of such proposed change. Any OBR Loan originated or approved prior to the date of such termination notice shall continue to be governed by the terms of this Agreement including any Loan Loss Reserve offsets that apply to loans originated before the date of termination.

2.02. Summary of OBR Loan Terms

2.02.1 Basic Terms

Unless otherwise agreed by RCB, OBR Loans shall be subject to the following terms and conditions:

(a) During the Pilot Program, the total combined Pilot Loan Commitment shall not exceed \$500,000. During Full Implementation, the maximum amount of RCB funded OBR Loans will not exceed the Commercial Property Loan Commitment and the Multi-Family Loan Commitment, inclusive of Pilot Loan Commitment.

(b) OBR Loans will be no less than \$10,000 per Borrower and no more than \$265,000 per Borrower; larger loans will be considered on a case-by-case basis by RCB. In each case, the OBR Loan amount will not be greater than the “Estimated Contractor Cost LESS the Rebate” as provided in the Energy Audit.

(c) The Total Loan Commitment is a non-revolving line of credit offered for the Program during the Availability Period in connection with the funding of OBR Loans; any OBR Loans repaid will not restore availability to, or increase, the Total Loan Commitment.

(d) Any part of the Total Loan Commitment not utilized after the Availability Period will be cancelled and no longer available for OBR Loans.

(e) RCB, in its sole and absolute discretion, will approve Applicants for OBR Loans based on underwriting criteria established by RCB. RCB will notify all Applicants whether or not the Application was approved or declined.

(f) OBR Loans will be disbursed by RCB to each Borrower or directly to vendors and contractors in a single advance following evidence satisfactory to RCB that all conditions precedent to funding and project completion have occurred in accordance with the terms of this Agreement, the Loan Documents, the Energy Audit, Scope of Work and Final Inspection Report.

(g) The Loan Documents will require each OBR Loan to be repaid in equal monthly payments of principal and interest amortized over a period between two (2) to ten (10) years as determined by RCB.

(h) Subject to Section 6.01 and provided no default has occurred, the interest rate on OBR Loans will be fixed at a rate of five percent (5%) for the life of each OBR Loan. The OBR Loan will accrue interest daily and be calculated on a basis of actual days lapsed/360 days.

(i) Collateral held by RCB for each OBR Loan will include a UCC specific filing on the improvements and a fixture filing recorded with the respective county where the property is located.

(j) The OBR Loans shall be subject to defaults typically enforced by RCB in similar loans. In addition, Program specific defaults will include; 1) Due on Sale, the OBR Loan will be due and payable in full if the Borrower sells the property on which the improvements were made, 2) the Borrower is no longer a PG&E Customer or a MCE Customer, 3) the Borrower fails to pay Energy Amounts in full, resulting in partial payments such that RCB deems the balance of the OBR Loan uncollectible, or 4) PG&E removes the OBR Loan from the PG&E on-bill process.

(k) MCE shall establish a Loan Loss Reserve Account with RCB as provided in Section 5.05

(l) RCB will charge a non-refundable documentation fee equal to \$250 for each OBR Loan, payable by each Borrower at the time of execution of the Loan Documents.

(m) With prior approval by MCE, which approval shall not unreasonably be withheld, MCE will pay all RCB's reasonable out-of-pocket expenses related to subsequent refinement of the Agreement including, but not limited to, legal fees and any expenses incurred by RCB as part of providing financing to MCE's customers under the OBR Program. RCB will notify MCE in advance regarding proposed scope of work and projected ranges of such expenses. Legal and out-of-pocket expenses reimbursable under this Agreement by MCE shall not exceed \$1,000. In the event that transaction expenses are projected to exceed the \$1,000 covered by MCE, RCB will maintain the option to decline the request.

RCB shall provide all disclosures to Borrowers in accordance with applicable law.

2.02.2 MCE Delivery of Information in connection with Loan Applications

In connection with an Application for a Loan, MCE will deliver to RCB:

- (a) An Energy Audit;
- (b) Scope of Work and Owner Agreement Form (substantially in the form of Exhibit K for Multi-Family Loans or Exhibit L for Small Commercial) Property Loans;

MCE acknowledges and agrees that RCB will rely on the accuracy and content of the information provided on the Energy Audit and Scope of Work, including Rebate Amount for purposes of underwriting and loan approval.

RCB acknowledges that MCE will not provide a guarantee of the projected energy savings as may be reflected in the Energy Audit.

2.03. Documentation, Changes to Scope of Work & Project Completion

2.03.1 RCB approval of Applications

RCB retains the right, in its sole and absolute discretion, to determine whether or not to approve an Application for an OBR Loan.

Following approval by RCB of an Application, RCB will (i) prepare Loan Documents in accordance with its standard practices and procedures, (ii) obtain Applicant's signature on Loan Documents, and (iii) notify MCE that an OBR Loan has been approved and provide MCE with the Borrower information required pursuant to Section 3.02.

MCE will (i) register Borrower information on MCE Systems and (ii) notify Project Consultants and Service Providers of the OBR Loan.

2.03.2 Changes to Scope of Work

The Parties agree that OBR Loans are provided for the sole and exclusive purpose of financing the energy efficiency measures defined in the Energy Audit and Scope of Work. Any additional or unforeseen costs and expenses arising during the course of construction are not subject to the OBR Loan or RCB's commitment to fund the OBR Loan.

(a) Under the terms of the Loan Documents, each Borrower will be required to immediately notify RCB of any condition relating to the Energy Project that will result in either an increase or a decrease to the amount stated in the Scope of Work and Energy Audit. Failure by a Borrower to promptly notify RCB may result in a cancellation of RCB's obligations under the Loan Documents and the OBR Loan.

(b) RCB will require written confirmation of the change in the Scope of Work and the Energy Audit by the Project Consultant and MCE.

(c) To the extent the Scope of Work is decreased, RCB will reduce the OBR Loan downward to conform to the changes provided in the change order or other documentation, but only to the extent that RCB approves of the confirmations as provided in paragraph (b) above from the Project Consultant and MCE.

(d) If there is an increase in the projected cost of the Energy Audit or Scope of Work, the Loan Documents will require that the Borrower either:

(i) Pay for such increased cost from Borrower's own resources, with confirmation of such amounts paid prior to any funding of the OBR Loan;

(ii) Cancel the OBR Loan with RCB until such time as the conditions resulting in the increase are resolved such that the original Scope of Work can be reinstated; or

(iii) Apply for a separate loan with RCB to finance the cost of the unforeseen condition resulting in the increase. To the extent a separate loan is granted for any purpose other than that contemplated herein, it shall not be deemed an OBR Loan and shall not be subject to the terms and conditions of this Agreement.

2.03.3 Project Completion

(a) MCE and the Project Consultant shall notify RCB of Project Completion by submitting of the Certificate of Completion form attached as Exhibit A in addition to the statement of completion or post-install required by MCE. The Certificate of Completion shall be accompanied by a copy of (i) the Energy Audit, (ii) an executed Unconditional Waiver and Release signed by the Contractor, (iii) evidence that payment of the Rebate Amount has been authorized to Contractor, if relevant, and (iv) the "Installation Verification and Rebate Approval" memo provided with the Certificate of Completion.

ARTICLE III.

LOAN FUNDING AND PAYMENT PROCESSING

3.01. Loan Balances

The books and records of RCB will serve as the agreed upon contractual outstanding OBR Loan balance, payments due, and payment history of each Borrower. On or before the initial OBR Loan funding, RCB will deliver a Loan Information Notice to MCE substantially in the form of Exhibit C for all new OBR Loans.

Following the initial funding:

(a) RCB will be responsible for notifying MCE of delinquent OBR Loan information;

(b) RCB will review reports and information provided by MCE and provide corrections on OBR Loan information in a timely manner substantially in the form of Exhibit D;

(c) RCB will treat all information received from MCE as highly confidential and all information received by RCB, whether directly or indirectly through a Service Provider will be controlled and maintained with the standard of care generally afforded to sensitive information and as provided in the MCE Non-Disclosure Agreement and CPUC Decision 12-08-045.

(d) RCB will be responsible for complying with any and all regulatory requirements of public content including Office of Foreign Asset Control and will respond to any discovery requests issued by or under the authority of a governmental agency or court regarding any Borrower or OBR Loan issued under the Program.

3.02. MCE as Billing Agent

MCE shall serve as the “Billing Agent” for RCB and provide the following services outlined in Section 1.04 which include (a) monthly billing of the OBR Loan Payments due, (b) report generation and review, (c) PG&E and MCE billing account maintenance and reconciliation functions, (d) customer inquiry and problem resolution for questions regarding the energy portion of the bill, (e) payment processing, and (f) payment remittance to RCB. In addition, MCE will (1) communicate to RCB any issues that will impede timely or accurate remittance of payments and (2) authorize transfers from the Loan Loss Reserve for the portion of those OBR Loans deemed uncollectable by RCB in accordance with Section 5.05.

(a) MCE shall ensure that the amounts due and payable to RCB under any OBR Loan to a Borrower shall be clearly and accurately reflected on the monthly PG&E Billing Statement submitted to the Borrower.

(b) The OBR Loan payment will be billed in conjunction with the Borrower’s standard PG&E Billing Statement.

(c) MCE will comply with all applicable laws and regulations.

(d) MCE will not modify or otherwise alter any loan payments delivered from PG&E from Borrowers.

3.02.1 Monthly Reports

(a) On or before the 15th business day of each month, MCE will provide to RCB a “Scheduled Payments Report” detailing scheduled payments due for the next month, including delinquent and partial payments due, and the outstanding balance remaining on each OBR Loan.

(b) On or before the last business day of each month, MCE will provide to RCB a “Delinquent Payment Report” detailing payments that were due and not received in the prior month.

(c) On or before the last business day of each month, MCE will provide to RCB a “Partial Payment Report” report detailing payments that were due and not received in full in the prior month.

3.02.2 Reconciliation of Loan Information

(a) MCE and RCB will use all reasonable efforts to ensure the accuracy of the information transmitted to and between each Party. RCB will reconcile the OBR Loan data contained on its systems and records against that of the Scheduled Payment Report on or before the 25th day of each month. RCB will notify MCE of any discrepancies or corrections.

(b) MCE will not make corrections or adjustments to OBR Loan information submitted by RCB unless so authorized under this Article III.

3.02.3 Loan Correction Notice

(a) No later than five (5) business days following receipt of reports as provided in Section 3.02.1, RCB will reconcile the amounts due, delinquent, or partially paid against its records. To the extent there is a discrepancy between the information provided in the report and that contained on the records of RCB, RCB shall complete and submit an “OBR Loan Correction Notice” substantially in the form of Exhibit D attached hereto.

(b) MCE will make good faith efforts to correct the information such that then current energy PG&E Billing Statement reflects the correct amounts due from the Borrower as reflected by RCB’s records.

3.02.4 Delivery of Payments

(a) Payments of amounts due under the OBR Loans shall be made on each Friday, or if Friday is not a business day, on the next following business day (the “Payment Date”).

(b) The payment shall be an aggregate of all payments received by MCE for the prior week as reconciled in accordance with Section 3.02.2.

(c) Payments shall be disbursed by MCE to an account designated by RCB.

3.02.5 Prepayments on OBR Loans

Borrowers shall be permitted to prepay OBR Loans provided that no default has occurred resulting in a Defaulted OBR Payment and provided further that there is no Pro-Rata Sharing of Payments. All prepayments made under an OBR Loan must be sent directly to RCB and not submitted through the Energy Bill. RCB shall notify MCE if a payment is made directly to RCB, outside of the PG&E Billing Statement, to confirm that the payment is not subject to Pro-Rata Sharing of Payments. RCB shall (a) apply the payment to the OBR Loan only if Pro-Rata Sharing of Payments is not in effect or (b) remit the excess payment to MCE for allocation if Pro-Rata Sharing of Payments is in effect.

ARTICLE IV

CUSTOMER INQUIRIES – DISPUTE RESOLUTION

4.01. Customer Inquiries

(a) MCE shall cause each PG&E Billing Statement to contain the amounts due and payable for the OBR Loan as a clear and distinct line item.

(b) MCE shall cause each PG&E Billing Statement to contain the contact information for problem resolution or questions regarding the OBR Loan portion of the PG&E Billing Statement including a phone number for RCB.

(c) MCE shall refer all OBR Loan questions from Borrowers to RCB for problem resolution.

(d) MCE will provide MCE Service Providers with scripts, pre-approved by RCB, to provide clear guidance on OBR Loan inquiries.

(e) RCB shall refer all questions regarding the Energy Amount to MCE for problem resolution.

(f) During the Pilot Program, MCE and RCB will meet no less than monthly to discuss and resolve any customer inquiries and disputes.

(g) To the extent there is any discrepancy between the OBR Loan Payment due according to RCB records and the amount due according to MCE records, RCB records will prevail.

4.02. Dispute Resolution

The Parties agree to collaborate to resolve customer disputes that may arise from the timing of application of payments, either OBR Loan payments or energy related payments.

Notwithstanding the foregoing, MCE shall be able to utilize the Carve-Out portion of the Loan Loss Reserve Account for adjustments to MCE Customer bills in accordance with Section 5.01 to temporarily stabilize interim billing adjustments.

To the extent the customer dispute results in a non-payment of an OBR Loan, actual delinquency or partial payment, upon receipt, such payment will be processed in accordance with Section 5.02. MCE and RCB agree to resolve disputes in a period of less than 10 calendar days. In the event a dispute remains unresolved for a period of 10 calendar days, PG&E may remove a loan charge from the bill, at which time the loan will immediately become due and payable.

ARTICLE V

LATE PAYMENTS, SHARING OF PAYMENTS AND LOAN LOSS RESERVE

5.01. Late Payments

5.01.1 Timing Issues – Corrected Bills

On occasion, PG&E will require corrections or adjustments to PG&E Billing Statements (“Corrected Bills”) that are outside of the control of MCE or RCB. Corrected Bills may result in (i) timing gaps between the due dates for an OBR Loan Payment or (ii) duplicated or omitted OBR Payments for the month subject to correction (each an “Administrative Error”).

Administrative Errors are temporary in nature and are generally corrected on the following PG&E Billing Statement. Any delayed, past-due or omitted payment that is not temporary in nature or subject to correction in the following PG&E Billing Statement does not constitute an Administrative Error and is not subject to the authorities granted in this Section.

As provided herein, MCE shall have the authority to correct or adjust Administrative Errors in an amount not to exceed \$200.00 per Administrative Error for MCE Customers in accordance with the Carve-Out provision. Adjustments are not permitted for PG&E Customers.

5.01.1 (a) Carve-Out

MCE shall utilize the Carve-Out portion to adjust timing issues associated with Administrative Errors in connection with MCE Customer accounts. However, the Carve-Out is not to be used for adjustments associated with PG&E Customer accounts. MCE acknowledges and agrees that any funds debited from the Carve-Out must be restored in full within sixty (60) days after such debit. MCE will record and track the debits and credits to the Carve-Out with such information made available to RCB upon request.

5.01.1 (b) Termination of Carve-Out Availability

The Carve-Out is available for Administrative Errors associated with MCE Customer accounts only to the extent that funds allocated to the Carve-Out do not impede RCB's availability to use the Carve-Out pursuant to a defaulted OBR Loan as contemplated by the Loan Loss Reserve. To the extent Carve-Out funds will be needed by RCB, RCB shall provide a thirty (30) day notice to MCE of the termination of the Carve-Out. MCE shall have a period of thirty (30) days following such notice to restore the Carve-Out to \$5,000.

5.02. Payment Default

MCE shall notify RCB of Defaulted OBR Payments on a monthly basis on or before the 15th day of the following month. RCB shall notify MCE of any OBR Loan Payment that is delinquent fifteen (15) days or more that is not reflected on the reports and information provided by MCE.

5.02.1 Notification to Borrower

MCE, upon notice from RCB, will provide a Late Payment Notification substantially in the form of Exhibit F to the applicable Borrower.

5.02.2 Late Fees imposed by RCB

To the extent a Borrower defaults under an OBR Loan, RCB shall have the right to (i) impose a late charge equal to the greater of 5.00% of the regularly scheduled payment or \$10.00 for payments past due in excess of 15 days, and (ii) increase the interest rate by 5.00%.

5.03. Pro-Rata Sharing of Payments

It is agreed that all Defaulted OBR Payments shall be subject to Pro-Rata Sharing of Payments as provided herein. Pro-Rata Sharing of Payments shall be in effect the earlier of (i) failure by a

Borrower to pay a PG&E Billing Statement in full (outside of an Administrative Error), (ii) upon notice from RCB that an OBR Loan Payment is delinquent fifteen (15) days or more, and (iii) upon notice from MCE to RCB that the PG&E Billing Statement has not been paid in full (outside of an Administrative Error).

5.03.1 Method for Determining Pro-Rata Sharing

Pro-Rata Sharing will be applied to the funds subsequent to the application of PG&E's Pro Rata Share (as determined in the CCA Tariff, Electric Rule 23); neither MCE nor RCB will dispute the amount of payment applied to PG&E's Pro-Rata Share. The remaining portion of the payment will be applied according to the methodology outlined herein.

Pro-Rata Sharing of Payments will be determined as follows:

Determining the Pro Rata Percentage: The Pro Rata Percentage is determined by taking i) the **sum** of a) the total amount of outstanding OBR Loan Payments reflected therein due and payable to RCB (the "RCB Share") and b) the total amount of MCE charges reflected therein due and payable (the "MCE Share") (together the "Total Amount Due") and dividing the Total Amount Due by the RCB Share to arrive at the RCB Pro Rata Percentage and dividing the Total Remaining Payment by the MCE Share to arrive at the MCE Pro Rata Percentage.

Example:

RCB Total Amount Due on bill: \$600.00

MCE Total Amount Due on bill: \$250.00

Total Amount Due on Bill (less PG&E's Pro Rata Share): \$850.00

RCB Pro-Rata Percentage = $\$600/\$850 = 70.59\%$

MCE Pro-Rata Percentage = $\$250/\$850 = 29.41\%$

Determining the Pro Rata Sharing of the Payment: Short payments on delinquent Borrowers will be distributed based on the respective RCB Pro-Rata Percentage and MCE Pro-Rata Percentage for the particular billing statement as follows: The actual payment received (which will be less PG&E's Pro Rata Share) multiplied by RCB and MCE's respective Pro-Rata Percentages.

Example:

Total Amount Due: \$850.00

Actual Payment Received: \$600.00

Based on the Pro-Rata Percentages provided above, the actual payment received would be disbursed as follows:

RCB Pro Rata Share = $\$600.00 * .7059 = \423.54

MCE Pro Rata Share = $\$600.00 * .2941 = \176.46

In no event will the sum of the RCB Pro-Rata Percentage and the MCE Pro-Rata Percentage exceed 100% (together the "Pro-Rata Percentages"). The respective percentages will be expressed to four decimal places. It is hereby acknowledged that the Pro-Rata Percentages may change on a month to month basis depending on variables such as energy use or increased amounts due to penalty rates or late charges. All payments applied to Defaulted OBR Payments shall be done in accordance with the Pro-Rata Percentages.

5.04. Excess Payments Received During Default

Notwithstanding anything to the contrary contained in Section 3.02.04, neither Party will accept or apply payments to new OBR Loan payments or Energy Amounts when a Defaulted OBR Payment exists. All payments received will be submitted to MCE to be paid in accordance with the Pro-Rata Percentages until such time as the OBR Loan and Energy Amount are either (i) restored to current payment status as mutually agreed between the Parties, or (ii) the OBR Loan has been repaid in full through the Loan Loss Reserve.

5.05. Loan Loss Reserve

Concurrent with the execution of this Agreement, MCE shall initially have on deposit in an account with RCB an amount equal to twenty percent (20%) of the Loan Commitment (\$547,500), which includes the Carve-Out (the "Loan Loss Reserve"). The Loan Loss Reserve Account shall be in the name of MCE with debits and credits from and to the Loan Loss Reserve Account restricted as provided herein.

5.05.1 Charges to the Loan Loss Reserve Account

The sole purpose of the Loan Loss Reserve is to provide a source of repayment for OBR Loans whereby the Borrower has defaulted under the terms of the Loan Documents and RCB deems the OBR Loan or a portion thereof as uncollectible. RCB in its sole discretion will request advances from the Loan Loss Reserve Account in accordance with this Section.

The amount available from the Loan Loss Reserve Account to RCB for each defaulted OBR Loan will include unpaid principal, interest, fees. Any amounts credited back to the Loan Loss Reserve Account in accordance with Section 5.05.2 shall be available to RCB for future OBR Loans.

RCB will submit a Notice of Loan Loss Reserve Advance to MCE substantially in the form of Exhibit E providing the reason for the advance, a summary of the delinquent amounts and dates, a summary of expenses related to the collection efforts and the amount required to satisfy repayment of the OBR Loan.

5.05.2 Credits to the Loan Loss Reserve Account

RCB will continue collection efforts on defaulted OBR Loans in accordance with its standard practices and procedures, regardless of whether or not the defaulted OBR Loan has been repaid through an advance from the Loan Loss Reserve Account. In the event RCB recovers or collects amounts on a defaulted OBR Loan where the unpaid balances were advanced from the Loan Loss Reserve Account, RCB shall deposit such recovered amounts into the Loan Loss Reserve Account, less any collection and legal fees necessary to recover the funds.

5.05.3 Reporting of Loan Loss Reserve Balance

From and following the first advance from the Loan Loss Reserve Account (other than Carve-Out charges originated by MCE), RCB shall provide MCE with a monthly summary of transaction activity (including advances and recoveries) within the Loan Loss Reserve Account.

5.05.4 Loan Loss Reserve Account – Early Termination of Program

Should the Parties mutually agree to terminate the Program at any time prior to the end of the Availability Period, the balance of the Loan Loss Reserve shall be reduced to twenty percent (20%) of the outstanding funded OBR Loans and remain in effect until the Loan Loss Reserve Termination Date (the “Remaining Loan Loss Reserve”). Amounts in excess of the Remaining Loan Loss Reserve shall be remitted to MCE.

5.05.5 Loan Loss Reserve Termination Date

The Loan Loss Reserve Account shall remain in effect and available to RCB until the earlier of (i) all collection efforts by RCB have ceased and the Loan Loss Reserve is depleted to a \$0.00 balance, and (ii) until all OBR Loans have been repaid in full (the “Loan Loss Reserve Termination Date”). The CPUC may request the return of any Loan Loss Reserve Funds that have not been committed to an originated loan before December 31, 2025, or at such time that the CPUC issues a superseding funding decision RCB agrees to cooperate with this return of funds and to provide an account statement showing the status of the fund at that time.

5.05.6 Interest Earned on the Loan Loss Reserve Account

The Loan Loss Reserve Account may be interest bearing so long as such interest bearing account does not violate any applicable regulations. Interest earned on the Loan Loss Reserve Account will be for the benefit of MCE for use in accordance with CPUC requirements.

ARTICLE VI

MISCELLANEOUS

6.01. Modifications to Program

The Parties agree to collaborate on changes that may be required during the Pilot Program or during Full Implementation.

RCB reserves the right to modify the Basic Terms of OBR Loans as may be necessary or deemed appropriate by RCB, provided however, that if RCB determines that the interest rate and maximum term for the OBR Loans may be subject to change, RCB shall give forty-five (45) days’ notice of such change to enable MCE to provide comment and to modify any Program marketing material as appropriate. To the extent MCE does not concur with the proposed change in interest rate, MCE reserves the right to terminate the Program with RCB. Such termination shall not impact any existing OBR Loans.

6.02 Information Security – Delivery of Information

Each Party will take, and include provisions in its contract with its Service Providers to require them to take, all reasonable steps to ensure that any information that is delivered pursuant to this Agreement is delivered in a safe and secure manner so as to protect that information from unauthorized disclosure.

6.03 Confidentiality

(a) Each Party agrees that it shall not use or disclose to any third party including MCE Service Providers, any information that is confidential or proprietary to the other party including, without limitation, such party's business plans and practices, trade secrets, methods, processes or procedures or any other confidential information (collectively, the "Confidential Information") of the other Party which it learns during the course of its performance of this Agreement other than (i) as required by law, regulation, or order of a court or regulatory agency or other authority having appropriate jurisdiction or (ii) to perform its obligations under this Agreement. The Confidential Information may be oral or written or in electronic or tangible form, and all information, unless otherwise indicated, shall be deemed to be confidential. Confidential Information shall not include any information that can be shown through contemporaneous documentation (a) is or becomes publicly known through no fault on the part of the recipient; (b) is, at the time of disclosure, already known to the recipient without obligation restricting disclosure; (c) is, or subsequently becomes, rightfully and without breach of this Agreement, in the recipient's possession without any obligation restricting disclosure; or (d) is independently developed by a recipient without breach of this Agreement or any other agreement, with the recipient bearing the burden of proving such independent development. Any employee to whom the recipient of Confidential Information gives access to any such Confidential Information must have a legitimate "need to know" such Confidential Information and shall be bound in writing to maintain the confidentiality of the Confidential Information under terms and conditions no less stringent than those set forth in this Agreement. Neither Party shall reverse engineer any such Confidential Information of the other Party or, unless expressly permitted in this Agreement, copy the same. Upon termination of this Agreement, each Party shall return all Confidential Information in its possession (including all copies thereof) of the other Party within fifteen (15) days of such termination.

(b) Each Party recognizes and acknowledges that the non-disclosing Party would suffer irreparable injury from the unauthorized use or disclosure of any of its Confidential Information and each Party agrees and acknowledges that the non-disclosing Party shall have the right to obtain injunctive or other equitable relief against the unauthorized use, disclosure or transfer of any of the Confidential Information, as well as the right to pursue all of its other remedies in equity and at law. This Section 6.03 shall survive the termination of this Agreement.

(c) MCE will cause each of its Service Providers to sign nondisclosure agreements pursuant to which each Service Provider will agree to not use or disclose the financial information of a Borrower.

(d) Each Party agrees to notify the other Party within ten (10) business days of any confirmed security breach incident involving the disclosure of confidential, non-public personal customer information to an unauthorized Party, whether the security breach occurred at MCE, RCB, or at one of each Party's Service Providers.

6.04 Reliance among Parties

All information MCE provides to RCB hereunder (including that of MCE Service Providers but excluding confidential information provided within RCB loan applications) other than actual

energy savings versus projected energy savings estimated on the Energy Evaluations shall be true, complete and accurate to the best of MCE's knowledge, so that RCB may rely upon its accuracy. MCE shall immediately notify RCB in writing of any change in the accuracy of any information MCE has previously provided to RCB.

6.05 Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NO PARTY WILL BE LIABLE TO THE OTHER PARTY (NOR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM THE OTHER PARTY'S RIGHTS) FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND – INCLUDING LOST REVENUES OR PROFITS, LOSS OF BUSINESS OR LOSS OF DATA – ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER (INCLUDING WITHOUT LIMITATION AS A RESULT OF ANY BREACH OF ANY WARRANTY OR OTHER TERM OF THIS AGREEMENT), REGARDLESS OF WHETHER THE PARTY LIABLE OR ALLEGEDLY LIABLE WAS ADVISED, HAD OTHER REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY THEREOF.

6.06 Communications - Notices

Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given (i) on the date of personal service on the Parties, (ii) on the third business day after mailing, if the document is mailed by registered or certified mail, (iii) one day after being sent by professional or overnight courier or messenger service guaranteeing one-day delivery, with receipt confirmed by the courier, or (iv) on the date of transmission if sent by telegram, telex, telecopy or other means of electronic transmission resulting in written copies, with receipt confirmed. Any such notice shall be delivered or addressed to the Parties at the addresses set forth below or at the most recent address specified by the addressee through written notice under this provision. Failure to give notice in accordance with any of the foregoing methods shall not defeat the effectiveness of notice actually received by the addressee.

6.07 Amendments

The provisions of this Agreement may be modified at any time by a written agreement signed by all of the Parties.

6.08 Survival – Representations and Warranties

Each representation and warranty contained herein or made pursuant hereto shall be deemed to be material and to have been relied upon, and shall survive the execution and delivery of this Agreement, any investigation at any time made by or on behalf of any Party hereto, and the closing of the transaction.

6.09 No Recourse to Constituent Members of MCE

MCE is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to a Joint

Powers Agreement and is a public entity separate from its constituent members. MCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. RCB shall have no rights and shall not make any claims, take any actions or assert any remedies against any of MCE's constituent members in connection with this Agreement.

6.10 Entire Agreement

This document, including its exhibits, constitutes the entire agreement between the Parties, all oral agreements being merged herein, and supersedes all prior representations. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the Parties relating to the subject matter of this Agreement that are not fully expressed herein.

6.11 Governing Law

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the law of California, excluding its conflict of laws and rules.

6.12 Waiver

Any of the terms or conditions of this Agreement may be waived at any time by the Party entitled to the benefit thereof, but no such waiver shall affect or impair the right of the waiving Party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or of any other term or condition.

6.13 Attorneys' Fees; Prejudgment Interest

If the services of an attorney are required by any Party to secure the performance of this Agreement or otherwise upon the breach or default of another Party to this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any person in relation thereto, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such Party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

6.14 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if the Parties had all signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

6.15 Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

6.16. Publicity

Neither Party shall issue or cause to be issued any press release, public announcement or other public statement with respect to the subject matter of this Agreement without the prior written consent of the other Party as to the form, content, and timing of such release.

6.17 Independent Contractors

The Parties shall be considered independent contractors with respect to each other. This Agreement does not authorize either Party to act on behalf of or as the agent of the other Party, and does not create a partnership, joint venture or similar relationship between the Parties, and neither Party shall have the power to obligate or bind the other Party in any manner whatsoever.

6.18 Assignment

No Party may assign this Agreement, in whole or in part, voluntarily or by operation of law, without the prior written consent of the other Party, which consent shall not unreasonably be withheld.

6.19 Arbitration

The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein discussed, shall be subject to binding arbitration in Sacramento County before the American Arbitration Association under its Commercial Arbitration Rules. The Parties agree that the prevailing Party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing Party in any arbitration shall be awarded its reasonable attorneys' fees and costs. The Parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. The Parties specifically agree that the provisions of Section 1283.05 of the Code of Civil Procedure of the State of California are incorporated into, made a part of, and made applicable to any arbitration pursuant to this Section 6.19. The arbitration shall be conducted by a single arbitrator. The arbitration also will be subject to the following agreed terms:

6.19.1 After written notice of a potential claim by a Party, each Party will have thirty (30) days to submit the names of one or more proposed arbitrators.

6.19.2 The Parties will then have ten (10) days to agree upon the arbitrator based upon the names proposed.

6.19.3 If the Parties cannot agree upon the arbitrator, either Party will have fifteen (15) days to file a motion or petition with a Superior Court in the State of California, in and for the County of Sacramento for the sole purpose of having the court designate the arbitrator.

6.19.4 To the extent applicable in civil actions in California courts, the following shall apply and be observed: all rules of pleading (including the right of demurrer), all rules of evidence, all rights to resolution of the dispute by means of motions for summary judgment, judgment on the pleadings, and judgment under Code of Civil Procedure Section 631.

6.19.5 Resolution of the dispute shall be based solely upon the evidence and the law governing the claims and defenses pleaded, and the arbitrator may not invoke any basis other than such controlling law, including but not limited to, notions of “just cause.”

6.19.6 The arbitrator shall not award punitive damages.

6.20 Insurance

During the term of this Agreement, each Party shall maintain in full force and effect such insurance as is maintained by other entities engaged in similar businesses in the same general geographic area as the applicable Party, including comparable coverage amounts and deductibles.

ARTICLE VII.

DEFINITIONS

Applicant. A MCE Customer or a PG&E Customer who submits an Application for an OBR Loan with RCB pursuant to the Program.

Application. A loan request form prepared by RCB available to MCE Customers and PG&E Customers to apply for financing of the energy efficiency measures set forth in the Energy Audit.

Availability Period. From December 31, 2015 to December 31, 2017.

Borrower. Any Applicant who is approved by RCB in its sole discretion for an OBR Loan pursuant to the Program.

Carve-Out. A portion of the Loan Loss Reserve not to exceed \$5,000 for use as provided in Section 5.02.

Commercial Property Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$737,500 in total OBR Loans funded by RCB for the purpose of energy upgrades to commercial real estate.

Contractor. A licensed general contractor engaged by Borrower and approved by MCE to complete the Scope of Work in accordance with the Energy Audit.

CPUC. California Public Utilities Commission

Defaulted OBR Payment. Any payment due pursuant to a PG&E Billing Statement that includes the OBR Loan Payment, the PG&E Energy Amount and the MCE Energy Amount, and which is not paid when due unless it is a Corrected Bill as defined in Section 5.01.1.

Energy Amount. The amount due and payable to PG&E by a Borrower for energy related costs and expenses, which include fees and charges.

Energy Audit. A written report prepared by MCE or its subcontractor which includes a comprehensive evaluation, proposal and line item summary of energy efficiency measures submitted upon the request of an Borrower. The Energy Audit includes the Rebate Amount and is provided to Borrowers to assess potential savings and understand the estimated costs associated with such measures. For Multi-Family Commitments, the “Energy Evaluation Report” is the Energy Audit; for Commercial Property Commitments, the “Customer Report” is the Energy Audit.

Energy Project. The project as outlined in the Energy Audit and Scope of Work form executed by the Borrower.

Event of Default. A violation of a payment term, covenant or other condition of the Loan Documents as defined in section 2.02(1).

Final Inspection Report. A report completed by MCE, or its designee, confirming completion in full of the work required pursuant to the Energy Audit and Scope of Work. For Multi-Family Commitments, the “Multi-Family Energy Efficiency Program Statement of Completion” is the Final Inspection Report (substantially in the form of Exhibit I); for Commercial Property Commitments, the “SmartLights Check List-Post Install Site Inspection” is the Final Inspection Report (substantially in the form of Exhibit J).

Full Implementation. The period from the end of the Pilot Program to the date that is eighteen (18) months from the last day of the Pilot Program.

Late Payment Notification. A notice sent by MCE on behalf of RCB notifying a Borrower of a delinquent OBR Loan Payment substantially in the form of Exhibit F.

Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$2,737,500 in total Commercial Property Loan Commitments and Multi-Family Loan Commitments funded by RCB in connection with the Program.

Loan Documents. Documents prepared by RCB obligating the Borrower to repay indebtedness issued in connection with the Program.

Loan Loss Reserve Account. A deposit account established in accordance with this Agreement in an amount equal to twenty (20%) of the total Loan Commitment (\$547,500).

Loan Loss Reserve Termination Date. The date as defined in Section 5.05.5.

MCE Systems. Systems of record established by MCE or its Service Provider capturing Borrower and OBR Loan information including billing and payment processing.

MCE. Marin Clean Energy - the energy program provided by MCE.

MCE Charges: Charges for electricity generation provided to customers of the MCE program.

MCE Customer: A commercial customer or a multifamily customer within MCE’s service territory who receives electricity generation service from MCE.

Multi-Family Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$2,000,000 in total OBR Loans funded by RCB for the purpose of energy upgrades to multi-family real estate.

NES. Noble Americas Energy Solutions; a Service Provider of MCE.

OBR Loan. A financial accommodation to a Borrower issued by RCB in connection with the Program.

OBR Loan Payment. The scheduled loan payment due and payable to RCB in connection with an OBR Loan which includes, principal, interest, fees and charges.

PG&E. Pacific Gas & Electric Company.

PG&E Billing Statement. The monthly energy billing statement produced by PG&E detailing energy usage and costs associated with such usage; the MCE charges for the PG&E Billing Statement is processed by NES on behalf of MCE.

PG&E Customer. A commercial customer or a multi-family customer within MCE's service territory who receives electricity generation service from PG&E.

Pilot Loan Commitment. Commercial Loan Commitments and Multi-family Loan Commitments as provided in Section 2.02.1(a).

Pilot Program. During the Availability Period, the date which is six (6) months from the funding date of the first OBR Loan made under the Program.

Pro-Rata Sharing of Payments. The method for determining the pro-rata allocation of payments between the amount due under an OBR Loan and the Energy Amount due from a Borrower as provided in Section 5.01.3.

Program. Program has the meaning set forth in the Recitals.

Project Completion. The date on which all work is completed by the Contractor in accordance with the Scope of Work and Energy Audit as certified by MCE and the Project Consultant to RCB.

Project Consultant. A Service Provider of MCE; any consultant engaged by MCE to provide services on behalf of MCE related to the Program including assessment and preparation of the Energy Audit, review and inspection of project progress reports, requests for approval to changes to Scope of Work, and certification of project completion.

Rebate Amount. The amount of the Energy Project which is subject to refund by the CPUC as outlined on the Energy Audit.

Service Provider. Any associated person, company or other entity directly or indirectly contracted by or related to either party for goods or services offered in connection with the delivery and ongoing maintenance of the Program.

Scope of Work. The work to be done under a contract or agreement prepared and signed by a licensed contractor engaged by an Borrower to complete work as proposed in the Energy Audit, as reviewed and approved by MCE. For Multi-Family Commitments, the "Borrower Participation Agreement" is the Scope of Work (substantially in the form of Exhibit K); for Commercial Property Commitments, the "Customer Work Authorization" is the Scope of Work (substantially in the form of Exhibit L).

Termination Date. The date on which all OBR Loans are repaid in full or terminated to the satisfaction of RCB.

RCB:

RIVER CITY BANK

By: Alice Harris

Its: Vice President

Address: 2485 Natomas Park Drive
Sacramento, CA 95833
Fax No.: (916) 567-2780

MCE:

MARIN CLEAN ENERGY

By: Dawn Weisz

Its: Executive Officer

Address: 1125 Tamalpais Ave.
San Rafael, CA 94901

Fax No.: (____) _____

EXHIBIT A – CERTIFICATE OF COMPLETION

Date of Certificate:

Borrower Name:

Property Address:

Date of Energy Audit:

Date of Scope of Work:

Estimated Contractor Cost:

Final Contractor Cost:

Rebate Amount:

Rebate Amount Assigned to Contractor: ___ Yes ___ No

Were there any changes to the Scope of Work provided by the Contractor: ___ Yes ___ No

If Yes – Explain:

Dollar cost change:

Description of change:

Date of Final Inspection:

The undersigned Program Manager, Auditor and Marin Clean Energy do hereby certify that the above referenced energy project (the “Project”) has been completed to the full satisfaction of the undersigned and in accordance with the Energy Audit and Scope of Work. There are no outstanding obligations incumbent upon the Contractor or Borrower. We attach the following in connection with this Certification:

- 1) Executed Borrower-Contractor Affidavit (notarized); and
- 2) Executed Unconditional Waiver and Release on Progress payment.

This Certificate is issued to River City Bank in connection with the MCE On-Bill Repayment Program with the understanding and knowledge that River City Bank will rely on this information in providing loan funds to the above referenced Borrower.

By: _____ Date: _____
Program Manager

By: _____ Date: _____
Auditor

By: _____ Date: _____
Marin Clean Energy

EXHIBIT B – BORROWER/CONTRACTOR AFFIDAVIT

Under penalty of perjury, the undersigned Borrower and General Contractor do hereby swear, certify and affirm that:

- 1) General Contractor was engaged to perform improvements to property located at: _____ in accordance with a Scope of Work dated _____ for a contract amount equal to: \$ _____.
- 2) General Contractor has completed all work as agreed to the full satisfaction of Borrower.
- 3) There is no unfinished work or claims by either Borrower or General Contractor against each other.
- 4) Borrower has executed an assignment of the Rebate Amount equal to \$ _____ to General Contractor to satisfy that portion of the Scope of Work.
- 5) Borrower will pay to General Contractor the balance due under the Scope of Work through loan proceeds, with said proceeds paid directly to General Contractor.
- 6) Contractor has executed a Conditional Waiver and Lien Release and Unconditional Waiver and Release which shall be effective as of the date of receipt of the loan proceeds.
- 7) There are no silent or written agreements, claims or disputes between Borrower and General Contractor.

Attested to this day, the _____ of _____, 201__

By: _____
Borrower (insert full name)

By: _____
General Contractor (insert full name)

EXHIBIT C - LOAN INFORMATION NOTICE

CONFIDENTIAL

From: River City Bank
Loan Servicing Department

To: Marin Clean Energy
Noble Americas Energy Solutions

Re: New Borrower Notice
MCE On-Bill Repayment Program

Date:

Please accept this notice as authorization to add the following information to the On-Bill Repayment Program:

_____ New Borrower

_____ Change to Existing Borrower

Borrower Name:

Reference Number: XXXXX-1234

Funding Date:

Total Payment Due:

First Payment Date:

Term:

Monthly Payment:

Authorized by:

_____ Date: _____

EXHIBIT D – OBR LOAN CORRECTION NOTICE

MCE CUSTOMERS ONLY

PLEASE NOTE THAT A CORRECTION IS REQUIRED FOR THE FOLLOWING OBR LOAN CUSTOMER:

BORROWER NAME:

BORROWER REFERENCE NUMBER:

REPORT DATE:

THE CORRECTION IS REQUIRED IN THE FOLLOWING FIELD:

- OUTSTANDING OBR LOAN BALANCE SHOULD BE CHANGED FROM: TO:
- CURRENT OBR LOAN PAYMENT SHOULD BE CHANGED FROM: TO:
- DELINQUENT AMOUNT SHOULD BE CHANGED FROM: TO:
- LATE FEES: \$ _____

OTHER:

AUTHORIZED BY:

_____ DATE: _____

EXHIBIT E – NOTICE OF LOAN LOSS RESERVE ADVANCE

From: River City Bank

Loan Servicing Department

To: Marin Clean Energy

Re: Defaulted OBR Loan

Date:

Please be advised that River City Bank will be advancing \$_____ from the Loan Loss Reserve Account effective as of _____ (Date) for the following Borrower:

Borrower Name:

Reference Number: XXXXX-1234

Date Last Payment Received:

Next Payment Due Date:

Total Delinquent Payments: \$

Other costs:

Comment: (describe collection efforts)

Authorized by:

(River City Bank)

Date: _____

EXHIBIT F – FORM OF LATE PAYMENT NOTIFICATION

NOTICE OF PAST DUE PAYMENT – IMMEDIATE ACTION REQUIRED

NOTICE OF OVERDUE PAYMENT: IMMEDIATE ACTION REQUIRED

[MCE LETTERHEAD]

[INSERT DATE]

[INSERT NAME]

[INSERT ADDRESS LINE 1]

[INSERT ADDRESS LINE 2]

Electric Account Service ID [INSERT SAID#] at [INSERT ADDRESS]

Our records indicate that your payment for Electric Account Service ID [INSERT SAID#] is overdue. Our records also indicate that this account is participating in the On-Bill Repayment program offered by MCE in partnership with River City Bank. Under the terms of the OBR Loan documents, failure to pay the full amount due as provided on your monthly PG&E Billing Statement may result in a delinquency to both your OBR Loan and your PG&E Bill. If full payment has already been made or a payment arrangement has been established, thank you, and please disregard this notice.

If, however, your account is still outstanding, we ask that full payment of your PG&E bill be made by [INSERT DATE]. Making this payment by [INSERT DATE] will ensure you remain a customer of MCE and will avoid late fees and penalty charges per the terms of your agreement with River City Bank. Please see the reverse page for payment options.

When you review your bill you will notice that MCE only charges for generating your electricity while PG&E charges for the transmission and delivery of your electricity. MCE's charge for generation replaces what PG&E would charge you for generation. There are no duplicate charges. You will also notice a line item labeled "On-Bill Repayment Charge." This is your loan charge, which is due to River City Bank and collected on your energy bill. Failure to pay this charge may result in a default on your loan.

Please note: This is the only reminder you will receive. Should you fail to make your payment in full, your service from MCE will be suspended and your electric generation service will be returned to PG&E. If your electric account is returned to PG&E, your loan with River City Bank will be considered in default as provided in your loan documents.

Additionally, If you are returned to PG&E's electric generation service, PG&E will prohibit you from returning to MCE for one year and will enroll you in their Transitional Bundled Commodity Cost (TBCC) rate program, whose rates and terms may vary from PG&E's standard bundled rates. For information about PG&E's TBCC program, please contact PG&E at 1-866-743-0335.

If you think you are receiving this notice in error, you have questions about your bill, or you are experiencing financial hardship and wish to discuss possible payment options, please contact MCE Customer Service at 1-888-632-3674, Monday to Friday between 7 A.M. and 7 P.M. **For questions about your On-Bill Repayment Loan charge only, please contact River City Bank at (916) 564-7144.**

PAYING YOUR ELECTRIC BILL

Payment can be made at any of PG&E's local offices, at pay stations, by mail, by phone, or online.

By Phone:

To pay by phone using an ATM/debit card with STAR, ACCEL, PULSE or NYCE symbol or by electronic check, call 1-866-743-0335 at any time. You will be charged a small convenience fee for each transaction. PG&E will determine how payments are applied.

Online:

To pay online, sign up for e-bills at www.pge.com.

By Mail:

To pay by mail send payment to:

Pacific Gas and Electric Company
P.O. Box 997300
Sacramento, CA 95899-7300

In Person:

To pay in person go to any PG&E local office or pay station. To find a local office or pay station near you, visit www.pge.com/payinperson or call 1-866-743-0335.

Things to remember when paying in person:

- Credit cards payments may be made over the phone by calling PG&E at 1-866-743-0335 and are not accepted as a payment method in person.
- You may pay by cash, check or money order in person.
- Bring your bill or 11 digit account number with you.
- Retain the receipt for your records (you will need this if you call PG&E about your payment).
- Payments made by 5:00 P.M. post to your account on the same day.

EXHIBIT G – SCHEDULE OF MCE SERVICE PROVIDERS

PG&E – Pacific Gas and Electric (provide brief description of relationship)

NES - Noble Americas Energy Solutions

Project Consultants (list and describe roles)

Association for Energy Affordability: Multi-Family Program Technical Consultants

Services Provided: Energy Audits, Project Installation Inspection, Technical Assistance to Program.

Marin City Community Development Corporation

Services Provided: Outreach and Customer Service for Multi-family Properties; Direct Installation of Certain Energy Efficiency Measures

Community Energy Services Corporation SmartLights Program: Commercial Program Administrator

Services Provided: Energy Audits, Project Installation Inspection, Technical Assistance to Program.

EXHIBIT H – SAMPLE CUSTOMER DISCLOSURE AND CERTIFICATION

(FOR LENDER USE)

You have applied for a loan with River City Bank to finance certain energy efficiency improvements using the MCE On-Bill Loan Program to facilitate the payments of your On-Bill Repayment Loan (the “OBR Loan”). You must be a direct customer of Marin Clean Energy (“MCE”) or a Pacific Gas and Electric Company (“PG&E”) customer within MCE’s service territory to apply for this loan.

This On-Bill Repayment Certification and Consent Form will be included in your executed loan documents with River City Bank.

Please read this information carefully as it contains important information regarding the OBR Loan.

NOTICE:

- 1) Monthly installment payments to your OBR Loan will be included as a separate line item on your monthly MCE or PG&E Billing Statement;
- 2) The OBR Loan installment payment is a separate obligation from your agreement and obligations with PG&E and/or MCE.
- 3) Failure to pay your monthly PG&E Billing Statement, which includes both the PG&E and MCE energy amounts due and the OBR Loan payment due, in full each month **can result in a short or delinquent payment to your OBR Loan.**
- 4) If you are an MCE Customer and become delinquent on any portion of an OBR Loan or the energy portion of your bill, **all future payments will be applied on a pro-rated basis between the OBR Loan and the MCE portion of the billing statement.** For example, if the MCE energy portion of your bill is \$50.00 and the OBR Loan payment is \$100.00 and you pay only \$100.00, then \$33.00 will be applied to the MCE energy portion and \$67.00 will be applied to your OBR Loan. This short payment may result in penalty rates and defaults under your OBR Loan agreement. If you are a PG&E Customer only and become delinquent on any portion of your PG&E bill, your OBR Loan payment may be applied to repay PG&E prior to repayment of your OBR Loan – this may result in delinquency, default and additional charges against your OBR Loan.
- 5) River City Bank may bill you separately for any delinquent or late charges due; these amounts are due and payable even if they are not included on the PG&E Billing Statement.
- 6) If you are not delinquent and choose to repay your OBR Loan in full before the anticipated final installment, this payment must be made directly to River City Bank.
- 7) Your OBR Loan will be immediately due in payable in full if any of the following conditions occur: 1) You sell the property to which the improvements are made, 2) You

are no longer a MCE customer or a PG&E customer within MCE's service territory, 3) The information provided in obtaining the OBR Loan was fraudulent, 4) You default under any term or condition of your OBR Loan, or 5) PG&E removes the OBR Loan payment from the billing statement.


- 8) The purpose of the OBR Loan is to fund energy efficient improvements as provided on a project summary – energy audit (the “Energy Audit”); you will be required to notify River City Bank immediately upon the discovery of any condition during installation or construction that would alter or increase the costs provided in the Energy Audit.

CONSENT

- 1) I HAVE READ AND UNDERSTOOD THE INFORMATION IN THIS DOCUMENT;
- 2) I HEREBY AUTHORIZE PG&E AND MCE AND ITS AFFILIATES TO SHARE MY INFORMATION WITH RIVER CITY BANK
- 3) I HEREBY AUTHORIZE RIVER CITY BANK TO SHARE MY INFORMATION WITH PG&E, MCE AND ITS AFFILIATES
- 4) I UNDERSTAND THAT IF MY ENERGY PAYMENTS ARE DELINQUENT, THAT A DELINQUENCY COULD OCCUR UNDER OBLIGATIONS TO MCE AND RIVER CITY BANK

I UNDERSTAND THAT I MUST NOTIFY RIVER CITY BANK OF ANY INCREASED COSTS ASSOCIATED WITH THE SCOPE OF THE WORK APPROVED BY RIVER CITY BANK. RIVER CITY BANK IS UNDER NO OBLIGATION TO FUND THE OBR LOAN IF THE INCREASED COSTS ARE NOT COVERED BY SOURCES OUTSIDE OF THE OBR LOAN.

EXHIBIT I: MULTI-FAMILY ENERGY EFFICIENCY PROGRAM STATEMENT OF COMPLETION



MULTI-FAMILY ENERGY EFFICIENCY PROGRAM
STATEMENT OF COMPLETION

CUSTOMER/OWNER INFORMATION

Name of Property Owner

Property address

City

State

Organization name

Zip

Owner phone

Owner email

CONTRACTOR INFORMATION

Contractor name

Contractor Company Name

Contractor phone

Contractor email

INCENTIVE DISBURSEMENT

Please send the final incentive payment of _____ to:

Recipient name

Entity receiving incentive (check one):

☐ Owner

☐ Contractor


Mailing address

City

State

Zip

STATEMENT OF COMPLETION



MCE Clean Energy
My community. My choice.



MULTI-FAMILY ENERGY EFFICIENCY PROGRAM

STATEMENT OF COMPLETION

By signing below, both the owner and contractor certify that all of the work in the attached proposal has been completed to program standards and is covered by a one-year warranty on all parts and labor effective as of the date listed below. The owner and contractor are in agreement that the final incentive payment should be sent to the recipient and location listed above.

Owner Signature

Date

Contractor Signature

Date

Contractor's One-Year Warranty Effective Date: _____

☐

Check here to confirm attachment of final Contractor's Work Order, Purchase Order, or Contract

ELIGIBILITY REQUIREMENTS AND OTHER TERMS AND CONDITIONS:

1. **ELIGIBILITY:** The Marin Clean Energy's (MCE) Multi-family Energy Efficiency Program (MFEPP) offers free energy surveys, technical assistance, and financial incentives for efficiency measures to customers who are property owners or managers (customers) of multi-family residences. Customers must receive Marin Clean Energy and / or Pacific Gas and Electric gas and/or electric delivery service to be eligible. Incentives are available to customers for the purchase and installation of energy efficiency measures at the location where the qualifying project is to be installed. MCE will not offer financial incentives and/or rebates to those customers who have received financial incentives or rebates for the same eligible measure from the Pacific Gas and Electric Company, the BayREN, or any other ratepayer funded energy efficiency program. Signature on this form counts as affirmation that no other financial incentives have been applied for or collected for the same eligible measures included in this Scope of Work (SOW).
2. **QUALIFYING PROJECTS AND MEASURES:** Qualifying projects include electric or gas energy efficiency measures identified as eligible for incentives by MCE's implementation contractor based on an energy survey of the building. Qualifying projects do not include any electric or gas energy efficiency measures or energy efficiency equipment or services purchased, contracted for, or installed prior to the program start date.
3. **OWNER APPLICATION/PARTICIPATION AGREEMENT:** By signing this Participation Agreement to access the building's energy usage for the previous 12-24 months, customer authorizes MCE's technical implementation contractor to enter this building for the purposes of conducting an energy survey of the building's common area and individual units, installing MFEPP measures in individual units, installing any energy efficiency measures subsequently agreed to in a Scope of Work, inspecting installed measures and evaluating the performance of installed measures.
4. Residents of individual dwelling units in an eligible building for which a Participation Agreement has been signed by the building owner (or management company) are eligible to receive certain directly installed efficiency measures, including but not limited to





MULTI-FAMILY ENERGY EFFICIENCY PROGRAM

STATEMENT OF COMPLETION

compact fluorescent (CFL) or light-emitting diode (LED) bulbs, faucet and showerhead installation, pipe insulation, and light weatherization measures.

5. **INCENTIVE AMOUNTS:** The amounts of the incentives for which qualifying projects are eligible are set forth in the audit report provided to the customer.

6. **CUSTOMER WORK AUTHORIZATION AND PROJECT WORK PLAN:** MCE and/or MCE's implementation contractor will meet with the customer to discuss individual building objectives, provide information on alternatives, discuss process and create a work project and schedule. MCE and/or MCE's implementation contractor may select and provide one or more approved installation subcontractors to complete the measure installation work, or the customer may select one or more contractors so long as the customer is willing to procure a signed form from the contractor expressing intent to corporate with the quality assurance and quality control provisions of the MFEPP. MCE's technical implementation contractor will schedule and/or monitor the required installation services.

7. **IMPLEMENTATION OF WORK AND PAYMENT OF INCENTIVES:** MCE's implementation contractor, AEA, will need to see that your project is on track, and know when your project is close to completion in order to schedule the free verification site visits, which are required before you can claim your rebate. Due to the high demand for this rebate, projects must show continuous progress toward completion. Projects that do not show progress toward meeting project milestones, including but not limited to procuring permits, scheduling Direct Install work, and moving forward with construction (or are inactive for over 30 days) may lose their rebate reservation position unless exception is granted in writing by MCE. Projects may rejoin the reservation queue if this happens. If complexities of your project require more time, please notify AEA in writing with a proposed schedule and request for an exception. Projects failing to meet the above timeline will be required to reimburse AEA for energy survey costs. The Direct Install service provided at no cost to participants is not intended to be a stand-alone service. Projects that choose to take advantage of the Direct Install service but that fail to meet other project milestones may need to provide reimbursement for such Direct Install service to MCE. The customer must pay its share of the cost for each measure to be installed pursuant to the Scope of Work not later than the completion of installation of that measure. When MCE's technical implementation contractor confirms that installation of a specific measure is satisfactorily completed, MCE will arrange for payment of the incentive for that measure to the customer or, if authorized to do so by the building owner, directly to the installation contractor for that measure. MCE's quality assurance and/or quality control inspectors and/or MCE, in their sole discretion, may schedule and conduct a post-installation inspection to ensure satisfactory measure installation. Incentive checks will be sent after MCE's technical implementation contractor confirms satisfactory installation.

8. **CUSTOMER INFORMATION:** Customer agrees that MCE may provide customer information including customer name, account number, electric, gas, and/or water consumption data and electric, gas, and/or water savings to a third party evaluation contractor selected by the California Public Utilities Commission (CPUC) Energy Division or by Pacific Gas and Electric or to the local water district for program evaluation purposes. The evaluation contractor will keep customer information confidential. Customer information may also be provided to the California Public Utilities Commission. Any customer information provided to the CPUC will be aggregated with information about other customers and not personally identifiable.

9. **TAX LIABILITY and CREDITS:** MCE is not responsible for any taxes which may be imposed on the customer as a result of measures installed under this program.

10. **DISPUTES:** MCE will have sole discretion to decide on the final resolution of any issues including but not limited to eligibility or incentives.

11. **PROGRAM CHANGES:** MCE reserves the right to change, modify, or terminate this program at any time without any liability except as expressly stated herein. MCE will honor all written commitments made in Scope of Work provided to customers prior to the date of any change, modification or termination of this program, provided that project installations are fully completed within the time specified in the Scope of Work.

12. **PROGRAM EXPIRATION:** This program will expire upon the earliest to occur: (i) December 31, 2015, (ii) when funds are depleted, or (iii) when the program is terminated.

13. **DISCLAIMER:** MCE makes no representations or warranties, expressed or implied, and does not guarantee that implementation of energy-efficiency measures or use of the equipment purchased or installed pursuant to this program will result in energy cost savings.

14. **INSTALLATION REQUIREMENTS:** All work must be in full compliance with the requirements of applicable laws, rules and regulations of authorities having governmental and regulatory jurisdiction. Additionally, work performed pursuant to this program must be overseen





MULTI-FAMILY ENERGY EFFICIENCY PROGRAM

STATEMENT OF COMPLETION

by AEA or other contractor identified by MCE. In the removal of old equipment the applicant confirms that as a requirement of the program, the owner or any subcontractor carrying out installation of measures under this program shall remove and dispose of any and all equipment or materials that are replaced or removed in accordance with all applicable laws, rules and regulations.



EXHIBIT J: COMMERCIAL CHECK LIST-POST INSTALL SITE INSPECTION

Site |

Audit Number |

Smart Lights Program

1013 Pardee Street, Berkeley, CA 94710

Fax (510) 981-0102

Tel (510) 981-7750

www.smartlights.org

**Project Completion and Acceptance Certificate****Customer:**

The undersigned hereby certifies that all equipment and materials included in the Customer Report and Work Order have been furnished and installed, and that the work has been completed satisfactorily. The project is now complete and ready to be inspected.

The undersigned understands that the Contractor is not an employee nor representative of Community Energy Services Corp., and agrees that neither the aforementioned nor the SmartLights Program are in any way liable or responsible for any acts or omissions of Contractor.

Signature of Authorized agent		Date
Print Name		Title
Business Name	Address	City, State

Contractor:

The undersigned hereby certifies that all specified equipment has been furnished and installed to match the SmartLights project scope, and that the installed equipment complies with SmartLights equipment specifications. Warranty information has been provided to the customer listed below.

Signature of Contractor/Foreman/Installer		Date
Print Name		Title
Contracting Company Name	Address	City, State

(RL/RL)

Site |

Audit Number |

Smart Lights Program

1013 Pardee Street, Berkeley, CA 94710

Fax (510) 981-0102

Tel (510) 981-7750

www.smartlights.org

**Project Completion and Acceptance Certificate****Customer:**

The undersigned hereby certifies that all equipment and materials included in the Customer Report and Work Order have been furnished and installed, and that the work has been completed satisfactorily. The project is now complete and ready to be inspected.

The undersigned understands that the Contractor is not an employee nor representative of Community Energy Services Corp., and agrees that neither the aforementioned nor the SmartLights Program are in any way liable or responsible for any acts or omissions of Contractor.

Signature of Authorized agent		Date
Print Name		Title
Business Name	Address	City, State

Contractor:

The undersigned hereby certifies that all specified equipment has been furnished and installed to match the SmartLights project scope, and that the installed equipment complies with SmartLights equipment specifications. Warranty information has been provided to the customer listed below.

Signature of Contractor/Foreman/Installer		Date
Print Name		Title
Contracting Company Name	Address	City, State

(RL/RL)

EXHIBIT K: OWNER PARTICIPATION AGREEMENT



Multi-Family Energy Efficiency Program
OWNER'S AGREEMENT TO IMPLEMENT THE BUILDING SCOPE OF WORK
Form MF03b-Comprehensive

CUSTOMER NAME	PROPERTY STREET ADDRESS
DATE PRESENTED TO OWNER	CITY STATE ZIP CODE
PRIMARY PG&E ACCOUNT NUMBER	TOTAL NUMBER OF DWELLING UNITS IN BUILDING

Measure	Measure Points	Select Yes or No to Confirm Intention to Proceed with Measure

Total Points (sum of all points initialed above)	0	Auto Calc
Rebate Amount (per dwelling unit)	#N/A	Auto Calc
Total Project Rebate Amount	#N/A	Auto Calc

Due to the high demand for this rebate, projects must show continuous progress toward completion. Projects that do not show progress toward meeting project milestones, including but not limited to procuring permits and contractor proposals, scheduling Direct Install work, and moving forward with construction (or are inactive for over 30 days) may lose their rebate reservation position unless exception is granted in writing by MCE. Projects may rejoin the reservation queue if this happens. If complexities of your project require more time, please notify MCE in writing with a proposed schedule and request for an exception.

I, the owner of this building agree to use best efforts to implement each measure which is selected "yes" above, and I hereby accept the Terms and Conditions.

CUSTOMER SIGNATURE	DATE
MCE PROGRAM CONTACT SIGNATURE	DATE



Multi-Family Energy Efficiency Program
OWNER'S AGREEMENT TO IMPLEMENT THE BUILDING SCOPE OF WORK
 Form MF03b-Comprehensive

ELIGIBILITY REQUIREMENTS AND OTHER TERMS AND CONDITIONS:

1. **ELIGIBILITY:** The Marin Clean Energy's (MCE) Multi-family Energy Efficiency Program (MFEPP) offers free energy surveys, technical assistance, and financial incentives for efficiency measures to customers who are property owners or managers (customers) of multi-family residences. Customers must receive Marin Clean Energy and / or Pacific Gas and Electric gas and/or electric delivery service to be eligible. Incentives are available to customers for the purchase and installation of energy efficiency measures at the location where the qualifying project is to be installed. MCE will not offer financial incentives and/or rebates to those customers who have received financial incentives or rebates for the same eligible measure from the Pacific Gas and Electric Company, the BayREN, or any other ratepayer funded energy efficiency program. Signature on this form counts as affirmation that no other financial incentives have been applied for or collected for the same eligible measures included in this Scope of Work (SOW).
2. **QUALIFYING PROJECTS AND MEASURES:** Qualifying projects include electric or gas energy efficiency measures identified as eligible for incentives by MCE's implementation contractor based on an energy survey of the building. Qualifying projects do not include any electric or gas energy efficiency measures or energy efficiency equipment or services purchased, contracted for, or installed prior to the program start date.
3. **OWNER APPLICATION/PARTICIPATION AGREEMENT:** By signing this Participation Agreement to access the building's energy usage for the previous 12-24 months, customer authorizes MCE's technical implementation contractor to enter this building for the purposes of conducting an energy survey of the building's common area and individual units, installing MFEPP measures in individual units, installing any energy efficiency measures subsequently agreed to in a Scope of Work, inspecting installed measures and evaluating the performance of installed measures.
4. **Residents of individual dwelling units in an eligible building for which a Participation Agreement has been signed by the building owner (or management company) are eligible to receive certain directly installed efficiency measures, including but not limited to compact fluorescent (CFL) or light-emitting diode (LED) bulbs, faucet and showerhead installation, pipe insulation, and light weatherization measures.**
5. **INCENTIVE AMOUNTS:** The amounts of the incentives for which qualifying projects are eligible are set forth in the audit report provided to the customer.
6. **CUSTOMER WORK AUTHORIZATION AND PROJECT WORK PLAN:** MCE and/or MCE's implementation contractor will meet with the customer to discuss individual building objectives, provide information on alternatives, discuss process and create a work project and schedule. MCE and/or MCE's implementation contractor may select and provide one or more approved installation subcontractors to complete the measure installation work, or the customer may select one or more contractors so long as the customer is willing to procure a signed form from the contractor expressing intent to cooperate with the quality assurance and quality control provisions of the MFEPP. MCE's technical implementation contractor will schedule and/or monitor the required installation services.
7. **IMPLEMENTATION OF WORK AND PAYMENT OF INCENTIVES:** MCE's implementation contractor, AEA, will need to see that your project is on track, and know when your project is close to completion in order to schedule the free verification site visits, which are required before you can claim your rebate. Due to the high demand for this rebate, projects must show continuous progress toward completion. Projects that do not show progress toward meeting project milestones, including but not limited to procuring permits, scheduling Direct Install work, and moving forward with construction (or are inactive for over 30 days) may lose their rebate reservation position unless exception is granted in writing by MCE. Projects may rejoin the reservation queue if this happens. If complexities of your project require more time, please notify AEA in writing with a proposed schedule and request for an exception. Projects failing to meet the above timeline will be required to reimburse AEA for energy survey costs. The Direct Install service provided at no cost to participants is not intended to be a stand-alone service. Projects that choose to take advantage of the Direct Install service but that fail to meet other project milestones may need to provide reimbursement for such Direct Install service to MCE. The customer must pay its share of the cost for each measure to be installed pursuant to the Scope of Work not later than the completion of installation of that measure. When MCE's technical implementation contractor confirms that installation of a specific measure is satisfactorily completed, MCE will arrange for payment of the incentive for that measure to the customer or, if authorized to do so by the building owner, directly to the installation contractor for that measure. MCE's quality assurance and/or quality control inspectors and/or MCE, in their sole discretion, may schedule and conduct a post-installation inspection to ensure satisfactory measure installation. Incentive checks will be sent after MCE's technical implementation contractor confirms satisfactory installation.
8. **CUSTOMER INFORMATION:** Customer agrees that MCE may provide customer information including customer name, account number, electric, gas, and/or water consumption data and electric, gas, and/or water savings to a third party evaluation contractor selected by the California Public Utilities Commission (CPUC) Energy Division or by Pacific Gas and Electric or to the local water district for program evaluation purposes. The evaluation contractor will keep customer information confidential. Customer information may also be provided to the California Public Utilities Commission. Any customer information provided to the CPUC will be aggregated with information about other customers and not personally identifiable.
9. **TAX LIABILITY AND CREDITS:** MCE is not responsible for any taxes which may be imposed on the customer as a result of measures installed under this program.
10. **DISPUTES:** MCE will have sole discretion to decide on the final resolution of any issues including but not limited to eligibility or incentives.
11. **PROGRAM CHANGES:** MCE reserves the right to change, modify, or terminate this program at any time without any liability except as expressly stated herein. MCE will honor all written commitments made in Scope of Work provided to customers prior to the date of any change, modification or termination of this program, provided that project installations are fully completed within the time specified in the Scope of Work.
12. **PROGRAM EXPIRATION:** This program will expire upon the earliest to occur: (i) December 31, 2015, (ii) when funds are depleted, or (iii) when the program is terminated.
13. **DISCLAIMER:** MCE makes no representations or warranties, expressed or implied, and does not guarantee that implementation of energy-efficiency measures or use of the equipment purchased or installed pursuant to this program will result in energy cost savings.
14. **INSTALLATION REQUIREMENTS:** All work must be in full compliance with the requirements of applicable laws, rules and regulations of authorities having governmental and regulatory jurisdiction. Additionally, work performed pursuant to this program must be overseen by AEA or other contractor identified by MCE. In the removal of old equipment the applicant confirms that as a requirement of the program, the owner or any subcontractor carrying out installation of measures under this program shall remove and dispose of any and all equipment or materials that are replaced or removed in accordance with all applicable laws, rules and regulations.

EXHIBIT L: CUSTOMER WORK AUTHORIZATION DO-IT-YOURSELF MODEL AGREEMENT SAMPLE

Site | **Sample Customer**Audit Number | **12345**

SmartLights Outside Contractor Agreement

I, the undersigned, on behalf of the Contractor identified below right, acknowledge and agree to the following:

Eligibility

The Customer below is an electric or natural gas Customer of PG&E with an active meter serviced by PG&E. If the Customer has an existing on-site cogeneration or self generation, the SmartLights program will not pay incentives for energy savings that exceed the Customer's annual energy usage from PG&E.

Project Installation

I am informing the SmartLights Program that I have chosen to install the energy efficiency measures identified in the attached invoice and/or scope of work for the Customer identified below left. Upon completion of the project and successful inspection, SmartLights Program will disburse the rebate below directly to the Contractor. I understand that all contracts pertaining to the installation of the retrofit will be between myself and the Customer. As such, I am solely responsible for the work performed and final costs of the work performed. It is my responsibility to ensure that all installed equipment complies with the SmartLights equipment specifications. Any changes to the scope of work will be reported to the SmartLights Program before installation in order to verify eligibility of any new measures and to recalculate the rebate.

I understand that funding is limited and incentives are paid on a first-come, first-serve basis until 12/31/2015, or until funds are depleted, whichever comes first, and installation must be completed within 60 days of signing this Agreement. The Customer, as a California consumer, is not obligated to purchase any full-fee or other service not subsidized by this program. Los consumidores en California no están obligados a comprar servicios completos o adicionales que no estén cubiertos bajo este programa.

Required Paperwork and Rebate Disbursement

The rebate for my project is \$X,XXX.XX and is subject to change. The rebate is capped at 100% of equipment costs and any related work done by the Contractor, as verified by invoicing that shall be submitted to the Program. In addition, the rebate will be recalculated to reflect actual installed energy and demand savings if any energy efficiency measures were not installed according to the report specifications.

In order for Community Energy Services Corp. (CESC) to disburse the rebate amount, I will need to submit the following: 1) Rebate Recipient Tax Identification Information (in Rebate Application); 2) Outside Contractor Completion Certificate (in Rebate Application); and 3) final invoice(s) containing the quantities, brands, and model numbers of each piece of equipment installed. Upon receipt of these materials, CESC shall make the rebate payable directly to the Contractor within 60 days.

Role of Administrators and Access Agreement

This program is funded by California utility ratepayers under the auspices of the California Public Utilities Commission. Este programa está financiado por los usuarios de servicios públicos en California bajo la jurisdicción de la Comisión de Servicios Públicos de California. CESC administers the SmartLights Program. I and my contractor are solely responsible for all aspects of installing equipment. In the event of any defect in such equipment or installation, I will look solely to the equipment manufacturer or my contractor and absolve CESC and its employees of any liability with respect thereof. I agree to allow CESC staff and/or external PG&E-approved verifiers access to the facility, with reasonable advanced notice, should external inspection be required for purposes of verification, monitoring, and program evaluation.

Estimated Energy Savings

All claims regarding estimated energy savings provided to me should be based on the operating schedules of the equipment being retrofitted. I verify that these schedules accurately describe how the equipment is operated at the facility. Since many factors contribute to energy use in any facility, of which the installed equipment is only one factor, I understand that CESC does not guarantee that a specific level of energy or cost savings will result from the implementation of energy efficiency measures funded under this program.

Life of Product

The Customer understands that incentive payments are based on related energy benefits over the life of the product. The Customer agrees if 1) the Customer does not provide PG&E with 100% of the related benefits for the life of the product or a period of 5 years, whichever is less, or 2) the Customer ceases to be a distribution Customer of PG&E during said time period, then the Customer shall refund a prorated amount of incentive payment(s) to PG&E based on the actual period of time for which I provided the related energy benefits as an electric Customer of PG&E.

'Double Dipping'

I can only use the SmartLights Program rebates to offset costs for the work and equipment specified as part of the project. I will not be able to apply financial incentives offered by another utility, state, or manufacturer program funded by California ratepayers under the auspices of the California Public Utilities Commission towards work or equipment that is covered by this Agreement. I agree not to apply for or receive incentives or services for the project work or equipment from another utility, state, or manufacturer program.

Exclusion of PG&E Liability

Neither PG&E nor any of its employees make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any data, information, method, product or process disclosed in this document and other Program documents (the "disclosed items"). In addition, PG&E and its employees do not represent that use of the disclosed items will not infringe any privately-owned rights, including, but not limited to, patents, trademarks, or copyrights.

Parallel Review

All proposed projects containing calculated lighting measures are subject to the CPUC Energy Division's (ED) Parallel Review process. With the pending approval of the Lighting Calculator, the SmartLights Program has received approval to pilot a streamlined "modified review" process, in order to reduce the amount of time and resources require by the ED process. Utilizing the process includes inherent risks related to changes in savings values and incentive values, in any case that changes are made to the Lighting Calculator and/or my project. I agree to allow SmartLights to submit information pertinent to my project to the CPUC ED to implement this review.

Signature of Authorized Customer Representative

Date

Signature of Authorized Contractor Representative

Date

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.

(EB/MD)

CUSTOMER WORK AUTHORIZATION GENERAL AGREEMENT SAMPLE WITH WORK ORDER

Site | **Sample Customer**

Audit Number | **12345**

SmartLights Customer Participation Agreement

I, the undersigned, on behalf of the business customer identified below, acknowledge and agree to the following:

Eligibility

I am an electric or natural gas Customer of PG&E with an active meter serviced by PG&E. If I have an existing on-site cogeneration or self generation, the SmartLights program will not pay incentives for energy savings that exceed my annual energy usage from PG&E.

Project Completion

I have reviewed the recommendations in the Customer Report and Work Order. I hereby authorize the SmartLights Program of Community Energy Services Corp. ("CESC") to contact a participating licensed contractor ("Installation Contractor") to complete the recommended energy efficiency project. I have obtained any necessary authorization from the landlord or property manager to complete the project. In most cases, the project should be completed within 3 weeks of signing the attached Customer Work Order. Work will occur during a time that is mutually agreeable to both me and the Installation Contractor. Labor for work performed outside of the normal work week will be charged accordingly. I understand that I am responsible for paying my portion of the project costs (total costs minus the Instant Rebate), and that my portion is due to the Installation Contractor upon project completion and receipt of the project invoice. I, as a California consumer, am not obligated to purchase any full fee service or other service not funded by this Program. Los consumidores en California no están obligados a comprar servicios completos o adicionales que no estén cubiertos bajo este programa. Funding for the Program is limited. Instant Rebates will be paid on a first-come, first-served basis until 12/31/2015 or until funds are depleted, whichever occurs first. Rebates are considered taxable income. Prices and rebates subject to change if I delay installation by more than 2 months after contract signing.

Correction of Electrical Code Violations is Not Covered

Although code violations are rarely found, if any code violations are found that affect the completion of the project, I can either opt to (1) have the Installation Contractor stop work and charge me only for completed work, or (2) have the Installation Contractor provide an additional estimate for correcting the code violations. Costs for correcting the code violations are solely my responsibility and are outside the scope of this contract.

Role of Administrators and Contractors, Access Agreement

I will be signing a Customer Work Order contract (attached) with the Installation Contractor for work recommended in the Customer Report and Work Order. In the event of any defect in the work (including equipment and installation), I will look solely to the equipment manufacturer or Installation Contractor and I absolve CESC and its employees of any liability with respect to the work. I agree to allow CESC staff and/or external PG&E-approved verifiers access to the facility should external inspection be required for purposes of verification, monitoring, and program evaluation. The rebate is subject to change if any equipment is not found installed as specified. This Program is funded by California utility ratepayers under the auspices of the California Public Utilities Commission. Este programa está financiado por los usuarios de servicios públicos en California bajo la jurisdicción de la Comisión de Servicios Públicos de California.

Estimate Energy Savings

The estimated energy savings quoted in the Customer Report and Work Order are based on the equipment operating schedules that are included in the proposal and an averaged PG&E utility rate. I believe these schedules accurately describe how the equipment is operated at the facility listed in this document. Since many factors contribute to energy use in any facility, and the installed equipment is only one factor, I understand that CESC and the Installation Contractor assigned to me do not guarantee that a specific level of energy or cost savings will result from the implementation of energy conservation measures funded under this Program.

Life of Product

I understand incentive payments are based on related energy benefits over the life of the product. I agree if 1) I do not provide PG&E with 100% of the related benefits for the life of the product or a period of 5 years, whichever is less, or 2) I cease to be a distribution Customer of PG&E during said time period, then I shall refund a prorated amount of incentive payment(s) to PG&E based on the actual period of time for which I provided the related energy benefits as an electric Customer of PG&E.

"Double Dipping"

I can only use the SmartLights Program rebates to offset costs for the work and equipment specified as part of the project. I will not be able to apply financial incentives offered by another utility, state, or manufacturer program funded by California ratepayers under the auspices of the California Public Utilities Commission towards work or equipment that is covered by this Agreement. I agree not to apply for or receive incentives or services for the project work or equipment from another utility, state, or manufacturer program.

Limitation of PG&E Liability

Neither PG&E nor any of its employees make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any data, information, method, product or process disclosed in this document and other Program documents (the "disclosed items"). In addition, PG&E and its employees do not represent that use of the disclosed items will not infringe any privately-owned rights, including, but not limited to, patents, trademarks, or copyrights.

Parallel Review

All proposed projects containing calculated lighting measures are subject to the CPUC Energy Division's (ED) Parallel Review process. With the pending approval of the Lighting Calculator, SmartLights Program has received approval to pilot a streamlined "modified review" process, in order to reduce the amount of time and resources required by the ED process. Utilizing the process includes inherent risks related to changes in savings values and incentive values, in any case that changes are made to the Lighting Calculator and/or my project. I agree to allow SmartLights to submit information pertinent to my project to the CPUC ED to implement this review.

Signature of Authorized Customer Representative

Date

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.

(EB/MD)

Site | **Sample Customer**Audit Number | **12345****Customer Work Order and Contractor Work Agreement****Customer Work Order**

I, the undersigned, on behalf of the business customer identified below, acknowledge and agree to the following:

I hereby authorize the licensed Installation Contractor below to perform work as recommended in the Customer Report and Work Order and to use such labor and material as deemed advisable. I will be invoiced for the Customer Net Cost of \$X,XXX.XX, which is equal to the Total Installed Cost minus the Instant Rebate. Payment is due to the Installation Contractor immediately upon completion of the installation, unless otherwise arranged with the Installation Contractor. All goods remain the property of the Installation Contractor until paid in full. Invoices aged over 30 days from date of invoice will become past due and a monthly service charge of 1.5% may be added to any outstanding balance, and may incur legal action.

Warranties

Per the equipment and installation standards of the SmartLights Program, the Installation Contractor will provide me with the following manufacturer warranties:

- New LED luminaries shall be warranted by the manufacturer for a period not less than 5 years.
- New LED lamps shall be warranted by the manufacturer for a period not less than 3 years.
- Ballasts for tubular fluorescent lamps shall be warranted by the manufacturer for a period of not less than 5 years.
- Tubular and compact fluorescent lamps (CFLs) shall be warranted by the manufacturer for a period of not less than 1 year.
- New fixtures shall be warranted by the manufacturer for a period of not less than 1 year.
- Exit signs shall be warranted by the manufacturer for a period of not less than 10 years.
- Photocells, time clocks, and occupancy sensors shall be warranted by the manufacturer for a period of not less than 3 years.

In addition, the Installation Contractor will warrant the labor portion on all installed products for one year after project completion.

I understand that, after the 1-year contractor labor warranty expires and for any product that is not covered by the above, it is my responsibility to contact the manufacturer of any failed equipment to take advantage of the manufacturer's warranty.

Change Orders

Proposed changes adding more than \$25 to the original estimate must be approved in writing by me before proceeding. It is the responsibility of the Installation Contractor to identify any discrepancies in fixture quantities and any issues affecting retrofit viability prior to or during construction of each space and to notify SmartLights staff in writing of any proposed changes in scope. It is also the responsibility of the Installer to notify me of any proposed changes to the scope, and to get my signed approval on the change order provided to the contractor by SmartLights staff.

The SmartLights Customer Work Order is part of this direct agreement with the Installation Contractor. I agree to sign the forms necessary for the Installation Contractor to receive the rebate funds when the work is complete.

I have read, understood, and accept all of the above terms and conditions; I authorize the work to proceed; and I shall be bound by all of the terms and conditions as ordered by the undersigned and his/her agents.

Signature of Authorized Business Representative

_____ Date _____

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.
1013 Pardee Street, Suite 201
Berkeley CA 94710
joanna@ebenergy.org

***** CUSTOMER DO NOT WRITE IN THIS BOX*****

Contractor Work Agreement

I, the undersigned, on behalf of the Installation Contractor identified below, acknowledge and agree to the following:
The price and specifications of this bid proposal are satisfactory and are hereby accepted by the Installation Contractor. The cost of the work included in this bid proposal is not to exceed \$X,XXX.XX unless a customer signed and approved change order is received by the SmartLights Project Manager. I agree to honor the terms and conditions of the accompanying Customer Work Order.

All work will be completed within 3 weeks of the project start date shown below or by an agreed upon alternate date provided to SmartLights, in writing, by me.

All work will be completed pursuant to the SmartLights Program Manual and Installation Standards. In order for the SmartLights Program to release the project for invoicing, the undersigned will provide to the customer warranty information for all equipment installed, and submit to the Program a completed Project Completion and Acceptance Certificate, including a complete materials list.

☐ Yes, I accept the project, to start on: _____

☐ No, I do not accept the project - state reasons below: _____

Signature of Contractor Representative:

Date: _____

Print name: _____

Company: _____

Address: _____

City, State, Zip: _____

(EB/MD)

MCE ON-BILL REPAYMENT PROGRAM

OPERATING AGREEMENT

Dated as of July 8, 2013

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MCE ON-BILL REPAYMENT PROGRAM

OPERATING AGREEMENT

This Operating Agreement for the MCE On-Bill Repayment Program (“Agreement”) is hereby made and entered into as of July 8, 2013, between Marin Energy Authority, as Program Developer (“MEA”), and River City Bank, a California corporation (“RCB”). MEA and RCB shall together hereinafter be referred to individually as a “Party” and collectively as “Parties”. Other capitalized terms used without definition at first use shall have the meanings set forth for them in Article VII, Definitions, below.

RECITALS

WHEREAS, MEA has developed a program to provide resources and loans for enhancing the energy efficiency of existing buildings (the “Program”) in an effort to increase the adoption of energy efficiency measures by commercial property owners and multi-family property owners within its jurisdiction;

WHEREAS, MEA has sought the assistance of RCB in developing the Program to explore on-bill repayment as a way to facilitate long-term financing for investments in energy efficiency to building owners;

WHEREAS, RCB will serve as the lender for qualifying Borrowers;

WHEREAS, the Parties now desire to enter into this Agreement to (i) establish the terms of a Pilot Program to test the business assumptions associated with the Program, (ii) identify the roles and responsibilities of each Party during the Availability Period; (iii) set forth the respective rights and obligations of the Parties in managing the Program.

NOW, THEREFORE, in consideration of the foregoing Recitals, of mutual promises of the Parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties hereby agree to the Program pursuant to the terms and conditions set forth in this Agreement, which reads in its entirety as follows:

ARTICLE I.

PROGRAM OVERVIEW

1.01. Name.

The name of the Program is the MCE On-Bill Repayment Program.

1.02. Program Phases.

The Program shall be delivered in two phases:

(a) **The Pilot Program.** The Pilot Program will be available either during the first six (6) months of the Availability Period or until \$500,000 in loans have been originated through this

program, whichever comes first. The purpose of the Pilot Program is to permit the Parties to test and evaluate the assumptions, procedures and processes related to (i) the operational and technical aspects of the Program, (ii) the roles and responsibilities of each Party, (iii) the effectiveness of the marketing and web-based information, and (iv) revisions by the Parties to documents, processes, procedures and assumptions prior to Full Implementation.

(b) **Full Implementation.** No later than two (2) weeks prior to the end of the Pilot Program, the Parties will determine whether or not to continue the Program to Full Implementation. To the extent there is mutual agreement, Full Implementation will begin and continue through the Termination Date. If there is not mutual agreement, this Agreement shall terminate except as to OBR Loans already made.

(c) Except as otherwise provided in this Agreement, the Parties agree to offer the Program during the Availability Period.

1.03. Pilot Program Goals.

(a) During the Pilot Program, the Parties will endeavor to:

- (i) test the established processes and procedures using funded loans;
- (ii) evaluate the effectiveness and viability of the Program;
- (iii) test repayment of energy efficiency loans via the utility bill as a method for reducing potential financial barriers to Borrowers;
- (iv) evaluate whether the Program is the optimal and most cost-effective vehicle for stimulating the adoption of energy efficiency measures;
- (v) refine process and procedures as agreed; and
- (vi) determine if the Program should continue to Full Implementation.

1.04. Service Description.

Operational elements offered under the Program include the following functions: (i) marketing the Program to prospective Borrowers, (ii) loan underwriting, analysis and approval, (iii) loan set-up for qualifying Borrowers, (iv) monthly billing of the OBR Loan, (v) report generation and review, (vi) account maintenance and reconciliation functions, (vii) customer inquiry and problem resolution, (viii) payment processing, (ix) payment remittance to RCB, (x) loan removal, (xi) delinquency management, (xii) ongoing training and refinements to the Program, and (xiii) debits from and credits to the Loan Loss Reserve Account.

1.05. Term of Agreement.

This Agreement takes effect upon the signature of the Parties and shall remain in effect until the first of the following occurs: (a) final repayment in full of all OBR Loans issued in connection

with the Program, (b) the mutual agreement of the Parties to terminate this Agreement and (3) termination pursuant to the terms of this Agreement.

1.06. Representations and Warranties

MEA represents and warrants to RCB as follows:

(a) Neither the execution of this Agreement nor compliance with the terms and provisions of this Agreement on the part of MEA shall breach any statute or regulation of any governmental authority or result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, any agreement or other instrument to which MEA is a party or by which it is bound.

(b) The execution, delivery and performance of this Agreement and the transactions contemplated hereunder have been duly and validly authorized by all necessary actions and proceedings to be taken by MEA.

ARTICLE II.

ROLES AND RESPONSIBILITIES

2.01. Marketing and Information Delivery

2.01.1 MEA

(a) MEA will identify potential applicants, oversee the installation of appropriate energy efficiency improvements, certify satisfactory completion of the energy project, and be responsible for maintaining compliance with any and all rules and regulatory requirements that are applicable to it.

(b) Except as provided herein, MEA will not act as a representative or agent of RCB and will ensure that public information does not contain any representations or warranties of RCB in connection with the application, underwriting or approval processes associated with the Loans without the prior express written consent of RCB.

(c) Except as otherwise set forth in this Agreement, MEA, within authority granted to it by the CPUC, shall have full, complete and exclusive discretion to manage and control the delivery of Program information to the public.

(d) MEA will define the business and information technology requirements, processes, procedures and reports necessary to implement the services described in this Agreement to RCB.

(e) Subject to Section 6.03, Confidentiality, MEA will treat all information received from RCB as highly confidential and will ensure that all financial information received by it either directly through RCB, or indirectly through a Borrower or Service Provider, is maintained with the standard of care generally afforded to sensitive information.

(f) MEA will comply with any and all regulatory requirements for information and will respond to any discovery requests issued in accordance with applicable laws and regulations.

2.01.2 RCB

RCB will (i) provide MEA with an approved form of Application for distribution to Borrowers interested in financing options and other information intended for public distribution and (ii) notify MEA of any material regulatory or policy change that may have an impact on the Program.

2.02. Summary of OBR Loan Terms

2.02.1 Basic Terms

Unless otherwise agreed by RCB, OBR Loans shall be subject to the following terms and conditions:

(a) During the Pilot Program, the total combined Commercial Property Loan Commitment and the Multi-Family Loan Commitment shall not exceed \$500,000.00. During Full Implementation, the maximum amount of RCB funded OBR Loans will not exceed the Commercial Property Loan Commitment and the Multi-Family Loan Commitment, inclusive of OBR Loans funded during the Pilot Program.

(b) OBR Loans will be no less than \$10,000.00 per Borrower and no more than \$265,000.00 per Borrower; larger loans will be considered on a case by case basis by RCB. In each case, the OBR Loan amount will not be greater than the "Estimated Contractor Cost LESS the Rebate" as provided in the Energy Audit.

(c) The Total Loan Commitment is a non-revolving line of credit offered for the Program during the Availability Period in connection with the funding of OBR Loans; any OBR Loans repaid will not restore availability to, or increase, the Total Loan Commitment.

(d) Any part of the Total Loan Commitment not utilized after the Availability Period will be cancelled and no longer available for OBR Loans.

(e) RCB, in its sole and absolute discretion, will approve Applicants for OBR Loans based on underwriting criteria established by RCB. RCB will notify all Applicants whether or not the Application was approved or declined.

(f) OBR Loans will be disbursed by RCB to each Borrower in a single advance following evidence satisfactory to RCB that all conditions precedent to funding and project completion have occurred in accordance with the terms of this Agreement, the Loan Documents, the Energy Audit, Scope of Work and Final Inspection Report.

(g) The Loan Documents will require each OBR Loan to be repaid in equal monthly payments of principal and interest amortized over a period between five (5) to ten (10) years as determined by RCB.

(h) Subject to Section 6.01 and provided no default has occurred, the interest rate on OBR Loans will be fixed at a rate of five percent (5%) for the life of each OBR Loan. The OBR Loan will accrue interest daily and be calculated on a basis of actual days lapsed/360 days.

(i) Collateral held by RCB for each OBR Loan will include a UCC specific filing on the improvements and a fixture filing recorded with the respective county where the property is located.

(j) The OBR Loans shall be subject to defaults typically enforced by RCB in similar loans. In addition, Program specific defaults will include; 1) Due on Sale, the OBR Loan will be due and payable in full if the Borrower sells the property on which the improvements were made, 2) the Borrower is no longer an MCE customer, and 3) the Borrower fails to pay Energy Amounts in full, resulting in partial payments such that RCB deems the balance of the OBR Loan uncollectible.

(k) MEA shall establish a Loan Loss Reserve Account with RCB as provided in Section 5.05

(l) RCB will charge a non-refundable documentation fee equal to \$250 for each OBR Loan, payable by each Borrower at the time of execution of the Loan Documents.

(m) With prior approval by MEA, which approval shall not unreasonably be withheld, MEA will pay all RCB's reasonable out-of-pocket expenses including, but not limited to, legal fees and any expenses incurred by RCB as part of providing financing to MEA's customers under the OBR Program. RCB will notify MEA in advance regarding proposed scope of work and projected ranges of such expenses.

(n) RCB shall provide all disclosures to Borrowers in accordance with applicable law.

2.02.2 MEA Delivery of Information in connection with Loan Applications

In connection with an Application for a Loan, MEA will deliver to RCB:

(a) An Energy Audit;

(b) Scope of Work and Owner Agreement Form (substantially in the form of Exhibit K for Multi-Family Loans or Exhibit L for Small Commercial) Property Loans;

MEA acknowledges and agrees that RCB will rely on the accuracy and content of the information provided on the Energy Audit and Scope of Work, including Rebate Amount for purposes of underwriting and loan approval.

RCB acknowledges that MEA will not provide a guarantee of the projected energy savings as may be reflected in the Energy Audit.

2.03. Documentation, Changes to Scope of Work & Project Completion

2.03.1 RCB approval of Applications

RCB retains the right, in its sole and absolute discretion, to determine whether or not to approve an Application for an OBR Loan.

Following approval by RCB of an Application, RCB will (i) prepare Loan Documents in accordance with its standard practices and procedures, (ii) obtain Applicant's signature on Loan Documents, and (iii) notify MEA that an OBR Loan has been approved and provide MEA with the Borrower information required pursuant to Section 3.02.

MEA will (i) register Borrower information on MEA Systems and (ii) notify Project Consultants and Service Providers of the OBR Loan.

2.03.2 Changes to Scope of Work

The Parties agree that OBR Loans are provided for the sole and exclusive purpose of financing the energy efficiency measures defined in the Energy Audit and Scope of Work. Any additional or unforeseen costs and expenses arising during the course of construction are not subject to the OBR Loan or RCB's commitment to fund the OBR Loan.

(a) Under the terms of the Loan Documents, each Borrower will be required to immediately notify RCB of any condition relating to the Energy Project that will result in either an increase or a decrease to the amount stated in the Scope of Work and Energy Audit. Failure by a Borrower to promptly notify RCB may result in a cancellation of RCB's obligations under the Loan Documents and the OBR Loan.

(b) RCB will require written confirmation of the change in the Scope of Work and the Energy Audit by the Project Consultant and MEA.

(c) To the extent the Scope of Work is decreased, RCB will reduce the OBR Loan downward to conform to the changes provided in the change order or other documentation, but only to the extent that RCB approves of the confirmations as provided in paragraph (b) above from the Project Consultant and MEA.

(d) If there is an increase in the projected cost of the Energy Audit or Scope of Work, the Loan Documents will require that the Borrower either:

(i) Pay for such increased cost from Borrower's own resources, with confirmation of such amounts paid prior to any funding of the OBR Loan;

(ii) Cancel the OBR Loan with RCB until such time as the conditions resulting in the increase are resolved such that the original Scope of Work can be reinstated; or

(iii) Apply for a separate loan with RCB to finance the cost of the unforeseen condition resulting in the increase. To the extent a separate loan is granted for any purpose other

than that contemplated herein, it shall not be deemed an OBR Loan and shall not be subject to the terms and conditions of this Agreement.

2.03.3 Project Completion

(a) MEA and the Project Consultant shall notify RCB of Project Completion by submitting of the Certificate of Completion form attached as Exhibit A in addition to the statement of completion or post-install required by MEA. The Certificate of Completion shall be accompanied by a copy of (i) the Energy Audit, (ii) an executed Unconditional Waiver and Release signed by the Contractor, (iii) evidence that payment of the Rebate Amount has been authorized to Contractor, if relevant, and (iv) the "Installation Verification and Rebate Approval" memo provided with the Certificate of Completion.

ARTICLE III.

LOAN FUNDING AND PAYMENT PROCESSING

3.01. Loan Balances

The books and records of RCB will serve as the agreed upon contractual outstanding OBR Loan balance, payments due, and payment history of each Borrower. On or before the initial OBR Loan funding, RCB will deliver a Loan Information Notice to MEA substantially in the form of Exhibit C for all new OBR Loans.

Following the initial funding:

- (a) RCB will be responsible for notifying MEA of delinquent OBR Loan information;
- (b) RCB will review reports and information provided by MEA and provide corrections on OBR Loan information in a timely manner substantially in the form of Exhibit D;
- (c) RCB will treat all information received from MEA as highly confidential and all information received by RCB, whether directly or indirectly through a Service Provider will be controlled and maintained with the standard of care generally afforded to sensitive information and as provided in the MEA Non-Disclosure Agreement and CPUC Decision 12-08-045.
- (d) RCB will be responsible for complying with any and all regulatory requirements of public content including Office of Foreign Asset Control and will respond to any discovery requests issued by or under the authority of a governmental agency or court regarding any Borrower or OBR Loan issued under the Program.

3.02. MEA as Billing Agent

MEA shall serve as the "Billing Agent" for RCB and provide the following services outlined in Section 1.04 which include (a) monthly billing of the OBR Loan Payments due, (b) report generation and review, (c) PGE and MEA billing account maintenance and reconciliation functions, (d) customer inquiry and problem resolution for questions regarding the energy portion of the bill, (e) payment processing, and (f) payment remittance to RCB. In addition,

MEA will (1) communicate to RCB any issues that will impede timely or accurate remittance of payments and (2) authorize transfers from the Loan Loss Reserve for the portion of those OBR Loans deemed uncollectable by RCB in accordance with Section 5.05.

(a) MEA shall ensure that the amounts due and payable to RCB under any OBR Loan to a Borrower shall be clearly and accurately reflected on the monthly PGE Billing Statement submitted to the Borrower.

(b) The OBR Loan payment will be billed in conjunction with the Borrower's standard PGE Billing Statement.

(c) MEA will comply with all applicable laws and regulations.

3.02.1 Monthly Reports

(a) On or before the 15th business day of each month, MEA will provide to RCB a "Scheduled Payments Report" detailing scheduled payments due for the next month, including delinquent and partial payments due, and the outstanding balance remaining on each OBR Loan.

(b) On or before the last business day of each month, MEA will provide to RCB a "Delinquent Payment Report" detailing payments that were due and not received in the prior month.

(c) On or before the last business day of each month, MEA will provide to RCB a "Partial Payment Report" report detailing payments that were due and not received in full in the prior month.

3.02.2 Reconciliation of Loan Information

(a) MEA and RCB will use all reasonable efforts to ensure the accuracy of the information transmitted to and between each Party. RCB will reconcile the OBR Loan data contained on its systems and records against that of the Scheduled Payment Report on or before the 25th day of each month. RCB will notify MEA of any discrepancies or corrections.

(b) MEA will not make corrections or adjustments to OBR Loan information submitted by RCB unless so authorized under this Article III.

3.02.3 Loan Correction Notice

(a) No later than five (5) business days following receipt of reports as provided in Section 3.02.1, RCB will reconcile the amounts due, delinquent, or partially paid against its records. To the extent there is a discrepancy between the information provided in the report and that contained on the records of RCB, RCB shall complete and submit an "OBR Loan Correction Notice" substantially in the form of Exhibit D attached hereto.

(b) MEA will make good faith efforts to correct the information such that then current energy PGE Billing Statement reflects the correct amounts due from the Borrower as reflected by RCB's records.

3.02.4 Delivery of Payments

(a) Payments of amounts due under the OBR Loans shall be made on each Friday, or if Friday is not a business day, on the next following business day (the "Payment Date").

(b) The payment shall be an aggregate of all payments received by MEA for the prior week as reconciled in accordance with Section 3.02.2.

(c) Payments shall be disbursed by MEA to an account designated by RCB.

3.02.5 Prepayments on OBR Loans

Borrowers shall be permitted to prepay OBR Loans provided that no default has occurred resulting in a Defaulted OBR Payment and provided further that there is no Pro-Rata Sharing of Payments. All prepayments made under an OBR Loan must be sent directly to RCB and not submitted through the Energy Bill. RCB shall notify MEA if a payment is made directly to RCB, outside of the PGE Billing Statement, to confirm that the payment is not subject to Pro-Rata Sharing of Payments. RCB shall (a) apply the payment to the OBR Loan only if Pro-Rata Sharing of Payments is not in effect or (b) remit the excess payment to MEA for allocation if Pro-Rata Sharing of Payments is in effect.

ARTICLE IV

CUSTOMER INQUIRIES – DISPUTE RESOLUTION

4.01. Customer Inquiries

(a) MEA shall cause each PGE Billing Statement to contain the amounts due and payable for the OBR Loan as a clear and distinct line item.

(b) MEA shall cause each PGE Billing Statement to contain the contact information for problem resolution or questions regarding the OBR Loan portion of the PGE Billing Statement including a phone number for RCB.

(c) MEA shall refer all OBR Loan questions from Borrowers to RCB for problem resolution.

(d) MEA will provide MEA Service Providers with scripts, pre-approved by RCB, to provide clear guidance on OBR Loan inquiries.

(e) RCB shall refer all questions regarding the Energy Amount to MEA for problem resolution.

(f) During the Pilot Program, MEA and RCB will meet no less than monthly to discuss and resolve any customer inquiries and disputes.

(g) To the extent there is any discrepancy between the OBR Loan Payment due according to RCB records and the amount due according to MEA records, RCB records will prevail.

4.02. Dispute Resolution

The Parties agree to collaborate to resolve customer disputes that may arise from the timing of application of payments, either OBR Loan payments or energy related payments.

Notwithstanding the foregoing, MEA shall be able to utilize the Carve-Out portion of the Loan Loss Reserve Account in accordance with Section 5.01 to temporarily stabilize interim billing adjustments.

To the extent the customer dispute results in a non-payment of an OBR Loan, actual delinquency or partial payment, upon receipt, such payment will be processed in accordance with Section 5.02.

ARTICLE V

LATE PAYMENTS, SHARING OF PAYMENTS AND LOAN LOSS RESERVE

5.01. Late Payments

5.01.1 Timing Issues – Corrected Bills

On occasion, PGE will require corrections or adjustments to PGE Billing Statements (“Corrected Bills”) that are outside of the control of MEA or RCB. Corrected Bills may result in (i) timing gaps between the due dates for an OBR Loan Payment or (ii) duplicated or omitted OBR Payments for the month subject to correction (each an “Administrative Error”). Administrative Errors are temporary in nature and are generally corrected on the following PGE Billing Statement. Any delayed, past-due or omitted payment that is not temporary in nature or subject to correction in the following PGE Billing Statement does not constitute an Administrative Error and is not subject to the authorities granted in this Section.

As provided herein, MEA shall have the authority to correct or adjust Administrative Errors in an amount not to exceed \$200.00 per Administrative Error in accordance with the Carve-Out provision.

5.01.1 (a) Carve-Out

MEA shall utilize the Carve-Out portion to adjust timing issues associated with Administrative Errors. MEA acknowledges and agrees that any funds debited from the Carve-Out must be restored in full within sixty (60) days after such debit. MEA will record and track the debits and credits to the Carve-Out with such information made available to RCB upon request.

5.01.1 (b) Termination of Carve-Out Availability

The Carve-Out is available for Administrative Errors only to the extent that funds allocated to the Carve-Out do not impede RCB’s availability to use the Carve-Out pursuant to a defaulted OBR Loan as contemplated by the Loan Loss Reserve. To the extent Carve-Out funds will be needed by RCB, RCB shall provide a thirty (30) day notice to MEA of the termination of the Carve-Out. MEA shall have a period of thirty (30) days following such notice to restore the Carve-Out to \$5,000.00.

5.02. Payment Default

MEA shall notify RCB of Defaulted OBR Payments on a monthly basis on or before the 15th day of the following month. RCB shall notify MEA of any OBR Loan Payment that is delinquent fifteen (15) days or more that is not reflected on the reports and information provided by MEA.

5.02.1 Notification to Borrower

MEA, upon notice from RCB, will provide a Late Payment Notification substantially in the form of Exhibit F to the applicable Borrower.

5.02.2 Late Fees imposed by RCB

To the extent a Borrower defaults under an OBR Loan, RCB shall have the right to (i) impose a late charge equal to the greater of 5.00% of the regularly scheduled payment or \$10.00 for payments past due in excess of 15 days, and (ii) increase the interest rate by 5.00%.

5.03. Pro-Rata Sharing of Payments

It is agreed that all Defaulted OBR Payments shall be subject to Pro-Rata Sharing of Payments as provided herein. Pro-Rata Sharing of Payments shall be in effect the earlier of (i) failure by a Borrower to pay a PGE Billing Statement in full (outside of an Administrative Error), (ii) upon notice from RCB that an OBR Loan Payment is delinquent fifteen (15) days or more, and (iii) upon notice from MEA to RCB that the PGE Billing Statement has not been paid in full (outside of an Administrative Error).

5.03.1 Method for Determining Pro-Rata Sharing

Pro-Rata Sharing of Payments will be determined by taking the total amount of MCE charges (inclusive of RCB charges) due on any single PGE Billing Statement and dividing the total amount by (i) the total amount of outstanding OBR Loan Payments reflected therein due and payable to RCB to determine the "RCB Pro-Rata Percentage" and (ii) the total amount of all Energy Amounts reflected therein due and payable to MCE to determine the "MCE Pro-Rata Percentage". In no event will the sum of the RCB Pro-Rata Percentage and the MCE Pro-Rata Percentage exceed 100% (together the "Pro-Rata Percentages"). The respective percentages will be expressed to four decimal places. It is hereby acknowledged that the Pro-Rata Percentages may change on a month to month basis depending on variables such as energy use or increased amounts due to penalty rates or late charges. All payments applied to Defaulted OBR Payments shall be done in accordance with the Pro-Rata Percentages.

5.04. Excess Payments Received During Default

Notwithstanding anything to the contrary contained in Section 3.02.04, neither Party will accept or apply payments to new OBR Loan payments or Energy Amounts when a Defaulted OBR Payment exists. All payments received will be submitted to MEA to be paid in accordance with the Pro-Rata Percentages until such time as the OBR Loan and Energy Amount are either (i) restored to current payment status as mutually agreed between the Parties, or (ii) the OBR Loan has been repaid in full through the Loan Loss Reserve.

5.05. Loan Loss Reserve

Concurrent with the execution of this Agreement, MEA shall deposit in an account with RCB an amount equal to fifteen percent (15%) of the Loan Commitment (\$547,500.00), which includes the Carve-Out (the "Loan Loss Reserve"). The Loan Loss Reserve Account shall be in the name of MEA with debits and credits from and to the Loan Loss Reserve Account restricted as provided herein.

5.05.1 Charges to the Loan Loss Reserve Account

The sole purpose of the Loan Loss Reserve is to provide a source of repayment for OBR Loans whereby the Borrower has defaulted under the terms of the Loan Documents and RCB deems the OBR Loan or a portion thereof as uncollectible. RCB in its sole discretion will request advances from the Loan Loss Reserve Account in accordance with this Section.

The amount available from the Loan Loss Reserve Account to RCB for each defaulted OBR Loan will include unpaid principal, interest, fees. Any amounts credited back to the Loan Loss Reserve Account in accordance with Section 5.05.2 shall be available to RCB for future OBR Loans.

RCB will submit a Notice of Loan Loss Reserve Advance to MEA substantially in the form of Exhibit E providing the reason for the advance, a summary of the delinquent amounts and dates, a summary of expenses related to the collection efforts and the amount required to satisfy repayment of the OBR Loan.

5.05.2 Credits to the Loan Loss Reserve Account

RCB will continue collection efforts on defaulted OBR Loans in accordance with its standard practices and procedures, regardless of whether or not the defaulted OBR Loan has been repaid through an advance from the Loan Loss Reserve Account. In the event RCB recovers or collects amounts on a defaulted OBR Loan where the unpaid balances were advanced from the Loan Loss Reserve Account, RCB shall deposit such recovered amounts into the Loan Loss Reserve Account, less any collection and legal fees necessary to recover the funds.

5.05.3 Reporting of Loan Loss Reserve Balance

From and following the first advance from the Loan Loss Reserve Account (other than Carve-Out charges originated by MEA), RCB shall provide MEA with a monthly summary of transaction activity (including advances and recoveries) within the Loan Loss Reserve Account.

5.05.4 Loan Loss Reserve Account – Early Termination of Program

Should the Parties mutually agree to terminate the Program at any time prior to the end of the Availability Period, the balance of the Loan Loss Reserve shall be reduced to fifteen percent (15%) of the outstanding funded OBR Loans and remain in effect until the Loan Loss Reserve Termination Date (the "Remaining Loan Loss Reserve"). Amounts in excess of the Remaining Loan Loss Reserve shall be remitted to MEA.

5.05.5 Loan Loss Reserve Termination Date

The Loan Loss Reserve Account shall remain in effect and available to RCB until the earlier of (i) all collection efforts by RCB have ceased and the Loan Loss Reserve is depleted to a \$0.00 balance, and (ii) until all OBR Loans have been repaid in full (the “Loan Loss Reserve Termination Date”). The CPUC may request the return of any Loan Loss Reserve Funds that have not been committed to an originated loan before January 1, 2015. RCB agrees to cooperate with this return of funds and to provide an account statement showing the status of the fund at that time.

5.05.6 Interest Earned on the Loan Loss Reserve Account

The Loan Loss Reserve Account may be interest bearing so long as such interest bearing account does not violate any applicable regulations. Interest earned on the Loan Loss Reserve Account will be for the benefit of MEA for use in accordance with CPUC requirements.

ARTICLE VI

MISCELLANEOUS

6.01. Modifications to Program

The Parties agree to collaborate on changes that may be required during the Pilot Program or during Full Implementation.

RCB reserves the right to modify the Basic Terms of OBR Loans as may be necessary or deemed appropriate by RCB, provided however, that if RCB determines that the interest rate and maximum term for the OBR Loans may be subject to change, RCB shall give forty-five (45) days’ notice of such change to enable MEA to provide comment and to modify any Program marketing material as appropriate. To the extent MEA does not concur with the proposed change in interest rate, MEA reserves the right to terminate the Program with RCB. Such termination shall not impact any existing OBR Loans.

6.02 Information Security – Delivery of Information

Each Party will take, and include provisions in its contract with its Service Providers to require them to take, all reasonable steps to ensure that any information that is delivered pursuant to this Agreement is delivered in a safe and secure manner so as to protect that information from unauthorized disclosure.

6.03 Confidentiality

(a) Each Party agrees that it shall not use or disclose to any third party including MEA Service Providers, any information that is confidential or proprietary to the other party including, without limitation, such party’s business plans and practices, trade secrets, methods, processes or procedures or any other confidential information (collectively, the “Confidential Information”) of the other Party which it learns during the course of its performance of this Agreement other than (i) as required by law, regulation, or order of a court or regulatory agency or other authority

having appropriate jurisdiction or (ii) to perform its obligations under this Agreement. The Confidential Information may be oral or written or in electronic or tangible form, and all information, unless otherwise indicated, shall be deemed to be confidential. Confidential Information shall not include any information that can be shown through contemporaneous documentation (a) is or becomes publicly known through no fault on the part of the recipient; (b) is, at the time of disclosure, already known to the recipient without obligation restricting disclosure; (c) is, or subsequently becomes, rightfully and without breach of this Agreement, in the recipient's possession without any obligation restricting disclosure; or (d) is independently developed by a recipient without breach of this Agreement or any other agreement, with the recipient bearing the burden of proving such independent development. Any employee to whom the recipient of Confidential Information gives access to any such Confidential Information must have a legitimate "need to know" such Confidential Information and shall be bound in writing to maintain the confidentiality of the Confidential Information under terms and conditions no less stringent than those set forth in this Agreement. Neither Party shall reverse engineer any such Confidential Information of the other Party or, unless expressly permitted in this Agreement, copy the same. Upon termination of this Agreement, each Party shall return all Confidential Information in its possession (including all copies thereof) of the other Party within fifteen (15) days of such termination.

(b) Each Party recognizes and acknowledges that the non-disclosing Party would suffer irreparable injury from the unauthorized use or disclosure of any of its Confidential Information and each Party agrees and acknowledges that the non-disclosing Party shall have the right to obtain injunctive or other equitable relief against the unauthorized use, disclosure or transfer of any of the Confidential Information, as well as the right to pursue all of its other remedies in equity and at law. This Section 6.03 shall survive the termination of this Agreement.

(c) MEA will cause each of its Service Providers to sign nondisclosure agreements pursuant to which each Service Provider will agree to not use or disclose the financial information of a Borrower.

(d) Each Party agrees to notify the other Party within ten (10) business days of any confirmed security breach incident involving the disclosure of confidential, non-public personal customer information to an unauthorized Party, whether the security breach occurred at MEA, RCB, or at one of each Party's Service Providers.

6.04 Reliance among Parties

All information MEA provides to RCB hereunder (including that of MEA Service Providers but excluding confidential information provided within RCB loan applications) other than actual energy savings versus projected energy savings estimated on the Energy Evaluations shall be true, complete and accurate to the best of MEA's knowledge, so that RCB may rely upon its accuracy. MEA shall immediately notify RCB in writing of any change in the accuracy of any information MEA has previously provided to RCB.

6.05 Limitation of Liability

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NO PARTY WILL BE LIABLE TO THE OTHER PARTY (NOR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM THE OTHER PARTY'S RIGHTS) FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND – INCLUDING LOST REVENUES OR PROFITS, LOSS OF BUSINESS OR LOSS OF DATA – ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER (INCLUDING WITHOUT LIMITATION AS A RESULT OF ANY BREACH OF ANY WARRANTY OR OTHER TERM OF THIS AGREEMENT), REGARDLESS OF WHETHER THE PARTY LIABLE OR ALLEGEDLY LIABLE WAS ADVISED, HAD OTHER REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY THEREOF.

6.06 Communications - Notices

Any notice under this Agreement shall be in writing, and any written notice or other document shall be deemed to have been duly given (i) on the date of personal service on the Parties, (ii) on the third business day after mailing, if the document is mailed by registered or certified mail, (iii) one day after being sent by professional or overnight courier or messenger service guaranteeing one-day delivery, with receipt confirmed by the courier, or (iv) on the date of transmission if sent by telegram, telex, telecopy or other means of electronic transmission resulting in written copies, with receipt confirmed. Any such notice shall be delivered or addressed to the Parties at the addresses set forth below or at the most recent address specified by the addressee through written notice under this provision. Failure to give notice in accordance with any of the foregoing methods shall not defeat the effectiveness of notice actually received by the addressee.

6.07 Amendments

The provisions of this Agreement may be modified at any time by a written agreement signed by all of the Parties.

6.08 Survival – Representations and Warranties

Each representation and warranty contained herein or made pursuant hereto shall be deemed to be material and to have been relied upon, and shall survive the execution and delivery of this Agreement, any investigation at any time made by or on behalf of any Party hereto, and the closing of the transaction.

6.09 No Recourse to Constituent Members of MEA

MEA is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to a Joint Powers Agreement and is a public entity separate from its constituent members. MEA shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. RCB shall have no rights and shall not make any claims, take any actions or assert any remedies against any of MEA's constituent members in connection with this Agreement.

6.10 Entire Agreement

This document, including its exhibits, constitutes the entire agreement between the Parties, all oral agreements being merged herein, and supersedes all prior representations. There are no representations, agreements, arrangements, or understandings, oral or written, between or among the Parties relating to the subject matter of this Agreement that are not fully expressed herein.

6.11 Governing Law

The rights and obligations of the Parties and the interpretation and performance of this Agreement shall be governed by the law of California, excluding its conflict of laws and rules.

6.12 Waiver

Any of the terms or conditions of this Agreement may be waived at any time by the Party entitled to the benefit thereof, but no such waiver shall affect or impair the right of the waiving Party to require observance, performance or satisfaction either of that term or condition as it applies on a subsequent occasion or of any other term or condition.

6.13 Attorneys' Fees; Prejudgment Interest

If the services of an attorney are required by any Party to secure the performance of this Agreement or otherwise upon the breach or default of another Party to this Agreement, or if any judicial remedy or arbitration is necessary to enforce or interpret any provision of this Agreement or the rights and duties of any person in relation thereto, the prevailing Party shall be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such Party may be entitled. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

6.14 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if the Parties had all signed the same document. All counterparts shall be construed together and shall constitute one Agreement.

6.15 Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

6.16. Publicity

Neither Party shall issue or cause to be issued any press release, public announcement or other public statement with respect to the subject matter of this Agreement without the prior written consent of the other Party as to the form, content, and timing of such release.

6.17 Independent Contractors

The Parties shall be considered independent contractors with respect to each other. This Agreement does not authorize either Party to act on behalf of or as the agent of the other Party, and does not create a partnership, joint venture or similar relationship between the Parties, and neither Party shall have the power to obligate or bind the other Party in any manner whatsoever.

6.18 Assignment

No Party may assign this Agreement, in whole or in part, voluntarily or by operation of law, without the prior written consent of the other Party, which consent shall not unreasonably be withheld.

6.19 Arbitration

The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein discussed, shall be subject to binding arbitration in Sacramento County before the American Arbitration Association under its Commercial Arbitration Rules. The Parties agree that the prevailing Party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing Party in any arbitration shall be awarded its reasonable attorneys' fees and costs. The Parties hereby agree to waive their right to have any dispute between them resolved in a court of law by a judge or jury. The Parties specifically agree that the provisions of Section 1283.05 of the Code of Civil Procedure of the State of California are incorporated into, made a part of, and made applicable to any arbitration pursuant to this Section 6.19. The arbitration shall be conducted by a single arbitrator. The arbitration also will be subject to the following agreed terms:

6.19.1 After written notice of a potential claim by a Party, each Party will have thirty (30) days to submit the names of one or more proposed arbitrators.

6.19.2 The Parties will then have ten (10) days to agree upon the arbitrator based upon the names proposed.

6.19.3 If the Parties cannot agree upon the arbitrator, either Party will have fifteen (15) days to file a motion or petition with a Superior Court in the State of California, in and for the County of Sacramento for the sole purpose of having the court designate the arbitrator.

6.19.4 To the extent applicable in civil actions in California courts, the following shall apply and be observed: all rules of pleading (including the right of demurrer), all rules of evidence, all rights to resolution of the dispute by means of motions for summary judgment, judgment on the pleadings, and judgment under Code of Civil Procedure Section 631.

6.19.5 Resolution of the dispute shall be based solely upon the evidence and the law governing the claims and defenses pleaded, and the arbitrator may not invoke any basis other than such controlling law, including but not limited to, notions of "just cause."

6.19.6 The arbitrator shall not award punitive damages.

6.20 Insurance

During the term of this Agreement, each Party shall maintain in full force and effect such insurance as is maintained by other entities engaged in similar businesses in the same general geographic area as the applicable Party, including comparable coverage amounts and deductibles.

ARTICLE VII.

DEFINITIONS

Applicant. Any Borrower who submits an Application for an OBR Loan with RCB pursuant to the Program.

Application. A loan request form prepared by RCB available to Borrowers to apply for financing of the energy efficiency measures set forth in the Energy Audit.

Availability Period. The earlier of a) the date which is two years from the funding date of the first OBR Loan made under the Program or b) December 31, 2014.

Borrower. Any Applicant who is approved by RCB in its sole discretion for an OBR Loan pursuant to the Program.

Carve-Out. A portion of the Loan Loss Reserve not to exceed \$5,000.00 for use as provided in Section 5.02.

Commercial Property Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$1,000,000.00 in total OBR Loans funded by RCB for the purpose of energy upgrades to commercial real estate.

Contractor. A licensed general contractor engaged by Borrower and approved by MEA to complete the Scope of Work in accordance with the Energy Audit.

CPUC. California Public Utilities Commission

Defaulted OBR Payment. Any payment due pursuant to a PGE Billing Statement that includes the OBR Loan Payment, the PGE Energy Amount and the MCE Energy Amount, and which is not paid when due unless it is a Corrected Bill as defined in Section 5.01.1.

Energy Amount. The amount due and payable to PGE by a Borrower for energy related costs and expenses, which include fees and charges.

Energy Audit. A written report prepared by MEA or its subcontractor which includes a comprehensive evaluation, proposal and line item summary of energy efficiency measures submitted upon the request of an Borrower. The Energy Audit includes the Rebate Amount and is provided to Borrowers to assess potential savings and understand the estimated costs associated with such measures. For Multi-Family Commitments, the "Energy Evaluation Report" is the Energy Audit; for Commercial Property Commitments, the "Customer Report" is the Energy Audit.

Energy Project. The project as outlined in the Energy Audit and Scope of Work form executed by the Borrower.

Event of Default. A violation of a payment term, covenant or other condition of the Loan Documents as defined in section 2.02(1).

Final Inspection Report. A report completed by MEA, or its designee, confirming completion in full of the work required pursuant to the Energy Audit and Scope of Work. For Multi-Family Commitments, the “Multi-Family Energy Efficiency Program Statement of Completion” is the Final Inspection Report (substantially in the form of Exhibit I); for Commercial Property Commitments, the “SmartLights Check List-Post Install Site Inspection” is the Final Inspection Report (substantially in the form of Exhibit J).

Full Implementation. The period from the end of the Pilot Program to the date that is eighteen (18) months from the last day of the Pilot Program.

Late Payment Notification. A notice sent by MEA on behalf of RCB notifying a Borrower of a delinquent OBR Loan Payment substantially in the form of Exhibit F.

Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$3,650,000 in total Commercial Property Loan Commitments and Multi-Family Loan Commitments funded by RCB in connection with the Program.

Loan Documents. Documents prepared by RCB obligating the Borrower to repay indebtedness issued in connection with the Program.

Loan Loss Reserve Account. A deposit account established concurrent with the execution of this Agreement in an amount not to exceed equal to fifteen (15%) of the total Loan Commitment (\$547,500.00).

Loan Loss Reserve Termination Date. The date as defined in Section 5.05.5.

MEA Systems. Systems of record established by MEA or its Service Provider capturing Borrower and OBR Loan information including billing and payment processing.

MCE. Marin Clean Energy - the energy program provided by MEA.

MCE Charges: Charges for electricity generation provided to customers of the MCE program.

Multi-Family Loan Commitment. Except as provided during the Pilot Program, an amount not to exceed \$2,650,000.00 in total OBR Loans funded by RCB for the purpose of energy upgrades to multi-family real estate.

NES. Noble America’s Energy Solutions; a Service Provider of MEA.

OBR Loan. A financial accommodation to a Borrower issued by RCB in connection with the Program.

OBR Loan Payment. The scheduled loan payment due and payable to RCB in connection with an OBR Loan which includes, principal, interest, fees and charges.

PGE. Pacific Gas & Electric Company.

PGE Billing Statement. The monthly energy billing statement produced by PGE detailing energy usage and costs associated with such usage; the MCE charges for the PGE Billing Statement is processed by NES on behalf of MEA.

Pilot Program. During the Availability Period, the date which is six (6) months from the funding date of the first OBR Loan made under the Program.

Pro-Rata Sharing of Payments. The method for determining the pro-rata allocation of payments between the amount due under an OBR Loan and the Energy Amount due from a Borrower as provided in Section 5.01.3.

Project Completion. The date on which all work is completed by the Contractor in accordance with the Scope of Work and Energy Audit as certified by MEA and the Project Consultant to RCB.

Project Consultant. A Service Provider of MEA; any consultant engaged by MEA to provide services on behalf of MEA related to the Program including assessment and preparation of the Energy Audit, review and inspection of project progress reports, requests for approval to changes to Scope of Work, and certification of project completion.

Rebate Amount. The amount of the Energy Project which is subject to refund by the CPUC as outlined on the Energy Audit.


Service Provider. Any associated person, company or other entity directly or indirectly contracted by or related to either party for goods or services offered in connection with the delivery and ongoing maintenance of the Program.

Scope of Work. The work to be done under a contract or agreement prepared and signed by a licensed contractor engaged by an Borrower to complete work as proposed in the Energy Audit, as reviewed and approved by MEA. For Multi-Family Commitments, the "Borrower Participation Agreement" is the Scope of Work (substantially in the form of Exhibit K); for Commercial Property Commitments, the "Customer Work Authorization" is the Scope of Work (substantially in the form of Exhibit L).

Termination Date. The date on which all OBR Loans are repaid in full or terminated to the satisfaction of RCB.

RCB:

RIVER CITY BANK



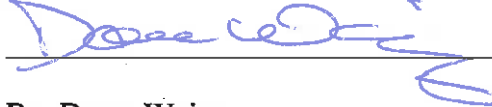
By: Alice Harris

Its: Vice President

Address: 2485 Natomas Park Drive

MEA:

MARIN ENERGY AUTHORITY



By: Dawn Weisz

Its: Executive Officer

Address: 781 Lincoln Way, Suite 320

Sacramento, CA 95833
Fax No.: (916) 567-2780

San Rafael, CA 94901

Fax No.: (415) 459-8095

EXHIBIT A – CERTIFICATE OF COMPLETION

Date of Certificate:

Borrower Name:

Property Address:

Date of Energy Audit:

Date of Scope of Work:

Estimated Contractor Cost:

Final Contractor Cost:

Rebate Amount:

Rebate Amount Assigned to Contractor: ☐ Yes ☐ No

Were there any changes to the Scope of Work provided by the Contractor: ☐ Yes ☐ No

If Yes – Explain:

Dollar cost change:

Description of change:

Date of Final Inspection:

The undersigned Program Manager, Auditor and Marin Energy Authority do hereby certify that the above referenced energy project (the “Project”) has been completed to the full satisfaction of the undersigned and in accordance with the Energy Audit and Scope of Work. There are no outstanding obligations incumbent upon the Contractor or Borrower. We attach the following in connection with this Certification:

- 1) Executed Borrower-Contractor Affidavit (notarized); and
- 2) Executed Unconditional Waiver and Release on Progress payment.

This Certificate is issued to River City Bank in connection with the MCE On-Bill Repayment Program with the understanding and knowledge that River City Bank will rely on this information in providing loan funds to the above referenced Borrower.

By: _____
Program Manager

Date: _____

By: _____
Auditor

Date: _____

By: _____
Marin Energy Authority

Date: _____

EXHIBIT B – BORROWER/CONTRACTOR AFFIDAVIT

Under penalty of perjury, the undersigned Borrower and General Contractor do hereby swear, certify and affirm that:

- 1) General Contractor was engaged to perform improvements to property located at: _____ in accordance with a Scope of Work dated _____ for a contract amount equal to: \$ _____.
- 2) General Contractor has completed all work as agreed to the full satisfaction of Borrower.
- 3) There is no unfinished work or claims by either Borrower or General Contractor against each other.
- 4) Borrower has executed an assignment of the Rebate Amount equal to \$ _____ to General Contractor to satisfy that portion of the Scope of Work.
- 5) Borrower will pay to General Contractor the balance due under the Scope of Work through loan proceeds, with said proceeds paid directly to General Contractor.
- 6) Contractor has executed a Conditional Waiver and Lien Release and Unconditional Waiver and Release which shall be effective as of the date of receipt of the loan proceeds.
- 7) There are no silent or written agreements, claims or disputes between Borrower and General Contractor.

Attested to this day, the _____ of _____, 201____

By: _____
Borrower (insert full name)

By: _____
General Contractor (insert full name)

EXHIBIT C - LOAN INFORMATION NOTICE

CONFIDENTIAL

From: River City Bank
Loan Servicing Department

To: Marin Energy Authority
Noble America's Energy Solutions

Re: New Borrower Notice
MCE On-Bill Repayment Program

Date:

Please accept this notice as authorization to add the following information to the On-Bill Repayment Program:

☐ New Borrower

☐ Change to Existing Borrower

Borrower Name:

Reference Number: XXXXX-1234

Funding Date:

Total Payment Due:

First Payment Date:

Term:

Monthly Payment:

Authorized by:

_____ **Date:** _____

EXHIBIT D – OBR LOAN CORRECTION NOTICE

PLEASE NOTE THAT A CORRECTION IS REQUIRED FOR THE FOLLOWING OBR LOAN CUSTOMER:

BORROWER NAME:

BORROWER REFERENCE NUMBER:

REPORT DATE:

THE CORRECTION IS REQUIRED IN THE FOLLOWING FIELD:

- ☐ **OUTSTANDING OBR LOAN BALANCE SHOULD BE CHANGED** **FROM:** **TO:**
- ☐ **CURRENT OBR LOAN PAYMENT SHOULD BE CHANGED** **FROM:** **TO:**
- ☐ **DELINQUENT AMOUNT SHOULD BE CHANGED** **FROM:** **TO:**
- ☐ **LATE FEES:** \$ _____

OTHER:

AUTHORIZED BY:

_____ **DATE:** _____

EXHIBIT E – NOTICE OF LOAN LOSS RESERVE ADVANCE

From: River City Bank

Loan Servicing Department

To: Marin Energy Authority

Re: Defaulted OBR Loan

Date:

Please be advised that River City Bank will be advancing \$_____ from the Loan Loss Reserve Account effective as of _____ (Date) for the following Borrower:

Borrower Name:

Reference Number: XXXXX-1234

Date Last Payment Received:

Next Payment Due Date:

Total Delinquent Payments: \$

Other costs:

Comment: (describe collection efforts)

Authorized by:

(River City Bank)

Date: _____

EXHIBIT F – FORM OF LATE PAYMENT NOTIFICATION
NOTICE OF PAST DUE PAYMENT – IMMEDIATE ACTION REQUIRED



NOTICE OF OVERDUE PAYMENT: IMMEDIATE ACTION REQUIRED

[INSERT DATE] Dawn Weisz
Executive Officer

[INSERT NAME] Damon Connolly
[INSERT ADDRESS LINE 1] Chair
[INSERT ADDRESS LINE 2] City of San Rafael

Electric Account Service ID [INSERT SAID#] at [INSERT ADDRESS]

Ramona Sears
Vice Chair
County of Marin

Our records indicate that your payment for Electric Account Service ID [INSERT SAID#] is overdue. Our records also indicate that this account is participating in the On-Bill Repayment program offered by MCE in partnership with River City Bank. Under the terms of the OBR Loan documents, failure to pay the full amount due as provided on your monthly PG&E Billing Statement may result in a delinquency to both your OBR Loan and your PG&E Bill. If full payment has already been made or a payment arrangement has been established, thank you, and please disregard this notice.

Larry Dragman
Town of Fairfax

If, however, your account is still outstanding, we ask that full payment of your PG&E bill be made by [INSERT DATE]. Making this payment by [INSERT DATE] will ensure you remain a customer of MCE and will avoid late fees and penalty charges per the terms of your agreement with River City Bank. Please see the reverse page for payment options.

Ken Wachtel
City of Mill Valley

When you review your bill you will notice that MCE only charges for generating your electricity while PG&E charges for the transmission and delivery of your electricity. MCE's charge for generation replaces what PG&E would charge you for generation. There are no duplicate charges. You will also notice a line item labeled "On-Bill Repayment Charge." This is your loan charge, which is due to River City Bank and collected on your energy bill. Failure to pay this charge may result in default on your loan.

Denise Atlas
City of Novato

Please note this is the only reminder you will receive. Should you fail to make your payment in full, your service from MCE will be suspended and your electric generation service will be returned to PG&E. If your electric account is returned to PG&E, your loan with River City Bank will be considered in default as provided in your loan documents.

Carla Small
Town of Ross
Ford Greene
Town of San Anselmo

Ray Withy

Additionally, if your account is returned to PG&E's electric generation service, PG&E will prohibit you from returning to MCE for one year and will enroll you in their Transitional Bundled Commodity Cost (TBCC) rate program, whose rates and terms may vary from PG&E's standard bundled rates. For information about PG&E's TBCC program, please contact PG&E at 1-866-743-0335.

Ernest O'Donnell
Town of Tiburon

781 Lincoln Avenue
Suite 320
San Rafael, CA 94901

If you think you are receiving this notice in error, you have questions about your bill, or you are experiencing financial hardship and wish to discuss possible payment options, please contact MCE Customer Service at 1-888-632-3674, Monday to Friday between 7 A.M. and 7 P.M. **For questions about your On-Bill Repayment Loan charge only, please contact River City Bank at (916) 564-7144.**

PAYING YOUR ELECTRIC BILL

Payment can be made at any of PG&E's local offices, at pay stations, by mail, by phone, or online.

By Phone:

To pay by phone using an ATM/debit card with STAR, ACCEL, PULSE or NYCE symbol or by electronic check, call 1-866-735-7742 at any time. You will be charged a small convenience fee for each transaction. PG&E will determine how payments are applied.

Online:

To pay online, sign up for e-bills at www.pge.com.

By Mail:

To pay by mail send payment to:

PG&E
750 Lindaro St, STE 160
San Rafael CA 94901

In Person:

To pay in person go to any PG&E local office or pay station.

Things to remember when paying in person:

- Credit cards payments may be made over the phone by calling PG&E at 1-866-735-7742 and are not accepted as a payment method in person.
- You may pay by cash, check or money order in person.
- Bring your bill or 11 digit account number with you.
- Retain the receipt for your records (you will need this if you call PG&E about your payment).
- Payments made by 5:00 P.M. post to your account on the same day.

Marin Payment Locations:

PG&E OFFICE AND DROP BOX 750 Lindaro Street, Suite 160 San Rafael, CA	CHUBIS STORE* 801 4th Street, San Rafael, CA
SUPERMERCADO MI TIERRA*	MARIN CHECK CASHING*

175 Belvedere Street San Rafael, CA	9 Vivian Way, San Rafael, CA
MARIN CHECK CASHING* 638 4th Street, San Rafael, CA	North Bay Check Cashing* 926 Grant Avenue, Novato, CA

*Authorized Neighborhood Payment Centers are stores or other places of business where you can pay your PG&E bill.

EXHIBIT G – SCHEDULE OF MEA SERVICE PROVIDERS

PGE – Pacific Gas and Electric (provide brief description of relationship)

NES - Noble America's Energy Solutions

Project Consultants (list and describe roles)

Association for Energy Affordability: Multi-Family Program Technical Consultants

Services Provided: Energy Audits, Project Installation Inspection, Technical Assistance to Program.

Marin City Community Development Corporation

Services Provided: Outreach and Customer Service for Multi-family Properties; Direct Installation of Certain Energy Efficiency Measures

Rising Sun Energy Center:

Services Provided: Outreach and Customer Service for Multi-family Properties; Direct Installation of Certain Energy Efficiency Measures

Community Energy Services Corporation SmartLights Program: Commercial Program Administrator

Services Provided: Energy Audits, Project Installation Inspection, Technical Assistance to Program.

EXHIBIT H – SAMPLE CUSTOMER DISCLOSURE AND CERTIFICATION

(FOR LENDER USE)

You have applied for a loan with River City Bank to finance certain energy efficiency improvements using the MCE On-Bill Loan Program to facilitate the payments of your On-Bill Repayment Loan (the “OBR Loan”).

This On-Bill Repayment Certification and Consent Form will be included in your executed loan documents with River City Bank.

Please read this information carefully as it contains important information regarding the OBR Loan.

NOTICE:

- 1) Monthly installment payments to your OBR Loan will be included as a separate line item on your monthly MCE Billing Statement;
- 2) The OBR Loan installment payment is a separate obligation from your agreement and obligations with PG&E and MCE.
- 3) Failure to pay your monthly MCE Billing Statement, which includes both the PG&E and MCE energy amounts due and the OBR Loan payment due, in full each month **can result in a short or delinquent payment to your OBR Loan.**
- 4) If you become delinquent on any portion of an OBR Loan or the energy portion of your bill, **all future payments will be applied on a pro-rated basis between the OBR Loan and the MCE portion of the billing statement.** For example, if the MCE energy portion of your bill is \$50.00 and the OBR Loan payment is \$100.00 and you pay only \$100.00, then \$33.00 will be applied to the MCE energy portion and \$67.00 will be applied to your OBR Loan. This short payment may result in penalty rates and defaults under your OBR Loan agreement.
- 5) River City Bank may bill you separately for any delinquent or late charges due; these amounts are due and payable even if they are not included on the MCE Billing Statement.
- 6) If you are not delinquent and choose to repay your OBR Loan in full before the anticipated final installment, this payment must be made directly to River City Bank.
- 7) Your OBR Loan will be immediately due in payable in full if any of the following conditions occur: 1) You sell the property to which the improvements are made, 2) You are no longer an MCE account holder, 3) The information provided in obtaining the OBR Loan was fraudulent and/or 4) You default under any term or condition of your OBR Loan.
- 8) The purpose of the OBR Loan is to fund energy efficient improvements as provided on a project summary – energy audit (the “Energy Audit”); you will be required to notify

River City Bank immediately upon the discovery of any condition during installation or construction that would alter or increase the costs provided in the Energy Audit.

CONSENT

- 1) I HAVE READ AND UNDERSTOOD THE INFORMATION IN THIS DOCUMENT;
- 2) I HEREBY AUTHORIZE PG&E AND MCE AND ITS AFFILIATES TO SHARE MY INFORMATION WITH RIVER CITY BANK
- 3) I HEREBY AUTHORIZE RIVER CITY BANK TO SHARE MY INFORMATION WITH PG&E, MCE AND ITS AFFILIATES
- 4) I UNDERSTAND THAT IF MY ENERGY PAYMENTS ARE DELINQUENT, THAT A DELINQUENCY COULD OCCUR UNDER OBLIGATIONS TO MCE AND RIVER CITY BANK

I UNDERSTAND THAT I MUST NOTIFY RIVER CITY BANK OF ANY INCREASED COSTS ASSOCIATED WITH THE SCOPE OF THE WORK APPROVED BY RIVER CITY BANK. RIVER CITY BANK IS UNDER NO OBLIGATION TO FUND THE OBR LOAN IF THE INCREASED COSTS ARE NOT COVERED BY SOURCES OUTSIDE OF THE OBR LOAN.

**EXHIBIT I: MULTI-FAMILY ENERGY EFFICIENCY PROGRAM STATEMENT OF
COMPLETION**



MULTI-FAMILY ENERGY EFFICIENCY PROGRAM STATEMENT OF COMPLETION

CUSTOMER/OWNER INFORMATION

Name of Property Owner

Property address

City

State

Zip

Organization name

Owner phone

Owner email

CONTRACTOR INFORMATION

Contractor name

Contractor Company Name

Contractor phone

Contractor email

INCENTIVE DISBURSEMENT

Please send the final incentive payment to:

Recipient name

Entity receiving incentive (check one):

☐ Owner

☐ Contractor

Mailing address

City

State

Zip

STATEMENT OF COMPLETION

By signing below, both the owner and contractor certify that all of the work in the attached proposal has been completed to program standards and is covered by a one-year warranty on all parts and labor effective as of the date listed below. The owner and contractor are in agreement that the final incentive payment should be sent to the recipient and location listed above.

Owner Signature

Date

Contractor Signature

Date

Contractor's One-Year Warranty Effective Date: _____

☐ Check here to confirm attachment of final Contractor's Work Order, Purchase Order, or Contract

Mail Completed Form to: MCE Clean Energy, 781 Lincoln Ave, Suite 320, San Rafael, CA 94901

E-mail to: ee@mceCleanEnergy.com

Fax #: 415-459-8095

Phone #: 415-464-6033

{1637126.DOCX;} OPERATING AGREEMENT –FIRST DRAFT





MULTI-FAMILY ENERGY EFFICIENCY PROGRAM STATEMENT OF COMPLETION

ELIGIBILITY REQUIREMENTS AND OTHER TERMS AND CONDITIONS:

1. **ELIGIBILITY:** The Marin Energy Authority's (MEA) Multi-Family Energy Efficiency Program (MFEEP) offers free energy surveys, technical assistance, and financial incentives for efficiency measures to customers who are property owners or managers (customers) of multi-family residences. Customers must receive Marin Clean Energy and / or Pacific Gas and Electric gas and/or electric delivery service to be eligible. Incentives are available to customers for the purchase and installation of energy efficiency measures at the location where the qualifying project is to be installed. MEA will not offer financial incentives and/or rebates to those customers who have received financial incentives or rebates for the same eligible measure from the Pacific Gas and Electric Company, the BayREN, or any other ratepayer funded energy efficiency program. Signature on this form counts as affirmation that no other financial incentives have been applied for or collected for the same eligible measures included in this Scope of Work (SOW).
2. **QUALIFYING PROJECTS AND MEASURES:** Qualifying projects include electric or gas energy efficiency measures identified as eligible for incentives by MEA's implementation contractor based on an energy survey of the building. Qualifying projects do not include any electric or gas energy efficiency measures or energy efficiency equipment or services purchased, contracted for, or installed prior to the program start date.
3. **OWNER APPLICATION/PARTICIPATION AGREEMENT:** By signing this Participation Agreement to access the building's energy usage for the previous 12-24 months, customer authorizes MEA's technical implementation contractor to enter this building for the purposes of conducting an energy survey of the building's common area and individual units, installing MFEEP measures in individual units, installing any energy efficiency measures subsequently agreed to in a Scope of Work, inspecting installed measures and evaluating the performance of installed measures.
4. Residents of individual dwelling units in an eligible building for which a Participation Agreement has been signed by the building owner (or management company) are eligible to receive certain directly installed efficiency measures, including but not limited to compact fluorescent (CFL) or light-emitting diode (LED) bulbs, faucet and showerhead installation, pipe insulation, and light weatherization measures.
5. **INCENTIVE AMOUNTS:** The amounts of the incentives for which qualifying projects are eligible are set forth in the audit report provided to the customer.
6. **CUSTOMER WORK AUTHORIZATION AND PROJECT WORK PLAN:** MEA and/or MEA's implementation contractor will meet with the customer to discuss individual building objectives, provide information on alternatives, discuss process and create a work project and schedule. MEA and/or MEA's implementation contractor may select and provide one or more approved installation subcontractors to complete the measure installation work, or the customer may select one or more contractors so long as the customer is willing to procure a signed form from the contractor expressing intent to cooperate with the quality assurance and quality control provisions of the MFEEP. MEA's technical implementation contractor will schedule and/or monitor the required installation services.
7. **IMPLEMENTATION OF WORK AND PAYMENT OF INCENTIVES:** The customer must pay its share of the cost for each measure to be installed pursuant to the Scope of Work not later than the completion of installation of that measure. When MEA's technical implementation contractor confirms that installation of a specific measure is satisfactorily completed, MEA will arrange for payment of the incentive for that measure to the customer or, if authorized to do so by the building owner, directly to the installation contractor for that measure. MEA's quality assurance and/or quality control inspectors and/or MEA, in their sole discretion, may schedule and conduct a post-installation inspection to ensure satisfactory measure installation. Incentive checks will be sent after MEA's technical implementation contractor confirms satisfactory installation.
8. **CUSTOMER INFORMATION:** Customer agrees that MEA may provide customer information including customer name, account number, electric and/or gas consumption data and electric and/or gas energy savings to a third party evaluation contractor selected by the California Public Utilities Commission (CPUC) Energy Division or by Pacific Gas and Electric for program evaluation purposes. The evaluation contractor will keep customer information confidential. Customer information may also be provided to the California Public Utilities Commission. Any customer information provided to the CPUC will be aggregated with information about other customers and not personally identifiable.
9. **TAX LIABILITY and CREDITS:** MEA is not responsible for any taxes which may be imposed on the customer as a result of measures installed under this program.
10. **DISPUTES:** MEA will have sole discretion to decide on the final resolution of any issues including but not limited to eligibility or incentives.
11. **PROGRAM CHANGES:** MEA reserves the right to change, modify, or terminate this program at any time without any liability except as expressly stated herein. MEA will honor all written commitments made in Scope of Work provided to customers prior to the date of any change, modification or termination of this program, provided that project installations are fully completed within the time specified in the Scope of Work.
12. **PROGRAM EXPIRATION:** This program will expire upon the earliest to occur: (i) December 31, 2014, (ii) when funds are depleted, or (iii) when the program is terminated.
13. **DISCLAIMER:** MEA makes no representations or warranties, expressed or implied, and does not guarantee that implementation of energy-efficiency measures or use of the equipment purchased or installed pursuant to this program will result in energy cost savings.
14. **INSTALLATION REQUIREMENTS:** All work must be in full compliance with the requirements of applicable laws, rules and regulations of authorities having governmental and regulatory jurisdiction. Additionally, work performed pursuant to this program must be overseen by AEA or other contractor identified by MEA. In the removal of old equipment the applicant confirms that as a requirement of the program, the owner or any subcontractor carrying out installation of measures under this program shall remove and dispose of any and all equipment or materials that are replaced or removed in accordance with all applicable laws, rules and regulations.

Mail Completed Form to: MCE Clean Energy, 781 Lincoln Ave, Suite 320, San Rafael, CA 94901
 E-mail to: ee@mceCleanEnergy.com
 Fax #: 415-459-8095
 Phone #: 415-464-6033
 {1637126.DOCX;} OPERATING AGREEMENT –FIRST DRAFT



EXHIBIT J: SMARTLIGHTS CHECK LIST-POST INSTALL SITE INSPECTION

Site |

Audit Number |

Smart Lights Program

1013 Pardee Street, Berkeley, CA 94710

Fax (510) 981-0102

Tel (510) 981-7750

www.smartlights.org



Project Completion and Acceptance Certificate

Customer:

The undersigned hereby certifies that all equipment and materials included in the Customer Report and Work Order have been furnished and installed, and that the work has been completed satisfactorily. The project is now complete and ready to be inspected.

The undersigned understands that the Contractor is not an employee nor representative of Community Energy Services Corp., and agrees that neither the aforementioned nor the SmartLights Program are in any way liable or responsible for any acts or omissions of Contractor.

Signature of Authorized agent		Date
Print Name		Title
Business Name	Address	City, State

Contractor:

The undersigned hereby certifies that all specified equipment has been furnished and installed to match the SmartLights project scope, and that the installed equipment complies with SmartLights equipment specifications. Warranty information has been provided to the customer listed below.

Signature of Contractor/Foreman/Installer		Date
Print Name		Title
Contracting Company Name	Address	City, State

(RL/RL)

EXHIBIT K: OWNER PARTICIPATION AGREEMENT

PROJECT

PG&E COMMON AREA GAS ACCOUNT NUMBER DATE PRESENTED TO OWNER

[illegible]

I, the owner of this building agree to implement each measure which is initialed above, and I hereby accept the Terms and Conditions.

DATE _____

Page 46 of 50



Multi-Family Energy Efficiency Program OWNER'S AGREEMENT TO IMPLEMENT THE BUILDING SCOPE OF WORK

1. **ELIGIBILITY:** The Marin Energy Authority's (MEA) Multi-family Energy Efficiency Program (MFEED) offers free energy surveys, technical assistance and financial incentives for efficiency measures to customers who are property owners or managers (customers) of multi-family residences. Customers must receive Marin Clean Energy and / or Pacific Gas and Electric gas and/or electric delivery service to be eligible. Incentives are available to customers for the purchase and installation of energy efficiency measures at the location where the qualifying project is to be installed. MEA will not offer financial incentives and/or rebates to those customers who have received financial incentives or rebates for the same eligible measure from the Pacific Gas and Electric Company, the BayREN or any other ratepayer funded energy efficiency program. Signature on this form counts as affirmation that no other financial incentives have been applied for or collected for the same eligible measures included in this Scope of Work (SOW).
2. **QUALIFYING PROJECTS AND MEASURES:** Qualifying projects include electric or gas energy efficiency measures identified as eligible for incentives by MEA's implementation contractor based on an energy survey of the building. Qualifying projects do not include any electric or gas energy efficiency measures or energy efficiency equipment or services purchased, contracted for, or installed prior to the program start date.
3. **OWNER APPLICATION/PARTICIPATION AGREEMENT:** By signing this Participation Agreement to access the building's energy usage for the previous 12-24 months, customer authorizes MEA's technical implementation contractor to enter this building for the purposes of conducting an energy survey of the building's common area and individual units, installing MFEED measures in individual units, installing any energy efficiency measures subsequently agreed to in a Scope of Work, inspecting installed measures and evaluating the performance of installed measures.
4. **Residents of individual dwelling units in an eligible building for which a Participation Agreement has been signed by the building owner (or management company) are eligible to receive certain directly installed efficiency measures, including but not limited to compact fluorescent (CFL) or light-emitting diode (LED) bulbs, faucet and showerhead installation, pipe insulation, and light weatherization measures.**
5. **INCENTIVE AMOUNTS:** The amounts of the incentives for which qualifying projects are eligible are set forth in the audit report provided to the customer.
6. **CUSTOMER WORK AUTHORIZATION AND PROJECT WORK PLAN:** MEA and/or MEA's implementation contractor will meet with the customer to discuss individual building objectives, provide information on alternatives, discuss process and create a work project and schedule. MEA and/or MEA's implementation contractor may select and provide one or more approved installation subcontractors to complete the measure installation work, or the customer may select one or more contractors so long as the customer is willing to procure a signed form from the contractor expressing intent to cooperate with the quality assurance and quality control provisions of the MFEED. MEA's technical implementation contractor will schedule and/or monitor the required installation services.
7. **IMPLEMENTATION OF WORK AND PAYMENT OF INCENTIVES:** The customer must pay its share of the cost for each measure to be installed pursuant to the Scope of Work not later than the completion of installation of that measure. When MEA's technical implementation contractor confirms that installation of a specific measure is satisfactorily completed, MEA will arrange for payment of the incentive for that measure to the customer or, if authorized to do so by the building owner, directly to the installation contractor for that measure. MEA's quality assurance and/or quality control inspectors and/or MEA, in their sole discretion, may schedule and conduct a post-installation inspection to ensure satisfactory measure installation. Incentive checks will be sent after MEA's technical implementation contractor confirms satisfactory installation.
8. **CUSTOMER INFORMATION:** Customer agrees that MEA may provide customer information including customer name, account number, electric and/or gas consumption data and electric and/or gas energy savings to a third party evaluation contractor selected by the California Public Utilities Commission (CPUC) Energy Division or by Pacific Gas and Electric for program evaluation purposes. The evaluation contractor will keep customer information confidential. Customer information may also be provided to the California Public Utilities Commission. Any customer information provided to the CPUC will be aggregated with information about other customers and not personally identifiable.
9. **TAX LIABILITY AND CREDITS:** MEA is not responsible for any taxes which may be imposed on the customer as a result of measures installed under this program.
10. **DISPUTES:** MEA will have sole discretion to decide on the final resolution of any issues including but not limited to eligibility or incentives.
11. **PROGRAM CHANGES:** MEA reserves the right to change, modify, or terminate this program at any time without any liability except as expressly stated herein. MEA will honor all written commitments made in Scope of Work provided to customers prior to the date of any change, modification or termination of this program, provided that project installations are fully completed within the time specified in the Scope of Work.
12. **PROGRAM EXPIRATION:** This program will expire upon the earliest to occur: (i) December 31, 2014; (ii) when funds are depleted; or (iii) when the program is terminated.
13. **DISCLAIMER:** MEA makes no representations or warranties, expressed or implied, and does not guarantee that implementation of energy efficiency measures or use of the equipment purchased or installed pursuant to this program will result in energy cost savings.
14. **INSTALLATION REQUIREMENTS:** All work must be in full compliance with the requirements of applicable laws, rules and regulations of authorities having governmental and regulatory jurisdiction. Additionally, work performed pursuant to this program must be overseen by AEA or other contractor identified by MEA. In the removal of old equipment the applicant confirms that as a requirement of the program the owner or any subcontractor carrying out installation of measures under this program shall remove and dispose of any and all equipment or materials that are replaced or removed in accordance with all applicable laws, rules and regulations.

EXHIBIT L: CUSTOMER WORK AUTHORIZATION

SmartLights Customer Participation Agreement

I, the undersigned, on behalf of the business customer identified below, acknowledge and agree to the following:

Eligibility

I am an electric (or natural gas) Customer of PG&E with an active meter serviced by PG&E. If I have an existing on-site cogeneration or self-generation, the SmartLights program will not pay incentives for energy savings that exceed my annual energy usage from PG&E.

Project Completion

I have reviewed the recommendations in the Customer Report and Work Order. I hereby authorize the SmartLights Program of Community Energy Services Corp. (CESC) to contact a participating licensed contractor ("Installation Contractor") to complete the recommended energy efficiency project. I have obtained any necessary authorization from the landlord or property manager to complete the project. In most cases, the project should be completed within 3 weeks of signing the attached Customer Work Order. Work will occur during a time that is mutually agreeable to both me and the Installation Contractor. Labor for work performed outside of the normal work week will be charged accordingly. I understand that I am responsible for paying my portion of the project costs (total costs minus the Instant Rebate), and that my portion is due to the Installation Contractor upon project completion and receipt of the project invoice. I, as a California consumer, am not obligated to purchase any full fee service or other service not funded by this Program. Los consumidores en California no están obligados a comprar servicios completos o adicionales que no estén cubiertos bajo este programa. Funding for the Program is limited. Instant Rebates will be paid on a first come, first served basis until 12/31/2014 or until funds are depleted, whichever occurs first. Rebates are considered taxable income. Prices and rebates subject to change if I delay installation by more than 2 months after contract signing.

Correction of Electrical Code Violations is Not Covered

Although code violation are rarely found, if any code violations are found that affect the completion of the project, I can either opt to (1) have the Installation Contractor stop work and charge me only for completed work, or (2) have the Installation Contractor provide an additional estimate for correcting the code violations. Costs for correcting the code violations are solely my responsibility and are outside the scope of this contract.

Role of Administrators and Contractors, Access Agreement

I will be signing a Customer Work Order contract (attached) with the Installation Contractor for work recommended in the Customer Report and Work Order. In the event of any defect in the work (including equipment and installation), I will look solely to the equipment manufacturer or Installation Contractor and I absolve CESC and its employees of any liability with respect to the work. I agree to allow CESC staff and/or external PG&E-approved verifiers access to the facility should external inspection be required for purposes of verification, monitoring, and program evaluation. The rebate is subject to change if any equipment is not found installed as specified. This Program is funded by California utility ratepayers under the auspices of the California Public Utilities Commission. Este programa está financiado por los usuarios de servicios públicos en California bajo la jurisdicción de la Comisión de Servicios Públicos de California.

Estimated Energy Savings

The estimated energy savings quoted in the Customer Report and Work Order are based on the equipment operating schedules that are included in the proposal and an averaged PG&E utility rate. I believe these schedules accurately describe how the equipment is operated at the facility listed in this document. Since many factors contribute to energy use in any facility, and the installed equipment is only one factor, I understand that CESC and the Installation Contractor assigned to me do not guarantee that a specific level of energy or cost savings will result from the implementation of energy conservation measures funded under this Program.

Life of Product

I understand incentive payments are based on related energy benefits over the life of the product. I agree if 1) I do not provide PG&E with 100% of the related benefits for the life of the product or a period of 5 years, whichever is less, or 2) I cease to be a distribution Customer of PG&E during said time period, then I shall refund a prorated amount of incentive payment(s) to PG&E based on the actual period of time for which I provided the related energy benefits as an electric Customer of PG&E.

"Double Dipping"

I can only use the SmartLights Program rebate to offset costs for the work and equipment specified as part of the project. I will not be able to apply financial incentives offered by another utility, state, or manufacturers program funded by California ratepayers under the auspices of the California Public Utilities Commission towards work or equipment that is covered by this Agreement. I agree not to apply for or receive incentives or services for the project work or equipment from another utility, state, or manufacturers program.

Limitation of PG&E Liability

Neither PG&E nor any of its employees make any warranty, express or implied, nor assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any data, information, method, product or process disclosed in this document and other Program documents (the "disclosed items"). In addition, PG&E and its employees do not represent that use of the disclosed items will not infringe any privately owned rights, including, but not limited to, patents, trademarks, or copyrights.

Parallel Review

All proposed projects containing calculated lighting measures are subject to the CPUC Energy Division's (ED) Parallel Review process. With the pending approval of the Lighting Calculator, SmartLights Program has received approval to pilot a streamlined "modified review" process, in order to reduce the amount of time and resources required by the ED process. Utilizing the process includes inherent risks related to changes in savings values and incentive values. In any case that changes are made to the Lighting Calculator and/or my project, I agree to allow SmartLights to submit information pertinent to my project to the CPUC ED to implement this review.

Signature of Authorized Customer Representative

Date

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.

(03/24/15)

Site | Fairmount Heights

Audit Number | 11170

Customer Work Order and Contractor Work Agreement

Customer Work Order

I, the undersigned, on behalf of the business customer identified below, acknowledge and agree to the following:

I hereby authorize the licensed Installation Contractor below to perform work as recommended in the Customer Report and Work Order and to use such labor and materials as deemed advisable. I will be invoiced for the Customer Net Cost of \$1,549.33, which is equal to the Total Installed Cost minus the Instant Rebate. Payment is due to the Installation Contractor immediately upon completion of the installation, unless otherwise arranged with the Installation Contractor. All goods remain the property of the Installation Contractor until paid in full. Invoices aged over 30 days from date of invoice will become past due and a monthly service charge of 1.5% may be added to any outstanding balance, and may incur legal action.

Warranties

Per the equipment and installation standards of the SmartLights Program, the Installation Contractor will provide me with the following manufacturer warranties:

- New LED luminaires shall be warranted by the manufacturer for a period not less than 5 years.
- New LED lamps shall be warranted by the manufacturer for a period not less than 3 years.
- Ballasts for tubular fluorescent lamps shall be warranted by the manufacturer for a period of not less than 3 years.
- Tubular and compact fluorescent lamps (CFLs) shall be warranted by the manufacturer for a period of not less than 1 year.
- New fixtures shall be warranted by the manufacturer for a period of not less than 1 year.
- Exit signs shall be warranted by the manufacturer for a period of not less than 10 years.
- Photocontrols, time clocks, and occupancy sensors shall be warranted by the manufacturer for a period of not less than 3 years.

In addition, the Installation Contractor will warrant the labor portion on all installed products for one year after project completion.

I understand that, after the 1-year contractor labor warranty expires and for any product that is not covered by the above, it is my responsibility to contact the manufacturer of any failed equipment to take advantage of the manufacturer's warranty.

Change Orders

Proposed changes adding more than \$25 to the original estimate must be approved in writing by me before proceeding. It is the responsibility of the Installation Contractor to identify any discrepancies in fixture quantities and any issues affecting retrofit viability prior to or during construction of each space and to notify SmartLights staff in writing of any proposed changes in scope. It is also the responsibility of the Installer to notify me of any proposed changes to the scope, and to get my signed approval on the change order provided to the contractor by SmartLights staff.

The SmartLights Customer Work Order is part of this direct agreement with the Installation Contractor. I agree to sign the forms necessary for the Installation Contractor to receive the rebate funds when the work is complete.

I have read, understood, and accept all of the above terms and conditions; I authorize the work to proceed, and I shall be bound by all of the terms and conditions as ordered by the undersigned and his/her agent.

Signature of Authorized Business Representative

Date

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.
1013 Pardee Street, Suite 201
Berkeley CA 94710
joanna@cesenergy.org
415-464-6033

*** CUSTOMER DO NOT WRITE IN THIS BOX ***

Contractor Work Agreement

I, the undersigned, on behalf of the Installation Contractor identified below, acknowledge and agree to the following:
The price and specifications of this bid proposal are satisfactory and are hereby accepted by the Installation Contractor. The cost of the work included in this bid proposal is not to exceed \$2,502.97 unless a customer signed and approved change order is received by the SmartLights Project Manager. I agree to honor the terms and conditions of the accompanying Customer Work Order.

All work will be completed within 3 weeks of the project start date shown below or by an agreed upon alternate date provided to SmartLights, in writing, by me.

All work will be completed pursuant to the SmartLights Program Manual and Installation Standards. In order for the SmartLights Program to release the project for invoicing, the undersigned will provide to the customer warranty information for all equipment installed, and submit to the Program a completed Project Completion and Acceptance Certificate, including a customer materials list.

☐ Yes, I accept the project, to start on:

☐ No, I do not accept the project - state reasons below:

Signature of Contractor Representative

Date:

Print name:

Company:

Address:

City, State, Zip:

(ECHO)



February 18, 2016

TO: Marin Clean Energy Board

FROM: David McNeil, Project and Finance Manager
Mike Maher, Maher Accountancy

RE: Proposed Budgets FY 2016/17 (Agenda Item #06)

ATTACHMENT: Proposed Budgets for FY 2016/17

Dear Board Members:

SUMMARY:

Before the end of every fiscal year, MCE's Board has the responsibility to set forth Budgets for MCE's Operating Fund, Energy Efficiency Program Fund, Renewable Energy Reserve Fund and the Local Renewable Energy Reserve Fund for the upcoming fiscal year. These Budgets authorize the Staff to earn revenue and spend funds within the limits set forth in each budget line item. The attached Budgets reflect MCE's anticipated revenue and expenditures for the 12 months ending March 31, 2017. Anticipated results for the year ending March 31, 2016 have been provided for information and comparative purposes.

The attached Proposed Budgets for the Fiscal Year Ending March 31, 2017 set forth the following line items:

OPERATING FUND

- Revenue: The proposed revenue reflects rates for energy that are unchanged from the previous year. Lower revenue in FY 2016/17 reflects higher than expected usage in FY 2015/16 and conservative estimates of usage in the upcoming year.
- PG&E Service Fees: PG&E service fees, which are primarily charged on a per customer basis, will increase in FY 2016/17 due to an expected increase in the number of customers and full year charges resulting from the expansion of MCE's service territory in 2016.
- Data Manager: Data management costs are charged on a per meter basis. MCE's service territory expanded during FY 2015/16. Recording these costs over the full year has the effect of pushing the overall cost upward.
- Cost of Energy: MCE's cost of energy will increase in FY 2016/17. The increase in projected power costs is primarily the result of higher anticipated sales volumes as well as changes in the composition of MCE's renewable energy portfolio associated with policies adopted in the 2015 Integrated Resource Plan update aimed at greater utilization of bundled renewable energy power purchase contracts and fewer purchases of unbundled renewable energy certificates. The average cost of the supply portfolio is projected to increase by approximately 1.6%, to \$71.8 per MWh in the coming fiscal year from \$70.7 per MWh estimated for the prior fiscal year.
- Personnel: Increased Staff costs reflect anticipated hiring for new positions in FY 2016/17, the full year impact of staff hired during FY 2015/16, increased salaries associated with new pay ranges approved by the board in late 2015, cost of living increases for all staff and performance based increases for individual staff members.

- Technical Consultants: MCE's technical consultant costs are expected to decrease in FY 2016/17 due to contract restructuring.
- Legal Counsel: MCE's legal costs are expected to increase in FY 2016/17. Increased costs are caused by a shifting of expenses from "Other Services" to "Legal Counsel" (see below) and increased costs associated with an increased number of Power Purchase Agreements expected to be concluded in FY 2016/17. Legal Counsel costs are also expected to increase due to increased support for energy efficiency, regulatory and public request activity.
- Communications: The communications budget is not expected to increase in FY 2016/17.
- Other Services: The other services line item includes costs associated with audit, accounting, information technology, among several other services.
- General and Administration: The general and administration line includes: data and office telephone service, insurance, equipment rentals, subscriptions, travel, business meals, other services, conferences, professional education, special events sponsorship, office supplies and postage, and small equipment. G&A costs are expected to increase to accommodate new staff, full year expenses associated with the expansion of MCE's customer territory in 2015 and various expenditures for MCE's new office facility.
- Occupancy: Occupancy costs include lease payments, utilities, and maintenance costs. MCE moved into its current location during FY 2015/16. FY 2016/17 occupancy costs are expected to increase reflecting a full 12 months of lease payments at the new location.
- Integrated demand side pilot programs: This budget category will assist MCE with achieving its strategic energy goals for integrated demand side management.
- Marin County Green Business Program: Contribution to the Marin County Green Business Program.
- Low income solar programs: MCE plans to increase its efforts to encourage solar installations in low income areas by alleviating some of the costs.
- Interest and Financing Costs: Financing costs are expected to increase to support the needs of the organization.
- Local Renewable Energy Development Fund: MCE transfers 50% of the premium from deep green energy sales to fund local renewable projects.
- Capital Outlay: MCE anticipates the need for capital outlay related to the new office facility and equipment for its staff.
- Depreciation: Depreciation expense is a non cash outlay related to capital equipment and leasehold improvements. This is provided for informational purposes only, as the separate Capital Outlay line represents the actual outflow required to acquire these resources. The net effect of depreciation on the Operating Fund balance is zero.

ENERGY EFFICIENCY PROGRAM FUND

- The Energy Efficiency Program is financed through the CPUC and distributes funds through its multi-family, small commercial, single family, and financing sub-programs. The program is a reimbursable type program, where eligible expenses are reimbursed by the CPUC. Accordingly, the revenue and expenses for this program are intended to offset each other.

LOCAL RENEWABLE ENERGY DEVELOPMENT FUND

- This Fund is financed by 50% of the premium from deep green customer sales. These resources are used to plan, create and develop local energy efficient projects.

RENEWABLE ENERGY FUND

- This Fund is intended for the procurement or development of renewable energy not planned for in the operating fund. Resources may accumulate from year to year and be expended as management determines.

Recommendation: Approve Proposed Revenues and Expenditures for the Operating Fund, Energy Efficiency Program Fund, Renewable Energy Reserve Fund and the Local Renewable Energy Reserve Fund for Fiscal Year Ending March 31, 2017.

MARIN CLEAN ENERGY					
OPERATING FUND					
Proposed Budget					
Fiscal Year 2016/17					
		Projected 2016 Results (information only)	Proposed 2017 Budget	Variation	Variation %
ENERGY REVENUE					
Revenue - Electricity (net of allowance)		147,443,380	\$ 144,507,000	(2,936,380)	-2.0%
Other Revenue		428,512		(428,512)	
TOTAL ENERGY REVENUE		147,871,892	144,507,000	(3,364,892)	-2.3%
ENERGY EXPENSES					
Cost of energy		125,671,563	126,864,000	1,192,437	0.9%
Service fees - PG&E		882,146	918,000	35,854	4.1%
TOTAL ENERGY EXPENSES		126,553,709	127,782,000	1,228,291	1.0%
NET ENERGY REVENUE		21,318,183	16,725,000	(4,593,183)	-21.5%
OPERATING EXPENSES					
Personnel		3,141,797	4,367,000	1,225,203	39.0%
Data manager		2,868,024	2,899,000	30,976	1.1%
Technical consultants		638,795	536,000	(102,795)	-16.1%
Legal counsel		386,793	717,000	330,207	85.4%
Communications consultants & related		751,000	751,000	-	0.0%
Other services		465,040	404,000	(61,040)	-13.1%
General and administration		343,930	368,000	24,070	7.0%
Occupancy		233,706	288,000	54,294	23.2%
Integrated demand side pilot programs		36,190	50,000	13,810	38.2%
Marin County green business program		10,000	10,000	-	0.0%
Low income solar programs		35,000	35,000	-	0.0%
TOTAL OPERATING EXPENSES		8,910,275	10,425,000	1,514,725	17.0%
OPERATING INCOME		12,407,909	6,300,000	(6,107,909)	-49.2%
NONOPERATING REVENUES (EXPENSES)					
Interest income		7,500	15,000	7,500	100.0%
Interest expense and financing costs		(123,680)	(213,000)	(89,320)	72.2%
Depreciation (supplemental)		(80,000)	(100,000)	(20,000)	25.0%
TOTAL NONOPERATING REVENUES (EXPENSES)		(196,180)	(298,000)	(101,820)	
CHANGE IN NET POSITION		12,211,729	6,002,000	(6,209,729)	-50.9%
Net position beginning of period		13,256,319	25,468,048	12,211,729	92.1%
Change in net position		12,211,729	6,002,000	(6,209,729)	-50.9%
Net position end of period		25,468,048	31,470,048	6,002,000	23.6%
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER					
Capital Outlay		295,656	156,000	(139,656)	-47.2%
Depreciation		80,000	100,000	20,000	
Repayment of Loan Principal		2,024,038	-	(2,024,038)	-100.0%
Transfer to Renewable Energy Reserve		1,000,000	-	(1,000,000)	-100.0%
Transfer to Local Renewable Energy Development Fund		151,383	173,263	21,880	14.5%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER		3,551,077	429,263	(3,121,814)	
Net increase (decrease) in Operating Fund balance		\$ 8,660,652	\$ 5,572,737	\$(3,087,915)	-35.7%

MARIN CLEAN ENERGY
ENERGY EFFICIENCY PROGRAM FUND
Proposed Budget
Fiscal Year 2016/17

	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Public purpose energy efficiency program	\$ 1,505,702	\$1,220,267	\$ (285,435)
EXPENDITURES AND OTHER USES:			
CURRENT EXPENDITURES			
Public purpose energy efficiency program	1,505,702	\$1,220,267	(285,435)
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>

LOCAL RENEWABLE ENERGY DEVELOPMENT FUND
Proposed Budget
Fiscal Year 2016/17

	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Transfer from Operating Fund	151,383	\$ 173,263	\$ 21,880
EXPENDITURES AND OTHER USES:			
Capital Outlay	111,115	173,263	62,148
Net increase (decrease) in fund balance	<u>\$ 40,268</u>	<u>\$ -</u>	

RENEWABLE ENERGY RESERVE FUND
Proposed Budget
Fiscal Year 2016/17

	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Transfer from Operating Fund	\$ 1,000,000	\$ -	\$ (1,000,000)
EXPENDITURES AND OTHER USES:	<u>-</u>		<u>-</u>
Net increase (decrease) in fund balance	<u>\$ 1,000,000</u>	<u>\$ -</u>	



February 18, 2016

TO: Marin Clean Energy Board

FROM: John Dalessi, Pacific Energy Advisors

RE: Proposed Marin Clean Energy Rates for Fiscal Year 2016/17
(Agenda Item #07)

Dear Board Members:

SUMMARY:

The Marin Clean Energy Community Choice Aggregation Implementation Plan and Statement of Intent ("Implementation Plan") describes the policies and procedures for setting and modifying electric rates for the Marin Clean Energy (MCE) program. As described in the Implementation Plan, the MCE annual ratesetting process is coordinated with the establishment of fiscal year program budgets. MCE rates are typically reviewed on an annual basis during the month of January to determine whether rate changes are warranted in consideration of the next fiscal year's proposed budget, rate competitiveness, rate stability, customer understanding, efficiency and equity among customers.

MCE's ratesetting policies establish a thirty-day public review period for proposed rate changes before final rates are adopted by the Board. Public release of the proposed rates in February typically initiates the public review period. Rates for the next fiscal year are typically adopted by your Board during the month of March.

MCE's current rates are projected to yield sufficient revenues to recover the proposed FY 2016/17 expenditures and build reserves, and no changes from the currently adopted rates are recommended for FY 2016/17 for MCE's existing rate schedules. As described below, two new residential time-of-use rate options are being proposed this year, corresponding with similar rate options adopted by PG&E which will allow for proper billing of MCE customers who will begin transferring to the new PG&E rate schedules on March 1, 2016.

BACKGROUND – MCE RATESETTING CYCLE, POLICIES AND PROCESS

Ratesetting Cycle

MCE typically adjusts its rates on an annual basis, and the new rates go into effect on or about April 1. Ratesetting is coordinated with the annual budgeting cycle due to the inherent linkages between the MCE Budget and MCE rates. Rates could be adjusted more frequently, if necessary, to ensure recovery of all MCE program costs, but this is not typical and has not been necessary to date.

Proposed rates are typically presented to your Board in February, based on the proposed upcoming fiscal year budget. This release of the proposed rates initiates a

thirty-day public review and comment period. If rate increases are being proposed, the affected MCE customers are provided with notice of said rate increase. Following completion of the thirty-day public review and comment period, final rates are adopted by your Board in March and placed into effect on April 1. Final rates may differ from the initially proposed rates to account for changes resulting from adoption of the final fiscal year budget, consideration of public comments received during the aforementioned review period, and/or other factors that may be considered by your Board.

Ratesetting Policies

MCE has established various policies that are considered in designing MCE rates. These ratesetting policies are as follows:

Revenue sufficiency: rates must recover all expenses, debt service and other expenditure requirements, and build prudent reserves; i.e., the “revenue requirement”.

Rate competitiveness: rates must allow MCE to successfully compete in the marketplace to retain and attract customers.

Rate stability: rates changes should be minimized to reduce customer bill impacts.

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

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

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

To the extent that the policies may be in tension with one another, the rate proposal attempts to strike an appropriate balance. For example, a cost-of-service analysis might suggest that a particular rate should be increased, but the increase might be limited in the interest of rate stability and/or rate competitiveness. In accordance with the Implementation Plan, the policy of revenue sufficiency may not be violated; however, the Board may use discretion in how the other ratesetting policies are reflected in MCE rates.

Ratesetting Process

The ratesetting cycle begins with a forecast of MCE electric energy sales for the coming fiscal year. The forecast includes the number of customers that are expected to be enrolled and take service on each of the MCE rate schedules as well as the monthly billing quantities expected under each rate schedule. Depending upon the rate schedule in question, billing quantities can include monthly kWh, kWh during specified time-of-use periods (e.g., on-peak, partial peak, off-peak), maximum monthly kW demand and maximum kW demand during specified time-of-use periods. The forecasted billing quantities are used to derive a forecast of revenues at current (and proposed) MCE rates.

The projected revenue at current rates, termed “present rate revenues”, is compared to fiscal year budget items that must be funded through such rates (the “revenue

requirement”) to determine whether rate adjustments are warranted for purposes of addressing any projected surplus or deficit.

As an interim step in the rate design process, the revenue requirement is first allocated to customer classes. Customers are classified based on end-use and other service characteristics in an attempt to represent groups of customers with relatively similar cost-of-service profiles. MCE has established nine customer classes that include: residential (Res-1), small commercial (Com-1 and Com-6), medium commercial (Com-10), large commercial (Com-19), industrial (Com-20), agricultural (Ag), street lighting (SL) and traffic control (TC) end uses. Revenues are allocated based on a cost of service analysis, assessment of rate competitiveness, and other policy considerations.

Typical end uses within the commercial customer classes are described below:

Rate Group	Example End Use
Com-1 and Com-6	Small office, small retail
Com-10	Bank, restaurant, mixed use retail
Com-19	Department store, large office building, grocery store
Com-20	Institutional, hospital, college, water treatment facility

Rates are designed for the various rate schedules associated with each customer class in order to recover the revenue requirement allocated to that class. There are currently 41 rate schedules under which MCE customers may take service subject to the relevant eligibility criteria.

FY 2016/17 PROPOSED RATES

MCE’s current rates are sufficient to recover the proposed FY 2016/17 revenue requirement, based on the proposed budget referenced in Agenda Item #6. Staff recommend no changes to current rates for FY 2016/17. This recommendation is also consistent with each of MCE’s rate design policies articulated above. The recommendation to maintain current rates through FY 2016/17 has been discussed with the MCE Ad Hoc Rates Committee and the MCE Executive Committee, and is supported by both Committees.

The only recommended changes to MCE rates are adoption of two new residential time-of-use rate options: Schedules Res-TOU-A and Res-TOU-B. These rate schedules are designed to be consistent with similar rate options adopted by PG&E, which are expected to become available on March 1, 2016.

FY 2016/17 Revenue Requirement

The FY 2016/17 revenue requirement is based on the proposed FY 2016/17 Budget for MCE’s Operating Fund. The difference between the revenue requirement used for ratesetting and the budgeted revenue is due to the revenue deficiencies associated with uncollectible customer accounts as well as costs and revenues associated with the net energy metering (NEM) program. The proposed revenue requirement for FY 2016/17 is \$145,564,329 as shown in Table 1, which is equivalent to projected revenues at present rates.

The proposed revenue requirement, including a reconciliation to the proposed FY 2017 Budget, is shown in Table 1.

Table 1: Proposed FY 2017 Revenue Requirement

Revenue Requirement	
Proposed FY 2017 Operating Fund Budget Revenue	\$144,507,000
Uncollectible Account Expenses and NEM Costs	\$1,057,329
Proposed Revenue Requirement	\$145,564,329
Present Rate Revenues	\$145,564,329
Surplus (Deficiency) in Funds	\$0
Required Rate Increase	0%

Rate Schedules Res-TOU-A and Res-TOU-B

As part of the CPUC's residential rate rulemaking, PG&E is implementing new optional time-of-use rate schedules for residential customers, E-TOU-A and E-TOU-B, as well as the discounted versions for low income customers (known as California Alternative Rates for Energy or CARE), EL-TOU-A and EL-TOU-B.¹ These rate schedules are expected to become available on March 1, 2016 and will replace most currently available time-of-use rates for residential customers. The time-of-use periods defined for Schedules E-TOU-A and E-TOU-B are closely aligned with evolving grid utilization patterns which involve a shift in peak usage periods to later in the day. This shift is occurring due to the increasing prevalence of solar generation on the grid, which offsets demand during the hours of maximum daylight.

Schedules E-7 and EL-7, which have been closed to new customers since the mid 2000's, will be eliminated with the implementation of E-TOU rates. These customers will be placed on E-TOU-A by default and may elect E-TOU-B. At that same time, Schedules E-6 and EL-6 will be closed to new customers, but existing customers will be allowed to continue service on Schedules E-6 and EL-6 for several years before transitioning to the new time-of-use schedules.

Customers taking delivery service under the new PG&E rate schedules who were previously served under a time-of-use MCE rate schedule (e.g., Res-7 or Res-6) cannot be properly billed on the previous MCE rate schedule because the monthly usage data provided by PG&E for use in MCE's billing process will be inconsistent with the previous time-of-use definitions. The billing usage data provided by PG&E for residential customers includes total KWh by time-of-use period, and this data would not be accurate for rate schedules with a different time-of-use period definition. MCE's adoption of comparable rate schedules, with the same time-of-use period definitions as used by PG&E, will enable the customer to continue taking service on a time-of-use rate and allow for proper billing of these customers.

¹ The discounts for qualifying low income customers are provided through delivery rates, and there are no differences in generation rates between the standard rate and the low-income equivalent.

The equivalent MCE rate schedules proposed for adoption are Res-TOU-A and Res-TOU-B. These new rates have been designed based on the PG&E equivalent generation rates, less the applicable Power Charge Indifference Adjustment and Franchise Fee Surcharges so that total customer costs are expected to be similar between MCE and PG&E service.² All customers taking service on PG&E's E-TOU-A/EL-TOU-A and E-TOU-B/EL-TOU-B will be billed on the MCE equivalent rate.

The proposed rates are as follows:

Res-TOU-A

Time Period	Proposed MCE Rate (\$/KWh)
Summer On-Peak	0.157
Summer Off-Peak	0.082
Winter On-Peak	0.070
Winter Off-Peak	0.056

Summer (service from June 1 through September 30)

Peak: 3:00 p.m. to 8:00 p.m. Monday through Friday
Off-Peak: All other times including holidays.

Winter (service from October 1 through May 31)

Peak: 3:00 p.m. to 8:00 p.m. Monday through Friday
Off-Peak: All other times including holidays.

Res-TOU-B

Time Period	Proposed MCE Rate (\$/KWh)
Summer On-Peak	0.174
Summer Off-Peak	0.072
Winter On-Peak	0.076
Winter Off-Peak	0.057

Summer (service from June 1 through September 30)

Peak: 4:00 p.m. to 9:00 p.m. Monday through Friday
Off-Peak: All other times including holidays.

Winter (service from October 1 through May 31)

Peak: 4:00 p.m. to 9:00 p.m. Monday through Friday

² PG&E's proposed rates are set forth in Advice Letter 4769-E. As discussed in the advice letter, these rates may be revised prior to their effective date of March 1, 2016. MCE staff does not anticipate the need to adjust the proposed Res-TOU-A and Res-TOU-B rates during 2016, but will review the effective PG&E rates when available and, if any changes are recommended, would bring such a recommendation to a future MCE Board meeting for consideration.

Off-Peak: All other times including holidays.

There are approximately 2,430 customer accounts currently taking service on Res-7 who would be transferred to Res-TOU-A after March 1, 2016. Of these, 748 are net energy metering customers. An unknown but likely small number of MCE customers on other rate schedules may elect to switch service to one of the new residential time-of-use rates. It is expected that customers formerly served on schedule Res-7 will experience lower generation costs overall, while the compensation provided for net energy metered solar generation will be diminished relative to the Res-7 rate. The majority of MCE's 5,727 net energy metered customers will not be impacted because they receive service on a rate schedule other than Res-7.

The impact on MCE revenues is expected to be small (less than 1%) because of the small number of accounts involved.

Recommendation: Maintain current rates through FY 2016/17. Adopt MCE rate schedules Res-TOU-A and Res-TOU-B to become effective on March 1, 2016.



February 18, 2016

TO: Marin Clean Energy

FROM: Kirby Dusel, Pacific Energy Advisors, Inc.

RE: Electric Schedule Local Sol – 100% Local Solar Electricity Supply
(Agenda Item #08)

ATTACHMENTS: A. Draft Electric Schedule Local Sol – 100% Local Solar Electricity
Supply
B. Presentation – Local Sol: 100% Local Solar

Dear Board Members:

BACKGROUND:

In August 2010 (at its inaugural Board retreat), MCE began studying and discussing the feasibility of developing a locally-focused retail solar program, which would allow MCE customers to voluntarily purchase renewable energy from one or more designated small-scale generators located within the MCE service territory. The primary impetus for considering such a program was to eliminate participatory barriers commonly associated with rooftop solar development, which include excessive shading, non-optimal roof orientation, occupancy of non-owned businesses and residences, as well as various other considerations. There were also a number of key benefits that were identified in conjunction with such programs, including increased utilization of local renewable energy resources, reduced GHG emissions related to electric energy consumption, and enhanced local economic development opportunities – these benefits were generally aligned with MCE’s charter goals and objectives, which were determined to be important threshold criteria when evaluating the development of prospective complimentary energy programs administered by MCE.

MCE staff researched existing program structures and products that were effectively implemented in the service territories of the Sacramento Municipal Utility District (program name: SolarShares) and Tucson Electric Power (program name: Bright Tucson Community Solar) – each program incorporated different structural elements and pricing mechanisms, but both allow the respective customers of each utility to voluntarily purchase 100%, locally generated solar energy as a substitute for some or all of the broader mix of energy products that would otherwise be delivered. In general terms, participating customers are charged a premium rate/price for the local solar electricity that is supplied through the program – the price charged by each service provider is intended to reflect the actual cost of service, less certain subsidies that were incorporated to encourage program participation and the achievement of each utility’s overarching policy objectives.

More recently, PG&E received approval to offer two additional retail supply options to its customers: PG&E's Solar Choice and Regional Solar Choice. Both programs provide customers with the opportunity to procure varying amounts of solar electricity, which will be supplied to participating customers in place of PG&E's general resource mix. With regard to PG&E's Solar Choice option, supplying projects will vary in size and may be located throughout the PG&E service territory; for PG&E's Regional Solar Choice option, the geographic parameters are more narrowly defined with projects located within the same county as (or within 10 miles of) participating customers. Regional Solar Choice product availability will be dependent upon a sufficient level of community interest to support development of the requisite generator(s). In addition to applicable program charges, participating customers must also pay the Power Charge Indifference Adjustment to prevent cost shifting to non-participating PG&E customers. With regard to PG&E's Solar Choice program, the current residential rate premium is 3.58 cents/kWh.

After researching these programs and engaging in discussions with MCE's governing Board and Technical Committee, the following elements of an MCE-administered 100% Local Solar Program were developed for and approved by your Board (in April 2014):

- Program name: "Local Sol"
- Product description: 100% solar; 100% local; 100% new generating capacity.
 - The product purchased by participating customers will be "bundled," RPS-eligible electric energy.
 - Renewable energy certificates will be annually retired by MCE on behalf of participating customers.
 - Green-e Energy certification may be pursued for the Local Sol product.
- Project(s): new project(s) to be located within MCE's service territory.
 - Initial "host" site will be a one megawatt photovoltaic solar array located at the Cooley Quarry in Novato.
 - Cooley Quarry project is under contract via MCE's Feed-In Tariff program
 - Anticipated project online date in mid-2016.
 - Annual energy use of participating customers will be supplied by an equivalent quantity of solar electricity produced by the host generator.
 - Program launch to follow project completion.
- Limited participation: anticipated 1 MW project size would accommodate participation by 150-300 average residential customers.
 - Actual participation will vary based on the projected annual energy requirements of program participants.
 - MCE staff estimates that actual participation may range from 100-200 customers.
- Pricing: proposed energy price would reflect a significant premium relative to MCE's Light Green and Deep Green service options and would replace the participating customer's otherwise applicable generation rate(s).
 - Typical residential participants will incur additional costs ranging from \$25-\$50/month.
 - Program energy price is directly tied to MCE's current FIT pricing schedule: \$0.138/kWh + \$0.004/kWh administrative fee = \$0.142/kWh.
 - Price to remain fixed during initial 3-year period of program operation.
 - MCE plans to pass through long-term price/rate stability to participating customers in consideration of the 20-year fixed price paid under MCE's FIT.

- Solar program should promote local economic development and may allow MCE to extend the relatively high price currently paid under MCE's FIT program.
 - High levels of customer participation may warrant MCE's consideration of a revised FIT pricing schedule.
 - Sustained FIT pricing levels should promote the development of additional, local renewable energy resources.
- Initial outreach has resulted in approximately 100 Local Sol enrollments.

In the interest of further expanding retail choice and offering a formal tariff to support its Local Sol program, staff have developed Electric Schedule Local Sol – 100% Local Solar Electricity Supply (attached), which outlines pertinent terms and conditions associated with this program. Details of Electric Schedule Local Sol conform with the program elements previously described in this staff report.

BUDGET IMPACT: Revenues and expenses associated with the Local Sol program have been included in the FY 2016/17 Budget that will be submitted to the Board for approval at the March 2016 board meeting.

RECOMMENDATION: Approve Electric Schedule Local Sol – 100% Local Solar Electricity Supply for immediate implementation.



ELECTRIC SCHEDULE LOCAL SOL – 100% LOCAL SOLAR ELECTRICITY SUPPLY

APPLICABILITY: This Schedule Local Sol is available on a voluntary, first-come, first-served basis to any MCE customer who appropriately enrolls in the Local Sol service option, subject to the availability of specified local solar electricity production. Customers participating in the Local Sol service option will be supplied with a quantity of locally produced, photovoltaic solar electricity matching their respective net electricity usage, as measured by MCE. Charges associated with Schedule Local Sol are further described below. The commencement of Local Sol service is expected to occur in mid-2016, subject to the availability of necessary power supply. Prior to the commencement of Local Sol service, enrolled customers will continue to be served under their current MCE tariff election.

BACKGROUND: In an effort to expand the retail electricity service options available to customers within MCE's service territory, MCE offers Schedule Local Sol, a retail electricity option providing 100% photovoltaic solar electricity produced by a generating facility located within the MCE service territory. The quantity of solar electricity generated for participating Local Sol customers will be equivalent to each customer's respective net annual electricity usage, excepting situations in which certain customers may be enrolled in the Local Sol service option for a partial calendar year – in such instances, 100% photovoltaic solar electricity will be generated for the participating customer in a quantity equivalent to such customer's net electricity usage during the partial period of Local Sol enrollment.

Currently, MCE has identified an approximately one megawatt photovoltaic solar generating facility located within the City of Novato to serve as the primary source of electricity supply for the Local Sol service option (the "Local Sol Generator"). Development of the Local Sol Generator is being supported by a long-term, 20-year, power purchase agreement between MCE and the project owner under the terms of MCE's Feed-In Tariff ("FIT") program, which is designed to support the development of small-scale, locally situated renewable generating facilities. Generation rates charged to Local Sol customers are based on the wholesale power supply costs described in MCE's FIT and are intended to pass through such costs as well as costs associated with general administration of the Local Sol program.

Based on assumed electricity production at the Local Sol Generator, approximately 1.5 million kilowatt hours per year will be available under the Local Sol service option. In consideration of such production estimates, MCE anticipates that initial Local Sol participation will be limited to approximately 100-200 MCE customers, depending on electric usage characteristics of the participating Local Sol customer base. MCE will, at its sole discretion, determine the quantity of local solar electricity production that will be made available through the Local Sol tariff option and may periodically increase or reduce the quantity of such production without notice. MCE may also change or add local solar generating facilities in an effort to provide sufficient power supply to participating customers.

At the time that expected annual electricity sales to participating Local Sol customers generally approximates the anticipated annual electricity production at the Local Sol Generator, enrollments will

be suspended and a customer waiting list will be formed. To the extent that a Local Sol customer elects to change service options, MCE will notify customers on the Local Sol waiting list until the service option is fully subscribed.

TERRITORY: The entire MCE service area.

RATES: The generation rate charged to participating Local Sol customers shall not exceed 14.2 cents per kilowatt hour (\$0.142/kWh, “the Local Sol Rate”) and shall apply to all net electricity usage during each billing period. The Local Sol Rate shall replace the participating customer’s otherwise applicable MCE generation rate(s) and shall remain in effect during any continuous period of enrollment in Schedule Local Sol, extending up to twenty (20) years from the customer’s initial date of service in the Local Sol program. All other charges described in the participating customer’s otherwise applicable MCE rate schedule, including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges, and all other charges owed to MCE or PG&E, shall continue to apply. Charges for net electric generation, as measured in kWh, supplied by MCE will be based on the aforementioned Local Sol Rate.

PARTICIPATORY LIMITATIONS: Participation in this Schedule is limited to MCE customers on either residential or small commercial (e.g., COM-1, or COM-1 TOU) service elections. Additionally, MCE customers taking service under this Schedule are subject to an annual electric energy usage cap, which may impact eligibility in this Schedule to the extent that a participating customer exceeds such cap. Currently, the electric energy usage cap for individual customers participating in this Schedule is set at 3,000 kWh/month, measured in consideration of average net electricity consumption over a rolling three-month period. Customers with average electricity usage in excess of the prescribed cap may be subject to removal from this Schedule, depending on the availability of electric power supplied by the Local Sol Generator. In such a scenario, customers will be returned to their otherwise applicable MCE service election without penalty.

MCE’s STANDARD TERMS AND CONDITIONS OF SERVICE: MCE customers electing to take service under this Schedule will be subject to MCE’s standard terms and conditions of service, which can viewed online by visiting: http://www.mcecleanenergy.org/terms_and_conditions/.

ADDITIONAL INFORMATION & ENROLLMENT: Eligible MCE customers may enroll in Schedule Local Sol by contacting an MCE customer service representative at 1 (888) 632-3674, Monday through Friday, 7:00 A.M. to 7:00 P.M. Pacific Prevailing Time or by emailing info@mceCleanEnergy.org. Additional information regarding Schedule Local Sol can be viewed online by visiting: <https://mcecleanenergy.org/100-local-solar/>.



Local Sol: 100% Local Solar

A Local Renewable Choice for MCE Customers

Marin Clean Energy | February 18, 2016



Program Overview

- Program name: Local Sol
- Opportunity for MCE customers to purchase electricity from a new, local solar project located at the Cooley Quarry in Novato
 - 100% Voluntary
 - 100% New
 - 100% Local
 - 100% Solar
- Eliminates participatory barriers and risks associated with solar
 - Shading
 - Roof orientation
 - Non-owned structures/facilities
 - Tariff volatility
- “Bundled” RPS-eligible generation = electricity + REC
- Limited participation (based on projected solar production)
 - Participation limited to 90% of projected solar output (eliminates “over-selling”)
 - Need to “match” projected use of participating customers with expected project output
 - Likely 150-300 residential customers per 1 MW project
- Energy price/rate directly tied to MCE’s Feed-In Tariff
- PG&E delivery charges will continue to apply

Establishing the Program

- MCE has studied similar, successful programs offered by SMUD (Sacramento) and Tucson Electric Power (Arizona)
- Existing retail solar offerings were identified as feasible ways to promote key MCE objectives:
 - Support development of local renewable energy projects
 - Enhance opportunities for local economic development
 - Provide innovative service offerings to MCE customers
 - Promote electric rate stability
- Technical Committee discussions identified preferred program elements/terms
- MCE Board approved program elements/terms in April 2014
- Feed-In Tariff underwent minor adjustments to accommodate additional local solar project (1 MW), which will support Local Sol

Program Comparison

	100% Local Sol	Deep Green	PG&E Solar Choice
Renewable Content	100%	100%	50% or 100%
Project Location(s)	<i>Local</i> – Novato	CA + Western U.S.	Same County as Participating Customer
Product Certification	RPS Bucket 1	Green-e Energy	Green-e Energy
Age of Generator(s)	<i>New</i> – 2016	CY 2002 COD or later*	New – will depend on subscribership
Fuel Source	<i>Solar</i>	Wind & Solar	Solar
Residential Generation Rate	\$0.165/kWh – fixed**	\$0.115/kWh***	\$0.097/kWh
Monthly Program Premium @ 500kWh	\$30.00	\$5.00	\$17.91 (estimated)

*For deliveries occurring in 2016; eligibility dates move forward with time.

**Proposed rate ties directly to MCE's Feed-In Tariff rate of \$0.138/kWh + administrative component of \$0.004/kWh + PCIA.

***RES-1 tariff rate of \$0.082/kWh + Deep Green premium of \$0.01/kWh + PCIA.

Key Program Elements

- Limited Participation
 - FIT production @ 1 MW (solar) \approx 1.8 million kilowatt hours per year
 - Sales limited to 90% of expected project output – eliminates the potential for over-selling
 - Actual customer participation \approx 100-200 accounts, depending on historical usage and customer type (residential vs. commercial)
- Proposed Pricing/Costs
 - Price based on cost (of FIT resource)
 - Price reflects significant premium relative to Light Green and Deep Green options \approx additional cost of \$25-\$50/month (relative to Deep Green) for a typical residential customer
 - FIT contract term allows MCE to offer price certainty over an extended term: 20-years, contingent upon continued enrollment
 - MCE's retail generation rate for Local Sol shall not exceed \$0.142/kWh (but may be adjusted downward, depending upon program subscribership and applicable contract prices)
 - Local Sol rate = \$0.138/kWh (FIT price) + \$0.004/kWh (admin/overhead)

Key Program Elements (Cont.)

- Economic Development
 - Significant customer interest may allow MCE to extend current FIT pricing levels for additional FIT capacity
 - MCE FIT pricing creates enhanced financial incentives for qualified local developers/contractors
 - MCE FIT development creates local economic benefits
- Annual Reconciliation
 - MCE tracks monthly/annual solar production at the project
 - MCE tracks monthly/annual electricity use by participating customers
 - MCE to annually compare actual energy production and customer energy use
 - Annual staff report demonstrating sufficiency of energy production in supporting program participation (copies sent to program customers)
- Billing
 - Program generation price/rate would be substituted for participating customer's otherwise applicable generation rate
 - No rate differentiation based on time of use – program rate would apply for all usage
 - May simplify billing/bill presentation for certain customers
 - Applicable demand charges, if any, would continue to apply for participating customers
- Green-e Energy certification may be pursued

Illustrative Residential Cost Comparison

	PG&E Regional Solar Choice	MCE Light Green 50%	MCE Deep Green 100%	MCE Local Sol 100%
Generation	\$48.48*	\$41.00	\$41.00	\$71.00
Premium	Incl. in fees	N/A	\$5.00	N/A
PG&E Fees	\$17.91**	\$11.62	\$11.62	\$11.62
Total Generation Cost	\$66.39	\$52.62	\$57.62	\$82.62

**Estimate: actual generation cost to be based on PPA between PG&E customer and project developer*

***Incremental cost estimate based on PG&E web calculator*

Assumed electricity usage: 500 kWh/month

Applicable rate schedule: E-1/Res-1

Currently effective MCE and PG&E generation rates

Next Steps

Questions & Discussion



February 18, 2016

TO: Marin Clean Energy Board

FROM: David McNeil, Finance and Project Manager

RE: MCE Reserve Policy (Agenda item #09)

ATTACHMENT: Draft Reserve Policy 013

Dear Board Members:

SUMMARY:

Since inception MCE has recorded annual surpluses and accumulated reserves. These reserves appear in MCE's audited fiscal year end results as Total Net Position in the Statement of Net Position. The Net Position is the difference between Assets and Liabilities. If approved this Reserve Policy would guide the accumulation of reserves at MCE.

Background

The purpose of accumulating reserves is to enable MCE to meet its strategic objectives, secure favorable commercial terms from both third-party service providers and lenders and to enable MCE to acquire an investment grade credit rating. Adequate reserves will enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan covenants, cover unanticipated expenditures and support rate stability.

Calculation of Reserve Targets:

The Policy recommends the accumulation of reserves using the following calculations:

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

The calculation of reserve requirements is illustrated in the following table:

Estimated Expenditures (FY 2016/17)	138,622,418
Days Expenditure Target	90 days
Available Cash Reserve Requirement	34,655,605
Estimated Revenues (FY 2016/17)	144,507,388
% of Revenue Target	15%
Contingency Reserve Requirement	21,676,108
Total Reserve Requirement	56,331,713

MCE is projected to have reserves of \$25 million as of March 31, 2016. Available cash was \$18 million as of December 31, 2015. This amount of available cash is expected to be at or near the high point of the fiscal year 2016.

Budget Impacts: No direct impact. The amount contributed to reserves each year is subject to Board approval through the budget setting process.

Recommendation: Approve the Reserve Policy.



POLICY 013: Reserve Policy

Policy Statement

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

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

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

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

Policy Purpose

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

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

Relationship to the Budget and Periodic Review

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



February 18, 2016

TO: Marin Clean Energy Board

FROM: David McNeil, Finance and Project Manager

RE: Update Regarding Voting Shares (Agenda Item #10)

Dear Board Members:

Section 4.9.2.2 of the Joint Powers Agreement establishing Marin Clean Energy attributes voting shares to each Director based upon the Annual Energy Use of the communities they represent. Section 4.9.2.2 requires that voting shares be adjusted annually based on prior year energy use no later than March 1st of each year.

Annual Energy Use information is provided to MCE by PG&E when any communities have been served by MCE for less than one calendar year. Due to factors beyond MCE's control and due to no fault of its own, energy use information for 2015 is not expected to be received by MCE until June, 2016.

Staff have consulted with MCE's Attorney Gregory Stepanicich from the firm Richards, Watson & Gershon. Mr. Stepanicich advises that MCE can delay updating voting shares beyond the March deadline provided that MCE updates the voting shares as soon as it receives the data from PG&E. While a JPA amendment can be drawn up to address this situation, Staff and Mr. Stepanicich do not think it is necessary at this time. If the data lag persists in future years, an amendment could be considered at that time.

Budget Impact: None.

Recommendation: Discussion item only.



February 18, 2016

TO: Marin Clean Energy Board
FROM: Jeremy Waen, Senior Regulatory Analyst
RE: Regulatory Update (Agenda item #11)

Dear Board Members:

Executive Summary of Regulatory Affairs for February 2016

Below is a summary of the key activities at the California Public Utilities Commission (CPUC) for February 2016 impacting community choice aggregation and MCE. Highlights include:

Energy Efficiency:

- On February 1, the Commission held a prehearing conference to discuss the status of MCE's Application for \$88 million in energy efficiency funding.
- MCE held two productive workshops regarding its Application – one in San Rafael in January and another in Richmond in February.
- MCE requested an increase in energy efficiency funding for its existing programs to reflect MCE's increase in service territory. The request is pending.

Power Charge Indifference Adjustment (PCIA)

- The Commission will hold a workshop to discuss potential reforms to the PCIA on March 8.
- The Commission issued five "optional homework questions," due February 16.
- To date, MCE has propounded extensive data requests on PG&E in order to fully develop responses to the questions and develop concrete solutions for PCIA reform.
- Separately, MCE has sought relief from two high-cost PG&E contracts that PG&E has the option to terminate.

Storage:

- MCE successfully requested revisions to a Proposed Decision that would have limited MCE's energy storage portfolio. The final revised Decision was voted out.

1. MCE Participates in Prehearing Conference on the Application for \$88 Million in Funding to Run Energy Efficiency Programs in 2016 and Beyond (A.15-10-014)



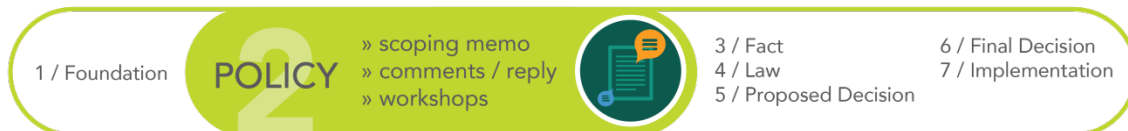
On February 1, 2016 the CPUC held a Prehearing Conference in the Application Proceeding launched as a result of MCE's recently filed Business Plan and Application for \$88 million in funding over a 10-year period to run a comprehensive Energy Efficiency (EE) program. The Prehearing Conference was related to the schedule and scope for reviewing MCE's Application. The CPUC is expected to issue a ruling following the Conference in the next few weeks. MCE has also conducted two public workshops to provide community members and stakeholders an opportunity to learn more about the Application and to provide feedback. The MCE workshops were held on January 28th, 2016 in San Rafael and on February 4th, 2016 in Richmond.

2. MCE Requests Additional Funding to Cover Energy Efficiency Programs for Communities Included in 2015 to Existing Programs (R.13-11-005)



On January 25, 2016 MCE filed a Petition for Modification of CPUC Decision 14-10-046. The requested modification is an increase of \$374,046 to MCE's annual energy efficiency budget starting in 2016. This increase accounts for the approximately 30% increase in customer accounts that resulted from MCE's inclusion of new communities in 2015. These communities include unincorporated Napa County and the cities of El Cerrito, Benicia, and San Pablo.

3. MCE Seeks Power Charge Indifference Adjustment (PCIA) Reform in PG&E 2015 Energy Resource Recovery Account (ERRA) (A.14-05-024)



In accordance with the Commission Decision (D.) 15-12-022 on PG&E's 2016 ERRA, the Commission staff and interested parties are taking steps to prepare for a workshop to consider reform to the PCIA within the ongoing PG&E 2015 ERRA proceeding. Though the Commission originally intended for this workshop to occur on February 16, the Commission staff more recently changed the date to March 8. In addition Commission staff circulated a list of five questions as an "optional homework assignment" for parties planning to participate at this workshop, which is due on February 16, 2016.

Since December of last year, MCE staff has been taking steps to prepare for this workshop. These steps include conducting discovery of facts relating to the PCIA through issuing data requests to the Investor-Owned Utilities. MCE staff issued the first Data Request to PG&E on December 23, 2015. PG&E responded with a Data Request to MCE on January 12, 2016, which MCE staff responded to in a timely manner. MCE subsequently issued a follow-up Data Request to PG&E on January 28, 2016 along with similar data requests to both San Diego Gas and Electric (SDG&E) and Southern California Edison (SCE) on January 29, 2016. MCE staff utilized the responses to all of these requests to inform MCE's response to this "homework". MCE staff continues to coordinate with other CCAs and other parties and await the circulation of the final agenda for the upcoming PCIA workshop.

On a separate but related front, MCE staff protested PG&E Advice Letter (AL) 4761-E which sought *Approval of Forbearance Agreements between PG&E and Solar Partners II, LLC and Solar Partners VIII, LLC for Ivanpah Units #1 and #3*. In this AL PG&E seeks to extend cost recovery for two large, high cost solar thermal facilities that have been underperforming to the point that PG&E *could* seek termination of the contracts for these facilities. Since PG&E is *choosing* to continue purchasing power from these resources instead of terminating the agreement, MCE staff has argued that its customers, which have departed from PG&E's generation service prior to the timing of this choice, should no longer have to pay for this resource through the PCIA. Commission staff is currently reviewing the protests presented by MCE and other parties and will ultimately draft a formal Resolution to address this AL that the Commission will have to approve via a public vote.

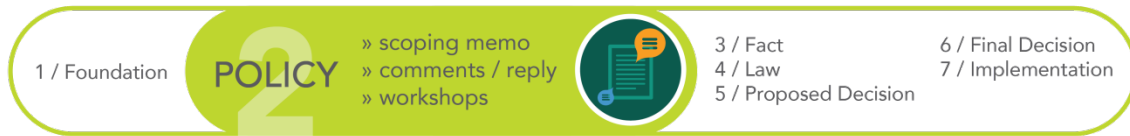
4. MCE Advocates for Fair Treatment regarding Energy Storage Procurement Obligations in the new Energy Storage Roadmap Rulemaking (R.15-03-011)



Phase 1

On January 28, 2016 the Commission voted to approve its Decision regarding revisions to how Energy Storage (ES) procurement will be counted by MCE and other Load-Serving Entities towards meeting their storage procurement obligations. Under current rules, MCE must procure storage equal to 1% of its peak load by 2020. This Decision resulted in two significant changes for how CCAs will be able to count resources towards meeting their ES procurement obligations. First, the Decision allows for CCAs to count ES deployed voluntarily by customers within the CCA's territory. Second, the Decision allows for CCAs to count half of the capacity of ES deployed within the CCA's service territory when Self-Generation Incentive Program (SGIP) funding is used to incentivize this deployment. Previously CCAs could not count any of the capacity from SGIP-funded ES towards the CCAs' storage procurement obligations. As a result of this Decision, MCE will be able to count 0.8 MW of the 1.6 MW total resource capacity for the College of Marin onsite storage installation towards MCE's ES procurement obligation. MCE staff was instrumental in helping bring about the development of this resource. The remaining 0.8 MW will be counted by PG&E because they are the administrators of the SGIP funding program. Both MCE and PG&E bundled customers contribute through rates to the SGIP funding pool.

This recent Decision also impacts the recently submitted MCE AL E-012 that MCE staff submitted to the Commission on December 18, 2015. As such MCE will submit an amendment to this AL once directed to by Commission staff.



Phase 2

The Energy Storage Roadmap Proceeding remains open as the Commission continues to explore additional policy matters through a *second phase* to this proceeding. Among these policy questions is whether the ES procurement targets for CCAs should be changed (increased or decreased). MCE staff remains engaged in this proceeding to ensure energy storage targets for CCAs remain reasonable. On February 5, MCE and Lancaster jointly filed comments on these second phase matters.