



**Marin Clean Energy
Board of Directors Meeting
Thursday, July 3, 2014
7:00 P.M.**

**San Rafael Corporate Center, Tamalpais Room
750 Lindero Street, San Rafael, CA 94901**

Dawn Weisz
Executive Officer

Damon Connolly
Chair
City of San Rafael

Kathrin Sears
Vice Chair
County of Marin

Bob McCaskill
City of Belvedere

Sloan C. Bailey
Town of Corte Madera

Larry Bragman
Town of Fairfax

Kevin Haroff
City of Larkspur

Garry Lion
City of Mill Valley

Denise Athas
City of Novato

Tom Butt
City of Richmond

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

1 (888) 632-3674
mceCleanEnergy.org

781 Lincoln Ave., #320
San Rafael, CA 94901

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1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Executive Officer (Discussion)
4. Consent Calendar (Discussion/Action)
 - C.1 6.5.14 Board Minutes
 - C.2 Monthly Budget Report
 - C.3 Second Addendum to Second Agreement with
Tosdal Law Firm
5. Resolution No. 2014-04 Approving the City of San Pablo as
a Member of MCE and Authorization of Implementation
Plan Changes (Discussion/Action)
6. Request for MCE Membership from City of Benicia
(Discussion/Action)



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7. Land Option and Lease Agreements with Chevron Products Company (Discussion/Action)
8. MCE Prevailing Wage Policies (Discussion)
9. MCE Office Space Proposal (Discussion/Action)
10. Energy Efficiency Update (Discussion)
11. Communications Update (Discussion)
12. Regulatory and Legislative Update (Discussion)
13. Board Member & Staff Matters (Discussion)
14. Adjourn



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**MARIN CLEAN ENERGY
BOARD MEETING
THURSDAY, June 5, 2014
7:00 P.M.
SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901**

Roll Call

Present: Damon Connolly, City of San Rafael, Chair
Kate Sears, County of Marin
Bob McCaskill, City of Belvedere
Sloan Bailey, Town of Corte Madera
Larry Bragman, Town of Fairfax
Kevin Haroff, City of Larkspur
Garry Lion, City of Mill Valley
Tom Butt, City of Richmond
Katie Hoertkorn, Town of Ross, Alternate
Ford Greene, Town of San Anselmo
Ray Withy, City of Sausalito
Emmett O'Donnell, Town of Tiburon

Absent: Denise Athas, City of Novato

Staff: Dawn Weisz, Executive Officer
Jeremy Waen, Regulatory Analyst
Alex DiGiorgio, Community Affairs Representative
Beckie Menten, Energy Efficiency Director
Greg Brehm, Director of Power Resources
John Dalessi, Technical Consultant
Kirby Dusel, Technical Consultant
Greg Stepanicich, General Counsel
Emily Goodwin, Director of Internal Operations
Darlene Jackson, Clerk

Public Session: 7:10PM

Agenda Item #1- Board Announcements (Discussion)

None

Agenda Item #2 – Public Open Time (Discussion)

None

Agenda Item #3 – Report from Executive Officer (Discussion)

Executive Officer Dawn Weisz reported on the following:

Ms. Weisz shared there would be a public hearing on June 9, 2014 concerning the Cooley Quarry solar project which is up for consideration at the County of Marin Planning Commission. A subsequent site visit will take place on June 23, 2014. Ms. Weisz encouraged anyone who might be interested to visit the site at that time since the site visit is open to the public.

Ms. Weisz shared that discussions in committee meetings concerning the Cooley Quarry looked at the potential for the 1-1.5MW solar project be a part of the MCE Feed-in-Tariff (“FIT”) program and could potentially be diverted to the SolShares Program. Staff will follow up with information on the upcoming site visit and results of the Planning Commission’s decision.

Ms. Weisz reminded the Board that the July Board meeting falls on the day before the July 4th holiday and asked Board members to let Darlene know if they will attend the meeting. The Technical Committee will take place on Monday, June 9th where the Green-E Audit and Energy Efficiency will be discussed; The Executive Committee will be held on Wednesday, June 18th and there will be no Board meeting in August.

There were no questions from the Board or the public.

Agenda Item #4 – Consent Calendar (Discussion/Action)

- C.1 5.1.14 Board Minutes
- C.2 Monthly Budget Report
- C.3 Approved Contract Update
- C.4 Records Retention

Katie Hoertkorn, Town of Ross, Alternate expressed her concerns about the Monthly Budget Report. Ms. Hoertkorn is an alternate and does not have access to the full budget, so as an outsider looking in she does not find it particularly easy to interpret. If the budget is being presented as part of the consent calendar, then a new person coming in should be able to clearly determine where the agency stands financially.

Ms. Weisz, Executive Officer responded by saying one thing that is important when looking at budget is the start of MCE’s fiscal year which is April 1, which helps with the percentage in respect to revenue. What is presented here is a budgetary comparison schedule for April 1 – April 30 budget.

Emily Goodwin, Director of Internal Operations shared that the budget to actual is for one month so it shows how it is pacing for the month based on projections. Ms. Goodwin said the staff would take a look at the process and see what new ideas could be incorporated and thanked Ms. Hoertkorn for her feedback. Ms. Goodwin shared that the staff report offers an analysis of the budget but they are willing to go deeper and provide more detail if that is what is being suggested.

Chair Connolly asked Ms. Hoertkorn to explain exactly what detail is needed. Ms. Hoertkorn would like to see comparative numbers presented from last year to be able to understand where MCE is currently.

Ms. Weisz offered that MCE has annual audited financials that are available with a lot more detail. Ms. Hoertkorn reiterated that she is not looking for more detail but a better summary.

Director Greene observed that while the recounting of staff presentations is complete, when it comes to the questions and/or comments from the Board, the only thing that is stated is the staff “responds to questions from the Board.” Given the Board’s role includes the functions of policy making and oversight, Director Greene believes there should be more substance as to points raised by the Board so that anyone would be able to go back and read what was said as opposed to having to view the video.

Ms. Weisz acknowledged and thanked Director Greene for his helpful feedback and indicated we would work on balancing the comments from both staff and the Board.

M/s Haroff/Greene (passed 12-0-0) approved all items on the consent calendar. Director Athas was absent.

Agenda Item #5 Ad Hoc Committee for Special Consideration Membership (Discussion/Action)

Dawn Weisz, Executive Officer presented this item.

Ms. Weisz shared from time to time MCE has the need to pull together an Ad Hoc committee for various topics. At this time we are proposing pulling together an Ad Hoc Committee for Special Consideration Membership to revisit the Special Consideration Membership concept that was brought up at the 2013 Board Retreat. Developing this committee is an appropriate next step at this time. While there is no urgent need for the committee to begin meeting, MCE is looking to have something in place in case there is a need during the summer to discuss special consideration membership.

Ms. Weisz shared that a couple of Board members expressed interest in the committee. There is room for more members so Ms. Weisz encouraged those interested in participating on the Special Consideration Membership Committee to let her know. At this time Directors Butt, Athas, Bailey, McCaskill, and Greene have expressed interest in being on this Committee.

Chair Connolly asked if there was a specific reason for this Ad Hoc Committee being formed or just to have something in place as issues arise. Ms. Weisz shared there are a couple of communities that do not fit into the Affiliate Membership criteria that our Board pulled together last fall. She reminded the Board that the current expansion policy was adopted to delineate both types of expansion.

The Affiliate membership communities are those communities within 30 miles of MCE existing jurisdiction and which have a customer base of 40,000 or less. At the time the policy was adopted, a relatively straightforward step by step process was established for affiliate membership: 1) membership study and, 2) adopt a resolution to become members of MCE. The other category was called Special Consideration Membership and there was never an official process set up for how special consideration members might approach joining MCE. A Special Consideration community is a community with a customer base of more than 40,000 customers or, farther away than 30 miles from our existing jurisdiction. Examples of such communities would be San Francisco, Arcata, and Santa Barbara who have inquired as to how MCE would handle special consideration.

Director Sears thinks it is a good idea to create this committee since it has been approved and there have been inquiries from other communities that fall within the Special Consideration category. This might enable a richer conversation surrounding this topic at the upcoming September Board retreat.

Director Greene thinks creating this committee is a good idea especially in light of AB 2145.

M/s Sears/Greene (12-0-0 passed) approved Ad Hoc Special Consideration Membership Committee. Director Athas was absent.

Agenda Item #6 – MCE Feed-in-Tariff Amendment (Discussion/Action)

Greg Brehm, Director of Power Resources, presented this item.

Mr. Brehm provided a summary of the start-up, approval and implementation of MCE's Feed-in-Tariff ("FIT"). The ("FIT") was established in 2010 for locally situated, smaller-scale renewable energy projects. The initial FIT was established as a pilot program and capped at 2 MW in consideration of MCE's relatively small customer base and annual energy requirements.

In 2011 the MCE Board approved a modification to the FIT tariff program increasing the capacity from 2MW to 10MW. Subsequent to that increase, the Board approved our SolShares program in April 2014 which requires us to modify the FIT Tariff again in order to establish a mechanism to divert select FIT projects to the SolShares program. SolShares projects would be subject to the FIT tariff but SolShares project capacity would not count against the capacity limits of the FIT price conditions.

Chair Connolly asked Mr. Brehm to explain what he meant by outside of the FIT.

Mr. Brehm explained that for each condition we have 2MW capacity available and right now we have a single 972 kW project online and 1,028 kW available so potentially, another two 1 MW projects could be approved before that capacity limit would be triggered. With this added SolShares mechanism of the FIT, we would select and move one project outside the FIT capacity so that more capacity would remain available within that limit.

Per Kirby Dusel, it would not count against the participatory cap that has been established but this essentially has the effect of expanding the cap slightly for a single project that would be hosting the SolShares 100% solar local program. Mr. Dusel considers this a great benefit for local solar developers in the sense that it does allow for additional capacity to be developed on a local basis and strengthens the price signal for local developers providing them additional incentives to develop these projects within MCE's service territory.

Chair Connolly indicated that while he agrees with that, he wonders if this would affect the new cap. Mr. Dusel responded no, this will exist outside of the cap and is a special treatment for a single project that will be used to source the SolShares program so it is not a new cap explicitly; it's just designation by staff of a particular project for hosting this SolShares program. To the extent such a project is designated it would receive essentially the current available FIT rate, and would not count against the cap for other development projects that might fall in line later.

Chair Connolly asked how big the anticipated SolShares project is and Mr. Dusel said it would be less than 1 MW. Mr. Brehm shared once that first MW was fully subscribed, we could then divert another FIT project at the then current FIT rate to the SolShares program. Per Mr. Dusel, in that process, as it is envisioned, the project could be presented to the Technical Committee for discussion and could be delivered to the Board, to the extent that becomes necessary. Chair Connolly asked for confirmation of this process being partially a way of expanding MCE's goals. Mr. Dusel responded yes, and further explained that it is a way of maintaining the strength of the current incentives that are being offered to local solar development projects.

Director O'Donnell asked how this process will affect the solar customers in the SolShares program and pricing. Mr. Dusel responded the price would remain the same as discussed and approved by the Board and there would

be no change in that regard. This is essentially a pass-through program so the price that is being paid to the vendor would also be paid by the customer.

Director Bragman asked for an explanation of the “right to divert” clause. Mr. Brehm explained that the intent behind the clause was to give staff the discretion to select projects that are most appropriate, most representative and most local for the SolShares program and had all the attributes we were trying to promote for the local solar development program. He used the Cooley Quarry project as an example and pointed out that because it is a local brownfield project, environmental review will be limited and there have been no protests, making the Cooley project a good benchmark for the SolShares program.

Director Bragman asked why it was being diverted. Mr. Brehm explained it applied under the FIT and staff has the option to select based on the discussion at Executive Committee where that project will be placed into the SolShares program. Ms. Weisz shared that when it is diverted to the Sol Shares category that means the FIT cap remains intact without diminishing it.

Director Bragman asked if part of the SolShares program is to provide ratepayer stability over the long-term, and how this modification is accomplishing this. Mr. Brehm said it is providing certainty for both the developers and the ratepayers so that at any point in time, the applicable FIT rate can be used to evaluate a project’s feasibility.

Director Bragman asked if we foresee any problems in terms of getting somebody on the other side to the bargaining table where staff is exercising the choice about how the SolShares status will be designated on MCE’s end or not. Per Mr. Brehm, it hasn’t been an issue so far with a pretty robust interest and we currently have about 4-5 MW of projects in various stages.

Per Mr. Dusel, at this point we are at the beginning of filling this cap and he does not see any issues in the foreseeable future creating conflicts or push-pull scenarios between different projects. He believes they all can exist; it’s simply a matter of whether or not we designate a particular one to be a SolShares project versus another one being a FIT project.

Mr. Brehm and Mr. Dusel responded to questions from the Board and the public.

M/Sears/Lion (12-0-0 passed) approved MCE Feed-in-Tariff Amendment. Director Athas was absent.

Mr. Brehm and Mr. Dusel responded to questions from the Board and the public.

Agenda Item #7A – A Resolution of the Board of Directors of Marin Clean Energy Approving the County of Napa as a Member of MCE (Discussion/Action)

Dawn Weisz, Executive Officer presented this item by providing some background and history on the MCE/Napa affiliation.

Ms. Weisz shared MCE has been working with the County of Napa over the last several months regarding a membership study. She reminded the Board that Napa came to MCE in the fall of 2013 with a request to be considered as a member. This triggered a membership study that MCE undertook at the beginning of 2014 with the results being presented to the Technical Committee and then to the full Board at the May meeting. Given the positive results of the membership study, the County of Napa was supported to move forward with their final

action. Napa County's final decision was made on Tuesday, June 3, 2014 which was to approve the enabling ordinance that allows them to become a part of a CCA program.

Ms. Weisz informed the Board of a few additional formalities that need to occur to allow MCE to move forward with the procurement and the enrollment process for the County of Napa. One of those actions will be updating the MCE Implementation Plan. Part of the Implementation Plan submittal will include the updated Joint Powers Authority ("JPA") agreement that each of our member jurisdictions have signed making them formally a part of the JPA.

She shared the item currently before the Board is a resolution approving the County of Napa as an MCE member and paving the way for them to be integrated into MCE's Implementation Plan which would then be submitted to the CPUC for approval. The Implementation Plan process takes about 30-90 days for CPUC turnaround and certification.

Chair Connolly asked if Ms. Weisz could lay out a timeframe for this process and she provided that the normal time frame that we would be looking at is:

- Submittal of the Implementation Plan later in the month of May following the County of Napa's final reading of the ordinance which is currently set for June 17, 2014, and MCE could be prepared to submit the Implementation Plan the next day.
- Following certification by CPUC of the Implementation Plan, a Napa representative then would be able to sit on the MCE Board.
- During the certification process, MCE would be working internally on the procurement side to ensure that we have resources in place to serve the load and planning on an enrollment that would happen sometime in the spring of 2015 to coincide with MCE's fiscal year, which would mean noticing customers in Napa beginning in January 2015.

Ms. Weisz spoke about AB 2145 that is working its way through the senate and that could have a big impact on CCA programs starting January 1, 2015. If that bill continues to move forward, MCE would need to look at accelerating the Napa enrollment so they won't be subjected to the new bill if it becomes law. If that becomes a likely scenario, then MCE would need to complete procurement by the end of the summer and begin its noticing in September. The noticing process takes a couple of months and we would begin cutting customers over on November 30, 2014 so they would be completely enrolled by the end of December. This would become MCE's "Plan B."

Director Haroff asked about the incorporated municipalities within Napa and would they be required to take their own actions? Ms. Weisz explained the way MCE's membership process is set up is one jurisdiction at a time. In this case, the County of Napa was the most eager to join MCE but some other cities within the County of Napa have expressed interest in joining MCE and that is something MCE could consider in the future if we get a formal request from the municipality.

Director Haroff suggested this could possibly provide a model for participation by other municipalities in Napa. Ms. Weisz agreed and shared that the City of Richmond was MCE's first example of adding a new community beyond the original boundaries. She shared the County of Napa is the first time MCE has added an unincorporated county beyond its original boundaries and that could lead to some cities formally expressing interest.

Director Greene suggested that unless MCE is certain that AB 2145 is not going to move, then "Plan B" is where our focus should be since Napa will be the last and we do not want to miss that opportunity. Chair Connolly indicated

that a full discussion should take place surrounding AB 2145. He also reminded the Board that there are additional communities in the pipeline. Ms. Weisz concurred and shared there are a few other East Bay communities expressing interest in joining MCE. San Pablo is in the pipeline and this week MCE received data from PG&E for that community and can now initiate the data analysis which typically takes about a month, so we may be able to bring information to the next Board meeting.

There are a couple other communities in the East Bay that may be interested in requesting membership and Alex DiGiorgio will cover those community interests in his upcoming Public Affairs report.

Ms. Weisz responded to questions from the Board.

M/Greene/Sears (12-0-0 passed) approved Resolution No. 2014-03 of the Board of Directors of Marin Clean Energy approving the County of Napa as a member of Marin Clean Energy subject to (1) the adoption by the County of Napa of the ordinance required by Public Utilities Code Section 366.2(c) (10) and such ordinance becoming effective and (2) the execution of the Marin Clean Energy (formerly “Marin Energy Authority”) Joint Powers Agreement by the County of Napa (Agenda Item #7A). MCE’s Revised Implementation Plan, subject to the noted revisions, and approved submittal of the Revised Implementation Plan to the California Public Utilities Commission after such revisions have been completed. Director Athas was absent.

Agenda Item #7B – Implementation Plan Update to reflect MCE Name Change and Membership Change (Discussion/Action)

Kirby Dusel, Technical Consultant presented this item.

When a CCA program launches service, it is required to submit an Implementation Plan to the CPUC describing the manner in which the organization will organize, staff, set rates, procure power supply and basically conduct business now and in the future. Each time a member is added, that Implementation Plan must be updated to reflect the addition of that new member as well as some projections related to that new member. In particular, 1) increased energy requirements that will be necessary in the future to serve the new member community, 2) increase customer accounts, 3) increase peak demands and various other items including renewable energy purchases, energy efficiency programs and how those programs will be affected.

In light of the recent decision by Napa to join MCE, the team is currently in the process of making these adjustments to the Implementation Plan. Due to AB 2145, time is of the essence in completing these updates as quickly but as accurately and deliberately as possible.

The staff report that is included outlines what these edits are going to entail throughout the document. The redlined version included in the packet shows where the edits will be made. There are a number of strikethroughs with tables and tabular information within the document. Those quantitative references are being updated now in consideration of the presentation that was delivered to the Technical Committee and subsequently to the Board at last month’s full Board meeting in which we discussed the number of customers we anticipate adding as part of the Napa County expansion as well as the increased energy requirements and various other impacts to this procurement efforts stemming from this particular change. Those numbers will be pulled into these tables reflecting the increase in energy requirements going forward.

The scheduled submittal of the Implementation Plan will likely be lined up with the second reading of the County of Napa’s ordinance which will trigger the 90-day clock for CPUC certification. To date, the CPUC has not taken the

full 90 days to review a document and we will be highly cooperative with them as they go through this administrative review and answer questions as expeditiously as possible so that we can complete the certification process as quickly as possible.

Mr. Dusel reminded the Board that one of the key updates listed is approval of the agency's name change which is administrative in nature.

Chair Connolly asked if there was a procurement plan in place for Napa. Mr. Dusel responded yes there is one in place inclusive of a broad range of energy products that are consistent with what MCE is already procuring for its customers including the energy commodity itself, renewable energy, and various other carbon-free energy sources in line with the MCE's commitment to its current customers to provide both light and deep green products.

Mr. Dusel responded to questions from the Board.

M/Sears/Butt (12-0-0 passed) approved Implementation Plan Update to reflect MCE Name Change and Membership Change. Director Athas was absent.

Agenda Item #8 – Power Purchase Agreements with Exelon Generation Company, LLC for Power Supply Including Renewable Energy (Discussion/Action)

Greg Brehm, Director of Power Resources presented this item.

Mr. Brehm provided background by explaining that Exelon Generation Company, one of the largest power suppliers in the country, merged with Constellation Energy a few years ago. This project transaction is for Bucket 2 or PCC2 renewable energy. Chair Connolly asked if Mr. Brehm could translate what Buckets 1 and 2 are.

Mr. Brehm shared Bucket 1 is where the physical energy and renewable attributes are transferred in one transaction contemporaneously. In a Bucket 2 transaction like this, the renewable attributes are generated and are then re-bundled with other generation to match the load profile that is needed. In this case, they will be scheduling a 25 MW block of power for all hours over a 4- 5 month period during the year. It is not necessarily energy from the renewable project, though it can be, but is bundled with PCC2 renewable attributes.

Mr. Dusel shared the Bucket 2 product very much counts toward and should be characterized as a bundled renewable energy product. This is one where we are getting the green or renewable attribute and the physical energy as part of bundled transaction. There are some emission reporting benefits that also are associated with this particular product; it is a relatively small piece of our renewable portfolio standard procurement obligation but unlike the Bucket 3 or unbundled renewable energy products, there is no limit as to what you can buy if you want to voluntarily exceed the State's RPS. Bucket 2 products are a great way if you want to go above and beyond the renewable portfolio standard in such a way that is relatively unobjectionable.

John Dalessi, Technical Consultant explained when thinking of renewables oftentimes when we deal with procurement premium on top of non-renewable power. A Bucket 2 premium is going to about 1/3 of what a Bucket 1 premium would be. It all fits into the RPS plan and it is a cost effective part of the renewable portfolio compliance requirements.

Director Sears asked if anyone had a sense as to why during open season so few offers for Bucket 2 offers were received. Mr. Brehm shared that his sense is that timing of our open season process is a bit out of sync with the

Bucket 2 market. A lot of agencies are closing out their prior year portfolio in the first quarter so the counterparties that MCE has dealt with don't really know what inventory they will have available until after the open season closes. So we've had much more success in finding deals in the second quarter after they've closed out the previous transactions.

Director Sears asked if there was more competition for Bucket 2 products than Bucket 3. Mr. Brehm explained because it is a more flexible product he believes there is more competition for it. Director Sears asked if there was a shortage of this type product on the market. Mr. Dusel shared that it is more thinly traded than a Bucket 3 or a bundled product but it is still available.

Per Mr. Dalessi, the Bucket 1 that was requested in open season was really geared towards new long term contracts for projects yet to be constructed because our Bucket 1 needs don't materialize until around 2017-2018. So, we are looking for different types of projects, there is a lot of interest in Bucket 1 from solar developers looking for a home, and that is a very active market. Bucket 2 is a bit more of an immediate, short-term market and it's active, but you don't see people banging on the door offering it.

Director Greene asked for clarification on whether Bucket 2 is a bundled product with energy on one hand and renewable energy certificates on the other hand. Mr. Dusel responded yes and there are a few key differences that differentiate Bucket 1 and Bucket 2. Bucket 1 is primarily a locational product with resources located predominately within the State of California. Bucket 2 resources are predominately located out of state but still within close proximity so they would be able to deliver to the State of California. The other difference between the two products is an issue of timing. So with Bucket 1 the renewable RECs and the energy are contemporaneously delivered and with the Bucket 2 product, the seller and the buyer, to their mutual benefit, have flexibility as to how and when energy is delivered with the renewable energy certificates.

Bucket 3 is the simplest of the renewable energy portfolio standard eligible products. It is purely a renewable energy certificate detached from the electric energy and it is an unbundled renewable energy certificate.

Mr. Brehm and Mr. Dusel responded to questions from the Board.

M/Sears/Greene (12-0-0 passed) approved Power Purchase Agreements with Exelon Generation Company, LLC for Power Supply Including Renewable Energy. Director Athas was absent.

Agenda Item #9 – Energy Efficiency Update (Discussion)

Beckie Menten, Energy Efficiency Program Director presented this item.

Ms. Menten provided an overview and update of the following:

Small Commercial

In the pipeline there are 77 completed projects, 731 audits with 170 of those in Richmond and 561 in Marin County. In an attempt to increase the audit to completed project conversion rate, the following are a few steps that will be taken in conjunction with MCE's program partners toward getting those projects to convert: 1) they are attempting to close projects before the code compliance deadline, 2) they are hosting a Contractor Workshop June 17th with an emphasis on finding more HVAC contractors, 3) they are increasing incentives to encourage projects and, 4) they will begin a San Rafael Chamber of Commerce Campaign in July.

Ms. Menten shared that one of the things that provides a compelling case is the 2013 Energy Efficiency Code which comes into effect on July 1, 2014. This was delayed initially and the building code was to take effect in January 2014 but because the Standards for Non-Residential Buildings represent a 30% increase over the existing Code, industry requested more time in which to comply.

There are a lot of changes in the way these small commercial Energy Efficiency programs will have to do business as a result of these Codes. One example is some things we used to be able to provide incentives for no longer will be eligible because the CPUC does not allow incentives for things that currently are required by law. They are working with the CPUC trying to demonstrate just because it is law doesn't mean it is reality and they are hopeful that there will be some loosening on that regulation. But currently, the way this system is structured is the policy. That will take away a lot of potential for projects in an already constrained market.

In addition to that, some projects that would have been very straightforward to complete before Code compliance now will trigger additional measures to be in compliance. This is a great tactic from a mandate point of view because if someone comes in for a significant remodel, you could use that opportunity to require other energy efficiency measures to be installed. It does make it more challenging to get projects done. So we are facing the problem that a project that would have been a lighting change-out may also now have to include controls and other technology that add to the cost and the scope. Often some of the projects that may not have had to obtain a permit now will need to obtain one, which adds to the cost.

Ms. Menten shared that these all are things we are working to stay in front of and we have been working closely with the County of Marin Sustainability Department which has been working hard to get up to speed on the Code and working with local building departments to help them understand the compliance changes and try and streamline projects such as the ones we are recommending. These are some of the things we have actively been working on since November of 2013, and we are confident that a lot of headway has been made.

Ms. Menten expressed excitement over a Contractor Workshop that they are working alongside PG&E to provide. She has found that it would be helpful to have contractors who do the work in the community know about and participate in the program so they can bring their projects to MCE. The workshop will take place on June 17th. This workshop is focused on lighting contractors but MCE has been working to get more HVAC contractors on board.

The Energy Efficiency Team is also working on increasing incentives to encourage new projects. They've worked with PG&E who initially proposed an incentive change. This will be tried in the East Bay to see how it works. The City of Richmond is increasing the incentives to match the East Bay design and MCE will watch the impact for tangible results.

The way PG&E has proposed the initial incentive for the increase is based on business size which is a good strategy. Small and medium sized businesses could have up to a 43% increase in incentives and larger businesses will actually experience a reduction in the incentive they would be eligible for.

Meaghan Doran, MCE's Energy Efficiency Specialist has been working closely with the Green Program at the San Rafael Chamber of Commerce to see if there is a way to use this trusted messenger to get the word out about the program and take some of the audits and get them converted into actual projects. The Chamber has been working with MCE for several months to try and prepare an outreach campaign that MCE will be launching in the next couple of weeks.

As a part of the outreach, folks from the Chamber will actually be calling Chamber members who have received an audit report but who have not actually converted it to a project. They are hopeful that using that messaging from the Chamber itself including, members who can report back on positive experiences, will provide for more projects. In addition to reaching out to folks who have received an audit, they will also be reaching out to a larger membership in general, making them aware of the opportunity through this structured message avenue.

Ms. Menten reported that the Multi-Family program is getting into construction season and they've had 16 projects come in, with four of them coming in within the last two weeks. Word of mouth continues to be the most consistent form of outreach for this program. Property owners who've had positive experiences are bringing multiple property owners into the program. Ms. Menten also talked about the phase-in program as being a positive step towards getting new projects started because property owners are able to start and phase-in project segments as desired based on a target toward completion date.

Ms. Menten shared an update on the direct install training program. She reminded the Board of MCE's contract with Marin City Community Development Corporation ("MCCDC"), who trains and staffs our direct install team. The direct install team is the team that actually does the work, going into the tenant unit and providing certain energy efficiency measures free. No matter what MCE is doing on the multi-family property, there is an opportunity for the tenant to participate in energy efficiency savings.

Ms. Menten reported there has been great success with this program since the people who have been trained are now able to seek full time employment. A new training session will began in May 2014.

PACE Update

Ms. Menten reported at the May Board meeting the Governor's Office was working with the Legislature to establish an insurance program to try and mitigate the FHFA's concerns about the residential PACE. PACE is a program which serves as a senior lien on a property and because it is a senior lien it subordinates all other liens including mortgages. Because of the nature of these programs FHFA is very cautious and has indicated that Freddie Mac and Fannie Mae cannot finance a mortgage which has a PACE assessment on the property. Unfortunately, the FHFA rejected that proposed insurance plan. CaliforniaFIRST is still planning on launching a residential PACE option and they currently are reaching out to those jurisdictions that have approved CaliforniaFIRST in their area to work with them and make those jurisdictions aware of the opportunity.

Thus far, we have seen that when a homeowner with a PACE assessment tries to sell their property they aren't able to get a mortgage on that property until the PACE assessment is settled.

Director Sears stated that this FHFA issue has been going on now for 5 years and suggested, perhaps, MCE could consult or work with Congressional representatives to put pressure on the FHFA. Ms. Menten shared that this issue is one that she worked very actively on while at the CA Energy Commission and found that every level of California representatives have been working very closely not only with FHFA but with the Department of Energy and the Obama Administration throughout. They have been very supportive representatives but the problem with FHFA is they will not budge on the senior lien issue. They've indicated they will come to the table to talk about a junior lien program but they will not budge on the senior lien.

Director Sears asked if there is any legislation pending that we could participate in. Ms. Menten said she believes there is a bill pending this year and every year since 2010 addressing this issue. She indicated she would speak with the folks in Sonoma who actively track legislation and inquire about any pending bills to see if there is anything MCE can do and report back at the July Board meeting.

2016 Portfolio Planning

Ms. Menten provided a brief update on this process by reminding the Board that MCE received funding from the CPUC via an application cycle and we are currently in the midst of the 2013-2014 application cycle and are in the process of requesting a funding extension for 2015. The CPUC offered MCE this process of funding extension for 2015 because they are moving toward a different way of doing business in 2016 and beyond by shifting to a 10-year portfolio cycle. Ms. Menten is supportive of this move by the CPUC because it sends the right market signals to all of the actors that energy efficiency is something they should invest in for the future and it paves the way for long-term contracts. Additionally, it gives MCE an opportunity to have a good timeframe to work with our community development plans in 2016 and beyond.

The Energy Efficiency team is making an effort to have the 2016 plan drafted as soon as possible. The first step in the process is a week ago they held an invite-only meeting for stakeholders from various backgrounds: multi-family, single family, representatives from labor organizations, etc. and there was a lot of positive feedback. All attendees agreed to be a part of an Ad Hoc Committee moving forward so we could reach out to them and develop program plans with them.

The next step is to take the energy efficiency characteristics data and compile that into a set of straw proposals and bring those to public workshops, the first scheduled for June 23rd in the City of Richmond. The second workshop is planned for the 3rd week in July at the County of Marin. In addition to the two that MCE is hosting, we will also be working with different organizations to see if we can piggyback on their meetings.

Ultimately we are working toward an August – September timeframe to have a fairly vetted plan to move into machination of developing the program per the CPUC regulatory framework. That timeframe is subject to some change as, we had thought at this point that MCE would have received a decision on 2015 funding. That information has not been received and Ms. Menten has been working with the Energy Division of the CPUC and various Commissioners, offices and there is no indication as to when the decision is expected.

Director Bailey asked if the Small Commercial and the Multi-Family projects are on track to meet their goals? Ms. Menten shared that there are energy saving goals and we are far from those energy savings goals on the commercial side. MCE is not alone as many of the similar partnership programs are finding that the targets for the small commercial project may be unrealistic as assumed savings are not materializing. With diminishing margins, low hanging fruit is more frequently unavailable and thus the challenge they face is getting the small “Mom and Pop” businesses to sign on to larger projects. She anticipated the project being much farther along than where it currently is.

The multi-family program is not very far along on energy savings (approximately 20-25%) but they’ve committed to projects they believe will help close that gap.

Chair Connolly asked about the On-Bill Financing Program (“OBR”). Ms. Menten shared that the OBR program is a struggle and there are some program design issues that need to be worked out. For the small commercial/multi-family it is possible that the minimum size constraint leaves a lot of the small commercial projects out that would otherwise be able to apply. There is a \$10,000 floor for the OBR for multi-family and small commercial and a lot of the small commercial projects are coming in lower than the \$10,000. They have identified the projects that recommend a larger scope than that and are going back and working with those projects to see if they are aware of the financing options which could possibly help them move them forward. It is challenging because a lot of times there are incentives that bring the total project cost below \$10,000 and small businesses may not be comfortable taking on a 5-year loan.

For the single family program, MCE just started marketing the program in April and we are optimistic we will get movement. We were hesitant to move forward with marketing since we had been working with PG&E on an option for non-MCE customers to have this on their bill as well. Technical testing is currently underway and is on track to finish. Since that marketing campaign launched in April referrals have been made to the Home Upgrade Advisor service run by BayREN. As a result of the advertising campaign they have referred close to 53 folks to the program. Ms. Menten shared that it is possible the Home Upgrade Advisory program for single family may be too complex to be ready for full scale adoption. It takes a lot of time, effort and investment and it might be a good idea to have options for any energy efficiency projects.

Chair Connolly asked that Ms. Menten keep the Board posted on details of the Energy Efficiency projects.

Ms. Menten responded to questions from the Board.

Agenda Item #10 – Communications Update (Discussion)

Alex DiGiorgio, Community Affairs Coordinator presented this item.

Mr. DiGiorgio shared a Deep Green Champion video with the Board and explained that all Bay Area counties do not have the option to share in this Deep Green endeavor. Alex also reminded those in attendance that half of Deep Green customer revenues go directly toward the Deep Green Local Renewable Development fund to support projects in Richmond and Marin.

Mr. DiGiorgio discussed the MCE/PG&E Joint Cost Comparison and on June 9, 2014 it will be mailed. It will reflect the most recent rate changes. Those include increased rate generation by PG&E and their decreased delivery rate. On both sides of that equation, MCE customers are doing very well and will save almost \$6M in this fiscal year. In both Light Green residential and commercial, MCE customers experience savings.

Mr. DiGiorgio shared that deep green is still slightly more expensive than PG&E, but for commercial customers during the winter months, deep green is actually less expensive.

The Joint Cost Comparison also reflected MCE's lower carbon emissions factor, as compared to PG&E's.

Director Haroff asked for clarification of the "unspecified" section of PG&E rates. Mr. DiGiorgio explained that is 'system power,' which is already on the grid. The source of this energy is unidentifiable because it is a mixture of the energy already on the grid, and contains both clean and conventional sources. With those purchases, it is not possible to identify where the energy comes from, since electrons from renewable sources are not identifiable from those of non-renewable sources. This type of energy is distinguishable from unit-specific energy purchases from identifiable resource; these unit-specific purchases reflect transactions from specific generators (e.g., those indicated on the Joint Cost Comparison as percentages of wind, solar, bipower, geothermal, large & small hydro, etc.) Per Mr. Dusel, the California Energy Commission used to prepare an annual report that detailed out the various fuel sources that contributed to this unspecified resource, but the CEC has since stopped doing that. Now, per reporting guidelines, this particular category is referred to as 'unspecified.' If you're located in the State of California, that number is going to be increasingly tied to natural gas fuel sources. There will also be residual amounts of large hydro and residual amounts of renewables.

Mr. DiGiorgio discussed the Residential Joint Cost Comparison that is broken down into light green and deep green. He shared that prior to CCAs the public was not receiving detailed information of this nature and this is another public education mechanism.

Director Butt asked if this information was on the website. Mr. DiGiorgio explained if it is not currently on the website MCE would make sure that it gets on there. Director Butt asked that the information be forwarded via email until it is made available on the website.

Mr. DiGiorgio shared the Municipal Savings with MCE and how the City of San Rafael saved \$30,000 in 2013 and anticipates savings of approximately \$47,000 in 2014. He also shared that the City of Richmond's anticipated savings for 2014 are approximately \$60,000, and West Contra Costa Unified School District's 2014 savings will be approximately \$66,000.

Mr. DiGiorgio briefly discussed upcoming meetings and events and sponsorships, and added that MCE will serve as a major sponsor of the 2014 Marin County Fair on July 2-6. Some of the benefits include:

- MCE Solar Carousel
- MCE co-sponsored Ben & Jerry's Solar Stage
- Publicity includes Marin IJ, Pacific Sun, SF Chronicle, Marin Scope, and Marin Center Magazine. MCE will also be featured on the Fair's website and social media. Signage will include signs and banners all over fairgrounds. Direct Mail: Fair Magazine (mailed to 95,000 readers).
- Bonus: MCE and the County's Sustainability team will co-host a table focusing on Energy Efficiency efforts.

MCE will sponsor the 2014 APPLE Family Works/Film Night in the Park where MCE videos will be running throughout the evening. Benefits include:

- A full page sponsor message in the Film Night program
- Signage at the Film Night Greeters Table
- Acknowledgment of MCE on the Film Night Screen before all 14 films
- Pre-film video message (micro docs) prior to screening

Mr. DiGiorgio shared on CCA in new communities, specifically mentioning that on June 3, 2014, Alameda County Board of Supervisors approved \$1.3M to undertake a CCA technical study and program development. Both the City of El Cerrito and the City of Albany have expressed interest in joining MCE but Albany has decided to wait and see what the County of Alameda will do. A decision is expected by the end of June, although it is difficult to predict.

Member of the public, San Mateo County Planning Commissioner would like to receive information on CCA, and potentially how to join MCE. He extended an invitation to have MCE present in San Matteo. Mr. DiGiorgio thanked the speaker for the gracious invitation and told him he would speak with him offline.

A second MCE micro-documentary was shown, featuring Marin City Community Development Corporation partnership.

Mr. DiGiorgio and Ms. Weisz responded to questions from the Board and the public.

Agenda Item #11 – Regulatory and Legislative Update (Discussion)

Jeremy Waen, Regulatory Analyst presented this item.

Mr. Waen discussed the two topics: 1) the proceeding formerly called the Green Option, now referred to as Green Tariff Shared Renewables (“GTSR”) and Enhanced Community Renewable (“ECR”) and 2) 2014 Long Term Procurement Plan (“LTPP”).

Green Tariff Shared Renewables (GTSR)

Mr. Waen explained GTSR programs as opt-in premium electricity rates with higher renewable content than the RPS mandate offered by IOUs to customers. The programs broaden ratepayer access to higher renewable-based electricity and provide a competitive product for IOUs to counter green CCAs. GTSR programs are similar to the MCE Light Green and Deep Green programs.

Enhanced Community Renewables (ECR)

Mr. Waen explained ECR programs as opt-in premium electricity rates with higher renewable content than the RPS mandate from local generation sources closer to customers. The programs broaden ratepayer access to higher renewable-based electricity and tie ratepayers’ consumption to local renewable generation. These programs are similar to the MCE SolShares program.

Mr. Waen shared MCE’s Primary concerns as follows:

Non-participating ratepayers should not bear any costs due to GTSR/ECR programs per SB 43 and there should be no cost shifting or subsidization. All GTSR/ECR program costs must be transparently monitored and limited so there are no bottomless administrative and marketing budgets backed by IOU shareholders. GTSR/ECR programs should not be permitted to borrow resources from IOU RPS portfolios and there should be no shifting of program start-up risks and costs to non-participants.

Any program revisions must be reviewed through a transparent, public process via Applications rather Advice Letters. There are “Chilling effects” on CCA expansion and formation as already witnessed with CleanPowerSF that must be minimized. Protections for non-participants must be present in case of program failure, following the PGE ClimateSmart example.

Programs must comply with SB 790 and not create competitive advantages for IOUs, and must foster fair competition, not stifle it. The program is designed to protect CCAs from aggressive, unfair marketing tactics.

Mr. Waen presented the GTSR/ECR Chronology.

2012

- On January 17 - SDG&E filed an application with CPUC seeking approval for both GTSR and ECR programs
- On April 24th PG&E followed suit and filed an application with CPUS seeking approval for a GTSR program (Green Option)

2013

- On July 31st the CPUC grants MCE’s Motion to Consolidate SDG&E and PG&E applications
- On September 28th Governor Brown approves SB 43 Green Tariff Shared Renewables Program directing IOUs to propose both GTSR and ECR programs
- On October 25th the CPUC issues Scoping Memo to revise proceeding to evaluate both SDG&E and PG&E proposals for compliance with SB 43

2014

- On January 10th the SCE filed an application with CPUC seeking approval for a GTSR program (Green Rate)

- On January 28th ALJ Clark directs PG&E to propose an ECR program in order to comply with SB 43
- On February 10th ALJ Clark consolidates SCE's application with others and instructs SCE to propose an ECR program
- In March the CPUC creates Phase 1 to finish addressing SDG&E and PG&E GTSR and ECR proposals and Phase 2 to evaluate SCE GTSR and ECR proposals
- In April the final hearings for Phase 1 and 2 were held
- In March legal briefings were filed for both Phases
- In May an Assigned Commissioner Ruling established Phase 3 to evaluate all three IOU ECR proposals separately from and subsequently to the review of GTSR proposals
- On July 1st SB 43 compliance deadline for CPUC to issue a decision to approve or disapprove IOU proposals, with or without modifications

GTSR/ECR – Next Steps

Mr. Waen indicated the Proposed Decision(s) is expected by June 9 regarding PG&E, San Diego Gas and Electric (SDG&E) and Southern California Edison (SCE) GTSR proposals. There will be ex parte meetings during the week of June 16 with final commission approval July 10. Phase 3 regarding the ECR proposal will continue and MCE is aiming for minimal involvement.

Chair Connolly asked Ms. Weisz if MCE had any strategies that include ex parte meetings. Ms. Weisz responded yes that ex parte meetings are a strategy that MCE uses at the appropriate time and may be needed within the next month. She reminded everyone that MCE's position on these type programs is not that we are looking to stifle competition. We support choice, which is a part of our mission, but we've seen a lot of cost shifting happen in so many places with regard to PG&E, how they structure their rates and how they do cost recovery. We see a lot of places in this program as it unfolds that are very likely to create cost shifting to non-customers, with no plans to prevent it from happening. Inadvertently, it will happen if we don't monitor it. That has been our main purpose to ensure that our customers are not paying for something they are not receiving or having to pay twice for PG&E's program and our program.

Mr. Waen shared the IOUs are providing as little information as possible to get these applications through, to the point the Judge is calling them out by asking where specific information mandated by SB 43 can be found in the IOUs proposals.

Director O'Donnell asked if these programs have a PCIA component to them. Mr. Waen responded yes, there is a departing load charge for customers in this program for any bundled costs.

Long Term Procurement Planning 2014

Mr. Waen shared that on May 6, 2014 a Scoping Memo was issued establishing Phase 1: System Reliability Needs and Phase 2: Procurement Rules and Bundled Procurement Plans. Phase 2 includes: "Changes to the Commission's rules regarding the treatment of CCAs and DA, including those adopted related to the CAM per SB 695.5, SB 790, D.11-05-005 and any relevant previous decisions."

Mr. Waen responded to questions from Board.

Legislative Update

Ms. Weisz, Executive Officer presented this item.

Ms. Weisz revisited and discussed AB 2145 and its effects on CCAs. Until April there was really no substance to the Bill but in April the bill was set to go to the Utilities and Commerce Committee and the language that was released would, fundamentally, kill CCA activity in California going forward. The primary problem with the bill is the “opt-in” vs the “opt-out” language. There is some additional language in the bill worth mentioning surrounding some reporting obligations that are unworkable. They would require 5-year rate projections in comparison to the utilities and as all know the utility rates are not known 5-years in advance.

The fundamental issue with the opt-in language is you must have a critical mass of customers before you can procure for them; you need to have a customer base before you can buy power for them. It is worth noting that other CCA programs around the country exist and are all structured as opt-out programs and the original CCA legislation enabling CCAs in California intentionally structured the program as an opt-out program.

When the bill language was introduced in April, MCE was extremely concerned and put a lot of time into educating staff, our Board members and other groups asking about the bill and the implications. Within a week MCE received 40 opposing entities and we are now up to 150.

This bill was authored by Assembly Member Bradford who is the Chair of the Utilities and Commerce Committee that is the first Committee this bill went to. There was a very strong showing of opposition and multiple representatives from multiple jurisdictions such as Lancaster who is getting ready to launch a CCA program, and many advocates including Sonoma Clean Power advocates. There were no folks there to speak in support of the bill, except for the bill sponsors themselves, PG&E, the I.B.E.W and the Coalition of Electrical Workers.

Despite the strong opposition, the bill passed without any opposing votes and then went on to the Appropriations Committee. The Appropriations Committee put the bill on suspense because they did find some cost to the State associated with the bill (the CPUC implementation of the bill). MCE put together some numbers that were helpful in identifying savings to the State through taking power from a CCA. MCE has a number of State customer accounts within its portfolio and we were therefore able to quantify some projected additional savings to the State from CCA service (upward of \$500,000).

Ultimately the bill was removed from suspense and it was moved to the Assembly floor for a vote and was voted out of the Assembly 15-51. MCE has spent a lot of time refuting misinformation of MCE products, rates, and customers not knowing where they get their service. There was a push poll conducted in Richmond several months ago by I.B.E.W. which attempted to assess how many customers were familiar with MCE. They’ve not released the questions of the poll, they used the wrong name when asking the customers about MCE, and they used ‘Marin Energy Authority’ which has never been used in any marketing material in Richmond.

Ms. Weisz shared some activities that happened around the time the bill went to the Appropriations Committee: the I.B.E.W. launched attacks on MCE within the community focusing on procurement and misinformation surrounding our portfolio, and claiming that MCE rates are higher. In June I.B.E.W. sent CEQA threats to many of the communities exploring CCA. She explained how MCE asked the CPUC to do some fact finding to see if PG&E was in violation of the “code of conduct.” The code of conduct came out of the Leno Bill SB 790 also named the McGlashan Bill and was an attempt to help level the playing field for CCAs. It requires any IOU (“Investor Owned Utility”) who plans to market against a CCA first file a marketing plan to show how they are going to market and to ensure there is a firewall between their existing business operations and marketing activity. For example, an IOU could use customer phone numbers for phone banking against a CCA in the past. PG&E has not filed a marketing plan with the CPUC as required under SB7990, yet they do seem to be marketing against CCA programs. The CPUC

issued a letter to PG&E requesting responses to questions about their ties to I.B.E.W. and if they are using I.B.E.W. as a 3rd party intermediary to market on PG&E's behalf.

To respond to the issues surrounding AB2145 MCE pulled together a very comprehensive booklet about its program and about how the bill impacts us. The booklet was handed out to all the Assembly members and has since been updated and will be provided to all Senators and their staff. It has been a great reference point as we talk through the misinformation and other things. We've had a lot of meetings with the decision makers on the Assembly side. Ms. Weisz thanked Directors Bailey and Greene for their proactive approach in reaching out to key Sacramento contacts on behalf of MCE. She also recognized the County of Marin and the City of Richmond for utilizing their lobbyists on this issue, and Director Butt for the excellent work he is doing with the unions and key decision-makers.

There has been a lot of grassroots activity in opposition to this bill. Current action: Meeting with Senators and staff, next stop Senate Energy Committee meetings. If the bill gets out of the Assembly it will need to go to Appropriations and the Senate floor for a vote, and ultimately will need to go to the Governor's desk for signature.

Director Greene shared that he listened to the transcript of the April 28th meeting of the Assembly subcommittee which for weeks, was not available. When he listened to the tape it became apparent why it wasn't initially available. While Ms. Weisz was being very polite in her characterizations, the way that the PG&E lobbyist postured this presentation was really accusing MCE of fraud. It was blatant and clear. The way AB2145 was being described was tied to consumer protection. Director Greene noted that the presentation was very well organized, clear and detailed, and completely wrong. On its face, the presentation was clean. In his estimation what we are fighting is a very nasty campaign. It is not polite, it is not nice. That propaganda was reflected in the comments that were made to the initial Senate subcommittee. We may not have previously had a clear outline of what it is we have to confront and really have to take on. When those kinds of characterizations are postured in language that doesn't come out right and say that it is blatant, they don't have to. In his estimation, in order to be effective, we need to be very direct in our responses.

Chair Connolly agreed with Director and indicated that he saw the same thing.

Director Bailey shared that there were two primary arguments being thrown at MCE: 1) we are perpetrating half-truths and not exposing how green the product is and, 2) we somehow are depriving constituents of choice. He did make calls to anyone he could and it was terribly discouraging how the merits of AB 2145 were irrelevant. There was very little education about what the consequences were and very little care. He does not have a proposal of action as to how to fix this but he would like the Board as a group to do whatever it can because the truth is not enough.

Alternate Katie Hoertkorn asked what Governor Brown's position is.

Ms. Weisz shared that Governor Brown has not yet taken a position on this issue although he has supported CCA s in the past. However, he does have strong ties to the unions. She shared her puzzlement over I.B.E.W.'s approach since MCE is pro-union and supports what the union stands for. MCE has engaged the Governor's office to possibly broker a meeting with MCE and the I.B.E.W. since they've not been willing to meet with us to-date. She believes it might be helpful to the Governor to get all parties on the same page.

Director Butt shared that although he does not have all the facts, I.B.E.W. cut a deal with PG&E and in exchange the union agreed to become the 3rd party entity. He discovered a few days ago it is not only I.B.E.W. but they

signed on the State Building and Construction and Trades Council which is all the construction trades in California. The AFL CIO wrote a support letter to the Utilities and Commerce Commission on April 23, 2014. The problem is these construction trade unions are like blood brothers. He suggested this is not a fact-driven battle but a political battle. It was suggested that we work with some of the non-construction unions (S.E.I.U) to see if some headway can be made.

A member of the public, who is a retired labor organizer, stated that he has some information that might prove helpful to MCE and he will share it following the meeting.

Chair Connolly recapped AB 2145 discussion.

Ms. Weisz shared there are two weeks before the next committee meeting. She will send a list of names of Assembly members and contact information to Board members tomorrow along with some of the speaking points. She suggested reaching out to labor on any front, and getting letters of opposition from cities and towns or other entities would also be helpful.

Director Haroff believes that this problem should be exposed on a national level: "small community based organization doing battle with conglomerate" type article. Per Ms. Weisz that certainly is something to be considered. One thing that would be interesting at a national level or even through the Sacramento Bee is the amount of dollars that changed hands at the tail end of the decision on the Assembly side. Fortunately there are rules that require Assembly members to post cash donations within 24 hours. It was interested to see the donations that came in for the Chair for the Appropriations Committee, as there was about \$20,000 from labor.

Member of the public, Leslie Alden expressed her concerns and offered to assist in any way she could.

Agenda Item 12 - Board Matters (Discussion)

None

Agenda Item #12 – Adjourn

9:58PM

Damon Connolly, Chair

Attest:

Dawn Weisz, Secretary



July 3, 2014

TO: Marin Clean Energy Board
FROM: Greg Morse, Business Analyst
RE: Monthly FY 14 Budget Report (Agenda Item #04 - C.2)
ATTACHMENT: MCE Budget Reports 2014-05 (Unaudited)

Dear Board Members:

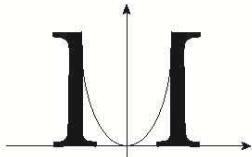
SUMMARY:

The attached budget update compares the FY 2015 budget to the unaudited revenue and expenses of MCE for the month ending May 2014.

Expenditures over the last month have been stable and have remained within budget. Electric sales were slightly below projections, but the costs of energy were even lower than expected, netting MCE a greater than expected change in available funds. PG&E service fees were higher than projected due to information requests for new territories, but were still within the budget for the new fiscal year.

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

Recommendation: No action needed. Informational only.



MAHER ACCOUNTANCY

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

Financial Plumline

ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Marin Clean Energy

We have compiled the accompanying budgetary comparison schedules of Marin Clean Energy (a California Joint Powers Authority) for the period ended May 31, 2014. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements with undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

We are not independent with respect to Marin Clean Energy.

Maher Accountancy

June 20, 2014



MARIN CLEAN ENERGY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2014 through May 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Revenue - Electricity (net of allowance)	\$ 101,138,394	\$ 15,488,541	\$ 85,649,853	15.31%
EXPENDITURES AND OTHER USES:				
CURRENT EXPENDITURES				
Cost of energy	88,410,551	12,785,702	75,624,849	14.46%
Staffing	1,950,000	305,969	1,644,031	15.69%
Technical consultants	560,000	81,925	478,075	14.63%
Legal counsel	335,000	38,485	296,515	11.49%
Communications consultants and related expenses	750,000	93,041	656,959	12.41%
Data manager	2,670,000	438,559	2,231,441	16.43%
Service fees- PG&E	670,000	117,723	552,277	17.57%
Other services	300,000	48,364	251,636	16.12%
General and administration	350,000	56,658	293,342	16.19%
Marin County green business program	15,000	-	15,000	0.00%
Solar rebates	25,000	-	25,000	0.00%
Total current expenditures	96,035,551	13,966,426	82,069,125	14.54%
CAPITAL OUTLAY	20,000	5,992	14,008	29.96%
DEBT SERVICE	1,195,000	198,980	996,020	16.65%
INTERFUND TRANSFER TO:				
Local Renewable Energy Development Fund	109,994	109,994	-	100.00%
Total expenditures	97,360,545	14,281,392	\$ 83,079,153	14.67%
Net increase (decrease) in available fund balance	<u>\$ 3,777,849</u>	<u>\$ 1,207,149</u>		

**MARIN CLEAN ENERGY
ENERGY EFFICIENCY PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2013 through May 31, 2014**

	<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	\$ 138,308	\$ 1,367,394	9.19%
EXPENDITURES AND OTHER USES:				
CURRENT EXPENDITURES				
Public purpose energy efficiency program	<u>1,505,702</u>	<u>138,308</u>	<u>1,367,394</u>	<u>9.19%</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>		

* Transfer of \$547,500 for security of On Bill Repayment program not recognized as expenditure.

**LOCAL DEVELOPMENT RENEWABLE ENERGY FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2013 through May 31, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Transfer from Operating Fund	\$ 109,994	\$ 109,994	\$ -	100.00%
EXPENDITURES AND OTHER USES:				
Capital Outlay	<u>109,994</u>	<u>13,992</u>	<u>96,002</u>	<u>12.72%</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ 96,002</u>		



July 3, 2014

TO: Marin Clean Energy Board of Directors

FROM: Elizabeth Kelly, Legal Director

RE: Second Addendum to Second Agreement with Tosdal Law Firm (Agenda Item #04 – C.3)

ATTACHMENTS:

- A. Second Agreement with Tosdal Law Firm
- B. First Addendum to Second Agreement with Tosdal Law Firm
- C. Second Addendum to Second Agreement with Tosdal Law Firm

Dear Board Members:

SUMMARY:

On February 24, 2014, MCE entered into the Second Agreement with Tosdal Law Firm ("Agreement") to provide regulatory services for MCE. On June 2, 2014, MCE entered into a First Addendum to the Agreement to increase the contract amount from \$10,000 to \$25,000. MCE staff requests approval of the present Second Addendum, which would reflect an increase in contract amount to not exceed \$30,000.

Ty Tosdal of Tosdal Law Firm has primarily been working on the PG&E Green Option proceeding. This proceeding addresses the appropriate role of the incumbent utility in their ability to offer non-standard electricity products and the marketing and cost allocation in connection with those products.

Recommendation: Approve Second Addendum to Second Agreement with Tosdal Law Firm.

**MARIN CLEAN ENERGY
STANDARD SHORT FORM CONTRACT**

**SECOND AGREEMENT
BY AND BETWEEN
MARIN CLEAN ENERGY AND TOSDAL LAW FIRM**

THIS SECOND AGREEMENT ("Agreement") is made and entered into this day February 27, 2014 by and between the MARIN CLEAN ENERGY, hereinafter referred to as "MCE" and Tosdal Law Firm, hereinafter referred to as "Contractor."

RECITALS:

WHEREAS, MCE desires to retain a person or firm to provide the following services: To participate in regulatory proceedings on MCE's behalf as requested by MCE.

WHEREAS, Contractor warrants that it is qualified and competent to render the aforesaid services;

NOW, THEREFORE, for and in consideration of the agreement made, and the payments to be made by MCE, the parties agree to the following:

1. SCOPE OF SERVICES:

Contractor agrees to provide all of the services described in Exhibit A attached hereto and by this reference made a part hereof.

2. FURNISHED SERVICES:

MCE agrees to make available all pertinent data and records for review, subject to MCE Policy 001 - Confidentiality.

3. FEES AND PAYMENT SCHEDULE:

The fees and payment schedule for furnishing services under this Agreement shall be based on the rate schedule which is attached hereto as Exhibit B and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement. Contractor shall provide MCE with his/her/its Federal Tax I.D. number prior to submitting the first invoice. Contractor shall invoice MCE within 90 days of any services rendered or expenses incurred hereunder. Fees and expenses invoiced beyond 90 days will not be reimbursable.

4. MAXIMUM COST TO MCE:

In no event will the cost to MCE for the services to be provided herein exceed the maximum sum of \$10,000.

5. TIME OF AGREEMENT:

This Agreement shall commence on April 1, 2014, and shall terminate on March 31, 2015. Certificate(s) of Insurance must be current on the day the Agreement commences and if scheduled to lapse prior to termination date, must be automatically updated before final payment may be made to Contractor. The final invoice must be submitted within 30 days of completion of the stated scope of services.

6. INSURANCE:

All required insurance coverages shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to MCE. The general liability policy shall be endorsed naming the Marin Clean Energy and its employees, officers and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to the MCE prior to commencement of work. Each certificate shall provide for thirty (30) days advance written notice to MCE of any cancellation or reduction in coverage. Said policies shall remain in force through the life of this Agreement and shall be payable on a per occurrence basis only, except those required by paragraph 6.4 which may be provided on a claims-made basis consistent with the criteria noted therein.

Nothing herein shall be construed as a limitation on Contractor's obligations under Section 16 of this Agreement to indemnify, defend and hold the MCE harmless from any and all liabilities arising from the Contractor's negligence, recklessness or willful misconduct in the performance of this Agreement. MCE agrees to timely notify the Contractor of any negligence claim.

Failure to provide and maintain the Insurance required by this Agreement will constitute a material breach of the agreement. In addition to any other available remedies, MCE may suspend payment to the Contractor for any services provided during any time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required coverage.

6.1 GENERAL LIABILITY

The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than one million dollars (\$1,000,000) with a two million dollar (\$2,000,000) aggregate limit. The MCE shall be named as an additional insured on the commercial general liability policy and the Certificate of Insurance shall include an additional endorsement page. (see sample form: ISO - CG 20 10 11 85).

6.2 AUTO LIABILITY

Where the services to be provided under this Agreement involve or require the use of any type of vehicle by Contractor in order to perform said services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars combined single limit (\$1,000,000.00).

6.3 WORKERS' COMPENSATION

The Contractor acknowledges the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to MCE prior to commencement of work.

6.4 PROFESSIONAL LIABILITY INSURANCE

Coverages required by this paragraph may be provided on a claims-made basis with a "Retroactive Date" either prior to the date of the Agreement or the beginning of the contract work. If the policy is on a claims-made basis, coverage must extend to a minimum of twelve (12) months beyond completion of contract work. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "retroactive date" prior to the Agreement effective date, the contractor must purchase "extended reporting" coverage for a minimum of twelve (12) months after completion of contract work. Contractor shall maintain a policy limit of not less than \$1,000,000 per incident. If the deductible or self-insured retention amount exceeds \$100,000, the MCE may ask for evidence that contractor has segregated amounts in a special insurance reserve fund or contractor's general insurance reserves are adequate to provide the necessary coverage and the MCE may conclusively rely thereon.

7. NONDISCRIMINATORY EMPLOYMENT:

Contractor and/or any permitted subcontractor, shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, age or condition of disability. Contractor and/or any permitted subcontractor understands and agrees that Contractor and/or any permitted subcontractor is bound by and will comply with the nondiscrimination mandates of all Federal, State and local statutes, regulations and ordinances.

8. SUBCONTRACTING:

The Contractor shall not subcontract nor assign any portion of the work required by this Agreement without prior written approval of the MCE except for any subcontract work identified herein. If Contractor hires a subcontractor under this Agreement, Contractor shall require subcontractor to provide and maintain insurance coverage(s) identical to what is required of Contractor under this Agreement and shall require subcontractor to name Contractor as additional insured under this Agreement. It shall be Contractor's responsibility to collect and maintain current evidence of insurance provided by its subcontractors and shall forward to the MCE evidence of same.

9. ASSIGNMENT:

The rights, responsibilities and duties under this Agreement are personal to the Contractor and may not be transferred or assigned without the express prior written consent of the MCE.

10. RETENTION OF RECORDS AND AUDIT PROVISION:

Contractor and any subcontractors authorized by the terms of this Agreement shall keep and maintain on a current basis full and complete documentation and accounting records, employees' time sheets, and correspondence pertaining to this Agreement. Such records shall include, but not be limited to, documents supporting all income and all expenditures. MCE shall have the right, during regular business hours, to review and audit all records relating to this Agreement during the Contract period and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on Contractor's premises or, at MCE's option, Contractor shall provide all records within a maximum of fifteen (15) days upon receipt of written notice from MCE. Contractor shall refund any monies erroneously charged.

11. WORK PRODUCT:

All finished and unfinished reports, plans, studies, documents and other writings prepared by and for Contractor, its officers, employees and agents in the course of implementing this Agreement shall become the sole property of the MCE upon payment to Contractor for such work. The MCE shall have the exclusive right to use such materials in its sole discretion without further compensation to

Contractor or to any other party. Contractor shall, at the MCE's expense, provide such reports, plans, studies, documents and writings to the MCE or any party the MCE may designate, upon written request. Contractor may keep file reference copies of all documents prepared for the MCE.

12. TERMINATION:

- A. If the Contractor fails to provide in any manner the services required under this Agreement or otherwise fails to comply with the terms of this Agreement or violates any ordinance, regulation or other law which applies to its performance herein, the MCE may terminate this Agreement by giving five (5) calendar days written notice to the party involved.
- B. The Contractor shall be excused for failure to perform services herein if such services are prevented by acts of God, strikes, labor disputes or other forces over which the Contractor has no control.
- C. Either party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days written notice to the other parties. Notice of termination shall be by written notice to the other parties and be sent by registered mail.
- D. In the event of termination not the fault of the Contractor, the Contractor shall be paid for services performed to the date of termination in accordance with the terms of this Agreement so long as proof of required insurance is provided for the periods covered in the Agreement or Amendment(s).

13. AMENDMENT:

This Agreement may be amended or modified only by written agreement of all parties.

14. ASSIGNMENT OF PERSONNEL:

The Contractor shall not substitute any personnel for those specifically named in its proposal unless personnel with substantially equal or better qualifications and experience are provided, acceptable to MCE, as is evidenced in writing.

15. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in Marin County, California.

16. INDEMNIFICATION:

Contractor agrees to indemnify, defend, and hold MCE, its employees, officers, and agents, harmless from any and all liabilities including, but not limited to, litigation costs and attorney's fees arising from any and all claims and losses to anyone who may be injured or damaged by reason of Contractor's negligence, recklessness or willful misconduct in the performance of this Agreement.

17. NO RECOURSE AGAINST 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 8500, et seq.) pursuant to the 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. Contractor 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.

18. COMPLIANCE WITH APPLICABLE LAWS:

The Contractor shall comply with any and all Federal, State and local laws and resolutions (including, but not limited to the County of Marin Nuclear Free Zone, Living Wage Ordinance, and Resolution #2005-97 of the Board of Supervisors prohibiting the off-shoring of professional services involving employee/retiree medical and financial data) affecting services covered by this Agreement. Copies of any of the above-referenced local laws and resolutions may be secured from the MCE's contact person referenced in paragraph 19. NOTICES below.

19. NOTICES

This Agreement shall be managed and administered on MCE's behalf by the Contract Manager named below. All invoices shall be submitted and approved by this Agreement Manager and all notices shall be given to MCE at the following location:

Contract Manager: Sarah Ritter, Administrative Associate

MCE Address: 781 Lincoln Ave., Suite 320

San Rafael, CA 94901

Telephone No.: (415) 464-6028

Notices shall be given to Contractor at the following address:

Contractor: Tosdal Law Firm
ATTN: Ty Tosdal

Address: 777 S. Highway 101
Suite #215

Solana Beach, CA 92075

Telephone No.: (858) 704-4711

20. ACKNOWLEDGEMENT OF EXHIBITS



Check applicable Exhibits

CONTRACTOR'S INITIALS

EXHIBIT A.



Scope of Services

EXHIBIT B.



Fees and Payment

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

APPROVED BY
Marin Clean Energy:

By: [Signature]
Executive Officer

CONTRACTOR:

By: [Signature]
Name: Ty Tosdal

By: n/a
Chairman

MCE COUNSEL REVIEW AND APPROVAL (Only required if any of the noted reason(s) applies)

REASON(S) REVIEW:

- ☐ Standard Short Form Content Has Been Modified
☐ Optional Review by MCE Counsel at Marin Clean Energy's Request

MCE Counsel: _____

Date: _____

EXHIBIT A
SCOPE OF SERVICES (required)

Contractor will render task-specific regulatory services from time to time, upon request by Marin Clean Energy, in connection with regulatory services at the California Public Utilities Commission including:

- Filing of comments, responses and other motions and filings in connection with regulatory issues impacting Marin Clean Energy;
- Filing of complaints on behalf of Marin Clean Energy; and
- Interfacing with the California Public Utilities Commission on behalf of Marin Clean Energy with regards to general and matter specific issues.

EXHIBIT B
FEES AND PAYMENT SCHEDULE (required)

Tosdal Law Firm will bill Client at an hourly rate as follows:

Ty Tosdal at \$125 per hour

Hourly fees for professional services under this agreement will be billed monthly for all services rendered. Tosdal Law Firm services will be task-specific with Client providing direction as to tasks to be undertaken by Tosdal Law Firm. Tosdal Law Firm will only provide services as requested by Client in writing by letter, voice communication or email. The amount of any fees and costs billed under this agreement shall not exceed \$10,000.

All invoices from Tosdal Law Firm for fees and expenses shall be paid within thirty days after receipt. "Expenses" include all direct out of pocket expenses, such as travel, messenger service, overnight mail, copying, telephone, facsimile, outside document reproduction, electronic research, document retrieval and filing fees.

**FIRST ADDENDUM TO SECOND AGREEMENT
BY AND BETWEEN
MARIN CLEAN ENERGY AND TOSDAL LAW FIRM**

This FIRST ADDENDUM is made and entered into on June 2, 2014, by and between MARIN CLEAN ENERGY, (hereinafter referred to as "MCE") and Tosdal Law Firm (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement for regulatory services dated February 27, 2014 ("Agreement"); and

WHEREAS, Section 4 and Exhibit B to the agreement obligated Contractor to be compensated an amount not to exceed \$10,000 for the regulatory services as described within the scope therein; and

WHEREAS, the parties desire to amend the agreement to increase the contract amount by \$15,000 for a total amount not to exceed \$25,000.

NOW, THEREFORE, the parties agree to modify Section 4 and Exhibit B as set forth below.

AGREEMENT

1. Except as otherwise provided herein all terms and conditions of the agreement shall remain in full force and effect.
2. Section 4 and Exhibit B is hereby amended to read as follows:

Section 4, Maximum Cost to MCE:

In no event will the cost to MCE for the services to be provided herein exceed the maximum sum of \$25,000 including direct non-salary expenses.

Exhibit B – Fees and Payment Schedule

Tosdal Law Firm will bill Client at an hourly rate as follows:

Ty Tosdal at \$125 per hour

Hourly fees for professional services under this agreement will be billed monthly for all services rendered. Tosdal Law Firm services will be task-specific with Client providing direction as to tasks to be undertaken by Tosdal Law Firm. Tosdal Law Firm will only provide services as requested by Client in writing by letter, voice communication or email. **The amount of any fees and costs billed under this agreement shall not exceed \$25,000.**

All invoices from Tosdal Law Firm for fees and expenses shall be paid within thirty days after receipt. "Expenses" include all direct out of pocket expenses, such as travel,

messenger service, overnight mail, copying, telephone, facsimile, outside document reproduction, electronic research, document retrieval and filing fees.

IN WITNESS WHEREOF, the parties hereto have executed this First Addendum on the day first written above.

CONTRACTOR:

By: Ty Tosdal
Name: Ty Tosdal
Title: Attorney

MARIN CLEAN ENERGY:

By: Dawn Weiss
Name: DAWN WEISS
Title: EXECUTIVE OFFICER

This SECOND ADDENDUM is made and entered into on July 3, 2014, by and between MARIN CLEAN ENERGY, (hereinafter referred to as "MCE") and Tosdal Law Firm (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and the Contractor entered into an agreement to provide regulatory services as directed by MCE staff dated February 24, 2014 ("Agreement"); and

WHEREAS, Section 4 and Exhibit B to the agreement obligated Contractor to be compensated an amount not to exceed \$10,000 for the regulatory services described within the scope therein; and

WHEREAS, the first addendum to the second agreement dated June 2, 2014 increased the total not to exceed amount from \$10,000 to \$25,000; and

WHEREAS the parties desire to amend the agreement to increase the contract amount by \$5,000 for a total not to exceed \$30,000.

NOW, THEREFORE, the parties agree to modify Section 4 and Exhibit B as set forth below.

AGREEMENT

1. Section 4 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the services to be provided herein exceed the maximum sum of **\$30,000**.

2. The fourth sentence of the second paragraph of Exhibit B is hereby amended to read as follows:

The amount of any fees and costs billed under this agreement shall not exceed \$30,000.

3. Except as otherwise provided herein all terms and conditions of the agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Addendum on the day first written above.

CONTRACTOR:

MARIN CLEAN ENERGY:

By: _____

By: _____



July 3, 2014

TO: Marin Clean Energy Board

FROM: Dawn Weisz, Executive Officer

RE: 1. Resolution No. 2014-04 of the Board of Directors of Marin Clean Energy approving the City of San Pablo as a member of Marin Clean Energy subject to (1) the adoption by the City of San Pablo of the ordinance required by Public Utilities Code Section 366.2(c) (10) and such ordinance becoming effective and (2) the execution of the Marin Clean Energy (formerly Marin Energy Authority) Joint Powers Agreement by the City of San Pablo.

2. Authorization of Implementation Plan Changes
(Agenda Item #5)

ATTACHMENTS: A. Applicant Analysis for the City of San Pablo

B. Membership Presentation for City of San Pablo

C. Resolution No. 2014-04 of the Board of Directors of Marin Clean Energy approving the City of San Pablo as a member of Marin Clean Energy subject to (1) the adoption by the City of San Pablo of the ordinance required by Public Utilities Code Section 366.2(c) (10) and such ordinance becoming effective and (2) the execution of the Marin Clean Energy (formerly "Marin Energy Authority") Joint Powers Agreement by the City of San Pablo.

D. MCE Revised Draft Implementation Plan

Dear Board Members:

Background

On March 24, 2014, staff received a letter from the City of San Pablo expressing interest in MCE membership. Following the receipt of this letter, your Board authorized the completion of a quantitative membership analysis for the purpose of determining projected environmental benefits (e.g. incremental increases in renewable energy deliveries and expected reductions in greenhouse gases (GHGs) related to electric energy consumption) and rate/financial impacts related to the addition of customers located within the City of San Pablo. Such analysis was completed on June 12, 2014,

and results were presented to the Executive Committee on June 16, 2014. As discussed during this public meeting, the projected impacts of this prospective membership expansion was entirely positive, demonstrating meaningful increases in renewable energy sales, expected reductions in GHG emissions, and an approximate 1% rate reduction for all MCE customers, both current and prospective.¹

As a result of these positive findings, the City Council of San Pablo will be considering adoption of the requisite Community Choice Aggregation (“CCA”) ordinance, which states the City’s intent to implement a CCA program through its participation in MCE, on July 24, 2014. The attached Resolution and updated JPA Agreement will comply with the statutory requirements of AB 117, the legislation enabling CCA service in California.

Recommendations:

1. Approve Resolution No. 2014-04 of the Board of Directors of Marin Clean Energy approving the City of San Pablo as a member of Marin Clean Energy subject to (1) the adoption by the City of San Pablo of the ordinance required by Public Utilities Code Section 366.2(c) (10) and such ordinance becoming effective and (2) the execution of the Marin Clean Energy (formerly “Marin Energy Authority”) Joint Powers Agreement by the City of San Pablo (Agenda Item #7A).
2. Authorize submittal of revised MCE Implementation Plan that incorporates load information and other city-specific information for the City of San Pablo.

¹ Note that any rate/financial impacts were based on wholesale electricity pricing at the time the quantitative analysis was completed. Such pricing is subject to change. Actual rate/financial impacts will be based on wholesale electricity pricing that is offered to MCE at the time of power supply contract execution.

Marin Clean Energy Applicant Analysis for the City of San Pablo

June 13, 2014

SUMMARY

MCE's currently effective policy regarding new membership requires the completion of a quantitative analysis as part of the preliminary evaluative process. The primary focus of the quantitative analysis is to determine the anticipated net rate impacts that would affect MCE's existing customer base following the addition of the prospective new community – in particular, the quantitative analysis must demonstrate that the addition of the prospective new community will result in a projected net rate reduction for MCE's existing customer base; this is a threshold requirement that must be met before proceeding with further membership activities. In addition, the quantitative analysis addresses the projected environmental impacts that would result from offering CCA service to the prospective new community. More specifically, the analysis prospectively determines whether or not the new community will accelerate greenhouse gas (GHG) reductions (beyond those reductions already achieved by MCE's existing membership) while increasing the amount of renewable energy being used within California's energy market.

On March 24, 2014 MCE received a letter from the City of San Pablo expressing interest in joining MCE. The electric accounts to be considered as part of this membership request include all accounts located within the incorporated city boundaries. On April 3, 2014, the MCE Board of Directors authorized completion of a quantitative membership analysis related to San Pablo's membership request. This analysis has been completed and the results are discussed below in this summary report.

In general, the quantitative analysis indicated that rate benefits would likely accrue to existing MCE customers following the addition of prospective CCA accounts located within San Pablo. The additional customer base within San Pablo would likely result in an approximate 1% rate reduction for MCE customers, including all existing and prospective accounts. The analysis also indicated that including San Pablo in MCE's membership would increase the amount of renewable energy being used in California's energy market by approximately 20 thousand MWh per year while reducing GHG emissions by an estimated 5.5 million pounds of carbon dioxide equivalent per year.¹

ANALYSIS

MCE conducted an analysis of the potential new electric customers to estimate the revenues and costs associated with extending MCE service to San Pablo. The analysis incorporated historical monthly electric usage data provided by PG&E for all current electric customers located within the city. The data indicate the potential for approximately 10,000 new MCE customers with a potential increase in annual

¹ GHG emission reduction estimates are based on MCE's actual 2012 emission factor of 373 lbs CO₂e/MWh and PG&E's verified 2012 emission factor of 445 lbs CO₂e/MWh, as released in February 2014: <http://www.pgecurrents.com/2014/02/06/new-numbers-confirm-pge%E2%80%99s-energy-among-the-cleanest-in-nation/>. The projected GHG savings of 72 lbs CO₂e/MWh (based on the difference between MCE's emission factor PG&E's emission factor) was multiplied by the projected increase in MCE's annual sales volume resulting from the addition of CCA customers located within San Pablo, a volume approximating 76,000 MWh/year. Note that these projections are subject to change.

electricity sales approximating 90,000 MWh per year. The aggregate peak demand of these customers is estimated at 15 MW.²

Table 1: 2013 San Pablo Electricity Data

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (KWh)
Residential	9,384	39,296	349
Small Commercial	626	10,558	1,405
Medium Commercial	60	8,592	11,933
Large Commercial & Industrial	48	30,198	564,803
Agricultural and Pumping	0	0	N/A
Street Lighting	62	1,077	1,447
Total	10,179	89,720	735
Peak Demand (MW)			15

² These figures are for bundled electric customers of PG&E and exclude customers taking service from non-utility energy service providers through the state's direct access program. These figures are unadjusted for expected customer participation rates.

As compared to the current MCE customer base shown in Table 2 below, San Pablo includes proportionately more residential accounts and fewer small commercial accounts. The residential sector in San Pablo uses nearly 28% less electricity per capita than the current MCE residential customer base. In aggregate, the average monthly usage of San Pablo customers (735 KWh/month) is 18% lower than that of the current MCE customer base (896 kWh per month).

Table 2: 2013 MCE Electricity Data

Classification	Accounts	Annual Energy (MWh)	Monthly Per Account (KWh)
Residential	106,762	618,385	483
Small Commercial	11,755	195,505	1,386
Medium Commercial	884	155,315	14,642
Large Commercial	329	188,289	47,694
Industrial	16	121,391	633,830
Agricultural and Pumping	99	3,880	3,266
Street Lighting	850	14,929	1,464
Total	120,695	1,297,694	896
Peak Demand (MW)			221

In regards to seasonal consumption patterns, San Pablo electric usage peaks during the winter months consistent with the current MCE load profile. Comparison of Figure 1 and Figure 2 below shows a very similar seasonal consumption pattern between San Pablo and the existing MCE program.

Figure 1: San Pablo Hourly Load Profile (KW)

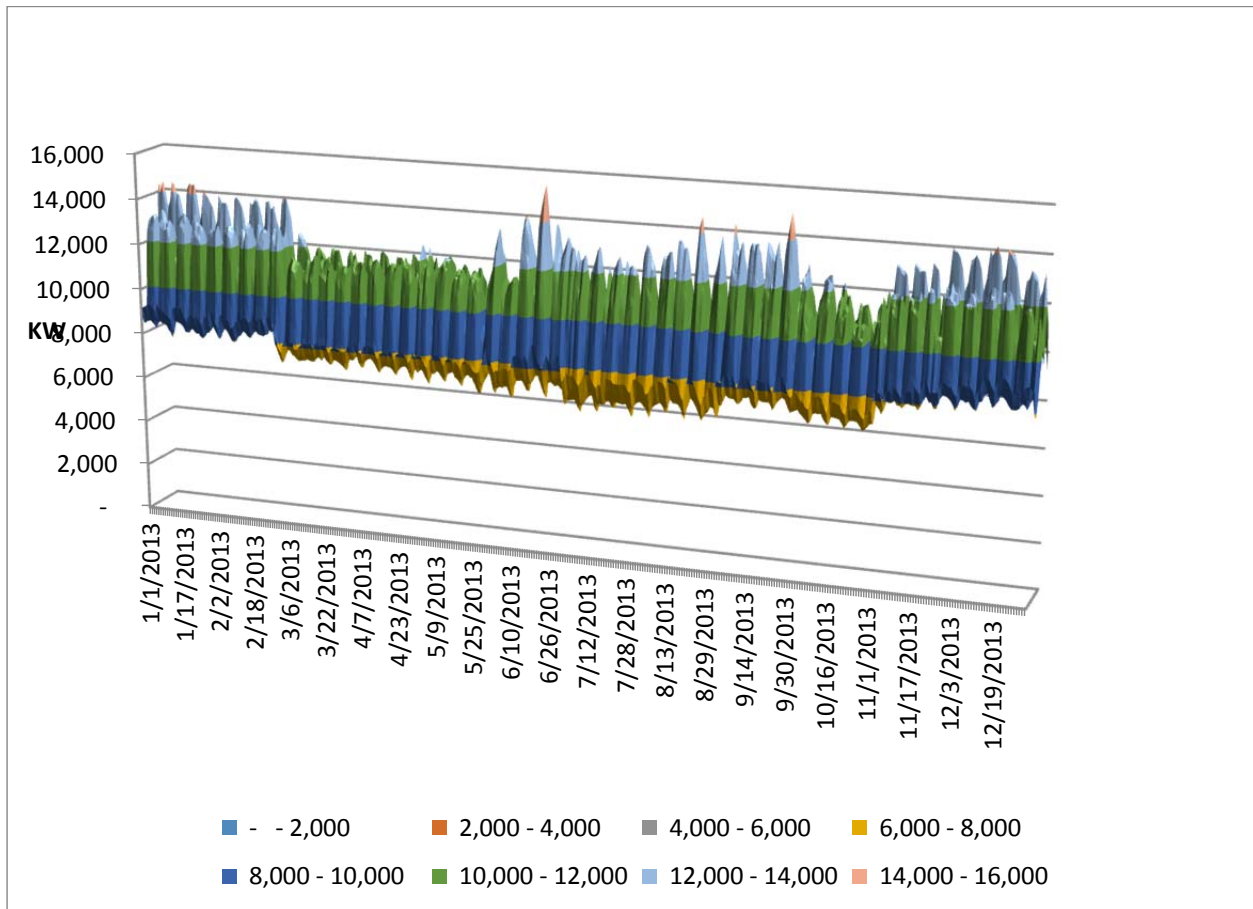
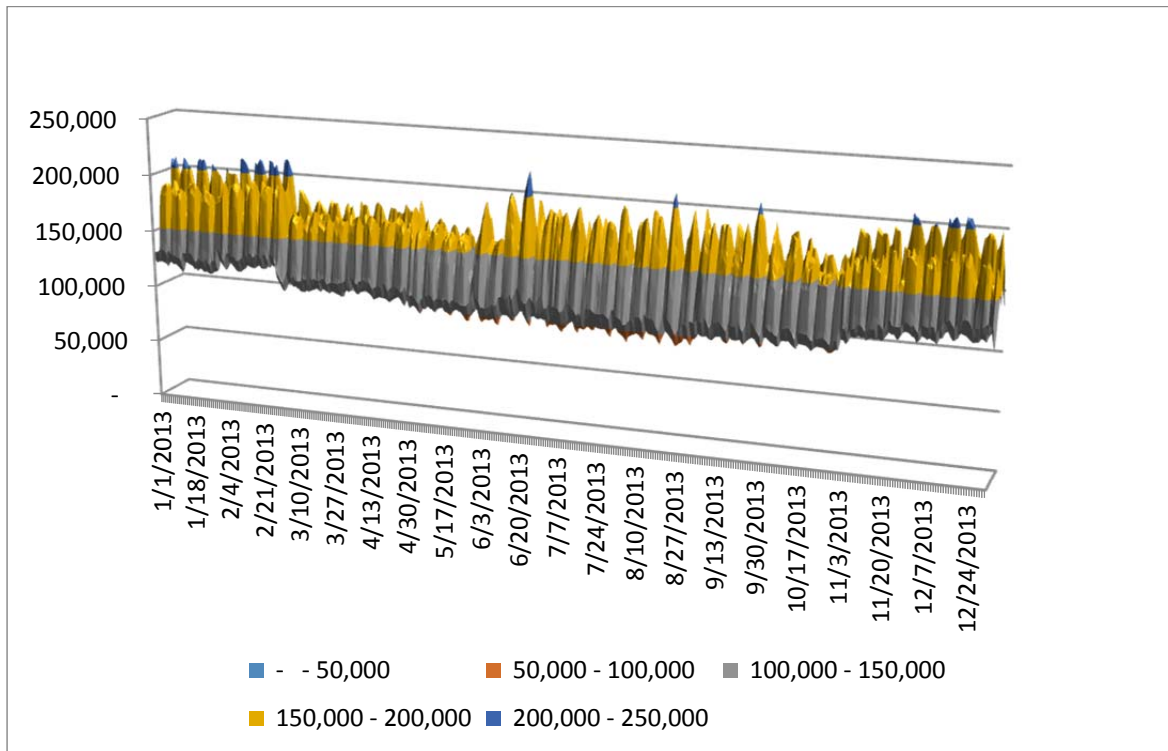


Figure 2: MCE Hourly Load Profile (KW)

RATE IMPACTS

For purposes of the rate impact analysis, it was assumed that service would be initiated to San Pablo customers in April, 2015 and that 85% of customers who would be offered CCA service would elect to participate in the MCE program. This would equate to an increase in annual MCE electricity sales of 76,262 MWh or approximately 6%. The rate impact was examined beginning with the 2015/2016 fiscal year, with the new service accounts switched to MCE service during the month of April (April 1st through April 30th, depending on each customer's scheduled meter reading schedule).³

Incremental revenues and costs were quantified for the San Pablo customer additions, and the revenue surplus (based on the difference between projected revenues and costs directly related to the addition of San Pablo customers) was also calculated for the year. The surplus is assumed to offset a share of MCE's fixed costs and can be used to reduce overall MCE rates. The incremental cost analysis accounts for ongoing costs related to additional power supplies, customer billing, customer service support (call center), and PG&E service fees associated with the additional customers. One-time costs associated with the expansion of MCE to San Pablo are not included in these figures and are discussed below. Table 3 presents the estimated rate impact for the 2015/2016 fiscal year.

³ During the first year, the increase in annual sales volume is slightly lower, estimated at 72,618 MWh, due to the gradual transfer of accounts to MCE service during the first month.

Table 3: FY2015/2016 MCE Rate Impact from San Pablo

Volume (MWh)	72,618
Revenue	\$ 6,093,227
Costs	
Power Supply Cost	\$ 4,374,585
Billing and Other Costs	\$ 231,840
Total Cost	\$ 4,606,425
Rate Benefit	\$ 1,486,802
MCE Rate Impact	1%

The rate impact analysis indicates that the addition of San Pablo customers to MCE's total customer base would provide benefits to MCE ratepayers; it is estimated that expanding MCE service to San Pablo would allow for MCE rates to be 1% lower than without such customers.

Additional costs related to the expansion would be incurred prior to initiation of service to the new customers. These costs would be incurred for regulatory, resource planning and procurement activities that would be necessary to incorporate the new member community and its customers into MCE as well as for communication and outreach to the new customers. The projected implementation costs related to a San Pablo expansion are expected to be less than the \$450,000 expended in preparation for the expansion to Richmond. This appears to be a reasonable assumption because existing staff (previously added to support the Richmond expansion) and technical resources can be leveraged to support the San Pablo expansion; the number of prospective customer accounts within San Pablo is also less than a third of the prospective customer base that was transitioned to MCE service during the Richmond expansion. It should also be noted that the regulatory, resource planning and procurement costs would not be entirely attributable to San Pablo if there are other new members brought into MCE at the same time. To the extent that other municipalities are contemporaneously added, such activities could be performed jointly rather than at separate times for each new member.

RENEWABLE ENERGY IMPACTS

Renewable energy requirements were calculated for San Pablo to ensure compliance with the statewide Renewables Portfolio Standard (RPS) as well as the more aggressive renewable energy content standards adopted by MCE. The total renewable energy requirement associated with prospective expansion to San Pablo would be approximately 38 thousand MWh annually. This renewable energy volume is equivalent to the energy produced by 4 MW of geothermal capacity (or a similar baseload renewable generating technology using a fuel source such as biomass or landfill gas) or approximately 15 MW to 22 MW of solar generating capacity, depending upon location and technology. Including San Pablo's electric customers in MCE service will increase the amount of renewable energy being used in California's energy market by approximately 20 thousand MWh annually based on the increased renewable energy procurement targets voluntarily adopted by MCE's governing Board relative to California's then-current RPS mandate (which must be followed by PG&E).

GHG IMPACTS

With regard to projected GHG emission reductions that would result from the expansion of MCE service to San Pablo, estimates were derived by comparing the most current, validated emission statistics related to the MCE and PG&E electric supply portfolios. With regard to these statistics, PG&E and MCE both recently reported their respective emission statistics for the 2012 calendar year. Due to typical timelines affecting the availability of such information, PG&E's current statistics (focused on the 2012 calendar year) will generally reference data related to utility operations occurring 12 to 24 months prior to the current calendar year. This waiting period is necessary to facilitate the compilation of final electric energy statistics (e.g., customer energy use and renewable energy deliveries) and to allow sufficient time for data computation, review and third-party audit before releasing such information to the public. As noted by PG&E, its 2012 emission factor was determined to be 445 lbs CO₂/MWh. By comparison, MCE's aggregate portfolio emission factor for the 2012 calendar year was determined to be 373 lbs CO₂e/MWh, a difference of 19%.

MCE's 2012 emission factor was derived by using publicly available emission statistics determined by the California Air Resources Board (CARB) for certain unspecified electricity purchases included within the MCE supply portfolio as well as assumed zero carbon emission rates for various renewable energy purchases and deliveries from non-polluting power sources, such as hydroelectric generators. With regard to electricity purchases from unspecified sources, or "system power," as reported on a California retail electricity seller's annual Power Content Label, CARB has assigned an emissions rate of 943.58 lbs CO₂e/MWh. This emission rate can be referenced in section 95111(b)(1) of CARB's February 2014 update to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions: <http://www.arb.ca.gov/cc/reporting/ghg-rep/regulation/mrr-2013-clean.pdf>. PG&E appears to have applied a similar factor when calculating emissions associated with unspecified generating sources.

In 2012, MCE's supply portfolio was heavily weighted towards non-carbon emitting resources. In fact, over 60% of MCE's energy supply was attributable to various renewable energy and hydroelectric purchases, which do not emit GHGs (MCE's 2013 and projected 2014 procurement percentages reflect similar ratios). When determining MCE's aggregate portfolio emission factor, the aforementioned CARB statistic of 943.58 lbs CO₂e/MWh was applied to MCE's system energy purchases, which totaled 225,593 MWh during the 2012 calendar year. All other non-emitting resources were assigned an emission factor of zero. As such, MCE's portfolio emissions for the 2012 calendar year totaled approximately 213 million pounds. This emission total was divided by MCE's aggregate sales volume of 570,144 MWhs, resulting in an MCE portfolio emissions rate of 373 lbs/MWh, for the 2012 calendar year. The following table provides additional detail regarding these emissions computations for MCE's 2012 supply portfolio.

Table 4: MCE 2012 Greenhouse Gas Emissions

2012 Calendar Year	MWh Purchased/Sold	% Total	Emission Rate (lbs CO₂e/MWh)	Total Emissions (lbs)
Total Renewable Energy	304,551	53.4%	0	0
RPS – Eligible	166,522	29.2%	0	0
Non-RPS Eligible Renewable	138,029	24.2%	0	0
Zero Carbon	40,000	7.0%	0	0
System Power	225,593	39.6%	944	212,864,133
Totals	570,144	100%	373	212,864,133

To estimate the projected GHG emissions reductions that would likely result from the addition of prospective CCA customers located within San Pablo, MCE calculated the difference between its own emission factor (373 lbs CO₂e/MWh) and the related metric reported by PG&E (445 lbs CO₂/MWh): 72 lbs CO₂/MWh. This difference was multiplied by the projected increase in annual electricity sales that would result from the addition of San Pablo's CCA customers (76,262 MWh), resulting in a projected GHG emissions savings related to the transition of San Pablo's customers to MCE's cleaner electricity supply. The projected emissions savings/reduction related to this service transition (from PG&E to MCE) was determined to be approximately 5.5 million pounds of carbon dioxide equivalent per year. It is noteworthy that the future emission factors reported by MCE and PG&E will likely differ from the statistics applied in this analysis – this is due to a variety of factors, including planned/unplanned changes in renewable energy procurement (including planned increases in California's RPS procurement requirements), variations in hydroelectric power production (which may change substantially from year to year based on prevailing regional hydrological conditions) and changes/adjustments in the general procurement policies of each service provider as well as many other factors. Also note that MCE has committed to assembling a power supply portfolio that not only exceeds the renewable energy content offered by PG&E but also provides customers with a "cleaner" energy alternative, as measured by a comparison of the portfolio GHG emission rate (or emission factor) published by each organization. As such, MCE plans to continue procuring electricity from non-GHG emitting resources in sufficient quantities to maintain an emission rate that is continually lower than PG&E's.



MCE Membership Expansion

Program Impact Analysis: City of San Pablo

Marin Clean Energy | July 3, 2014



MCE's Current Customer Base

Key Statistics (2014 – projected)¹

- **Customer base \approx 125,000**
- **Projected annual energy sales (2014) \approx 1,300,000 MWh**
- **Projected peak demand \approx 250 MW**
- **Projected RPS-eligible procurement: 27%+**
- **Projected total renewable procurement: 50%+**
- **Projected carbon free procurement: 60%+**
- **Projected portfolio emission rate: \approx 370 lbs CO₂e/MWh**

¹Excludes potential changes related to the planned addition of Napa County, which may occur during the 2014 calendar year.

Prospective Addition of San Pablo

Summary

- **March 24, 2014: MCE received letter expressing membership interest from the City of San Pablo**
- **April 3, 2014: MCE Governing Board authorized completion of a quantitative membership analysis**
- **June 13, 2014: draft quantitative analysis completed by MCE**
- **Analytical findings are favorable:**
 - **≈1% rate reduction for all MCE customers (existing and prospective)**
 - **20,000 MWh annual increase in statewide renewable energy consumption**
 - **5.5 million pound annual GHG reduction**

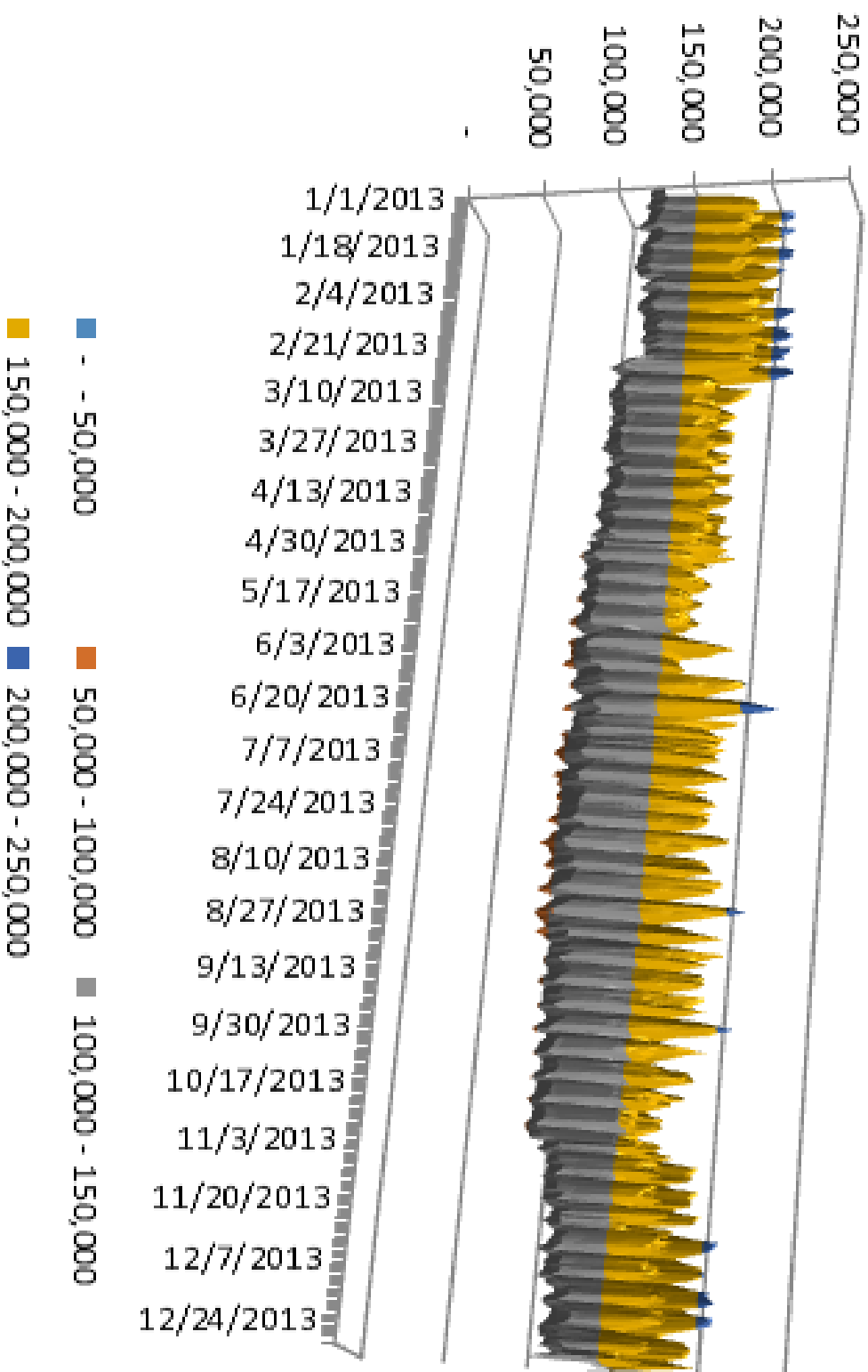
City of San Pablo Customer Base

Classification	Accounts	Annual Energy (MWh)	Monthly Energy (per account, kWh)
Residential	9,384	39,296	349
Small Commercial	626	10,558	1,405
Medium Commercial	60	8,592	11,933
Large Commercial & Industrial	48	30,198	564,803
Agricultural and Pumping	0	0	N/A
Street Lighting	<u>62</u>	<u>1,077</u>	<u>1,447</u>
Total	10,179	89,720	735
Peak Demand (MW)			15

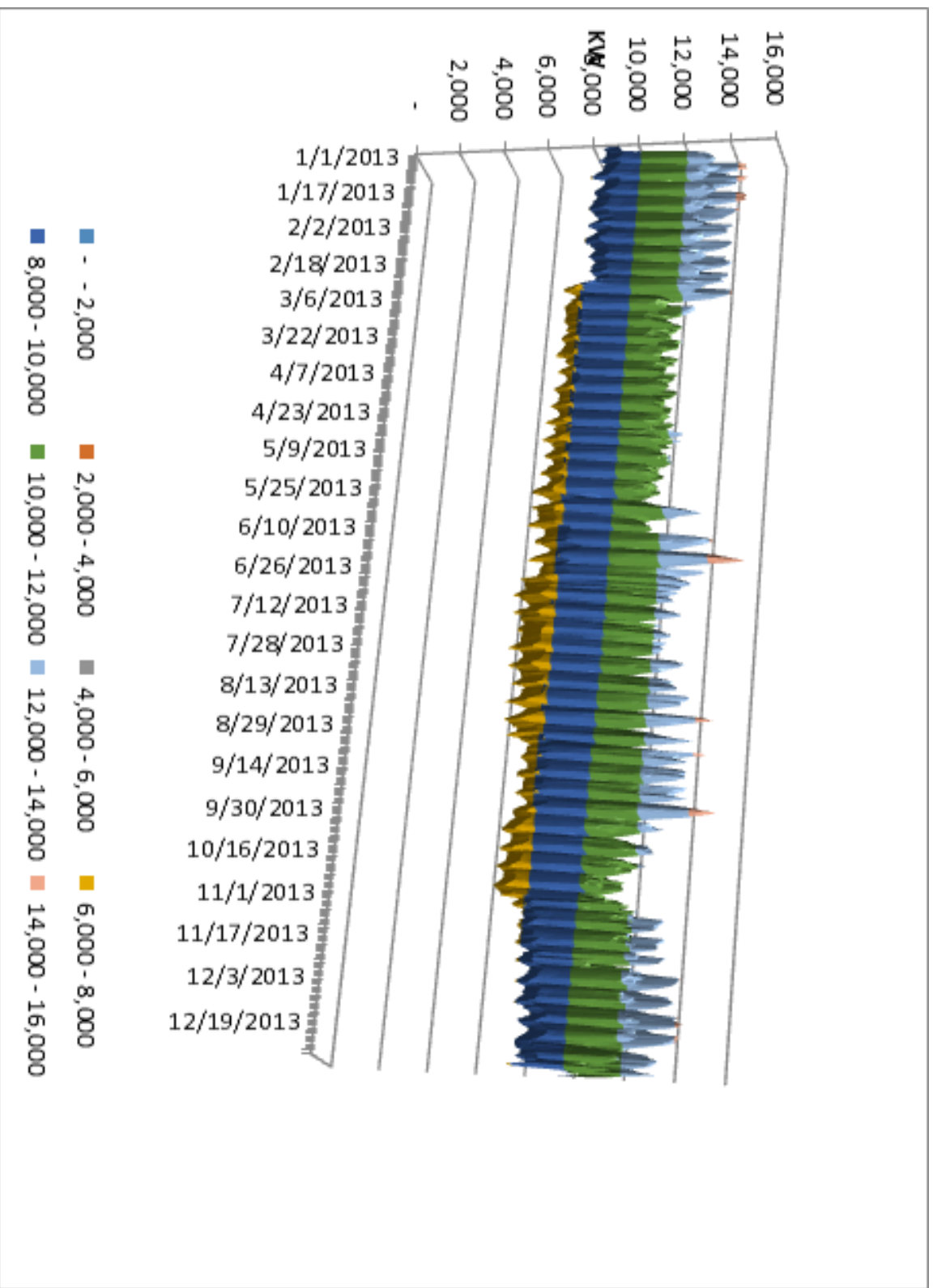
Key City of San Pablo Statistics

- Nearly 10,000 potential new customers
- **Potential retails sales increase of $\approx 90,000$ MWh/year**
- Aggregate peak demand increase ≈ 15 MW
- Higher proportion of residential accounts relative to MCE (over 92% of total San Pablo accounts, relative to 88% for MCE); fewer proportion of small commercial accounts in San Pablo ($\approx 6\%$ vs. 10% for MCE)
- San Pablo residential customers use approximately 28% less energy per account than MCE's current residential customer base: 349 kWh/month vs. 483 kWh/month
- Average monthly usage (across all accounts) is $\approx 18\%$ lower than MCE's current customer base: 735 kWh/month vs. 896 kWh/month

MCE Hourly Load Profile



City of San Pablo Hourly Load Profile



Key Assumptions & Projected Outcomes

- Service assumed to commence in April 2015
- Assumed 85% participation rate
- Participatory rate translates to a retail sales increase of **≈76,000 MWh, or approximately 6%**
- Small projected revenue surplus
- Revenue surplus was assumed to offset a share of MCE's fixed costs... which would marginally reduce MCE's overall rates
- Incremental cost analysis accounts for: additional power supply, customer billing, call center support, PG&E service fees
- Overall rate reduction approximating 1%

Cost & Revenue Summary (FY '15/'16)

Volume (MWh)		72,618
Revenue	\$	6,093,227
Costs		
Power Supply Cost	\$	4,374,585
Billing and Other Costs	\$	231,840
Total Cost	\$	4,606,425
Rate Benefit	\$	1,486,802
MCE Rate Impact		1%

RESOLUTION NO. 2014-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY
APPROVING THE CITY OF SAN PABLO AS A MEMBER OF
MARIN CLEAN ENERGY SUBJECT TO (1) THE ADOPTION BY THE CITY OF SAN
PABLO OF THE ORDINANCE REQUIRED BY PUBLIC UTILITIES CODE
SECTION 366.2(C)(10) AND SUCH ORDINANCE BECOMING EFFECTIVE AND
(2) THE EXECUTION OF THE MARIN CLEAN ENERGY (FORMERLY MARIN
ENERGY AUTHORITY) JOINT POWERS AGREEMENT BY THE CITY OF SAN
PABLO.**

WHEREAS, on September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the "Act"), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation ("CCA"); and,

WHEREAS, the Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 19, 2008, Marin Clean Energy ("MCE"), (formerly the Marin Energy Authority) was established as a joint power authority pursuant to a Joint Powers Agreement, as amended from time to time ("MCE Joint Powers Agreement"); and,

WHEREAS, on February 2, 2010, the California Public Utilities Commission certified the "Implementation Plan" of MCE, confirming MCE's compliance with the requirements of the Act; and,

WHEREAS, MCE members include the following communities: the County of Marin, the City of Belvedere, the Town of Corte Madera, the Town of Fairfax, the City of Larkspur, the City of Mill Valley, the City of Novato, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Rafael, the City of Sausalito and the Town of Tiburon; and

WHEREAS, the City of San Pablo requested membership in Marin Clean Energy on March 24, 2014; and,

WHEREAS, the MCE Board of Directors approved the membership request of the City of San Pablo on April 3, 2014 subject to a membership analysis yielding a positive result; and

WHEREAS, the membership analysis for the City of San Pablo was completed on June 12, 2014, and yielded a positive result.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Board of Directors of Marin Clean Energy that the City of San Pablo is approved as a member of

the Marin Clean Energy subject to (1) the adoption by the City of San Pablo of the Ordinance required by Public Utilities Code Section 366.2(c)(10) and such ordinance becoming effective and (2) the execution of the Marin Clean Energy Joint Powers Agreement by the City of San Pablo.

PASSED AND ADOPTED at a regular meeting of the Marin Clean Energy Board of Directors on this Third day of July, 2014 by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
City of Belvedere				
Town of Corte Madera				
Town of Fairfax				
City of Larkspur				
County of Marin				
City of Mill Valley				
City of Novato				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Rafael				
City of Sausalito				
Town of Tiburon				

CHAIR, MARIN CLEAN ENERGY

ATTEST:

SECRETARY, MARIN CLEAN ENERGY BOARD

**MARIN ~~ENERGY~~
~~AUTHORITY~~ CLEAN ENERGY**

**REVISED COMMUNITY CHOICE
AGGREGATION
IMPLEMENTATION PLAN AND
STATEMENT OF INTENT**



~~October 4~~ July XX, 2014~~2~~

For copies of this document contact the Marin ~~Energy Authority~~ Clean Energy in San Rafael, California or visit www.marinenergyauthoritymcecleanenergy.org

Field Code Changed

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CHAPTER 1 – Introduction

Marin Clean Energy (“MCE”; MCE was ~~formerly known as the “Marin Energy Authority,”~~
“MEA”, or the “Authority”) ~~(“MEAMCE” or “Authority”)~~, a public agency, was formed in
 December 2008 for the purposes of implementing a community choice aggregation (“CCA”) program and other energy-related programs targeting significant greenhouse gas emissions (“GHG”) reductions. At that time, the Member Agencies of ~~the Authority~~ MCE included eight of the twelve municipalities located within the geographic boundaries of Marin County: the cities/towns of Belvedere, Fairfax, Mill Valley, San Anselmo, San Rafael, Sausalito and Tiburon and the County of Marin (together the “Members” or “Member Agencies”). In anticipation of CCA program implementation and in compliance with state law, ~~MEAMCE~~ MCE submitted the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on January 25, 2010. Consistent with its expressed intent, ~~MEAMCE~~ MCE successfully launched its CCA program, Marin Clean Energy (“MCE” or “Program”), on May 7, 2010 and has been successfully serving customers since that time.

During the second half of 2011, four additional municipalities within Marin County, the cities of Novato and Larkspur and the towns of Ross and Corte Madera, joined ~~MEAMCE~~ MCE, and a revised Implementation Plan reflecting updates related to said expansion was ~~submitted to~~ filed with the CPUC on December 3, 2011.

Following the aforementioned expansion, the City of Richmond, located in Contra Costa County, joined MCE, and a revised Implementation Plan reflecting updates related to this expansion was filed with the CPUC on July 6, 2012.

A subsequent revision to MCE’s Implementation Plan was filed with the Commission on November 6, 2012 to ensure compliance with Commission Decision 12-08-045, which was issued on August 31, 2012. In Decision 12-08-045, the Commission directed existing CCA programs to file revised Implementation Plans to conform to the privacy rules in Attachment B of this Decision.

Consistent with MCE’s mission statement, in late 2012 MCE launched its first energy efficiency portfolio, initially providing multi-family energy efficiency services to MCE customers only. In early 2013, MCE launched a portfolio of energy efficiency programs available to all ratepayers in its service territory, not just MCE customers. Energy efficiency and other local programs continue to be a robust and growing portion of MCE’s activities.

MCE gives electric customers of the Member Agencies an opportunity to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. To date, the electricity delivered to MCE customers has included over 27 percent Renewables Portfolio Standard (“RPS”) qualifying renewable energy, an amount which has surpassed all reporting entities, including the incumbent utility. Over the course of ~~MEAMCE’s~~ MCE’s phased implementation schedule, all current PG&E customers within ~~the MCE’s Authority’s~~ service area will receive information describing the Program and will have

multiple opportunities to express their desire to remain bundled customers of PG&E, in which case they will not be enrolled in the Program. Thus, participation in the CCA Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled unless they affirmatively elect to opt-out of the CCA Program.

The MCE program has received considerable interest from other communities in response to its innovative, environmentally focused energy service alternative, which now provides electric generation service to approximately 9120,000 customers, including a cross section of residential and commercial accounts. During its ~~two~~four-year operating history, non-member municipalities have monitored ~~MEAMCE's~~ progress, evaluating the potential opportunity for membership ~~in the Authority~~, which would enable customer choice with respect to electric generation service. In response to public interest and ~~the AuthorityMCE's's~~ successful operational track record, the ~~City of RichmondCounty of Napa and the City of San Pablo (located in Contra Costa County)~~ has requested ~~MEAMCE~~ membership and adopted the requisite ordinances for joining ~~MEAMCE~~. ~~The AuthorityMCE's~~ Board of Directors approved the ~~City of RichmondCounty of Napa's~~ membership request at a duly noticed public meeting on ~~June-December 75, 20132.~~ Similarly, MCE's Board of Directors approved the City of San Pablo's membership request at a duly noticed public meeting on April 3, 2014.

This revision of the Marin ~~Energy AuthorityClean Energy~~ Community Choice Aggregation Implementation Plan and Statement of Intent ("Revised Implementation Plan") describes ~~the AuthorityMCE's~~ expansion plans to include the ~~City of RichmondCounty of Napa and the City of San Pablo~~. According to the Commission, "the Energy Division is required to receive and review a revised ~~MEAMCE~~ implementation plan reflecting changes/consequences of additional members." With this in mind, ~~MEAMCE~~ has reviewed its revised Implementation Plan, which was filed with the Commission on November 6, 2012, December 3, 2011 Implementation Plan and has identified certain information that requires updating to reflect the changes and consequences of adding the new member and to address MCE's name change (from MEA), which occurred via Resolution of 2013-11 of MCE's Governing Board on December 5, 2013. This Revised Implementation Plan reflects such changes and includes related projections that account for ~~MEAMCE's~~ planned expansion.

Implementation of MCE has enabled customers within ~~MEAMCE's~~ service area to take advantage of the opportunities granted by Assembly Bill 117 ("AB 117"), the Community Choice Aggregation Law. ~~MEAMCE's~~ primary objective in implementing this Program continues to focus on increased utilization of renewable energy supplies for the purpose of promoting significant GHG emissions reductions. To date, ~~MEAMCE~~ has achieved this objective by offering customers two energy supply options: 1) a minimum 50 percent renewable content, which will be the default service option for participating customers¹; or 2) 100 percent renewable content. The prospective benefits to consumers include a substantial increase in renewable energy supply, stable and competitive electric rates, public participation in

¹ MCE customers received ~~more than~~nearly 297 percent RPS-qualifying renewable energy in 2013~~4~~. The default renewable energy content, which includes RPS-qualifying renewable energy and supplemental renewable energy credit purchases, was voluntarily increased from 25% to 50% beginning in January, 2012.

determining which technologies are utilized to meet local electricity needs, and local/regional economic benefits.

To ensure successful operation of the MCE program, ~~the Authority~~MCE has received assistance from experienced energy suppliers and contractors in providing energy services to Program customers. As a result of a competitive solicitation process and subsequent contract negotiations, a highly qualified firm, Shell Energy North America ("SENA") was selected as MEAMCE's initial energy services provider and scheduling coordinator. To serve the increasing energy requirements resulting from expanded membership, MEAMCE anticipates that its existing supply agreement with SENA ~~will may~~ be amended and/or supplemented with purchases from other qualified suppliers of requisite energy products to reflect the Program's increased future needs. Information regarding ~~this company~~SENA is contained in Chapter 10.

MEAMCE's Implementation Plan reflects a collaborative effort among ~~the Authority~~MCE, its Members, and the private sector to bring the benefits of competition and choice to Member residents and businesses. By exercising its legal right to form a CCA Program, ~~the Authority~~MCE has enabled its Members' constituents to access the competitive market for energy services and obtain access to increased renewable energy supplies and resultant reductions in GHG emissions. Absent action by ~~the Authority~~MCE or its individual Members, most customers would have no ability to choose an electric supplier and would remain captive customers of their incumbent utility.

The California Public Utilities Code provides the relevant legal authority for ~~the Authority~~MCE to become a Community Choice Aggregator and invests the California Public Utilities Commission ("CPUC" or "Commission") with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical service through ~~the Authority~~MCE's CCA Program. The CPUC has also registered ~~the Authority~~aMCE as a Community Choice Aggregator and continues to ensure compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs. Each of these milestones has been accomplished. The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E now has approved tariffs for imposition of the cost recovery mechanism. Finally, each of ~~the Authority~~MCE's Members has adopted an ordinance to implement a CCA program through its participation in ~~the Authority~~MCE (copies of individual ordinances adopted by MEAMCE's members are included as Appendix B). Following the CPUC's certification of its receipt of this Revised Implementation Plan and resolution of any outstanding issues, ~~the Authority~~MCE will take the final steps needed to expand CCA service to MEAMCE's new member, including customer notification and enrollment.

Organization of this Implementation Plan

The content of this Revised Implementation Plan complies with the statutory requirements of AB 117. Because MEAMCE has already successfully implemented its CCA program, this Revised Implementation Plan includes narrative discussion, updates and projections focused on

on-going operation and expansion of the MCE program rather than previously completed implementation efforts. As a result, certain sections of this document are now substantially abbreviated. Consistent with requirements identified in PU Code Section 366.2(c)(4), this Revised Implementation Plan addresses:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

To promote consistency with ~~MEAMCE's~~ original January 25, 2010 Implementation Plan, the remainder of this Revised Implementation Plan is organized as follows:

Chapter 2: Aggregation Process

Chapter 3: Organizational Structure

Chapter 4: CCA Startup

Chapter 5: Program Phase-In

Chapter 6: Load Forecast and Resource Plan

Chapter 7: Financial Plan

Chapter 8: Ratesetting

Chapter 9: Customer Rights and Responsibilities

Chapter 10: Procurement Process

Chapter 11: Contingency Plan for Program Termination

Appendix A: ~~Authority Marin Clean Energy~~ Resolution 200914-10-XX~~and Authority~~
~~Member Ordinances~~

~~Appendix B: County of Napa, Resolution 2014-03XX~~

~~Appendix C: City of San Pablo, Resolution 2014-XX~~

Appendix ~~DB~~: Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan and Funding Chapter 7: Financial Plan
Ratesetting and other costs to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Statement of Intent	Chapter 1: Introduction

Chapter 2 – Aggregation Process

Introduction

As previously noted, ~~MEAMCE~~ successfully launched its CCA Program, MCE, on May 7, 2010 after meeting applicable statutory requirements and in consideration of planning elements described in its January 25, 2010 Implementation Plan. At this point in time, ~~MEAMCE~~ plans to expand agency membership to include the ~~City of Richmond~~ County of Napa and the City of San Pablo. This community has requested ~~MEAMCE~~ membership, and ~~the Authority~~ MCE's Board of Directors subsequently approved the membership request at a duly noticed public meeting.

As planned, the residents and businesses within ~~MEAMCE's~~ expanded service territory will be offered electric generation service from ~~MEAMCE's~~ currently operating CCA program, MCE, which represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the region. Through the MCE program, ~~the Marin Energy Authority it has eligible customers have received~~ expanded ~~the energy choices available to eligible customers~~, including the creation of a 100% renewable energy product and 100% local solar product. In effect, MCE provides Marin residents and businesses with ~~three~~ four electric service options, which include: 1) the default 50% (minimum) renewable energy service option – Light Green; 2) a 100% renewable energy service option – Deep Green – which can be chosen on a voluntary basis; 3) a 100% local solar energy service option – Sol Shares – in which customers can enroll on a voluntary basis²; or ~~34)~~ bundled energy service from the incumbent utility. It remains ~~MEAMCE's~~ long-term goal to supply its customers entirely with clean, renewable energy, subject to economic and operational constraints.

Each of the Member Agencies has adopted an ordinance to implement a CCA program through its participation in ~~the Authority~~ MCE. A Revised Implementation Plan was adopted at a duly noticed public hearing of ~~the Authority~~ MCE on ~~October 4, 2012~~ June 5, 2014.

Process of Aggregation

All customers currently enrolled in the MCE program were appropriately noticed. Before additional phases of customers are enrolled in the Program, these customers will receive ~~two~~ three written notices in the mail, from ~~the Authority~~ MCE, that will provide information needed to understand the Program's terms and conditions of service and explain how these customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at least thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. These notices will be sent to customers beginning 90 to 105 days prior to commencement of service or twice within 60

² The Sol Shares program is currently accepting customer enrollments but will not begin delivering electric power to participating customers until the 2015 calendar year. In the meantime, Sol Shares enrollees may continue taking MCE service under the Light Green or Deep Green service options.

days of automatic enrollment. Follow-up opt-out notices will be provided within the first two months of service. All customers will be provided with a total of five (5) opt-out notices.

Customers enrolled in the Program will continue to have their electric meters read and be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by the Program and all other charges related to delivery of the electricity and other utility charges that will continue to be assessed by PG&E.

After service cutover, customers will be given two additional opportunities to opt-out of the Program and return to the distribution utility (PG&E) following receipt of their first and second bills. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by ~~the Authority~~MCE but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth opt-out notice will be deemed to have elected to become a participant in the Program and to have agreed to the Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

Customers will pay the generation charges set by ~~the Authority~~MCE and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9. ~~The Authority~~MCE's rate setting policies are described in Chapter 7. ~~The Authority~~MCE will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by ~~the Authority~~MCE's governing board.

Information regarding current Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment opt-out notices sent to potential customers.

Program customers are not expected to be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments that are made on behalf of utility bundled service customers. Certain pre-existing generation costs will continue to be charged by PG&E to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in PG&E's tariff, which can be accessed from the utility's website.

Renewable Energy Impacts

The MCE program has substantially increased the proportion of energy generated and supplied to its customers by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet a minimum of 50 percent of the Program's electricity needs. Customers of ~~the Authority~~MCE may voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose to participate in this voluntary program, the renewable content of ~~ME~~MCE's power supply would increase. The renewable energy

requirements of MCE customers are being supplied through contractual arrangements, but may be delivered, at an indeterminate point in the future, by new renewable generation resources developed by or for ~~the Authority~~MCE subject to then-current considerations (such as development costs, regulatory requirements and other concerns).

Energy Efficiency Impacts

Energy efficiency is an important component of the MCE mission statement. ~~MEAMCE~~ also plans to increase investment in energy efficiency programs and activities. The existing energy efficiency programs administered by the distribution utility have not changed as a result of the Authority~~MCE~~ forming the Program. CCA customers continue to pay charges to the distribution utility which fund energy efficiency programs for all customers, regardless of generation supplier. MCE presently administers its own energy efficiency programs within its service area. Such programs are independently administered by MCE staff with oversight provided by MCE's Governing Board and the Commission. The energy efficiency investments ultimately planned~~currently~~ ~~formed by~~ the Program, as described in Chapter 5, will ~~bear~~ in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs. As planned~~previously~~ noted, ~~MEAMCE~~ has elected to~~now~~ ~~independently~~ administer requisite energy efficiency program funding within its jurisdiction, having received certification of its energy efficiency plan by by submitting the Commission a plan to independently administer energy efficiency programs within its jurisdiction for CPUC certification. An ~~MCE's~~ initial Energy Efficiency plan was submitted to the CPUC on February 3, 2012 and an amended Energy Efficiency plan was submitted to the CPUC on June 22, 2012. MCE currently administers over \$4 million in ratepayer funded energy efficiency programs under the purview of the California Public Utilities Commission. MCE launched energy efficiency programs in late 2012 under the authority of Public Utilities Code section 381.1 (e-f). This 2012 plan focused specifically on providing multi-family energy efficiency services to MCE customers only. In early 2013, MCE launched a full portfolio of energy efficiency services, available to all ratepayers in MCE service territory, under the authority in PUC 381.1 (a-d). Energy efficiency is included in the MCE Integrated Resources Plan, and both local energy efficiency potential and energy efficiency accomplishments are utilized to inform future estimates of procurement needs. This relationship is described further in eChapter 5.

CHAPTER 3 – Organizational Structure

This section provides an overview of the organizational structure of ~~the Authority~~MCE

Organizational Overview

The MCE program is governed by ~~MEAMCE's~~ Board of Directors ("Board"), appointed by the Members. ~~MEAMCE~~ is a joint powers agency created in December 2008 and formed under California law. Originally, the County of Marin and eight municipalities within the geographic boundaries of the County became Members of ~~MEA-MCE~~ and elected to offer the Program to their constituents. Since that time, the remaining four municipalities within Marin, which include the cities of Novato and Larkspur and the towns of Ross and Corte Madera, have requested and received approval for ~~MEA-MCE~~ membership as has the City of Richmond and, more recently, the County of Napa and the City of San Pablo. ~~MCE (formerly known as "The Marin Energy Authority")~~ is the CCA entity that has registered with the CPUC and has been responsible for implementing and managing the program pursuant to ~~the Authority~~MCE's Joint Powers Agreement ("JPA Agreement" or "Agreement"). The Program is operated under the direction of an Executive Officer, who has been appointed by the Board. The Executive Officer reports to the Board comprised of one representative from each participating Member of ~~MEAMCE~~. Those who are eligible to serve as representatives on the Board include elected officials from the then-current County Board of Supervisors (one Board representative has been selected from the County Board of Supervisors) and the City and Town Councils (one representative has been selected from each of the City and Town Councils) of the Members.

The Board's primary duties are to establish program policies, set rates and provide policy direction to the Executive Officer, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has also determined necessary staffing levels, individual titles and related compensation ranges for the organization. The Board may also adjust staffing levels and compensation over time in response to varying workloads, specific programs and/or general responsibilities of MCE.

The Executive Officer is an employee of ~~MEAMCE~~, and the Board is responsible for evaluating the Executive Officer's performance.

The Board has established a Chairman and other officers from among its membership and has established an Executive Committee and Technical Committee and may establish other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). MCE may also establish an "Energy Commission" formed of Board-selected designees. The Energy Commission would have responsibility for evaluating various issues that may affect MCE and its customers, including rate setting, and would provide analytical support and recommendations to the Board in these regards.

The Executive Officer has responsibilities over the functional areas of Finance, Regulatory Affairs, and Operations. In performing these responsibilities, the Executive Officer utilizes a combination of internal staff and contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, are performed by experienced third-party contractors.

Governance

~~MEA-MCE~~ has a Board of Directors consisting of one representative from each Member. Following satisfaction of certain administrative conditions, the Board will add ~~an~~ additional representatives from the ~~City of Richmond~~ County of Napa and the City of San Pablo. The Board meets at regular intervals to provide the overall management and guidance for MCE. All Board meetings are public and held in accordance with the Ralph M. Brown Act.

Decisions by ~~MEA-MCE~~ are under voting procedures defined in the JPA Agreement, attached hereto as Appendix B. All votes on a particular matter are subject to the two-tiered approval process described in the JPA Agreement.

Officers

~~MEAMCE~~ has a Chair and Vice-Chair elected to one-year terms by the Board of Directors. Both the Chair and Vice-Chair must be members of the Board. In addition, ~~MEAMCE~~ has a Board Clerk and Auditor; neither of which will be members of the Board of Directors. The JPA Agreement provides further detail with respect to each of these positions.

Committees

~~MEAMCE~~ may form various committees, an appointed Energy Commission, which would be comprised of Board designees from the Member communities. Appointments would be made based on various skill sets and expertise that will be useful in evaluating matters affecting ~~MEAMCE~~ and its customers, specifically issues related to rate setting, procurement of energy products and other technical matters. ~~These committees~~ Energy Commission would provide the Board with recommendations and related analysis to support policy-level decisions of the Board. ~~MEAMCE~~ may elect to have additional committees or working groups to address various topics. Any additional committees and their functions will be determined by the Board of Directors at the time each committee is created. At present, MCE has formed the following standing committees: 1) the Executive Committee; and 2) the Technical Committee. MCE also utilizes has also formed an Ad Hoc Contracts Committees from time to time on an as needed basis, and an Ad Hoc Committee for Special Consideration Membership.

Addition/Termination of Participation

The JPA Agreement provides for the addition of new participants subject to the affirmative vote of ~~MEAMCE's~~ MCE's Board of Directors pursuant to the voting structure described in the Agreement. The Board has determined the specific terms and conditions under which new Members can be admitted and has recently approved the membership request received from the ~~City of Richmond~~ County of Napa and the City of San Pablo. Following the satisfaction of

certain administrative requirements determined by the Board, a representative from the new Member will be added to the Board and will begin participating in governance activities.

A JPA Member can withdraw itself from the JPA subject to the specific terms and conditions contained in the JPA Agreement.

Agreements Overview

There are two principal agreements that govern ~~MEAMCE-mce~~ and the initial operation of its CCA Program: the JPA Agreement and Program Agreement No. 1 (PA-1). Each of these agreements and its functions are discussed below.

Joint Powers Agreement

The JPA Agreement created ~~MEAMCE~~ and delineates a broad set of powers related to the study, promotion, development, and conduct of electricity-related projects and programs. The JPA Agreement describes ~~the Authority~~~~MCE~~ as having broad powers, but a very limited role without implementing agreements ("program agreements") to carry out specific programs. This structure is intended to provide flexibility for ~~MEAMCE~~ to undertake other programs in the future that may be unrelated to CCA on behalf of all or a subset of ~~MEA-MCE's~~ Members. The Board has limited decision making authority regarding land use within the Member communities. Any issues involving land use within Member communities will be raised with the potentially affected Member. The land use and building regulations of each Member shall apply to any JPA facilities located within the jurisdiction of that Member. Any amendments to the JPA Agreement will be subject to prior approval by the Board.

The first program agreement or PA-1, discussed in greater detail below, provides for electric generation service to customers of the CCA Program. At ~~MEAMCE's~~ Members' discretion, future program agreements could provide for other energy related programs or subsequent energy transactions.

Program Agreement No. 1

PA-1 consists of three components: 1) the Edison Electric Institute ("EEI") Master Power Purchase & Sale Agreement ("Master EEI Agreement"), which is a standard industry contract used by public and private utilities across the United States; 2) the EEI Master Power Purchase & Sale Agreement Cover Sheet, which provides additional detail related to ~~MEAMCE's~~ specific transaction, identifying exceptions, clarifications and areas of applicability that modify the standard terms and conditions of the Master EEI Agreement; and 3) one or more Confirmations, inclusive of any amendments thereto, which is referenced in the Master EEI Agreement and defines the commercial terms of ~~MEAMCE's~~ transaction. PA-1 is the agreement under which ~~MEAMCE~~ currently procures ~~all necessary~~a significant portion of the electric supply services for MCE customers. PA-1 specifies a five year delivery period, which commenced on May 7, 2010 and ends on May 6, 2015. PA-1 specifies a full requirements energy product, including electric energy, renewable energy, capacity, ancillary services and scheduling coordination services. Based on contract negotiations, PA-1 specifies fixed annual prices for each year of the

delivery period and insulates municipal funds/budgets of the Member Agencies before, during and after the delivery period. PA-1 was executed by ~~MEAMCE~~ and its energy supplier, SENA, on February 5, 2010 and has since incorporated a series of most recently amendments to accommodate Program ed on February 2, 2012 expansion. It is ~~MEA-MCE's~~ intent to provide for the additional energy requirements of future MCE customers by negotiating other contracts for requisite energy products and/or an subsequent amendments to PA-1, which will be completed prior to service commencement. ~~MEAMCE~~ anticipates that SENA will continue in its role as ~~MEAMCE's~~ primary energy supplier and scheduling coordinator over the near-term (through ~~May 6, 2015~~December 31, 2016) but will also pursue supply arrangements with renewable energy generators to supplement planned renewable energy deliveries from SENA.

Agency Operations

~~The Authority~~~~MCE~~ conducts program operations through its own internal staff and through contracts for services with third parties. ~~MEAMCE~~ has its own General Counsel to manage its legal affairs. ~~MEAMCE's~~ Executive Officer will have responsibility for day-to-day operations of the Program. To assist the Executive Officer, ~~MEAMCE~~ has hired a full-time Administrative Assistant and a Clerk. Other staff positions may be added as necessary to include positions in finance, customer services, energy efficiency and other local energy programs, and operations.

Major MCE functions that are performed and managed by the Executive Officer are summarized below.

Resource Planning

~~MEAMCE~~ is charged with developing both short (one and two-year) and long-term resource plans for the program. The Executive Officer manages staff and contractors to develop the resource plan under the guidance provided by the Board and in compliance with California Law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. ~~MEAMCE's~~ technical team develops integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The CCA Program requires an independent planning function despite day-to-day supply operations being contracted to a third party energy supplier. Plans are updated and adopted by the Board on an annual basis.

Portfolio Operations

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of program customers.

- *Risk Management* – standard industry techniques are employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

MEAMCE has initially contracted with an experienced and financially sound third party, SENA, to perform most of the portfolio operation requirements for the CCA Program. These requirements include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. PA-1 is the contractual instrument that has been developed for this purpose; additional detail related to PA-1 is provided in the preceding discussion.

MEAMCE will approve and adopt a set of *Program Controls* that will serve as the risk management tools for the Executive Officer and any third party involved in the program's portfolio operations. Program Controls will define risk management policies and procedures and a process for ensuring compliance throughout the organization. During initial operations, SENA will bear the majority of program operational risks, pursuant to the terms and conditions of PA-1.

Operations & Local Energy Programs

A key focus of the CCA Program will be the development and implementation of local energy programs for its Members, including energy efficiency programs, net energy metering, distributed generation programs and other energy programs responsive to Member interests. The Executive Officer is responsible for further development of these Programs. To assist the Executive Officer in this regard, MEAMCE may has hired additional staff to oversee program operations and local energy program administration as well as develop energy efficiency marketing strategies, perform customer outreach and conduct related analyses to support chosen courses of action. As experience is gained from the retail energy side of the CCA Program, MEAMCE will continue enhancing its local energy programs to achieve MEA-MCE's desired goals and objectives.

MEAMCE will is currently administering energy efficiency, ~~demand response~~ and distributed (solar) generation programs that can be used as ~~cost effective~~ alternatives to procurement of supply-side resources. MCE may also implement demand response programs in the future. MEAMCE will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, ~~including the CPUC process for third party administration of energy efficiency programs and use of funds collected through the existing public goods surcharges paid by MCE customers.~~

Rate Setting

The Board of Directors has the ultimate responsibility for setting the electric generation rates for the Program's customers. The Executive Officer in cooperation with technical staff and appropriate advisors, consultants and committees of the Board is responsible for developing proposed rates and options for the Board to consider before finalization. The final approved rates must, at a minimum, meet the annual revenue requirement developed by the Executive Officer, including any reserves or coverage requirements set forth in electric supply agreements and/or bond covenants. The Board has the flexibility to consider rate adjustments within certain ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Financial Management/Accounting

The Executive Officer in cooperation with technical staff, advisors and consultants is responsible for managing the financial affairs of MCE, including the development of an annual budget and revenue requirement; managing and maintaining cash flow requirements; potential bridge loans and other financial tools; and a large volume of billing settlements. The Executive Officer uses contractors and/or staff in support of these activities, as appropriate.

The Finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. This function also plays an important role in risk management by monitoring the credit of suppliers so that credit risk is properly understood and mitigated by the Program. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Program will be able to take appropriate action, as would be provided for in the electric supply agreement. The Finance function establishes credit policies that the program must follow.

The retail settlements (customer billing) is contracted out to an organization with the necessary infrastructure and capability to handle ~~approximately in excess of 100XX,000~~ accounts during full Program phase-in and near-term expansion (to the County of Napa and the City of San Pablo), which is scheduled to occur in ~~July 2012~~ [Month] 2015. This function is described under Customer Services, below.

Customer Services

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, is necessary. This includes both a call center designed to field customer inquiries and routine interaction with customer accounts. The Executive Officer is responsible for the Customer Services function and uses staff and/or contractors in support of these activities as appropriate.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of

customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and MCE, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with MCE credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. MEAMCE has initially contracted with a third party, Noble Americas Energy Solutions ("Noble"), which has demonstrated the necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

MEAMCE conducts Program marketing and key customer account management functions. These responsibilities will include the assignment of account representatives to key accounts, which will ensure high levels of customer service to these businesses, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Effectively administering communications, marketing messages, and delivering information regarding the CCA Program to all customers is critical for the overall success of the CCA Program.

Legal and Regulatory Representation

The CCA Program requires ongoing regulatory representation to file resource plans, resource adequacy, compliance with California RPS, and overall representation on issues that will impact MEAMCE, its Members and MCE customers. MEAMCE maintains an active role at the CPUC, CEC, and, as necessary, FERC and the California legislature. Day-to-day analysis and reporting of pertinent legal and regulatory issues is completed by the Program's Legal and Regulatory Counsel and/or qualified contractors.

MEAMCE also retains legal services, as necessary, to administer MEAMCE, review contracts, and provide overall legal support to the activities of MEAMCE.

Roles and Functions

The Board performs the functions inherent in its policy-making, management and planning roles. MEAMCE is the public face of the Program and has a direct role in marketing, communications and customer service. Other highly specialized functions, such as energy supply and data management, are contracted out to third parties with sufficient experience, technical and financial capabilities. The functions that are currently being performed by MEAMCE's Board of Directors, the Executive Officer and third parties are specified below:

Organization	Roles/Functions/Activities
MEAM MCE Board of Directors	Executive/Policy/Legal
Executive Officer	Finance
	Legal and Regulatory <ul style="list-style-type: none"> - Legal support - Participation in regulatory proceedings - Regulatory reporting
	Marketing/Communications
	Rates & Support <ul style="list-style-type: none"> - Rate policy - Rate design - Cost-of-service planning
	Resource Planning <ul style="list-style-type: none"> - Load research - Load forecasting - Supply-side/Demand side portfolio planning
	Contract Management – RFP/RFQ
	Customer Service <ul style="list-style-type: none"> - Account representatives - Energy efficiency/DG program management
Energy Suppliers (SENA)	Supply Operations <ul style="list-style-type: none"> - Procurement - Scheduling coordination - Settlements (ISO/Wholesale) - Short-term load forecasting
Customer Account Services Provider/Data Manager (Noble)	Account Management (Customer Information System) <ul style="list-style-type: none"> - Customer switching - New customer processing - Data exchange (EDI) - Payment processing (AR/AP) - Billing and retail settlements - Call center

Staffing

Staffing requirements for the above MCE functions will be approximately ten full time equivalent positions, once the customer phase-in is complete and the program is fully operational. These staffing requirements are in addition to the services provided by the third party energy suppliers and the data manager. The Executive Officer will have discretion whether to internally staff these required functions or to contract for these services.

The following table shows the staffing plan for Marin Clean Energy at initial full-scale operational levels, following full phase-in. Customer service for the mass market residential and small commercial customers will be provided by the Program's third party customer account services provider.

**Staffing Plan for Marin Clean Energy
Community Choice Aggregation Program**

Position	Staff (Full Time Equivalents)
Management	
Executive Officer	1.0
Resource Analyst	1.0
Data Analyst	1.0
Administrative Assistant	1.0
Clerk	1.0
Sales and Marketing	
Communications Director	1.0
Account Manager	1.0
Local Energy Programs	
Energy Efficiency Program Coordinator	1.0
Legal & Regulatory	
Legal & Regulatory Counsel	1.0
Regulatory Analyst	1.0
Total Staffing	10.0

Longer-term staffing needs will include additional energy efficiency and distributed generation activities and potentially the creation of an internal organization to perform the portfolio operations and account services functions that are currently performed under contract arrangements.

CHAPTER 4 – CCA Startup

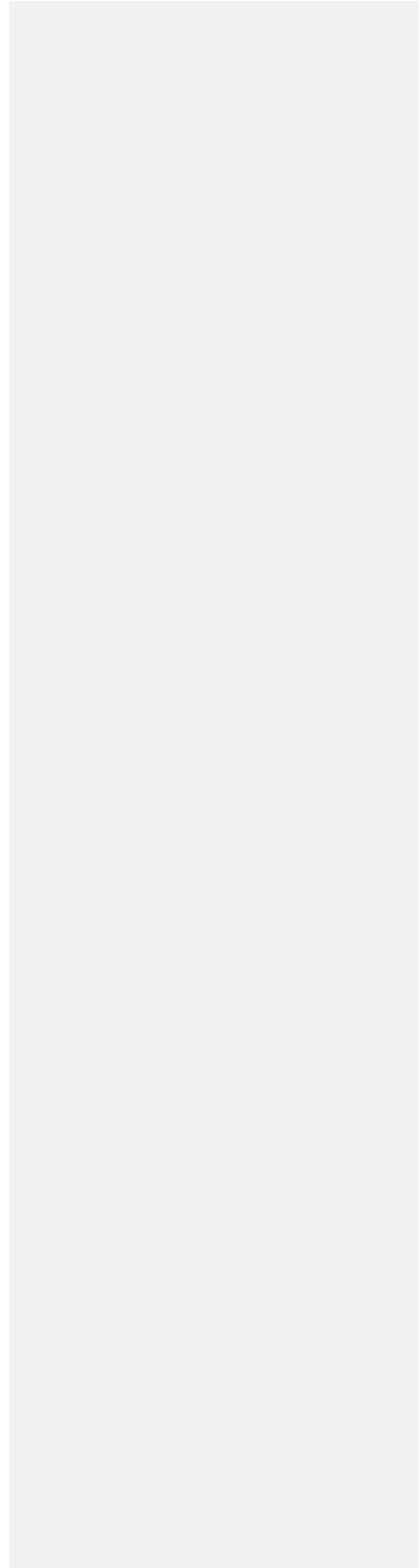
As previously noted, ~~MEAMCE~~ successfully launched the MCE program on May 7, 2010. To ensure successful operation during the implementation and start-up period, ~~the Authority~~~~MCE~~ utilized a mix of staff and contractors in its CCA Program implementation. The following table illustrates current start-up responsibilities as well as expectations for near-term (two to five years), and long-term staffing roles.

Expectations for Staffing Roles

Function	Start-Up	Near-Term (2 to 5 Years)	Long-Term
Program Governance	MEAMCE Board	MEAMCE Board	MEAMCE Board
Program Management	MEAMCE EO	MEAMCE EO	MEAMCE EO
Outreach	MEAMCE EO	MEAMCE EO	MEAMCE EO
Customer Service	MEAMCE EO	MEAMCE EO	MEAMCE EO
Key Account Management	MEAMCE EO	MEAMCE EO	MEAMCE EO
Regulatory	Third Party (MEAMCE EO support)	MEAMCE EO (Regulatory Analyst support)	MEAMCE EO (Regulatory Analyst support)
Legal	MEAMCE EO	MEAMCE EO	MEAMCE EO
Finance	MEAMCE EO	MEAMCE EO	MEAMCE EO
Rates: Approve Develop	MEAMCE Board MEAMCE EO (third Party support)	MEAMCE Board MEAMCE EO (third Party support)	MEAMCE Board MEAMCE EO (third party support)
Resource Planning	Third Party (MEAMCE EO support)	MEAMCE EO (third party support)	MEAMCE EO (third party support)
Energy Efficiency	MEAMCE EM (third Party Support)	MEAMCE EO (Program Energy Efficiency Staff)	MEAMCE EO (Program Energy Efficiency Staff)
Resource Development	MEAMCE EO (third party support)	MEAMCE EO (third party support)	MEAMCE EO (third party support)
Portfolio Operations	Third Party	Third Party (MEAMCE EO support)	MEAMCE EO (third party support)
Scheduling Coordinator	Third Party	Third Party	Third Party (potentially MEAMCE EO)
Data Management	Third Party	Third Party	Third Party (potentially MEAMCE EO)

Staffing Requirements

Staff will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. Actual staff will be dependent upon several factors, including the ability to recruit and hire qualified staff and personnel policies ultimately established by the Executive Officer and the Board of Directors.



CHAPTER 5 – Program Phase-In

~~The Authority~~MCE continues to phase-in the customers of its CCA Program as communicated in its January 25, 2010 Implementation Plan. To date, two phases have been successfully implemented, and a third phase is underway as of July 2012 that includes remaining customers within Marin County. ~~MEAMCE~~ plans to serve customers within the City of Richmond in a fourth phase planned for April, 2013:

- Phase 1. Complete: ~~MEAMCE~~ Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load.
- Phase 2. Complete: Additional commercial and residential accounts, comprising an approximately 20 percent of total customer load (incremental addition to Phase 1).
- Phase 3. In Progress: Remaining accounts within Marin County.
- Phase 4. Residential, commercial, agricultural, and street lighting accounts within the City of Richmond, subject to economic and operational constraints.
- ~~Phase 4.~~Phase 5. Residential, commercial, agricultural, and street lighting accounts within the unincorporated areas of Napa County as well as the City of San Pablo, subject to economic and operational constraints.

This approach has provided ~~the Authority~~MCE with the ability to start slow, addressing any problems or unforeseen challenges on a small manageable program before gradually building to full program integration for an expected customer base of approximately ~~120XX~~,000 accounts. This approach has also allowed ~~the Authority~~MCE and its energy supplier(s) to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential exposure to uncertainty and financial risk by “walking” prior to ultimately “running”.

~~MEAMCE~~ will offer service to all customers on a phased basis expected to be completed within twenty four to thirty six months of initial service to Phase 1 customers, which occurred on May 7, 2010. Phase 2 was implemented in August, 2011. Phase 3 of the Program began in July, 2012. Phase 4 ~~is planned to begin in~~was implemented April in July, 2013 and ~~will include~~ all residential, commercial, agricultural, and street lighting customers within the City of Richmond. Phase 5 is planned to begin in [Month] 2015 and will include all residential, commercial, agricultural, and street lighting customers within the unincorporated areas of Napa County as well as the City of San Pablo. Service may be offered to industrial customers within the City of Richmond at an undetermined date in the future. The Board may evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

CHAPTER 6 - Load Forecast and Resource Plan

Introduction

This Chapter describes MCE's proposed ten-year integrated resource plan, which will create a highly renewable, diversified portfolio of electricity supplies capable of meeting the electric demands of MCE's retail customers, plus sufficient reliability reserves.

This integrated resource plan reflects a progression towards ~~MEAMCE~~'s long-term, programmatic goal of 100 percent renewable energy supply. Within five years of program commencement (2015), this significant commitment to renewable resources is projected to result in MCE meeting approximately 55 percent of its total electric needs through renewable resources. As the Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the Program. MCE's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources through partnerships with experienced public power developers/operators, significant purchases of renewable energy from third party suppliers and the purchase of Renewable Energy Certificates ("RECs") from the market. The resource plan also sets forth ambitious targets for improving customer side energy efficiency as well as for potential deployment of approximately 14 MW of new distributed solar capacity within the jurisdictional boundaries of MCE by 2019 (year ten of Program operations).

The plan described in this section would accomplish the following by 2019:

- Procure energy needed to offer two generation rate tariffs: 100 percent Deep Green and 50 percent (minimum) Light Green.
- Increase the aggregate RPS-eligible renewable energy supply of the Program to a minimum 33 percent by 2020.
- Continue increasing renewable energy supplies of the Program to approximately 55 percent by 2015 based on resource availability and economic goals of the program.
- Develop partnership(s) with experienced public power developer(s) to responsibly evaluate development opportunities for Program-owned/controlled renewable generating capacity.
- Achieve significant reductions in greenhouse gas emissions within the Member Agencies.

~~MEAMCE~~ is responsible for complying with regulatory rules applicable to California load serving entities. ~~MEAMCE~~ has arranged for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its customers. ~~MEAMCE~~ has adhered to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve the Program's customers, even if there were to be a need for the Program to cease operations and return customers to PG&E. In addition, ~~MEAMCE~~ is responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the

statewide renewable portfolio standards. The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the renewable portfolio standard.

Resource Plan Overview

The criteria used to guide development of the proposed resource plan included the following:

- Environmental responsibility and commitment to renewable resources;
- Price/rate stability;
- Reliability and maintenance of adequate reserves; and
- Cost effectiveness.

To meet these objectives and the applicable regulatory requirements, MEAMCE's resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source. The ultimate goal of MEAMCE's resource plan is to maximize use of renewable resources subject to economic and operational constraints. The result is a resource plan that will source approximately 55 percent of MCE's resource mix from renewable resources by 2015. The planned resource mix is initially comprised of power and renewable energy credit purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by MEAMCE.

Eventually, MEAMCE may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by MEAMCE or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of MEAMCE's electricity requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with the Marin Communities' financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, MEAMCE may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MEAMCE as it works to achieve increasing levels of renewable energy supply to its customers.

MEAMCE's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, MEAMCE will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-

effectively displace supply-side resources. Included in this plan is a targeted deployment of over 14 MW of distributed solar by 2019.

MEAMCE's proposed resource plan for the years 2010 through 2019 is summarized in the following table:

Marin Clean Energy Proposed Resource Plan (GWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Demand (GWh)										
Retail Demand	-91	-196	-621	-1,210	-1,301	-1,301	-1,301	-1,301	-1,301	-1,301
Distributed Generation	0	1	2	6	13	16	18	19	20	20
Energy Efficiency	0	0	0	4	11	15	15	15	15	15
Losses and UFE	-5	-12	-37	-72	-77	-76	-76	-76	-76	-76
Total Demand	-96	-208	-657	-1,272	-1,353	-1,346	-1,344	-1,343	-1,341	-1,341
Marin Supply (GWh)										
<u>Renewable Resources</u>										
Generation	0	0	0	0	0	0	0	219	219	219
Power Purchase Contracts	23	53	328	636	689	698	697	478	477	477
Total Renewable Resources	23	53	328	636	689	698	697	697	696	696
<u>Conventional Resources</u>										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	74	155	328	636	664	648	646	646	645	645
Total Conventional Resources	74	155	328	636	664	648	646	646	645	645
Total Supply	96	208	657	1,272	1,353	1,346	1,344	1,343	1,341	1,341
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for MEAMCE's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile". The electric sales forecast and load profile will be affected by MEAMCE's plan to introduce the Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. It is anticipated that MEAMCE's contracted energy supplier will bear a portion of the financial risks associated with deviations from the electric sales forecast during the initial operating period. It will be the obligation of this energy supplier to appropriately reflect these risks in the full requirements energy price. MEAMCE's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in MCE's electricity program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. MCE anticipated an overall customer participation rate of approximately 80 percent during Phase 1, when service is being offered to the service accounts that are affiliated with MCE's participating members (municipal accounts) and a subset of residential, commercial and/or industrial customers, totaling approximately 20 percent of total customer load. The actual participation rate for Phase 1 was very similar to MEAMCE's projection. Participation rates for

Phase 2 were approximately 80 percent of bundled service customers and 0 percent of direct access customers. Participation rates for Phases 3 and 4 are projected to range from 70 percent to 80 percent, with the lower figure used as the basis for load projections contained in this plan. The participation rate is not expected to vary significantly among customer classes, in part due to the fact that **MEAMCE** will offer two distinct rate tariffs that will address the needs of cost-sensitive customers within the Marin Communities as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as **MEAMCE**'s public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by MCE on their regularly scheduled meter read date over an approximately thirty day period. The number of accounts served by MCE at the end of each phase is shown in the table below.

Marin Clean Energy Enrolled Retail Service Accounts Phase-In Period (End of Month)				
Marin Customers	May-10	Aug-11	Jul-12	Apr-13
Residential	7,354	12,503	77,345	104,003
Small Commercial	522	605	8,934	11,058
Medium Commercial	52	498	749	975
Large Commercial	2	8	220	302
Industrial	3	3	10	10
Street Lighting & Traffic	138	141	443	553
Ag & Pump.	-	1	113	114
Total	8,071	13,759	87,814	117,015

MEAMCE assumes that MCE customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base over the noted planning horizon. Because MCE is the first program of its kind within California, it is very difficult to anticipate with any precision the actual levels of customer participation within this CCA program. **MEAMCE** believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the limited build-out potential within Marin County and the observed rate of customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by MCE for each of the next ten years is shown in the following table:

**Marin Clean Energy
Retail Service Accounts (End of Year)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Customers										
Residential	7,354	12,503	77,345	104,003	104,003	104,003	104,003	104,003	104,003	104,003
Small Commercial	522	605	8,934	11,058	11,058	11,058	11,058	11,058	11,058	11,058
Medium Commercial	52	498	749	975	975	975	975	975	975	975
Large Commercial	2	8	220	302	302	302	302	302	302	302
Industrial	3	3	10	10	10	10	10	10	10	10
Street Lighting & Traffic	138	141	443	553	553	553	553	553	553	553
Ag & Pump.	-	1	113	114	114	114	114	114	114	114
Total	8,071	13,759	87,814	117,015	117,015	117,015	117,015	117,015	117,015	117,015

Sales Forecast

MCE's forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve MCE's retail customers increases from approximately 200 GWh in 2011 to approximately 1,35XX00 GWh at full roll-out, which includes planned expansion to the County of Napa and the City of San Pablo. Annual energy requirements are shown below.

**Marin Clean Energy
Energy Requirements
(GWH)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Demand (GWh)										
Retail Demand	91	196	621	1,210	1,301	1,301	1,301	1,301	1,301	1,301
Distributed Generation	0	-1	-2	-6	-13	-16	-18	-19	-20	-20
Energy Efficiency	0	0	0	-4	-11	-15	-15	-15	-15	-15
Losses and UFE	5	12	37	72	77	76	76	76	76	76
Total Load Requirement	96	208	657	1,272	1,353	1,346	1,344	1,343	1,341	1,341

Capacity Requirements

The CPUC's resource adequacy standards applicable to ~~MEAMCE~~ require a demonstration one year in advance that ~~MEAMCE~~ has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, ~~MEAMCE~~ must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of ~~MEAMCE~~'s capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. ~~MEAMCE~~ is required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on ~~MEAMCE~~'s forecasted peak load. ~~MEAMCE~~ must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

The forward resource adequacy requirements for 2010 through 2015³ are shown in the following tables:

Marin Clean Energy
Forward Capacity and Reserve Requirements
(MW)
2010 to 2013

Month	2010	2011	2012	2013
January	-	31	51	195
February	-	32	51	198
March	-	28	46	169
April	-	27	44	212
May	30	29	46	218
June	34	33	49	260
July	29	28	183	229
August	30	53	198	248
September	30	54	218	273
October	28	48	167	209
November	30	51	194	241
December	30	52	191	241

MEAMCE's plan ensures sufficient reserves are procured to meet its peak load at all times. MEAMCE's annual capacity requirements are shown in the following table:

Marin Clean Energy
Capacity Requirements
(MW)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Demand (MW)										
Retail Demand	28	46	182	233	233	233	233	233	233	233
Distributed Generation	(0)	(1)	(4)	(9)	(11)	(12)	(12)	(14)	(14)	(14)
Energy Efficiency	-	-	-	(1)	(2)	(3)	(3)	(3)	(3)	(3)
Losses and UFE	2	3	11	13	13	13	13	13	13	13
Total Net Peak Demand	30	47	189	237	233	231	231	229	229	229
 Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	28	36	35	35	35	34	34	34
Capacity Requirement Including Reserve	34	54	218	273	268	266	265	264	264	264

Local capacity requirements are a function of the PG&E area resource adequacy requirements and MCE's projected peak demand. MEAMCE works with the CPUC's Energy Division and staff at the California Energy Commission as needed to obtain the data necessary to calculate MEAMCE's monthly local capacity requirement. A preliminary estimate of MEAMCE's annual local capacity requirement for the ten year planning period ranges from approximately 13 to 104 MW as shown in the following table:

**Marin Clean Energy
Local Capacity Requirements
(MW)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Authority Peak (MW)	30	47	189	237	233	231	231	229	229	229
Local Capacity Requirement (% of Peak)	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Greater Bay Area Share of Local Capacity Requirement (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Other PG&E Areas Share of Local Capacity Requirement (%)	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Authority Local Capacity Requirement Greater Bay (MW)	5	9	34	43	42	42	42	42	42	42
Authority Local Capacity Requirement Other PG&E (MW)	8	13	51	64	63	63	63	62	62	62
Authority Local Capacity Requirement, Total (MW)	13	21	86	107	106	105	105	104	104	104

MEAMCE will continue to coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to **MEAMCE** during 2012 and 2013. For system resource adequacy requirements, **MEAMCE** will make month-ahead showings for each month of 2012 and 2013 that **MEAMCE** plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. **MEAMCE** will work with the California Energy Commission and CPUC prior to commencing service to additional customers to ensure it meets its local and system resource adequacy obligations for 2012 and 2013 through its agreement with its chosen electric supplier.

Renewable Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, **MEAMCE** is required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining **MEAMCE**'s renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to **MEAMCE**.

California's RPS program is currently undergoing reform. On April 12, 2011, Governor Jerry Brown signed SB x1 2, requiring public and private utilities as well as community choice aggregators to obtain 33 percent of their electricity from renewable energy sources by December 31, 2020. **MEAMCE** is familiar with California's new RPS, including certain procurement quantity requirements identified in D.11-12-020 (December 1, 2011). To date, **MEAMCE** has significantly exceeded California's RPS, providing MCE customers with approximately over 297 percent RPS-eligible renewable energy delivered to MCE customers in 2010 and 2011 ~~2012—this was the highest percentage represented by any reporting entity and surpassed MEAMCE's internal target of 25 percent (by 7.6 percent).~~ A similar renewable energy percentage, which is estimated to be 28.7 percent, will be supplied to MCE customers in 2013~~2~~, consistent with renewable procurement targets identified in the following tables.

Marin Energy AuthorityMCE's Renewable Portfolio Standards Requirement

MEAMCE's annual RPS requirements are shown in the table below. When reviewing this table, it is important to note that **MEAMCE** projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity (an additional 14 MW by 2019), resulting in a slight downward trend in projected retail electricity sales.

Marin Clean Energy RPS Requirements (MWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales	90,792	195,887	619,467	1,200,413	1,276,463	1,269,665	1,267,636	1,267,346	1,265,490	1,265,490
Baseline	-	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992
Incremental Procurement Target	18,158	21,019	84,716	116,189	36,910	18,840	21,077	25,274	24,809	25,310
Annual Procurement Target	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992	392,302
% of Current Year Retail Sales	20%	20%	20%	20%	22%	23%	25%	27%	29%	31%

Based on planned renewable energy procurement objectives, ~~MEAMCE~~ anticipates that it will significantly exceed the minimum RPS requirements as shown below.

Marin Clean Energy RPS Requirements and Program Renewable Energy Targets (MWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales (MWh)	90,792	195,887	619,467	1,200,413	1,276,463	1,269,665	1,267,636	1,267,346	1,265,490	1,265,490
Annual RPS Target (Minimum MWh)	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992	392,302
Program Target (% of Retail Sales)	25%	27%	53%	53%	54%	55%	55%	55%	55%	55%
Program Renewable Target (MWh)	22,698	52,890	328,318	636,219	689,290	698,316	697,200	697,040	696,019	696,019
Surplus In Excess of RPS (MWh)	4,540	13,712	204,424	396,136	412,298	402,484	380,291	354,857	329,027	303,718
Annual Increase (MWh)	22,698	30,192	275,428	307,901	53,071	9,026	(1,116)	(159)	(1,021)	-

Resources

~~In the future, MEAMCE may begin~~ has begun evaluating opportunities for future investment in renewable generating assets. ~~—subject to then current market conditions, statutory requirements and regulatory considerations. Such opportunities will be evaluated on a case by case basis in consideration of resource location, market conditions, statutory requirements and regulatory considerations.~~ Any renewable generation owned by ~~MEAMCE~~ or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of ~~MEAMCE~~'s electricity requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. ~~—Any investment decisions will be made following thorough environmental reviews and in consultation with the Marin CommunitiesMCE's~~ financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, ~~MEAMCE~~ may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated

with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MEAMCE as it works to achieve increasing levels of renewable energy supply to its customers.

Purchased Power

Power purchased from utilities, power marketers, public agencies, and/or generators will likely be the predominant source of supply from 2010 to 2015⁴ (MEAMCE may consider the development of certain renewable energy projects, subject to Board approval, which may supply electric generation to MEAMCE customers as soon as January 2016⁵) and may still remain a significant source of power in the event that MEAMCE considers the development of its own renewable generation assets. During the period from 2010 – 2016⁵, MCE plans to contract ~~for the majority of its electricity~~ with SENA ~~for a substantial portion of its electricity needs~~ under a full requirements power supply agreement, and SENA will be responsible for procuring a mix of power purchase contracts, including specified renewable energy targets, to provide a stable and cost-effective resource portfolio for the Program. Deliveries under this agreement have been supplemented with purchases of other energy products from qualified renewable project developers, asset owners and power marketers. Based on terms established in this third-party contract, MEAMCE will ~~be able to~~ continue to substitute electric energy generated by MEAMCE-owned/controlled renewable resources for contract quantities in the event that such resources become operational during the delivery period. ~~Initially, SENA will be responsible for managing the overall supply portfolio.~~

Renewable Resources

MEAMCE will initially secure necessary renewable power supply from SENA. MEAMCE has supplemented the renewable energy provided under the initial full requirements contract with direct purchases of renewable energy from renewable energy facilities.

For planning purposes, MEAMCE should anticipate procurement from the following types of large scale renewable resources in the near to midterm, which would require little or no transmission expansion to ensure deliverability:

- Local resources (solar, wind, biogas, biomass);
- Wind resources in Solano County;
- Existing Qualifying Facilities with expiring PG&E contracts;
- Expansion and re-powering of wind resources in Alameda County;
- Geothermal in Lake and Sonoma Counties;
- Local biomass projects; and
- Renewable Energy Certificates.

Medium and Long-Term Renewable Potential

For mid and long term planning purposes, MEAMCE should anticipate procurement from the following types of large scale renewable resources³:

³ In the long term, new technologies such as wave or tidal energy may become economically feasible as well.

- Wind imports from the Tehachapi Area;
- Wind imports from the Pacific Northwest;
- Geothermal imports from Nevada;
- Geothermal imports from the Imperial Valley;
- Photovoltaic solar imports from California's Central Valley; and
- Solar CSP imports from Southern California (Riverside and San Bernardino Counties).

Although this resource plan identifies likely resource types and locations, it is not possible to predict what projects might be proposed in response to MEAMCE's future solicitations for renewable energy or that may stem from discussions with other public agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by MEAMCE's Board of Directors. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of MEAMCE's load zone, as defined by the CAISO.

Energy Efficiency

This section addresses the treatment of energy efficiency as a component of MEAMCE's integrated resource plan. As described below there are opportunities for significant cost effective energy efficiency programs within the region, and MEAMCE will seek to maximize end-use customer energy efficiency ~~by facilitating customer participation in existing utility programs as well as by forming new programs that displace MEAMCE's need for procuring electric supply.~~

This energy efficiency potential forecast serves as a means to estimate the scope and types of energy efficiency programs the Program might include within its resource portfolio ~~within the following customer segments:~~

- ~~1) Residential—Low Income and Multi Family;~~
- ~~2) Residential;~~
- ~~3) Commercial/Small Commercial; and~~

~~Large Commercial/Industrial to best serve ratepayers in the service territory and to promote resource conservation.~~

MCE first received funding to implement energy efficiency programs through the 'elect to administer' portion of the Public Utilities Code (section 381.1 e-f), wherein MCE has the authority to collect funds which have already been collected from MCE customers to support an energy efficiency plan that complies with the legislative intent. MCE submitted a plan for the use of 2012 program funding, focusing exclusively on multi-family customers; this plan was certified by the Commission in August of 2012.⁴

⁴ Resolution E-4815 California Public Utilities Commission. August 23, 2012.

On a parallel track, MCE submitted an application to administer funds as an independent program administrator, an option which was clarified by SB 790 (2011) and reinforced in a recent CPUC Decision on CCA and Energy Efficiency⁵. This suite of programs offers energy efficiency services for multi-family, small commercial and single family sectors with financing programs available to support all programs. MCE plans to grow the energy efficiency and local program department over time.

Preliminary program planning has been prepared based on the conduct of an energy efficiency forecast that employs key assumptions and methodologies adopted by California's investor owned utilities, tailored to the County's service territory weather, demographics, and commercial and industrial customer base. The forecast identifies the size and characteristics of customer market segments, energy efficiency technology options, and projects the costs and benefits associated with forecast program achievable energy efficiency potential.

Baseline Energy Efficiency Potential Estimates

Conservative estimates indicate cost effective ("economic") energy efficiency potential exists in Marin County to save 181,252 MWh annually. Discounting the economic potential for customer awareness and willingness to adopt based on industry standard assumptions yields achievable energy efficiency potential of 15,100 MWh annually achievable through implementing energy efficiency programs funded at approximately \$2.8 million. The following table summarizes these findings below:

Forecast Annualized Energy Efficiency Potential and Program Budgets							
	Sector Use (kWh)	Technical Potential (kWh)	Economic Potential (kWh)	Achievable Program Potential (kWh)		Achievable Program Potential (kW)	Program Costs
Residential	732,840,248	217,934,292	107,356,272	7,459,777	1.0%	2,774	\$1,889,983
Commercial	576,235,343	78,085,059	59,356,212	7,380,674	1.3%	1,334	\$874,346
Industrial	107,454,070	15,924,110	14,539,192	255,323	0.2%	39	\$37,825
Composite	1,416,529,661	311,943,461	181,251,677	15,095,774	1.1%	4,147	\$2,802,154

The National Action Plan for Energy Efficiency states among its key findings "consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales."⁶ The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs energy efficiency goals of one percent, as a percentage of energy sales, is a reasonable level to target.⁷ Forecast achievable energy efficiency equal to 1.1 percent of the CCA's forecast energy sales, as indicated in the table above, appears to be a reasonable and conservative baseline for the

⁵ Decision 14-01-033. Decision Enabling Community Choice Aggregators to Administer Energy Efficiency Programs. January 16, 2014.

⁶ National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

⁷ Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

demand-side portion of CCA's resource plan. These savings would be in addition to the savings achieved by PG&E administered programs.

CCA Program Energy Efficiency Goals

The Program's energy efficiency goals reflect a strong commitment to increasing energy efficiency within the County and expanding beyond the savings achieved by PG&E's programs. A realistic goal is to increase annual savings through energy efficiency programs to two percent (combined MCE and PG&E programs) of annualized electric sales, as has been adopted by the State of New York. Achieving this goal would mean at least a doubling of energy savings relative to the status quo situation without the CCA program. ~~MEAMCE~~ programs will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is actually achieved, while designing programs based on community input and that align with MCE's mission statement.

The following table summarizes the estimated energy efficiency potential for each type of energy efficiency initiative:⁸

Energy Efficiency Market Potential

EXISTING RESIDENTIAL	53.0%
Existing Commercial	18.0%
Existing Industrial	14.0%
Residential New Construction	1.0%
Commercial New Construction	6.0%
Industrial New Construction	1.0%
Emerging Technologies	7.0%

The retrofit of existing buildings represents 85 percent of the total forecast energy efficiency market potential. Studies show that the residential customer sector presents the largest untapped efficiency gains.

~~MEAMCE plans to hire Program staff that will develop specific energy efficiency programs that will refine and obtain these energy savings~~has ramped up the Energy Efficiency department since the first funding authorization in late 2012. MCE's energy efficiency department continues to refine energy savings estimates and develop portfolios in line with customer expectations and local patterns of energy use. MCE will also elect to obtain requisite program funding from the CPUC to administer the energy efficiency programs. Additional details of MCE's energy efficiency plans are set forth in a separate planning document.⁹

⁸ California Energy Efficiency Potential Study Volume 1, California Measurement Advisory Council (CALMAC) Study ID: PGE0211.01, May 24, 2006, Figure 12-2: Distribution of Electric Energy Market Potential, Existing Incentive Levels through 2016.

⁹ Marin Energy Authority's Proposal to Administer Energy Efficiency Programs Pursuant to Public Utilities Code 381.1(e) and (f) for 2012, June 22, 2012.

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., MCE), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be allowed to count for local capacity requirements. MCE has launched several small scale pilots to explore the possibilities for local DR programs. This resource plan anticipates that MCE's demand response programs would partially offset its local capacity requirements beginning in 2013.

PG&E offers several demand response programs to its customers, and ME&MCE intends to recruit those customers that have shown a willingness to participate in utility programs into MCE's demand response programs.¹⁰ The goal for this resource plan is to meet 5 percent of the Program's total capacity requirements through dispatchable demand response programs that qualify to meet local resource adequacy requirements. This goal translates into approximately 13 MW of peak demand enrolled in ME&MCE's demand response programs. Achievement of this goal would displace approximately 32 percent of ME&MCE's local capacity requirement within the Greater Bay Area.

Marin Clean Energy
Demand Response Goals
(MW)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Capacity Requirement (MW)	34	54	218	273	268	266	265	264	264	264
Demand Response Target	-	-	-	3	10	13	13	13	13	13
Percentage of Local Capacity Requirement	0%	0%	0%	8%	24%	32%	32%	32%	32%	32%

ME&MCE initial DR pilots offer the opportunity to explore DR programs and develop this component of our services. MCE plans to leverage experiences and lessons learned from these initial pilots to develop will adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high. The level of customer payments should be related to the cost of local capacity that can be avoided as a result of the customer's willingness to curtail usage upon request.

¹⁰ These utility programs include the Base Interruptible Program (E-BIP), the Demand Bidding Program (E-DBP), Critical Peak Pricing (E-CPP), Optional Binding Mandatory Curtailment Plan (E-OBMC), the Scheduled Load Reduction Program (E-SLRP), and the Capacity Bidding Program (E-CBP). ME&MCE has started to develop and implement plans to develop its own demand response programs on a pilot basis, which may be similar to those currently administered by the incumbent utility.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in MEAMCE's demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. MEAMCE will likely utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with MEAMCE's environmental policies and the state's Energy Action Plan, clean distributed generation is a significant component of the integrated resource plan. MEAMCE will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within MEAMCE's jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges. MEAMCE has also implemented an aggressive net energy metering program to promote local investment in distributed generation.

There are significant associated environmental benefits and strong customer interest in distributed PV systems. The economics of PV should improve over time as utility rates continue to increase and the costs of the systems decline with technological improvements and added manufacturing capacity. MEAMCE can also promote distributed PV without providing direct financial assistance by being a source of unbiased consumer information and by facilitating customer purchases of PV systems through established networks of pre-qualified vendors. It may also provide direct financial incentives from revenues funded by customer rates to further support use of solar power within the Marin Communities. As previously noted, MEAMCE has provided direct incentives for PV by offering an aggressive net metering rate to customers who install PV systems so that customers are able to sell excess energy to MEAMCE.

MEAMCE's CCA customers will contribute funds to the California Solar Initiative (CSI) through the public goods charge collected by PG&E, and will be eligible for the incentives provided under that program for installation of PV systems. The California Solar Initiative provides \$2.2 billion of funding to target installation of 1,940 MW of solar systems within the investor owned utility service areas by 2017. All electric customers of PG&E, SCE, and SDG&E are eligible to apply for incentives. Approximately 44 percent of program funding is allocated to the PG&E service territory. Assuming solar deployment would be proportionate to funding, the program is intended to yield approximately 775 MW of solar within the PG&E service area. A minimum of 14 MW should be deployed within the jurisdictional boundaries of MEAMCE.

California Solar Initiative Deployment

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
IOU Territory Target (MW)	705	882	1,058	1,235	1,411	1,587	1,764	1,940	1,940	1,940
Total Funding (\$Millions)	240	240	240	160	160	160	5	0	0	0
PG&E Funding (\$Millions)	105	105	105	70	70	70	2	0	0	0
PG&E Incentives Share	44%	44%	44%	44%	44%	44%	40%	40%	40%	40%
PG&E Area Deployment (MW)	309	386	463	540	617	694	705	776	776	776
Marin Share of PG&E Load	0.1%	0.3%	0.8%	1.6%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Marin Solar Deployment (MW)	0	1	4	9	11	12	12	14	14	14

The Authority MCE will work to ensure that customers within its jurisdiction take full advantage of this solar incentive and will develop programs of its own with the goal of doubling the CSI deployment targets shown above.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the phase-in period of the CCA Program and identifies the anticipated financing requirements for the overall CCA Program by MEAMCE. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

This cash flow analysis estimates the level of working capital that will be required during the phase-in period. In general, the components of the cash flow analysis can be summarized into two distinct categories: (1) Cost of CCA Program Operations, and (2) Revenues from CCA Program Operations. The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with the CCA Program phase-in period, and specifically account for the transition or “Phase-In” of CCA Customers from PG&E’s service territory described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing Requirements;
- Contractor Costs;
- Infrastructure Requirements;

- Billing Costs;
- Scheduling Coordination;
- Grid Management Charges;
- CCA Bond Premiums;
- Interest Expense; and
- Franchise Fees.

The focus of this cash flow analysis is during the phase-in period.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the cash flow analysis assumes the customer phase-in schedule noted above, and assumes that MEAMCE's CCA Program provides a Light Green Tariff at comparable generation rates to those of the existing distribution utility for each customer class and a 100 percent Green Tariff at a premium reflective of incremental renewable power costs.

Over time, MCE's preference for renewable energy will significantly reduce its exposure to volatile input costs (fuel – natural gas) associated with natural gas-fired generation, which are expected to increase steadily, and potentially significantly, for the foreseeable future. Because a significant portion of MEAMCE's power supply will be from renewable energy sources, upward price pressures on its power supply should be significantly reduced over long-term operations.

Projected long-term cost savings can be passed on to Program customers in the form of lower generation rates or can be applied to the procurement of additional renewable energy supplies (moving the program's renewable energy supply closer to its 100 percent goal), energy efficiency programs or other energy/climate initiatives within the scope of broad-based powers established for MEAMCE. Ultimately, MEAMCE will have flexibility when making these decisions and can respond to the evolving needs of local residents and businesses when developing rate tariffs and energy/climate-focused programs.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of working capital required for MEAMCE to move through the CCA phase-in period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs by MEAMCE, along with an assumption for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

With the assumptions regarding payment streams, the cash flow analysis identifies funding requirements while recognizing the potential lag between payments received and payments made during the phase-in period. The estimated financing requirements for the phase-in period, including working capital, based on the phase-in of customers as described above is

approximately \$3 million. Working capital requirements reach this peak immediately after enrollment of the Phase 3 customers.

CCA Program Implementation Feasibility Analysis

In addition to developing a cash flow analysis which estimates the level of working capital required to get **MEAMCE** through full CCA phase-in, a summary analysis that evaluates the feasibility of the CCA program during the phase-in period has been prepared. The difference between the cash flow analysis and the CCA feasibility analysis is that the feasibility analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same.

The results of the feasibility analysis are shown in the following table. Under these assumptions, over the entire phase-in period the CCA program is projected to accrue a reserve account balance of approximately \$20 million.

Marin Clean Energy
Summary of CCA Program Phase-In
(January 2010 through December 2015)

CATEGORY	2010	2011	2012	2013	2014	2015	TOTAL
I. REVENUES FROM OPERATIONS (\$)							
ELECTRIC SALES REVENUE	10,610,804	16,454,790	46,310,210	88,226,087	102,349,665	105,410,581	369,362,137
LESS UNCOLLECTIBLE ACCOUNTS	(106,108)	(164,548)	(463,102)	(882,261)	(1,023,497)	(1,054,106)	(3,693,621)
TOTAL REVENUES	10,504,696	16,290,242	45,847,108	87,343,826	101,326,168	104,356,475	365,668,515
II. COST OF OPERATIONS (\$)							
(A) ADMINISTRATIVE AND GENERAL (A&G)							
STAFFING	321,117	430,659	1,279,382	1,496,983	1,541,892	1,588,149	6,658,182
CONTRACT SERVICES	1,035,333	848,063	2,819,953	4,186,559	4,385,539	4,432,586	17,708,033
IOU FEES (INCLUDING BILLING)	19,548	75,590	442,656	978,924	1,066,244	1,098,232	3,681,193
OTHER A&G	191,261	174,408	160,772	171,756	181,783	189,944	1,069,924
SUBTOTAL A&G	1,567,259	1,528,720	4,702,762	6,834,222	7,175,459	7,308,910	29,117,333
(B) COST OF ENERGY	7,418,662	11,881,494	36,774,213	74,224,360	89,152,474	89,975,773	309,426,976
(C) DEBT SERVICE	654,595	394,777	807,082	1,543,060	1,656,287	1,612,619	6,668,420
TOTAL COST OF OPERATION	9,640,516	13,804,991	42,284,057	82,601,642	97,984,220	98,897,303	345,212,729
CCA PROGRAM SURPLUS/(DEFICIT)	864,180	2,485,251	3,563,052	4,742,184	3,341,948	5,459,172	20,455,786

The surpluses achieved during the phase-in period serve as operating reserves for **MEAMCE** in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

Marin Clean Energy Financings

It is anticipated that three financings may be necessary in support of the CCA Program. The anticipated financings are listed below and discussed in greater detail.

CCA Program Start-up and Working Capital (Phases 1 and 2)

As previously discussed, the start-up and working capital requirements for the CCA Program were approximately \$2 million. These costs are currently being recovered from retail customers through retail rates.

CCA Program Working Capital (Phase 3)

Working capital for Phase 3 was \$3 million financed through a short term credit agreement from a commercial bank.

CCA Program Working Capital (Phase 4)

MEAMCE anticipates it will have sufficient internally generated funds to fund the Phase 54 customer expansion. If additional funds are required, a short term credit agreement would be used to support the expansion.

Renewable Resource Project Financing

MEAMCE's CCA Program may consider large project financings for renewable resources (likely wind, solar, biomass or geothermal), which may total as much as \$375 million (combined). These financings would only occur after a sustained period of successful Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. Such financing would likely occur after several successful years of operating history have been observed and following **MEAMCE**'s receipt of an institutional credit rating. In the event that such financing becomes necessary, funds would include any short-term financing for the renewable resource project development costs, and would extend over a 20- to 30-year term.

The security for such bonds would likely be a hybrid of the revenue from sales to the retail customers of **MEAMCE**, including a Termination Fee as described in Chapter 9, and the renewable resource project itself.

The following table summarizes the potential financings in support of the CCA Program:

Proposed Financing	Estimated Total Amount	Estimated Term	Estimated Issuance
Start-Up and Working Capital	\$2 million	No longer than 7 years	Early 2010
Working Capital Phase 3	\$3 million	No longer than 5 years	Mid 2012
Potential Renewable Resource Project Financings	\$375 million (aggregate)	20 to 30 years	Undetermined

CHAPTER 8 - Ratesetting and Program Terms and Conditions

Introduction

This Chapter describes ~~the Authority~~MCE's rate setting policies for electric aggregation services. These include policies regarding rate design, objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

Rate Policies

MEAMCE has established rates sufficient to recover all costs related to operation of the program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Board of Directors. As a general policy, rates will be uniform for all similarly situated customers enrolled in the Program throughout the service area of MEAMCE, comprised of the jurisdictional boundaries of its members.

The primary objectives of the ratesetting plan are to set rates that achieve the following:

- 100 percent renewable energy supply option – ~~100 percent Deep~~ Green Tariff;
- 100 percent local solar energy supply option – Sol Shares Tariff
- Rate competitive tariff option – Light Green Tariff (at 50 percent renewable energy);
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The goal is to offer competitive rates for the electric services MEAMCE provides to participating customers. For Deep Green participants, ~~in MEAMCE's 100 percent Green Tariff~~, the goal is to offer the lowest possible customer rates with an incremental monthly cost premium of approximately 10 percent. For Sol Shares customers, the goal is to offer rates that are generally reflective of local, small utility scale solar development costs, which will initially relate to prices paid under MCE's Feed-In Tariff.

Competitive rates will be critical to attracting and retaining key customers. As discussed above, the principal long-term Program goal is to achieve 100 percent renewable energy supply subject to economic and operating constraints. As previously discussed, the Program will significantly increase renewable energy supply to Program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Program customers will be the Light Green service option, which will maximize renewable energy supply (minimum 50 percent)

while maintaining competitive generation rates to those currently offered by PG&E. **MEAMCE** will also offer its customers a voluntary Deep Green Tariff, which will supply participating customers with 100 percent renewable energy supply at rates that reflect the Program's cost for procuring necessary energy supplies. A third service option, which is planned begin serving customers during the 2015 calendar year is Sol Shares, which will supply participating customers with 100 percent locally generated solar electricity – MCE is currently accepting enrollments in the Sol Shares program.

As previously suggested, the default tariff for Program customers will be the Light Green Tariff. Consistent with this **MEAMCE** policy, participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the Light Green Tariff and will continue to receive related discounts on monthly electricity bills. Based on projected participation in each tariff, the amount of renewable energy supplied to Program customers as a percentage of the Program's total energy requirements is projected to approximate 55 percent in 2015.

Rate Stability

MEAMCE will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that program rates relative to PG&E's may differ at any point in time from the general rate targets set for the Program. Although **MEAMCE**'s rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly from year-to-year based on energy market conditions such as natural gas prices, the utilities' hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base. **MEAMCE** will have more flexibility in procurement and ratesetting than PG&E to stabilize electricity costs for customers.

Equity among Customer Classes

MEAMCE's policy will be to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board of Directors.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to **MEAMCE**'s customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

MEAMCE's rates must collect sufficient revenue from participating customers to fully fund **MEAMCE**'s annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of **MEAMCE**'s costs, subject to the disclosure and due process policies described later in this chapter.

Rate Design

MEAMCE will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in **MEAMCE**'s program. **MEAMCE** may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within **MEAMCE**'s service area.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from **MEAMCE**. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (E-NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that **MEAMCE**'s net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. **MEAMCE** will pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the **MEAMCE** Board.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

The Executive Officer, with support of appropriate staff, advisors and committees, will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates will be approved at a public meeting of the Board of Directors no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

MEAMCE will initially adopt customer noticing requirements similar to those the CPUC requires of PG&E. These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation in the county within ten days of after submitting the application. Such notice will state that a copy of said application and related exhibits may be examined at the offices of **MEAMCE** as are specified in the notice, and shall state the locations of such offices.

Within forty-five days after the submitting an application to increase any rate, **MEAMCE** will furnish notice of its application to its customers affected by the proposed increase, either by

mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of ~~MEAMCE~~ to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the CCA Program and the right to privacy of customer energy usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth opt-out notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the ~~MEAMCE~~ Board from time to time.

By adopting this Implementation Plan, the ~~MEAMCE~~ Board approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. ~~MEAMCE~~ will likely use its own mailing service for requisite opt-out notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the opt-out notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying ~~MEAMCE~~ using the ~~Authority's MCE's~~ designated, telephone-based opt out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they will be transferred to ~~MEAMCE~~'s call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, a third opt-out notice will be mailed to customers, and a fourth and final opt-out notice will be mailed 30 days after automatic enrollment. Opt-out requests made on or before the sixtieth day following start of ~~MEAMCE~~ service would result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay ~~MEAMCE~~'s charges for electric services provided during the time the customer took service from the Program, but will otherwise not be subject to any penalty or transfer fee from ~~MEAMCE~~.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will have sixty days from the start of ~~MEAMCE~~ service to opt out of the Program. Such customers will be provided with two opt-out notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing ~~MEAMCE~~'s privacy policy regarding customer energy usage information. ~~MEAMCE~~'s Board of Directors will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would help prevent potential

gaming, particularly by large customers, and aid in resource planning by providing additional control over the Program's customer base. Entry fees would not be practical to administer, nor would they be necessary, for residential and other small customers.

Termination Fee

Customers that are automatically enrolled in the Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation subject to payment of a Termination Fee. The Termination Fee may apply to all Program customers that elect to return to bundled utility service or elect to take "direct access" service from an energy services provider. Program customers that relocate within the Program's service territory would have their CCA service continued at the new address. If a customer relocating to an address within the Program service territory elected to cancel CCA service, the Termination Fee may apply. Program customers that move out of the Program's service territory would not be subject to the Program's Termination Fee.

The Termination Fee will consist of two parts: an Administrative Fee set to recover the costs of processing the customer transfer and other administrative or termination costs and a Cost Recovery Charge ("CRC") that would apply in the event MEAMCE is unable to recover the costs of supply commitments attributable to the customer that is terminating service. PG&E will collect the Administrative Fee from returning customers as part of the final bill to the customer from the CCA Program and will collect the CRC as a lump sum or on a monthly basis pursuant to a negotiated servicing agreement between MEAMCE and PG&E.

The Administrative Fee would vary by customer class as set forth in the table below.

Administrative Fee for Service Termination

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

The customer CRC will be equal to a pro rata share of any above market costs of MEAMCE's actual or planned supply portfolio at the time the customer terminates service. The proposed CRC is similar in concept to the Cost Responsibility Surcharge charged by PG&E, and it is designed to prevent shifting of costs to remaining Program customers. The CRC will be set on an annual basis by MEAMCE's Governing Board as part of the annual ratemaking process. At this time, MEAMCE's CRC is set to zero.

If customers terminate service, MEAMCE anticipates it will re-market the excess supply and recover all or the majority of its costs. Depending upon market conditions, the CRC may not be needed for recovery of stranded costs. However, MEAMCE's ability to assess a Cost Recovery Charge, if necessary, can be an important condition for obtaining financing for MCE's power

supply. The low cost financing will, in turn, enable MEAMCE to charge rates that are competitive with PG&E's.

The Termination Fee will be clearly disclosed in the four opt-out notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could be changed prospectively by MEAMCE's Board of Directors, subject to MEAMCE's customer noticing requirements. As previously noted, customers that opt-out during the statutorily mandated notification period will not pay the Termination Fee that may be imposed by MEAMCE.

Customers electing to terminate service after the initial notification period that provided them with at least four opt-out notices would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Customers who voluntarily transfer back to PG&E after the initial notification period that provided them with at least four opt-out notices would also be liable for the nominal reentry fees imposed by PG&E as set forth in the applicable utility CCA tariffs. Such customers would also be required to remain on bundled utility service for a period of one year, as described in the utility tariffs.

Customer Confidentiality

MEAMCE has established policies covering confidentiality of customer data. These policies are fully compliant with the California Public Utility Commission's required privacy protection rules for CCA customer energy usage information detailed within Decision D.12-08-045. MEAMCE's policies will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data may be released at MEAMCE's discretion or as required by law or regulation.

Responsibility for Payment

Customers will be obligated to pay MEAMCE charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, MEAMCE will not be able to direct that electricity service be shut off for failure to pay MEAMCE's bill. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a

complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Customers may be required to post a deposit equal to two months' estimated bills for ~~MEAMCE~~'s charges to obtain service from the Program. ~~MEAMCE~~ has adopted a related policy, Rule No. 002, which specifies the circumstances under which a customer deposit will be required. This policy specifies that "An applicant who previously has been a customer of PG&E or MCE and whose electric service has been discontinued by PG&E or MCE during the last twelve months of that prior service because of nonpayment of bills, may be required to reestablish credit by depositing the amount prescribed in Rule 003 (Deposits) for that purpose." Rule No. 002 also states that, "A customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the amount prescribed in Rule 003 (Deposits). This rule will apply regardless of whether or not service has been discontinued for such nonpayment¹¹." Rule 003 specifies that the amount of deposit for such a customer shall be equal to two months' estimated charges for MCE service. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E. To date, ~~MEAMCE~~ has not collected any customer deposits.

¹¹ A customer whose service is discontinued by MCE is returned to PG&E generation service.

CHAPTER 10 - Procurement Process

Introduction

This Chapter describes MEAMCE's initial procurement policies and the key third party service agreements by which MEAMCE has obtained operational services for the CCA Program. By adopting the original Implementation Plan, ~~the Authority~~ MCE's Board of Directors approved general procurement policies to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

MEAMCE has entered into agreements for a variety of services needed to support program development, operation and management. It is anticipated MEAMCE will utilize Competitive Procurement, Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

MEAMCE utilized a competitive solicitation process to enter into agreements with SENA, which provides electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of MEAMCE's Executive Officer or Board of Directors.

The Executive Officer periodically reports (e.g., quarterly) to the Board a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

Key Contracts

Electric Supply Contract

MEAMCE successfully negotiated a ~~long-term~~ (through ~~May 6, 2015~~ December 31, 2016) electricity supply contract with SENA. For the initial ~~five~~ years of program operations (~~5/7/2010 through 5/6/2015~~ through December 31, 2016), SENA will supply a significant portion of the electricity delivered to MCE customers ~~under a full requirements contract between the provider and MEAMCE~~. For the post-2016 period, MEAMCE will be obligated to complete additional solicitations to secure its resource ~~portfolio~~ requirements. In anticipation of this future obligation, MEAMCE has initiated procurement efforts, focusing on necessary renewable energy supply, to facilitate the transition from full requirements service to a managed portfolio of contracts/resources. This proactive, ongoing approach will avoid dependence on market

conditions existing at any single point in time. Under the initial full requirements contract, SENA has committed to serving the composite electrical loads of customers in the Program. SENA also serves as ~~MEAMCE~~'s certified Scheduling Coordinator and will schedule the loads of all customers in the Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. SENA is wholly responsible for the Program's portfolio operations functions and managing the predominant supply risks for the term of the contract. SENA must also meet the Program's renewable energy goals and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

Certain financial risks related to changes in Program loads during the term of the agreement are borne by SENA, within the ranges specified in the electric supply agreement. The supplier has also committed to deliver a specific quantity of RPS-eligible renewable energy, as determined by ~~the Authority~~ ~~MCE~~, during each year of the agreement term. The supplier is also required to procure sufficient renewable energy to meet the requirements of serving customers enrolled in the Deep Green ~~MEAMCE~~ service option.

Data Management Contract

Noble Americas Energy Solutions will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract..¹²

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the data management contract from the energy supply contract gives

¹² The contractor performing account services may be the same entity as the contractor supplying electricity for the program.

| ~~MEAMCE~~ greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

Electric Supply Procurement Process

| As previously noted, ~~MEAMCE~~ selected SENA as its energy supplier through a competitive solicitation process, which was administered in mid-2009. Additional information regarding ~~MEAMCE's energy supplier, SENA,~~ is provided below.

Shell Energy North America

Shell Energy North America (US), L.P. (SENA) is a leading supplier of energy and associated services in North America. SENA provides natural gas, electrical energy and capacity, scheduling and asset optimization, risk management, and renewable energy and environmental products to a wide variety of customers. SENA is 100% owned by Royal Dutch Shell Company and its subsidiaries. SENA owns and manages a variety of energy assets in the West, including generation, a portfolio of renewable energy, transmission capacity, natural gas production, liquefied natural gas capacity, natural gas storage capacity, and natural gas pipeline capacity. SENA's West Region operation includes regional offices in San Diego, Portland, Spokane, Berkeley, Salt Lake City, Denver and Mexico City, with 7 X 24 power and gas operations in San Diego and Spokane.

SENA has an extensive list of public and privately owned customers in the West, including all WECC region investor-owned utilities, twenty-five publicly owned (municipal) electric utilities/other public agencies in California, and publicly owned utilities/public agencies in neighboring states. SENA's West Region full requirements power experience includes provision of retail electric service, including provision of resource adequacy, for direct access customers in California.

Renewable energy products offered by SENA include renewable energy, bundled renewable energy, landfill gas, biogas and renewable energy credits. SENA states it is actively developing renewable portfolios and provides related services such as scheduling and shaping of intermittent energy. SENA's affiliate, Shell WindEnergy, develops and owns wind generation in California and other parts of North America. SENA also offers a variety of environmental products including emission offsets and other carbon reducing products.

SENA is rated A- by S&P and A2 by Moody's.

Chapter 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of Program termination. By adopting the original Implementation Plan, ~~the Authority~~MCE's Board of Directors approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that ~~MEAMCE~~ would terminate the Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. The Board retains authority to modify program policies from time to time at its discretion.

Termination by Marin Clean Energy

~~The Authority~~MCE will offer services for the long term with no planned Program termination date. In the unanticipated event that the majority of the Member's governing bodies (County Board of Supervisors and/or City/Town Councils) decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to ~~MEAMCE~~ consistent with the terms set forth in the JPA Agreement. Following such notice, ~~MEAMCE~~ would vote on Program termination subject to a two-tiered vote, as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and ~~MEAMCE~~ would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

~~MEAMCE~~ will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. ~~MEAMCE~~ will post

financial security in the appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

CHAPTER 12 – Appendices

Appendix A: ~~Authority~~ MCE Resolution 20124-16~~XX~~

Appendix B: County of Napa, Resolution 2014-03~~XX~~

Appendix C: City of San Pablo, Resolution 2014-XX

Appendix DB: Marin ~~Energy Authority~~ Clean Energy Joint Powers Agreement



July 3, 2014

TO: Marin Clean Energy Board

FROM: Dawn Weisz, Executive Officer

RE: Request from the City of Benicia for Membership Analysis and Consideration as a Member of MCE (Agenda Item #06)

ATTACHMENTS: A. Membership Request from the City of Benicia
B. Agreement for Services with City of Benicia
C. Policy 007: New Customer Communities
D. MCE Affiliate Membership Process

Dear Board Members:

SUMMARY:

MCE's mission is to address climate change by using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs. On September 25, 2013 your Board adopted Policy 007: New Customer Communities, which describes MCE's policy to explore and support electric service in new communities to further agency goals. Policy 007 allows for new communities to be offered MCE service through two channels, affiliate membership or special-consideration membership as described in Attachment C. On September 25, 2013 your Board also approved the MCE Affiliate Membership Process described in Attachment D.

Step 1 of the Affiliate Membership process requires the governing body of an interested community to submit a letter to MCE requesting consideration as a member. Since approval of Policy 007 MCE has received a request from the County of Napa and the City of San Pablo, and has completed membership studies for those two communities. On June 17, 2014 the City of Benicia voted unanimously to request consideration as a member of MCE.

- The City of Benicia spans approximately 16 square miles and is located in Solano County. Solano County is located between Napa County to the north and Contra Costa County to the south (both containing MCE service territories - Unincorporated Napa and Richmond respectively).
- Benicia's population is approximately 27,000 representing roughly 10,700 households.
- In 2007 Benicia joined ICLEI- Local Governments for Sustainability's Cities for Climate Protection Campaign. Shortly thereafter in 2009, Benicia completed and adopted its Climate Action Plan. In that plan the City adopted the goal of reducing GHG emissions to 2005 levels by 2010 and reducing GHG emissions to 10 percent below 2000 levels by 2020.

- In May 2014, the Benicia City Council accepted the 2010 GHG Inventory Update Report and helped outline strategies to meet its 2020 reduction targets. Renewable energy use was highlighted as a strategy to achieve these targets. The City of Benicia estimated that they could reduce Community emissions 43 percent by implementing strategies in the Energy Production focus area.



Representatives from the City of Benicia desire participation in MCE to provide choices for more renewable energy in their jurisdiction, and to reduce greenhouse gas emissions through energy efficiency and less reliance on fossil fuels. The City of Benicia is also interested in MCE's on-bill repayment program for energy efficiency and solar installations.

Step 2 of the Affiliate Membership process requires that staff evaluate the request from any community that has

completed Step 1 to determine if internal resources are available to consider the request, and to ensure that the performance of a quantitative membership analysis would not create negative impacts to core agency functions. Staff has completed this evaluative process, and determined that at this time, a quantitative membership analysis for the community of Benicia could be conducted without negative impacts to core agency functions. Conducting the membership analysis at this time is likely to result in some staff efficiencies related to market research and collection of pricing information which could be applied concurrently in customer bases of the County of Napa and City of Benicia. All costs of the membership analysis and staff support during the membership analysis process would be covered by the City of Benicia through an agreement for services with MCE which was authorized by the Benicia City Council on June 17, 2014.

Step 3 requires that the request from an interested community be presented to the MCE Board to consider adherence to criteria D, E, F and G below, and to authorize approval as a member, subject to a net positive result in the analysis by staff.

Affiliate Membership Criteria:

- Allowing for MCE service in new community will result in a projected net rate reduction for existing customer base.
- Offering service in new community will enhance the strength of local programs, including an increase in distributed generation, and will accelerate greenhouse gas reductions on a larger scale.
- Including new community in MCE service will increase the amount of renewable energy being used in California's energy market.
- There will be an increase in opportunities to launch and operate MCE energy efficiency programs to reduce energy consumption and reliance on fossil fuels.
- New opportunities are available to deploy local solar and other distributed renewable generation through the MCE Net Energy Metering Tariff and Feed in Tariff.
- Greater demand for jobs and economic activity is likely to result from service in new community.

- G. The addition of the new community is likely to create a stronger voice for MCE at the State and regulatory level.

Given the opportunities for new energy efficiency program participation in the community, criteria D is adhered to. Given the potential for new localized solar installations in the community, criteria E is adhered to. Also, based on MCE's experiences to-date with regard to economic activity and impacts at the State and regulatory level, expansion to this community would support positive outcomes in criteria F and G.

Step 4 requires that if the membership request is approved by your Board, staff will execute the agreement with the City of Benicia to fund costs of the quantitative membership analysis and to cover any other MCE staff costs such as responses to questions and participation in appropriate community meetings. After the Agreement is in place, staff would undertake and complete the membership analysis, with primary focus on quantitative criteria A, and also with an assessment of items B and C above.

Recommendation: Approve membership request from the City of Benicia.



CITY HALL • 250 EAST L STREET • BENICIA, CA 94510 • (707) 746-4200 • FAX (707) 747-8120

June 20, 2014

Dawn Weisz
Executive Director, Marin Clean Energy
781 Lincoln Ave., Suite 320
San Rafael, CA 94901

Dear Ms. Weisz:


The City of Benicia thanks you for the presentation at the June 17 City Council meeting. We found your presentation extremely informative. In accordance with City of Benicia Resolution 14-x, I am pleased to provide this letter requesting that Marin Clean Energy (MCE) further explore whether extending membership to the City of Benicia would be mutually beneficial.

In 2009, the City adopted a Climate Action Plan (CAP) with an overall greenhouse gas (GHG) reduction goal of maintaining 2005 levels by 2010 and reducing emissions 10% below 2000 levels by 2020. Strategy E-2.6. Community Choice Aggregation (CCA) Feasibility Assessment recognizes that CCA provides communities with an opportunity to “generate energy from sources of their own choosing” and “the ability to obtain locally produced green energy.” The City also recognizes that not every resident will want to participate in MCE, but it sees value in providing multiple options to the community.

In addition, joining a CCA will help the City achieve the above mentioned GHG reduction targets. Using MCE’s light green product (50% renewable energy) or deep green product (100%) will reduce the GHG emissions associated with energy use within the community and may reduce end users utility bills over time. The City looks forward to working with MCE to support the development of local generation projects and provide energy efficiency programs to residents.

The Benicia City Council cordially requests that you authorize your staff to conduct the necessary technical study required before Benicia can become an affiliate member and begin to offer MCE’s products to its residents. The cost of this study shall not exceed \$18,000 and its results will serve to inform Council and assist them in deciding to join MCE in the future.

Sincerely,



Brad Kilger
City Manager, City of Benicia
Cc: City Council

**MARIN CLEAN ENERGY
STANDARD SHORT FORM CONTRACT**

**FIRST AGREEMENT
BY AND BETWEEN
CITY OF BENICIA AND MARIN CLEAN ENERGY**

THIS FIRST AGREEMENT ("Agreement") is made and entered into this day **June 17, 2014** by and between the **City of Benicia** hereinafter referred to as "City" and **MARIN CLEAN ENERGY**, hereinafter referred to as "MCE."

RECITALS:

WHEREAS, the City of Benicia desires to retain a person or firm to provide the following services: Conduct economic and energy load analysis to determine impact of adding City of Benicia to MCE service territory and provide related support as requested by City of Benicia staff.

NOW, THEREFORE, for and in consideration of the agreement made, and the payments to be made by the City of Benicia, the parties agree to the following:

1. SCOPE OF SERVICES:

MCE agrees to provide all of the services described in **Exhibit A** attached hereto and by this reference made a part hereof.

2. FURNISHED SERVICES:

City agrees to make available all pertinent data and records for review, subject to MCE Policy 001 - Confidentiality.

3. FEES AND PAYMENT SCHEDULE:

The fees and payment schedule for furnishing services under this Agreement shall be based on the rate schedule which is attached hereto as **Exhibit B** and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement. MCE shall provide City with its Federal Tax I.D. number prior to submitting the first invoice. MCE shall invoice City within 90 days of any services rendered or expenses incurred hereunder. Fees and expenses invoiced beyond 90 days will not be reimbursable.

4. MAXIMUM COST TO CITY OF BENICIA:

In no event will the cost to the City for the services to be provided herein exceed the maximum sum of **\$18,000**.

5. TIME OF AGREEMENT:

This Agreement shall commence on **June 17, 2014**, and shall terminate on **March 31, 2015**. Certificate(s) of insurance must be current on day Agreement commences and if scheduled to lapse prior to termination date, must be automatically updated before final payment may be made to MCE. The final invoice must be submitted within 30 days of completion of the stated scope of services.

6. INSURANCE:

All required insurance coverages shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to the City. The general liability policy shall be endorsed naming the City and its employees, officers and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to the City prior to commencement of work. Each certificate shall provide for thirty (30) days advance written notice to the City of any cancellation or reduction in coverage. Said policies shall remain in force through the life of this Agreement and shall be payable on a per occurrence basis only, except those required by paragraph 6.4 which may be provided on a claims-made basis consistent with the criteria noted therein.

7. NONDISCRIMINATORY EMPLOYMENT:

(a) MCE shall not discriminate in the conduct of the work under this Agreement against any employee, applicant for employment, or volunteer on the basis of race, religious creed, color, national origin, ancestry, physical or mental disability, marital status, pregnancy, sex, age, sexual orientation or other prohibited basis will not be tolerated.

(b) Consistent with City's policy that harassment and discrimination are unacceptable employer/employee conduct, MCE agrees that harassment or discrimination directed toward a job applicant, a City employee, or a citizen by MCE or MCE'S employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, physical or mental disability, marital status, pregnancy, sex, age, sexual orientation or other prohibited basis will not be tolerated. MCE agrees that any and all violation of this provision shall constitute a material breach of the Agreement.

8. ASSIGNMENT:

The rights, responsibilities and duties under this Agreement are personal to MCE and may not be transferred or assigned without the express prior written consent of City.

9. RETENTION OF RECORDS AND AUDIT PROVISION:

MCE and any subcontractors authorized by the terms of this Agreement shall keep and maintain on a current basis full and complete documentation and accounting records, employees' time sheets, and correspondence pertaining to this Agreement. Such records shall include, but not be limited to, documents supporting all income and all expenditures. City shall have the right, during regular business hours, to review and audit all records relating to this Agreement during the Contract period and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on MCE's premises or, at City option, MCE shall provide all records within a maximum of fifteen (15) days upon receipt of written notice from the City of Benicia. MCE shall refund any monies charged that both parties agree were unnecessary and/or not related to completing tasks listed in Exhibit A.

10. TERMINATION:

- A. If MCE fails to provide in any manner the services required under this Agreement or otherwise fails to comply with the terms of this Agreement or violates any ordinance, regulation or other law which applies to its performance herein, the City may terminate this Agreement by giving five (5) calendar days written notice to the party involved.
- B. MCE shall be excused for failure to perform services herein if such services are prevented by acts of God, strikes, labor disputes or other forces over which MCE has no control.
- C. Either party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days written notice to the other parties. Notice of termination shall be by written notice to the other parties and be sent by registered mail.
- D. In the event of termination not the fault of MCE, MCE shall be paid for services performed to the date of termination in accordance with the terms of this Agreement so long as proof of required insurance is provided for the periods covered in the Agreement or Amendment(s).

11. AMENDMENT:

This Agreement may be amended or modified only by written agreement of all parties.

12. ASSIGNMENT OF PERSONNEL:

MCE shall not substitute any personnel for those specifically named in its proposal unless personnel with substantially equal or better qualifications and experience are provided, acceptable to City, as is evidenced in writing.

13. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California and the parties hereto agree that venue shall be in the City of Benicia, California.

14. INDEMNIFICATION:

Both parties agree to indemnify, defend, and hold each other, its employees, officers, and agents, harmless from any and all liabilities including, but not limited to, litigation costs and attorney's fees arising from any and all claims and losses to anyone who may be injured or damaged by reason of negligence, recklessness or willful misconduct in the performance of this agreement.

15. NO RECOURSE AGAINST 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 the 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. City 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.

16. NOTICES

This Agreement shall be managed and administered on MCE's behalf by the Contract Manager named below. All invoices shall be submitted and approved by this Contract Manager and all notices shall be given to MCE at the following location:

Contract Manager: Alex Porteshawyer, JD, MA

City of Benicia
Address: 250 E. L Street

Benicia, CA 94510

Telephone No.: (707) 746-4280 ext. 4278

Notices shall be given to MCE at the following address:

Contractor:	Marin Clean Energy Dawn Weisz
Address:	781 Lincoln Ave., Suite 320 San Rafael, CA 94901
Telephone No.:	(415) 464-6020

17. ACKNOWLEDGEMENT OF EXHIBITS

	<input checked="" type="checkbox"/>	<u>Check applicable Exhibits</u>	<u>CONTRACTOR'S INITIALS</u>
<u>EXHIBIT A.</u>	<input checked="" type="checkbox"/>	Scope of Services	
<u>EXHIBIT B.</u>	<input checked="" type="checkbox"/>	Fees and Payment	

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

APPROVED BY

CITY OF BENICIA, a political subdivision of the State of California: **MARIN CLEAN ENERGY, A California joint powers authority:**

By: _____

By: _____

APPROVED AS TO FORM

APPROVED AS TO FORM

By: _____

By: _____

Date: 6-18-14

Date: _____

EXHIBIT A
SCOPE OF SERVICES (required)

Conduct analysis to determine economic feasibility of adding the City of Benicia to the MCE service territory and present results of analysis to MCE Board. In addition, provide support as needed to City of Benicia staff and Board members regarding discussions of MCE service in the City of Benicia at City Council and Commission meetings and other community events as mutually agreed upon.

**EXHIBIT B
FEES AND PAYMENT SCHEDULE**

MCE shall bill in .25 hour increments on a monthly basis for all services rendered. Services will be primarily provided by the representative shown below; however, other MCE representatives may be used if needed.

NAME	TITLE	HOURLY COST
Greg Brehm	Resource Coordinator	\$49.42
John Dalessi	Operations & Development	\$225.00
Alex DiGiorgio	Community Affairs Coordinator	\$42.33
Justin Kudo	Manager of Account Services	\$48.12
Jamie Tuckey	Communications Director	\$67.50
Dawn Weisz	Executive Officer	\$138.42

Outside expenses or contractors used in this effort will be billed "at cost".

In no event will the total cost to the City of Benicia for the services to be provided herein exceed the maximum sum of \$18,000 for the term of the contract.



POLICY NO. 007 – NEW CUSTOMER COMMUNITIES

Whereas MCE's founding mission is to address climate change by using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs; and

Whereas creating opportunities for customer electric service in new communities may allow MCE to further progress towards its founding mission; and

Whereas MCE currently provides a minimum 50% renewable energy supply to all MCE customers (through its default Light Green retail service option), which substantially exceeds similar renewable energy supply percentages provided by California's investor-owned utilities (IOUs); and

Whereas the addition of new communities to MCE's membership will inevitably increase state-wide renewable energy percentages due to MCE's specified minimum renewable energy supply percentage of 50%; and

Whereas the addition of new communities to MCE's membership will also decrease greenhouse gas emissions within the Western United States as a result of minimum renewable energy supply percentages exceeding such percentages provided by California's IOUs.

Therefore, it is MCE's policy to explore and support customer electric service in new communities to further agency goals.

In consideration of the above, MCE will allow access to service in new communities through two channels, affiliate membership or special-consideration membership, as applicable:

Affiliate membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is not more than 30 miles from MCE existing jurisdiction, and
3. Customer base in new community is 40,000 or less.

Special-consideration membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is more than 30 miles from MCE existing jurisdiction and/or the customer-base in the new community is greater than 40,000.



MCE Affiliate Membership Process

Step 1: Governing body submits letter to MCE from new community jurisdiction, requesting consideration as a member.

Step 2: Staff evaluates request timing to determine if internal resources are available to consider request, and to ensure no impact to core agency functions.

Step 3: Request submitted to MCE Board to consider adherence to criteria D, E, F and G below, and to authorize membership of new community, subject to a net positive result in quantitative membership analysis by staff.

Step 4: Following MCE Board approval, staff executes contract with governing body of new jurisdiction to fund costs of membership analysis. Staff undertakes and completes analysis, with primary focus on quantitative criteria A, B and C below.

Step 5: Results of membership analysis presented to governing body of new community and to MCE Board. 1). If quantitative affiliate membership criteria are met, community is automatically authorized to complete membership process. 2). If qualitative criteria are not met but other compelling criteria are present, Board may consider approval of membership.

Step 6: Governing body of new jurisdiction approves resolution requesting membership, ordinance authorizing community choice aggregation service through MCE and signs JPA Agreement as a Party.

Step 7: MCE Board adopts resolution to formally include incorporated municipality in MCE Joint Powers Authority and submits updated Implementation Plan to CPUC.

Membership Criteria:

- A. Allowing for MCE service in new community will result in a projected net rate reduction for existing customer base.
- B. Offering service in new community will enhance the strength of local programs, including an increase in distributed generation, and will accelerate greenhouse gas reductions on a larger scale.
- C. Including new community in MCE service will increase the amount of renewable energy being used in California's energy market.
- D. There will be an increase in opportunities to launch and operate MCE energy efficiency programs to reduce energy consumption and reliance on fossil fuels.
- E. New opportunities are available to deploy local solar and other distributed renewable generation through the MCE Net Energy Metering Tariff and Feed in Tariff.
- F. Greater demand for jobs and economic activity is likely to result from service in new community.
- G. The addition of the new community is likely to create a stronger voice for MCE at the State and regulatory level.



July 3, 2014

TO: Marin Clean Energy Board

FROM: Greg Brehm, Director of Power Resources

RE: Land Option and Lease Agreements with Chevron Products Company
(Agenda Item #07)

ATTACHMENTS: A. Chevron Refinery – Lease Option Agreement
B. Chevron Refinery – Solar Energy Facility Site Lease

Dear Board Members:

Overview:

As a result of MCE's ongoing search for Local Renewable Energy development sites MCE received an offer from Chevron Products Company (CPC) to lease a 60 acre brownfield site at its Richmond Refinery. The initial evaluation of this site by staff yielded no significant development, permitting, or interconnection concerns. As a result, staff initiated negotiations with CPC for the purpose of developing a mutually agreeable site development option and lease agreement. Under the terms of the option and lease agreement, the subject property would host a minimum 2 MW solar project and a maximum of 12 MWs of future renewable energy development to serve MCE customers.

The site option agreement grants MCE a license to enter, cross, and use the Property to investigate the feasibility of developing and operating a photovoltaic solar energy-generation project on the three parcels (the "Project") and an exclusive option and right to enter into a long-term solar energy facility site lease for the Property. This due diligence will include interconnection applications, site engineering, and environmental review of the suitability of the site to serve the energy needs of MCE customers at a competitive rate. The requisite option and lease documents including pertinent commercial terms addressing the various responsibilities of the parties, are attached. These agreements accurately reflect the intended terms and conditions of this proposed transaction, which would facilitate MCE's local renewable energy development program.

Location & Project Viability:

The three parcels bordered by Richmond Parkway on the east total approximately 60 Acres. The site is located in the City of Richmond and is zoned M-3, Heavy Industrial District, upon which Public Utilities, both major and minor, are permitted uses. Subsequent to initiating negotiations with CPC, the City of Richmond passed a resolution that all solar energy systems shall be allowed in any zoning district or General Plan designated area within the city, and that such systems shall be permitted ministerially, and not subject to CEQA review.



Portfolio Fit:

MCE's development of the project will benefit the public by allowing MCE to provide electricity from local renewable resources to customers in alignment with MCE's role as a California Joint Powers Authority. MCE's status as a California Joint Powers Authority and the public benefit that will result from this Agreement and MCE's involvement in the project are key factors in CPC's decision to lease the Property to MCE on the terms of this Agreement.

Counterparty Strength:

Chevron Products Company (CPC)

- Chevron Products Company, ("CPC") is a division of Chevron U.S.A. Inc., a Pennsylvania corporation.
- CPC has owned and operated the site for more than 100 years.

Contract Terms:

The site lease payment will be \$1.00 per year, so long as MCE or another governmental entity remains the sole off taker for the energy generated onsite. CPC has agreed to pay all current property tax assessments, and MCE will be responsible for any supplemental assessments triggered by the solar project development. The lease will run for 25 years with one 5 year extension option.

The Property is the site of a former fertilizer plant's product ponds and a waste management landfill site with groundwater control systems (including hydraulic control trenches, barrier walls and membrane caps). The Property is bordered by a creek and wetlands.

The lease allows MCE to sublet all or a portion of the property to a third party developer for the purposes of developing the solar project with CPC's prior written consent, as long as MCE remains the power off-taker, and the term of the sublease is no longer than necessary for the developer to realize the full benefit of any federal, state or local investment tax credits associated with the construction or operation of the solar project. It is anticipated that MCE will ultimately own the project after approximately seven years.

The PPA rate for the project is expected to be at or significantly below market rates for similar resources through partnering with tax equity investors and or a "utility prepay" financing mechanism. In the pre pay structure, MCE would fund approximately 40% to 50% of the development cost through a bond financing, reducing the debt service cost of the developer, and therefore lowering their revenue requirement.



Summary:

The CPC option and lease agreements provide MCE with an excellent local project development site consistent with its local development goals based on the following considerations:

- The project size and expected energy production would support the future renewable energy requirements of MCE customers.
- The project is expected to be an MCE owned project.
- Energy from the project is expected to be competitively priced because of tax equity partnerships and or "utility prepay" financing.

Recommendation: Authorize finalization and approval of two agreements as follows:

1. Land Option Agreement with Chevron Products Company
2. Land Lease with Chevron Products Company

LEASE OPTION AGREEMENT

THIS LEASE OPTION AGREEMENT (this “**Agreement**”) is made and entered into as of June __, 2014 (the “**Effective Date**”), by and between **Chevron Products Company**, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“**Chevron**”), and **Marin Clean Energy**, a California Joint Powers Authority (“**MCE**”). Each of Chevron and MCE are sometimes referred to as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. Chevron owns the real property located in Contra Costa County, California depicted on Exhibit A (each a “**Parcel**” and collectively, the “**Property**”) totaling approximately sixty (60) gross acres. The Parcels are part of a larger refinery owned and operated by Chevron (the “**Chevron Refinery**”).

B. MCE seeks from Chevron, and Chevron is willing to grant to MCE, a license to enter, cross, and use the Property to investigate the feasibility of developing and operating a photovoltaic solar energy-generation project on the Parcels (the “**Project**”) and an exclusive option and right to enter into a long-term solar energy facility site lease for the Property upon the terms and conditions set forth in this Agreement.

C. MCE’s development of the Project will benefit the public by allowing MCE to provide electricity from renewable resources to members of the public and fulfill its role as a California Joint Powers Authority. MCE’s status as a California Joint Powers Authority and the public benefit that will result from this Agreement and MCE’s involvement in the Project are key factors in Chevron’s decision to lease the Property to MCE on the terms of this Agreement. Chevron would not enter into this Agreement or the Lease but for MCE’s status as a public entity and the public benefits arising from MCE’s involvement.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Chevron and MCE agree as follows:

AGREEMENT

1. **EXCLUSIVE LEASE OPTION**. Chevron grants MCE the exclusive right and option during the Option Period (defined below) to enter into a Solar Energy Facility Site Lease in the form attached to this Agreement as Exhibit B (the “**Lease**”) for the lease of the Property and an exclusive right to use the Property for Solar Operations (the “**Lease Option**”). For purposes of this Agreement, “**Solar Operations**” means: solar energy resource evaluation; solar energy development; converting solar energy into electrical energy; storing, collecting, and transmitting the electrical energy converted from solar energy; and any and all other activities related to the foregoing conducted on the Property. The Lease Option is subject and subordinate to any matters of record. The Lease Option is contingent on MCE obtaining, and providing to Chevron, a current survey of the Property, and MCE may not exercise the Lease Option until MCE has obtained, and provided to Chevron, a current survey of the Property.

1.1 Exercise of Lease Option. During the Option Period, MCE may exercise the Lease Option with respect to the Property by providing written notice of exercise (“**Notice of Exercise**”) of the Lease Option to Chevron by no later than 5:00 p.m. Pacific Time on the Termination Date (defined below), together with two (2) originals of the Lease duly executed by MCE. If MCE timely and properly exercises the Lease Option, Chevron shall execute the two (2) originals of the Lease within five (5) business days after receipt by Chevron of MCE's Notice of Exercise (along with the two executed copies of the Lease) provided that either (a) the Property has been deactivated from the Zone (as defined below), or (b) Chevron has obtained authorization from the San Francisco Port Commission (the “**Port**”) to enter into the Lease. Chevron shall promptly deliver one executed original of the Lease to MCE. The Parties acknowledge that MCE may elect not to exercise the Lease Option if certain conditions cannot be satisfied, including MCE's obtaining any necessary approvals and agreements and Chevron's deactivation of the Property from the Zone. Chevron shall use commercially reasonable efforts to cause such deactivation of the Property from the Zone.

1.2 Lapse of Option. In the event MCE does not exercise the Lease Option by 5:00 p.m. Pacific Time on the Termination Date, this Agreement shall automatically terminate without further action by any Party, and the rights granted by Chevron to MCE in this Section 1 shall be of no further force or effect.

1.3 Option Payment. MCE shall pay Chevron the amount of one dollar (\$1) as consideration for the Lease Option.

2. TERM. This Agreement is effective as of the Effective Date and will continue until the earlier of (a) the first anniversary of the EIR Approval Date, (b) the date MCE exercises the Lease Option with respect to the Property in accordance with Section 1.1, (c) the termination date set out in either Chevron's or MCE's written notice of termination in accordance with Section 5 below, (d) the date this Agreement terminates pursuant to Section 5.4 below, or (e) the date MCE ceases to be a Joint Powers Authority (the “**Term**,” the date on which this Agreement terminates, the “**Termination Date**”). Notwithstanding the foregoing, MCE may only exercise the Lease Option from and after the EIR Approval Date until 5:00 p.m. Pacific Time on the Termination Date (such period, the “**Option Period**”). The license granted to MCE in Section 3 below will survive the Termination Date for a period of twenty (20) days for the sole purpose of enabling MCE to remove any and all monitoring devices, equipment, and facilities that are the personal property of MCE from the Property. For purposes of this Agreement, “**EIR Approval Date**” means the date the City Council for the City of Richmond certifies the Environmental Impact Report for the Chevron Refinery Modernization Project on terms acceptable to Chevron.

3. FEASIBILITY STUDIES.

3.1 Feasibility Studies. During the Term, and at MCE's sole cost, MCE shall be entitled to make such investigations, examinations and studies of the Property as MCE deems necessary or desirable (the “**Feasibility Studies**”), including, but not limited to, review and approval of the condition of title, any contract or other commitment with respect to the Property, tax and appraisal issues, preliminary construction issues, studies of solar radiation, solar energy and other meteorological data, soils tests and studies, a Phase I environmental site assessment, surveys, and studies on the Property, and land use and energy development regulatory issues.

Notwithstanding the foregoing, MCE may not (i) conduct any studies or tests that penetrate the ground or the landfill cap and drainage system located therein without Chevron's prior written consent, which may be granted or withheld at Chevron's sole discretion or (ii) damage or interfere with the groundwater protection system shown in Exhibit C. MCE must provide Chevron with twenty-four (24) hours' notice prior to entering the Property to conduct Feasibility Studies. While conducting the Feasibility Studies or any other activities on the Property, MCE shall comply with all Federal, State, or local laws, ordinances, or statutes, and the orders, rules, and regulations of any Federal, State, or local governmental agency and the Port, applicable to the Property, the use and operation thereof, and improvements thereon (collectively, "**Applicable Laws**"), and Chevron's security procedures for the Chevron Refinery, a copy of which Chevron shall provide to MCE upon request. MCE shall promptly repair any damage to the Property caused by the foregoing Feasibility Studies and shall conduct such Feasibility Studies in a manner that does not materially disrupt Chevron's activities on the Property or at the Chevron Refinery. MCE acknowledges and agrees that any materials delivered by Chevron pursuant to this Agreement are delivered without representation or warranty by Chevron as to completeness or correctness. If MCE terminates this Agreement pursuant to Section 5, then MCE shall deliver to Chevron copies of any data collected by MCE on the Property; provided that MCE shall have no obligation to provide Feasibility Studies or other analysis of the Solar Operations conducted by or on behalf of MCE for the Project. MCE acknowledges that Chevron has made no representations or warranties regarding the Property or its physical condition or legal status. MCE further acknowledges that the Parcels are located within a U.S. Foreign Trade Subzone 3B (the "**Zone**") and as such MCE shall comply with all requirements imposed by the Foreign Trade Zone Board of the U.S. Dept. of Commerce ("**FTZ Board**"), U.S. Customs and Border Protection ("**CBP**"), the Port and Chevron for activities within the Zone, so long as the Property is located within the Zone. MCE further acknowledges that Chevron retains the right to modify the terms and conditions of this Agreement if required to comply with requirements imposed by the FTZ Board, CBP and/or the Port. To the extent that the Property is removed from the Zone and is thereafter reactivated, MCE shall be required to comply with all requirements imposed by the FTZ Board, CBP and/or the Port.

3.2 Roadway License. During the Term, Chevron hereby grants to MCE, at no additional cost or expense, for use by MCE and its employees, agents, and contractors, a license on and along certain interior roads and private driveways within the Chevron Refinery, generally as depicted on Exhibit D, for ingress and egress by vehicular traffic between the public roads entering the Chevron Refinery and the Property, for the purposes of conducting the Feasibility Studies.

3.3 Chevron's Existing Facilities. Chevron shall make available to MCE for inspection any surveys, as-built drawings and reports for all subsurface and overhead pipelines and utility facilities, the landfill cap and drainage system and groundwater control systems, and permits and other documents relating to materials used to fill in the fertilizer evaporation ponds, but only to the extent such documents exist as of the Effective Date, relate directly to the proposed Solar Project and are in Chevron's possession as of the Effective Date.

4. EXCLUSIVITY. During the Term, Chevron will not sell, contract to sell, assign, lease, or otherwise transfer any Parcel, unless such sale, contract to sell, assignment, or lease is subject to MCE's exclusive rights under this Agreement. Chevron has not granted to any party

other than MCE rights to convert the solar resources of the Property for electrical energy or to otherwise use the Property for solar energy conversion purposes.

5. DEFAULT; TERMINATION.

5.1 Defaults. Each of the following events shall constitute an event of default by the Parties and shall permit the non-defaulting Party to terminate this Agreement and/or pursue all other appropriate remedies:

5.1.1 The failure or omission by MCE to pay amounts required to be paid hereunder when due, and such failure or omission has continued for five (5) days after Chevron has delivered written notice of the default to MCE;

5.1.2 The failure or omission by either Party to observe, keep or perform any of the other terms, agreements or conditions set forth in this Agreement, and such failure or omission has continued for thirty (30) days after written notice from the other Party (or such longer period required to cure such failure or omission, not to exceed sixty (60) days, if such failure or omission cannot reasonably be cured within such thirty (30) day period); or

5.1.3 A Party files for protection or liquidation under the bankruptcy laws of the United States or any other jurisdiction or has an involuntary petition in bankruptcy or a request for the appointment of a receiver filed against it and such involuntary petition or request is not dismissed within forty-five (45) days after filing.

5.2 Chevron's Right to Terminate. Chevron may immediately terminate this Agreement by providing written notice to MCE if an event of default of MCE's obligations under this Agreement, as described in Section 5.1 above, has occurred and remains uncured after any relevant cure period.

5.3 Termination by MCE. In addition to the rights to terminate granted to MCE under Section 5.1.2 and 5.1.3 above, MCE, at its sole and absolute discretion, may terminate this Agreement at any time upon thirty (30) days' written notice to Chevron.

5.4 Non-Occurrence of EIR Approval. If the EIR Approval Date does not occur by December 31, 2014, this Agreement will automatically terminate and be of no further force or effect.

5.5 Effect of Termination. In the event that Chevron and MCE do not execute the Lease prior to the Termination Date, then upon such termination, MCE shall, within twenty (20) days after the Termination Date remove all equipment and materials from the Property and restore the soil, to the extent disturbed by MCE, to a condition reasonably similar to its original condition and shall comply with any resulting remediation requirements imposed by any applicable governmental authority. If MCE fails to remove any such equipment or materials within twenty (20) days after termination of this Agreement, such failure shall be deemed an abandonment of such equipment or materials by MCE, in which case Chevron may remove such equipment and materials, and in which case MCE shall reimburse Chevron for reasonable and actual costs of removal incurred by Chevron within thirty (30) days after receipt of an invoice from Chevron.

6. **ASSIGNMENT.** The Parties acknowledge that MCE's status as a California Joint Powers Authority is an important basis on which the Parties are entering into this Agreement and that Chevron would not lease the Property on the terms of the Lease to a party other than a governmental entity. Accordingly, MCE may not assign this Agreement or any of its rights or duties hereunder without Chevron's prior written consent, which consent may be given or withheld at Chevron's sole discretion.

7. **INSURANCE.** Prior to MCE's entry onto the Property and thereafter throughout the Term, MCE shall, at its sole cost and expense, obtain and maintain and keep in full force and effect during the Term a commercial general liability insurance policy insuring MCE and Chevron against loss or liability caused by MCE's activities on, and use of, the Property, in an amount not less than Three Million Dollars (\$3,000,000) of combined single limit liability coverage per occurrence, accident or incident, subject to a commercially reasonable deductible. All such policies shall include Broad Form Contractual liability insurance coverage insuring coverage for all of MCE's indemnity obligations under this Agreement. All such policies shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned. All such policies shall be endorsed to add Chevron and any lender or other party with an insurable interest in the Lease or the Property named by Chevron as an additional insured and to provide that any insurance maintained by Chevron shall be excess insurance only. Such coverage shall also contain endorsements: (i) deleting any employee exclusion on personal injury coverage; (ii) including employees as additional insureds; and (iii) providing for coverage of employer's automobile non-ownership liability. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. MCE shall also maintain Workers' Compensation insurance in accordance with California law. The limits of all insurance described in this Section shall not, however, limit the liability of MCE hereunder. The insurance required to be obtained by MCE pursuant to this Section 8 shall be primary insurance and (a) shall provide that the insurer shall be liable for the full amount of the loss up to and including the total amount of liability set forth in the declarations without the right of contribution from any other insurance coverage of Chevron, (b) shall be carried with companies reasonably acceptable to Chevron, and (c) shall specifically provide that such policies shall not be subject to cancellation, reduction of coverage or other change except after at least thirty (30) days prior written notice to Chevron. Duly executed certificates evidencing the issuance of such policies, together with satisfactory evidence of payment of the premium thereon, shall be deposited with Chevron on or prior to the date on which MCE or any of MCE's agents or contractors enter the Property, and upon each renewal of such policies, which shall be effected not less than thirty (30) days prior to the expiration date of the term of such coverage. MCE shall not do or permit to be done anything which shall invalidate any of the insurance policies referred to in this Section. MCE and Chevron each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents, partners and beneficiaries of the other, for loss of or damage to the property of the waiving Party, or the property of others under its control, to the extent of proceeds received as a result of such loss or damage under any insurance policy carried by Chevron or MCE. MCE and Chevron shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver is contained in this Agreement. Chevron makes no representation that

the limits of liability specified to be carried by MCE under the terms of this Agreement are adequate to protect either Party. If MCE believes that the insurance coverage required under this Agreement is insufficient to adequately protect MCE, MCE shall provide, at its own expense, such additional insurance as MCE deems adequate.

8. INDEMNIFICATION. MCE shall indemnify, protect, defend and hold harmless Chevron and its directors, officers, employees, and agents (collectively, “**Chevron Indemnitees**”) from and against any and all claims, damages, losses, proceedings, causes of action, costs, expense or liability (including attorneys’ fees and costs), including any personal injury, death or property damage, now or hereafter arising from the Project, the Feasibility Studies, any activities of MCE, its agents or employees on or related to the Property, or from any breach or default by MCE in the performance of any obligation on the part of MCE to be performed under the terms of this Agreement, except to the extent such damage, loss, expense or liability is caused by the active negligence, gross negligence, or willful misconduct of such Chevron Indemnitee (“**Claims**”). In the event any action or proceeding is brought against any Chevron Indemnitee by reason of any Claim, MCE upon notice from such Chevron Indemnitee shall defend the same at MCE’s expense with counsel reasonably satisfactory to such Chevron Indemnitee. The obligations of MCE contained in this Section shall survive the termination of this Agreement. Except to the extent such damages, losses, expenses or liability is caused by the active negligence, gross negligence, or willful misconduct of such Chevron Indemnitee, MCE hereby waives any claims against the Chevron Indemnities for injury to MCE’s business or any loss of income therefrom or for damage to the equipment, goods, wares, merchandise or other property of MCE, or for injury or death of MCE’s agents, employees, invitees, or any other person in or about the Parcels from any cause whatsoever, regardless of whether the same results from conditions existing upon the Property or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to MCE.

9. LIENS. MCE shall not file, or allow to be filed, any lien against the Property or Chevron’s personal property, fixtures or improvements on the Property. In the event any such lien shall be filed, MCE shall promptly take such action as will remove or satisfy the lien; provided, however, that MCE may contest any lien (or any aspect thereof) and, pending the determination of such contest, postpone the removal or satisfaction thereof, except that MCE shall not postpone such removal or satisfaction so long as to permit or cause any adverse effect on, or loss or impairment of title to, the Property or any of Chevron’s real or personal property. If MCE fails to timely remove or satisfy a lien hereunder, Chevron may, after thirty (30) days’ prior written notice to MCE stating with reasonable specificity the actions that will be taken by Chevron to remove or satisfy such lien, perform such actions for the account of MCE and MCE shall pay the cost thereof. To the extent allowed by law, MCE may bond to secure the lien so long as by law the bond will become the sole security for the lien and Chevron’s use of or interest in the Chevron Refinery and the Parcels is not compromised.

10. MISCELLANEOUS PROVISIONS.

10.1 Notices. All notices or other communications required or permitted by this Agreement shall be in writing and shall be deemed given when personally delivered, or in lieu of such personal service, five (5) days after deposit in the United States mail, first class,

postage prepaid, certified, or the next business day if sent by reputable overnight courier, provided receipt is obtained and charges prepaid by the delivering Party. Any notice shall be addressed as follows:

If to Chevron: Chevron Products Company
Richmond Refinery
841 Chevron Way
Richmond, CA 94801
510-242-4401
Attn: Refinery Manager

With a copy to: Chevron Products Company
Downstream Law Department
6001 Bollinger Canyon Road
San Ramon, CA 94583
925-842-1000
Attn: Office of General Counsel

If to MCE: Marin Clean Energy
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
dweicz@mceCleanEnergy.org
Attn: Executive Officer

With a copy to: Shute, Mihaly & Weinberger LLP
396 Hayes Street
San Francisco, CA 94102
415-552-7272
schwartz@smwlaw.com
Attn: Andrew W. Schwartz

Any Party may change its address for purposes of this Section by giving written notice of such change to the other parties in the manner provided in this Section.

10.2 Waiver. The failure of a Party to insist on the strict performance of any provision of this Agreement or to exercise any right, power, or remedy upon a breach of any provision of this Agreement will not constitute a waiver of any provision of this Agreement or limit the party's right to enforce any provision or exercise any right in the future.

10.3 Confidentiality.

10.3.1 Each Party shall treat as confidential information disclosed to it by any other Party pursuant to this Agreement, including information concerning the Parcels and the Project disclosed before or after the Effective Date (collectively, “**Confidential Information**”); provided, however, that the following information shall not be Confidential Information: (a) information that at the time of disclosure or acquisition was in the public domain or later entered the public domain other than by breach of this Section 11.3 or a confidentiality

obligation owed to the disclosing Party, provided that all environmental information shall be Confidential Information, irrespective of whether such information is in the public domain; (b) information that at the time of disclosure or acquisition was already known to and had been reduced to writing by the recipient; or (c) information that after disclosure or acquisition was received from a third party that had no duty to maintain the information in confidence.

10.3.2 Unless otherwise agreed to herein, or required by law, no Party may, unless authorized by the disclosing Party to do so: (a) copy, reproduce, distribute or disclose to any person any Confidential Information, or any facts related thereto; (b) permit any third party to have access to Confidential Information; or (c) use Confidential Information for any purpose other than for the purpose of pursuing the activities as contemplated herein. The disclosing Party hereby authorizes the receiving Party to disclose Confidential Information to its attorneys, lenders, or prospective assignees; provided, however, that the receiving Party shall require in writing such persons to treat Confidential Information in a manner consistent with this Agreement.

10.3.3 In the event that a Party that has received Confidential Information from another Party is requested under the California Public Records Act, the Freedom of Information Act, in any legal proceeding or by any governmental authority to disclose any Confidential Information, the receiving Party shall, to the extent permitted under Applicable Law, give the providing Party prompt notice of such request so that the providing Party may seek an appropriate protective order. If, in the absence of a protective order, the receiving Party is nonetheless advised by counsel that disclosure of the Confidential Information is required (after exhausting any appeal requested by the providing Party at the providing Party's expense and permitted under Applicable Law), the receiving Party may disclose such Confidential Information without liability hereunder provided that only such portion of the Confidential Information required to be disclosed shall be made available.

10.4 Entire Agreement; Amendments. This Agreement and the attached Exhibits constitute the entire agreement between Chevron and MCE respecting its subject matter. Any agreement, understanding or representation respecting the Property, this Agreement, or any other matter referenced herein not expressly set forth in this Agreement, or in a subsequent writing signed by both parties, is null and void. This Agreement may not be modified or amended except in a writing signed by both Parties. No purported modifications or amendments, including, without limitation, any oral agreement (even if supported by new consideration), course of conduct or absence of a response to a unilateral communication, will be binding on either Party.

10.5 Legal Matters.

10.5.1 **Governing Law; Dispute Resolution.** This Agreement is governed by and will be interpreted in accordance with the laws of the State of California, without regard to principles of conflicts of law. In the event of any dispute or claim that arises out of or that relates to this Agreement, or to the interpretation, termination, breach, existence, scope, or validity thereof (a "**Dispute**"), the Dispute shall be resolved in the Superior Court of Contra Costa County, California. In any such action, the Parties shall jointly request that the

Superior Court appoint a referee to resolve all legal and factual issues of the Dispute pursuant to Code of Civil Procedure Sections 638 et seq.

10.5.2 **No Consequential Damages.** Notwithstanding anything to the contrary in this Agreement, neither Party shall be entitled to, and each of Chevron and MCE hereby waives any and all rights to recover, consequential, incidental, and punitive or exemplary damages, however arising, whether in contract, in tort, or otherwise, under or with respect to any action taken in connection with this Agreement.

10.5.3 **Attorney Fees.** If any action proceeding at law or in equity, (collectively an “**Action**”), shall be brought to recover any rent under this Agreement, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, or conditions of this Agreement, the Prevailing Party shall be entitled to recover from the other Party as a part of such Action, or in a separate Action brought for that purpose, its reasonable attorney’s fees and costs and expenses (including expert witness fees) incurred in connection with the prosecution or defense of such Action, including any appeal thereof. “**Prevailing Party**” within the meaning of this Section shall include, without limitation, a Party who brings an action against the other after the other is in breach or default, if such action is dismissed upon the other’s payment of the sums allegedly due or upon the other’s performance of the covenants allegedly breached, or if the Party commencing such action or proceeding obtains substantially the relief sought by it in such action, whether or not such action proceeds to a final judgment or determination.

10.5.4 **Partial Invalidity.** Should any provision of this Agreement be held in a final and unappealable decision by a court of competent jurisdiction to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect and unimpaired by the court’s holding.

10.6 **Conflicts of Interest.** Conflicts of interest relating to this Agreement are strictly prohibited and the provisions of this Section shall apply in reciprocity to both Parties. Except as otherwise expressly provided herein, neither MCE nor Chevron nor any director, employee or agent of either Party shall give to or receive from any director, employee or agent of the other Party any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither MCE nor Chevron nor any director, employee or agent of either Party shall enter into any business relationship with any director, employee or agent of the other Party or any of its affiliates. Each Party shall promptly notify the other Party of any violation of this Section and any consideration received or paid as a result of such violation, which shall promptly be paid over or credited to the appropriate Party. Additionally, in the event of any violation of this Section, including any violation occurring prior to the Effective Date, resulting directly or indirectly in either Party’s consent to enter into this Agreement, either Party may at its option, terminate this Agreement pursuant to the notice provisions contained in this Agreement. Any legal, risk management or fiduciary representative(s) authorized by either Party may audit any and all pertinent records of the other Party for the sole purpose of determining whether there has been compliance with this Section.

10.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

10.8 No Partnership. Nothing contained in this Agreement shall be construed to create an association, joint venture, trust or partnership covenant, obligation or liability on or with regard to any one or more of the parties to this Agreement.

10.9 Effective Date. The Effective Date shall be the date on which both Parties have signed this Agreement.

10.10 Memorandum of Agreement. The Parties shall execute and acknowledge a memorandum of this Agreement in the form attached as Exhibit E at the same time as the execution of the Agreement. MCE shall cause such memorandum to be recorded in the Official Records of the County of Contra Costa.

10.11 Press Release. Notwithstanding the restrictions of Section 10.3, at either Party's request, the Parties shall reasonably cooperate to prepare and issue a joint press release or other public announcement regarding the Project and the general terms of this Option Agreement.

10.12 No Recourse to Members of Lessee. 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.) and is a public entity separate from its constituent members. Under Article VIII of Lessee's Operating Rules and Regulations, MCE shall be solely responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Chevron shall have no rights to and shall not make any claims, take any actions or assert any remedies against any of MCE's constituent members to the extent such claims arise from MCE's obligations under this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, MCE and Chevron have caused this Lease Option Agreement to be executed and delivered by their duly authorized representatives as of the Effective Date.

CHEVRON PRODUCTS COMPANY,
a Division of Chevron U.S.A Inc.,
a Pennsylvania corporation

By: _____

Its _____

MARIN CLEAN ENERGY

By: _____

Dawn Weisz

Its Executive Officer

MCE Board Resolution No. _____,

Adopted on _____, 2014

APPROVED AS TO FORM:

Shute, Mihaly & Weinberger LLP

Andrew W. Schwartz

Counsel for Marin Clean Energy

EXHIBIT A

DEPICTION OF PROPERTY

4/21/2014

Details - ParcelQuest Lite

Gus Kramer , County Assessor

General Information

APN: 561-100-034-9
 Situs Address: CASTRO ST RICHMOND CA 94801
 Mailing Address: PO BOX 285 HOUSTON TX 77001-0285
 Legal Description: POR SEC 11 T1N R5W EX MR

Use Type: VACANT
 Tax Rate Area: 008-133

Assessment

Year Assd: 2013
 Land: \$87,939
 Structure(s):
 Other:
 Total Land and Improv: \$87,939
 HO Exempt?: N
 Exemption Amt:

Property Characteristics

Bedrooms:
 Baths:
 Bldg/Liv Area:
 Year Built:
 Lot Acres: 22.089
 Lot SqFt: 962,197

Recent Sale History

Recording Date: 11/29/1971
 Document #: 6529-36
 Transfer Amount:



**The information provided here is deemed reliable, but is not guaranteed.

4/21/2014

Details - ParcelQuest Lite

Gus Kramer , County Assessor

General Information

APN:	561-100-037-2	Use Type:	VACANT
Situs Address:	CASTRO ST RICHMOND CA 94801	Tax Rate Area:	008-001
Mailing Address:	PO BOX 285 HOUSTON TX 77001-0285		
Legal Description:	TRACT 5 PCL 3 SOC MAP 3-11-75		

Assessment

Year Assd:	2013
Land:	\$580,037
Structure(s):	
Other:	
Total Land and Improv:	\$580,037
HO Exempt?:	N
Exemption Amt:	

Property Characteristics

Bedrooms:	
Baths:	
Bldg/Liv Area:	
Year Built:	
Lot Acres:	71.447
Lot SqFt:	3,112,231

Recent Sale History

Recording Date:	02/04/1977
Document #:	8191-577
Transfer Amount:	



**The information provided here is deemed reliable, but is not guaranteed.

4/21/2014

Details - ParcelQuest Lite

Gus Kramer , County Assessor

General Information

APN:	561-100-038-0	Use Type:	VACANT
Situs Address:	CASTRO ST RICHMOND CA 94806	Tax Rate Area:	008-001
Mailing Address:	PO BOX 285 HOUSTON TX 77001-0285		
Legal Description:	TRACT 5 PCL 1 SOC MAP 3-11-75		

Assessment

Year Assd:	2013
Land:	\$1,837,017
Structure(s):	
Other:	
Total Land and Improv:	\$1,837,017
HO Exempt?:	N
Exemption Amt:	

Property Characteristics

Bedrooms:	
Baths:	
Bldg/Liv Area:	
Year Built:	
Lot Acres:	78.745
Lot SqFt:	3,430,132

Recent Sale History

Recording Date:	02/04/1977
Document #:	8191-577
Transfer Amount:	



**The information provided here is deemed reliable, but is not guaranteed.



Gus Kramer, County Assessor

General Information

APN:	561-100-034-9	Use Type:	VACANT
Situs Address:	CASTRO ST RICHMOND CA 94801	Tax Rate Area:	008-133
Mailing Address:	PO BOX 285 HOUSTON TX 77001-0285		
Legal Description:	POR SEC 11 T1N R5W EX MR		

Assessment

Year Assd:	2013
Land:	\$87,939
Structure(s):	
Other:	
Total Land and Improv:	\$87,939
HO Exempt?:	N
Exemption Amt:	

Property Characteristics

Bedrooms:	
Baths:	
Bldg/Liv Area:	
Year Built:	
Lot Acres:	22.089
Lot SqFt:	962,197

Recent Sale History

Recording Date:	11/29/1971
Document #:	6529-36
Transfer Amount:	



**The information provided here is deemed reliable, but is not guaranteed.

4/21/2014

Details - ParcelQuest Lite

Gus Kramer, County Assessor

General Information

APN:	561-100-037-2	Use Type:	VACANT
Situs Address:	CASTRO ST RICHMOND CA 94801	Tax Rate Area:	008-001
Mailing Address:	PO BOX 285 HOUSTON TX 77001-0285		
Legal Description:	TRACT 5 PCL 3 SOC MAP 3-11-75		

Assessment

Year Assd:	2013
Land:	\$580,037
Structure(s):	
Other:	
Total Land and Improv:	\$580,037
HO Exempt?:	N
Exemption Amt:	

Property Characteristics

Bedrooms:	
Baths:	
Bldg/Liv Area:	
Year Built:	
Lot Acres:	71.447
Lot SqFt:	3,112,231

Recent Sale History

Recording Date:	02/04/1977
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4/21/2014

Details - ParcelQuest Lite

Gus Kramer, County Assessor

General Information

APN:	561-100-038-0	Use Type:	VACANT
Situs Address:	CASTRO ST RICHMOND CA 94806	Tax Rate Area:	008-001
Mailing Address:	PO BOX 285 HOUSTON TX 77001-0285		
Legal Description:	TRACT 5 PCL 1 SOC MAP 3-11-75		

Assessment

Year Asstd:	2013
Land:	\$1,837,017
Structure(s):	
Other:	
Total Land and Improv:	\$1,837,017
HO Exempt?:	N
Exemption Amt:	

Property Characteristics

Bedrooms:	
Baths:	
Bldg/Liv Area:	
Year Built:	
Lot Acres:	78.745
Lot SqFt:	3,430,132

Recent Sale History

Recording Date:	02/04/1977
Document #:	8191-577
Transfer Amount:	



**The information provided here is deemed reliable, but is not guaranteed.

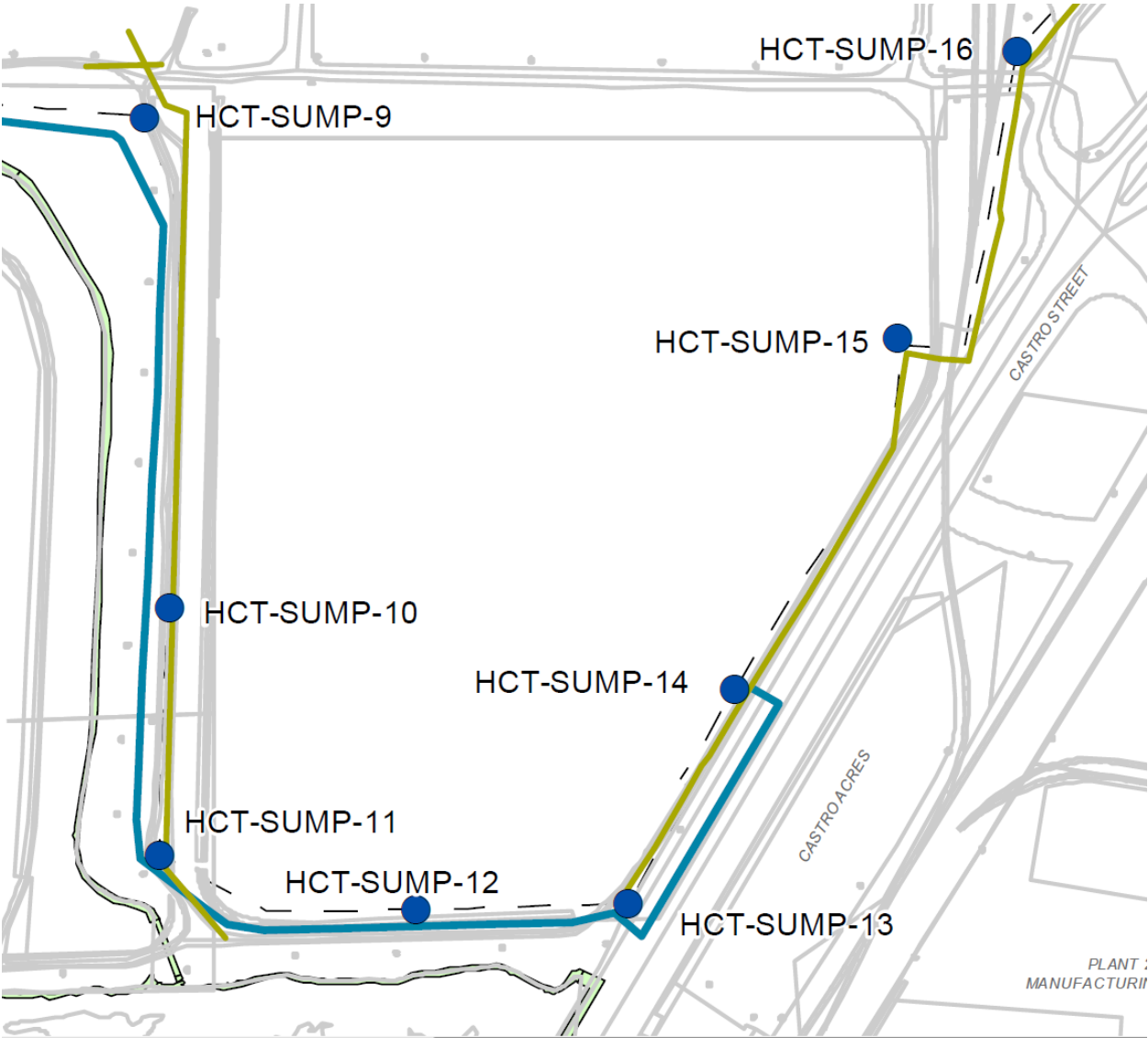
EXHIBIT B

LEASE

[Attached]

EXHIBIT C

DIAGRAM OF GROUNDWATER PROTECTION SYSTEM



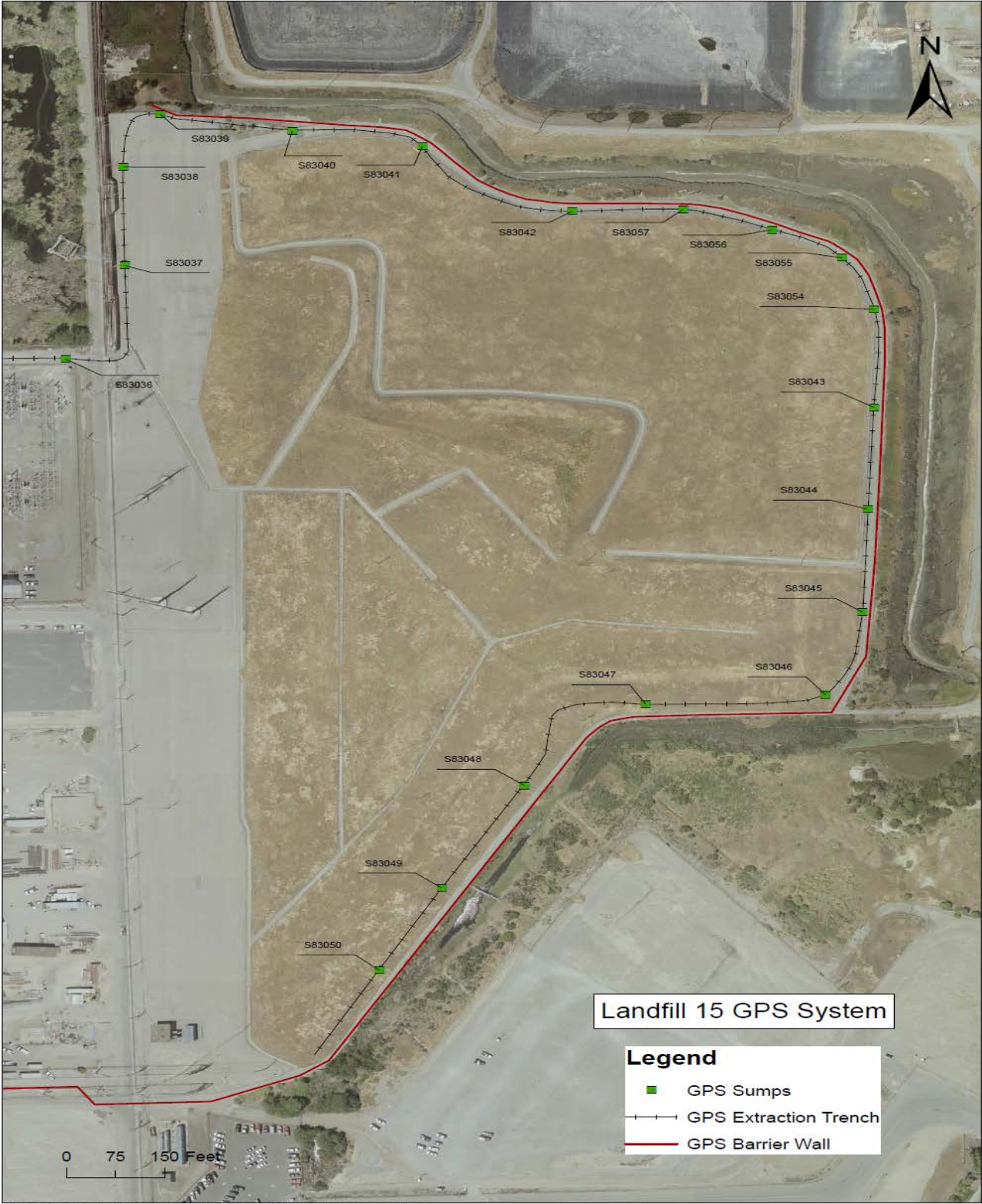


EXHIBIT D
ROADWAY LICENSE AREA



EXHIBIT E

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Marin Clean Energy
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Attn: Executive Officer

(Space Above for Recorder's Use)

APN: 561-100-034, 561-100-037 & 561-100-038

MEMORANDUM OF LEASE OPTION AGREEMENT

THIS MEMORANDUM OF LEASE OPTION AGREEMENT (this "**Memorandum**") is made and entered into as of June __, 2014 (the "**Effective Date**") by and between CHEVRON PRODUCTS COMPANY, a division of Chevron U.S.A. Inc., a Pennsylvania corporation ("**Optionor**"), and MARIN CLEAN ENERGY, a California Joint Powers Authority ("**Optionee**").

Recitals

A. Optionor and Optionee are parties to that certain unrecorded Lease Option Agreement of even date herewith ("**Option Agreement**"), under which Option Agreement Optionor has granted to Optionee and Optionee has agreed to accept from Optionor an option to lease that certain real property depicted on Exhibit "A" attached hereto (the "**Property**").

B. Optionor and Optionee now desire to provide for public notice of the existence of the Option Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Grant of Option. Optionor hereby grants to Optionee the option to lease the Property upon the terms and subject to the terms and conditions set forth in the Option Agreement, and all of the terms and conditions of the Option Agreement are hereby incorporated into this Memorandum by this reference. Initially capitalized terms that are used but not defined herein shall have the meanings ascribed to them in the Option Agreement.

2. Term of the Option. Subject to the terms and conditions set forth in the Option Agreement, the term of the option to lease the Property commences on the Effective Date and will continue until 5:00 p.m. Pacific time on the earlier of (a) the first anniversary of the EIR Approval Date, (b) the date Optionee exercises the Lease Option with respect to the Property in

accordance with Section 1.1 of the Option Agreement, (c) the termination date set out in either Optionor's or Optionee's written notice of termination in accordance with Section 5 of the Option Agreement, (d) the date this Agreement terminates pursuant to Section 5.4 of the Option Agreement, or (e) the date Optionee ceases to be a Joint Powers Authority.

3. Conflict of Provisions. This Memorandum is prepared for the purpose of recordation and shall not alter or affect in any way the rights and obligations of Optionor and Optionee under the Option Agreement. In the event of any inconsistency between this Memorandum and the Option Agreement, the terms of the Option Agreement shall control.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease Option Agreement as of the date first set forth above.

OPTIONOR:

CHEVRON PRODUCTS COMPANY,
a Division of Chevron U.S.A Inc.,
a Pennsylvania corporation

By: _____

Its _____

OPTIONEE:

MARIN CLEAN ENERGY

By: _____

Dawn Weisz

Its Executive Officer

MCE Board Resolution No. _____,

Adopted on _____, 2014

APPROVED AS TO FORM:

Shute, Mihaly & Weinberger LLP

Andrew W. Schwartz

Counsel for Marin Clean Energy

STATE OF CALIFORNIA)
) SS
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature) [Seal]

STATE OF CALIFORNIA)
) SS
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature) [Seal]

[illegible]

On _____, before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature)

STATE OF CALIFORNIA)
) SS
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature) [Seal]

Exhibit “A”
to
Memorandum of Lease Option Agreement

Depiction of Property

[Attached]

SOLAR ENERGY FACILITY SITE LEASE

between

CHEVRON PRODUCTS COMPANY, as Lessor

and

MARIN CLEAN ENERGY, as Lessee

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Exhibit A – Legal Description

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Exhibit C – Groundwater Protection System

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SOLAR ENERGY FACILITY SITE LEASE
(Richmond Refinery)

This **SOLAR ENERGY FACILITY SITE LEASE** (this “**Lease**”) is made and entered into as of _____, 201__ (the “**Effective Date**”), by and between **Chevron Products Company**, a division of Chevron U.S.A. Inc., a Pennsylvania corporation (“**Lessor**”), and **Marin Clean Energy**, a California Joint Powers Authority (“**Lessee**”). Each of Lessor and Lessee are sometimes referred to as a “**Party**” and collectively as the “**Parties**.”

RECITALS

A. Lessee is the developer, owner, and operator of photovoltaic solar energy generation equipment and facilities suitable for delivery of electrical energy to an electrical transmission grid owned and operated by a utility.

B. Lessor is the owner of certain real property located in Contra Costa County, California, identified as Assessor Parcel Numbers 561-100-034, 561-100-037, and 561-100-038 as depicted on the attached Exhibit A and incorporated herein by this reference (the “**Property**”), totaling approximately sixty (60) gross acres. The Property is part of a larger refinery owned and operated by Lessor (the “**Chevron Refinery**”).

C. Lessee desires to obtain from Lessor an exclusive lease for purposes of constructing, installing, operating, maintaining, repairing, replacing, and removing the Solar Project (defined below) to be located on the Property, together with a right of access on, over, and across those portions of the Chevron Refinery as reasonably necessary for the purpose of constructing, installing, operating maintaining, repairing, replacing, and removing from time to time the Solar Project installed on the Property.

D. Lessor desires to lease the Property to Lessee for the purposes set forth in Recital C and to grant Lessee such access rights as necessary for such purposes on the terms and conditions herein contained.

E. This Lease and Lessee’s development of the Solar Project will benefit the public by: allowing Lessee to provide electricity from renewable resources to members of the public and fulfill its role as a California Joint Powers Authority; teaching and educating the public about producing electricity from renewable resources; facilitating public oversight and involvement of the Solar Project; and securing energy supply, price stability, energy efficiencies, and local and economic workforce benefits (collectively, the “**Project Public Benefits**”). Lessee’s status as a California Joint Powers Authority and the Project Public Benefits that will result from the Solar Project being operated by Lessee are key factors in Lessor’s decision to lease the Property to Lessee on the terms of this Lease and Lessor would not lease the Property on the terms of this Lease to an entity other than a California Joint Powers Authority or other governmental entity that could provide the Project Public Benefits.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, Lessee and Lessor hereby agree as follows:

AGREEMENT

1. **DEFINITIONS.** Capitalized terms not otherwise defined herein shall have the meaning set forth below:

1.1 **“Applicable Law”** means any Federal, State, or local laws, ordinances, or statutes, and the orders, rules, and regulations of any Federal, State, or local governmental agency, and the San Francisco Port Commission (the **“Port”**) applicable to the Property and improvements thereon, and the use and operation thereof.

1.2 **“Effective Date”** shall be the date on which both Parties have signed this Lease.

1.3 **“Environmental Attributes”** means any and all credits, benefits, emissions reductions, offsets and allowances of any kind, howsoever entitled, attributable to the Solar Energy Facilities or the electric energy, capacity or other generator-based products produced therefrom, including but not limited to (i) any avoided emissions of pollutants to the air, soil or water, such as sulfur oxides, nitrogen oxides and carbon monoxide, and any rights related thereto, (ii) any avoided emissions of methane, carbon dioxide and other “greenhouse gases” that have been determined by the United Nations Intergovernmental Panel on Climate Change or any other governmental, quasi-governmental or non-governmental agency or body to contribute to the actual or potential threat of altering the Earth’s climate by trapping heat in the atmosphere, and any rights related thereto, and (iii) any reporting rights relating to the reduction of “greenhouse gases” under Section 1605(b) of the National Energy Policy Act of 1992 or under any other federal, state, local or foreign law, rule or regulation related to the reduction of air pollutants or “greenhouse gases” or the trading of emissions or emissions credits, including so-called “green tags” or “green certificates.”

1.4 **“Environmental Incentives”** include, but are not limited to (i) federal, state or local production tax credits and investment tax credits associated with the construction or operation of the Solar Energy Facilities; (ii) any other financial incentives in the form of credits, reductions, or allowances associated with the Solar Energy Facilities that are applicable to a local, state or federal income taxation obligation, (iii) grants or subsidies in support of renewable energy, (iv) emission reduction credits encumbered or used by the Solar Energy Facilities for compliance with local, state, or federal operating or air quality permits, and (v) all rebates, benefits, reductions, tax deductions, offsets, and allowances and entitlements of any kind, howsoever entitled, resulting from the Environmental Attributes or the installation and operation of the Solar Energy Facilities.

1.5 **“Initial Energy Delivery Date”** means the initial date upon which electrical energy produced by the Solar Energy System is sold to the purchasing utility pursuant to the PPA.

1.6 **“Interconnection Facilities”** means all improvements, the purpose of which is to deliver electrical power from the Solar Energy Facilities to the electrical transmission grid of a utility, including, without limitation, transformers and electrical transmission lines.

1.7 “**PPA**” means a power purchase agreement entered into between Lessee and Pacific Gas and Electric Company with respect to the Solar Project.

1.8 “**Solar Energy Facilities**” means (a) the Solar Energy System; (b) electrical wires and cables required for the gathering and transmission of electrical energy and for communication purposes, which wires and cables may be placed overhead on appurtenant support structures; (c) one or more substations or interconnection or switching facilities from which Lessee may interconnect to a utility transmission system or the transmission system of another purchaser of electrical energy; (d) energy storage facilities; (e) solar energy measurement equipment; (f) maintenance yards, control buildings, control boxes and computer monitoring hardware; and (g) any other improvements, including roads, fixtures, facilities, fences, machinery and equipment useful or appropriate to accomplish any of the foregoing that are constructed or installed on the Property by Lessee; provided, however, the Solar Energy Facilities shall not be constructed in any location that would require an easement or right-of-way to be granted across other portions of Lessor’s property or interfere with Lessor’s ability to close the Integrated Waste Pond System north of the fertilizer plant evaporation ponds.

1.9 “**Solar Energy System**” means individual units or arrays of solar energy collection cells, panels, mirrors, lenses and related facilities necessary to harness sunlight for photovoltaic electric energy generation, including without limitation, heating, power generation systems, and fossil fuel-based boilers installed in connection with the Solar Energy Facilities, existing and future technologies used or useful in connection with the generation of electricity from sunlight, and associated support structures, braces, wiring, plumbing, remote monitoring, including without limitation the establishment at Lessee’s sole discretion of a land based or satellite based high speed internet connection, and related equipment constructed on the Property.

1.10 “**Solar Operations**” means solar energy resource evaluation; solar energy development; converting solar energy into **electrical** energy through the Solar Energy System; collecting and transmitting the electrical energy converted from solar energy; storing, collecting, and transmitting the electrical energy converted from solar energy; and any and all activities related to the foregoing conducted on the Property.

1.11 “**Solar Project**” means any and all Solar Energy Facilities, Interconnection Facilities, and the Viewing Platform, that are developed, constructed, and operated on the Property as an integrated system to generate and deliver electrical power to a utility or other power purchaser.

1.12 “**Viewing Platform**” means the viewing platform to be developed, constructed, and maintained by Lessee on the Property for the purpose of allowing the general public to observe the Solar Project during normal business hours.

2. **LEASE OF PROPERTY.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Lessor, Lessor hereby leases the Property to Lessee and Lessee hereby leases the Property from Lessor. The lease of the Property is subject to: (i) all matters of record; (ii) all Applicable Laws; (iii) all items listed in Exhibit B; and (iv) authorization from the Port. Lessee acknowledges that Lessee has inspected the Property, is

aware of the general activities on neighboring properties and the Chevron Refinery, is aware that the Property has been or is currently the site of fertilizer plant evaporation ponds, one or more waste management units (a.k.a. landfills), various groundwater control systems (including hydraulic control trench, aspermix wall, clay liner, slurry barrier wall), Castro Creek and potential wetlands, and that the Property is suitable for the Solar Operations and Lessee accepts the Property in its present, AS-IS, WITH ALL FAULTS condition. Lessee acknowledges that activities on neighboring properties or the Chevron Refinery may generate dust or particulate matter that comes on to the Property and that Lessor will have no obligations or liabilities arising from or relating to such dust or particulate matter. Lessee also acknowledges that portions of the property have been filled and may continue to settle and that Lessor will have no obligations or liabilities arising from or relating to such settling. Lessee acknowledges that Lessor has made no representations or warranties regarding the Property or its physical condition or legal status.

3. **PURPOSES OF LEASE; PERMITTED USES.**

3.1 **Purpose of Lease for Solar Operations.** The lease created by this Lease is solely and exclusively for the Solar Project and throughout the term of this Lease, Lessee shall have exclusive possession of the Property and shall have the sole and exclusive right to use the Property for Solar Operations and to convert all of the solar resources of the Property for solar energy generation, subject to Lessor's reserved rights as otherwise set forth in this Lease. Except as expressly provided herein, Lessee shall have no right to use the Property for any other purpose.

3.2 **Permitted Uses of Property by Lessee for Solar Operations.** The rights granted to Lessee in this Lease with respect to Solar Operations permit Lessee to do the following without notice to or approval by Lessor, subject to the terms and conditions of this Lease:

3.2.1 construct, install, and operate the Solar Energy Facilities and the Interconnection Facilities on the Property;

3.2.2 maintain, clean, repair, replace, dispose of, and provide security for part or all of the Solar Energy Facilities and the Interconnection Facilities;

3.2.3 add or remove equipment as needed to increase or decrease the capacity of the Solar Energy System;

3.2.4 remove, trim, prune, top or otherwise control the growth of any tree, shrub, plant or other vegetation; on or that intrudes (or upon maturity could intrude) into the Property, including, without limitation, anything that could obstruct, interfere with or impair Solar Operations;

3.2.5 construct, access, and make available to the general public during normal business hours the Viewing Platform and remove the Viewing Platform at the end of the Term;

3.2.6 install and maintain on the Property communication lines and facilities, including wireless facilities, that carry communications to and from lands other than the Property;

3.2.7 place signage on the Property as reasonably approved by Lessor, subject to Applicable Law and the issuance of any required governmental permits;

3.2.8 remove the Solar Energy Facilities, the Interconnection Facilities, the Viewing Platform, and all other equipment or facilities as permitted under this Lease;

3.2.9 conduct in-person physical inspections of the Solar Energy Facilities and the Property; and

3.2.10 conduct press conferences and other media events on the Property with Lessor's prior written approval, which may not be unreasonably withheld.

3.3 **Use Restrictions.** In addition to the other terms and conditions contained in this Lease:

3.3.1 Lessee may not use the groundwater for any purpose whatsoever, nor may Lessee engage in any subsurface intrusions other than as required in the physical construction, maintenance, repair, alteration, replacement or removal of the Solar Project and in accordance with the requirements of Sections 6.3 and 6.5 below;

3.3.2 Lessee may conduct a Phase 1 environmental report or assessment of the Property. Lessee may not conduct any studies or tests that penetrate the ground or the landfill cap and drainage system located therein without Chevron's prior written consent, which may be granted or withheld in Lessor's sole discretion;

3.3.3 Lessee shall at all times use the Property so as not to damage or interfere with any facilities of Lessor or holders of easements on the Property or at the Chevron Refinery, or interfere with Lessor's operation of the Chevron Refinery (and, without limiting the generality of the foregoing, Lessee shall not damage or interfere with the groundwater protection system shown in Exhibit C);

3.3.4 Lessee may not commit or allow to be committed any violation of Applicable Law, public nuisance, act of waste or other act or thing in or about the Property that will in any manner obstruct or interfere with the rights of Lessor or other occupants of the Chevron Refinery or landowners adjacent to the Chevron Refinery or injure, solicit or canvass them, nor may Lessee allow the Property to be used for any unlawful purpose;

3.3.5 Lessee, its agents, employees, contractors, licensees, and invitees shall comply at all times during the Term with Lessor's safety and operating procedures as set forth in Exhibit D as amended from time to time and where such amendment(s) are provided in writing to Lessee with reasonable advance notice; and

3.3.6 Lessee acknowledges that the Property is located within a U.S. Foreign Trade Subzone 3B (the "**Zone**"). Lessor shall use commercially reasonable efforts to

cause the Property to be deactivated from the Zone, provided that Lessee shall comply with all requirements imposed by the Foreign Trade Zone Board of the U.S. Dept. of Commerce (“**FTZ Board**”), U.S. Customs and Border Protection (“**CBP**”), the Port, and Lessor for construction and operations within the Zone so long as the Property remains within the Zone. Lessee further acknowledges that Lessor retains the right to modify the terms and conditions of this Lease if required to comply with requirements imposed by the FTZ Board, CBP, or the Port. In the event that the Property is subsequently reactivated within the Zone following any deactivation, Lessee shall comply with all requirements imposed by the FTZ Board, CBP the Port and Lessor for construction and operations within the Zone.

3.4 **Roadway License.** During the term of this Lease, Lessor hereby grants to Lessee, at no additional cost or expense, for use by Lessee and its contractors, licensees, and invitees, a license on and along certain interior roads and private driveways within the Chevron Refinery, as depicted in the drawings set forth as Exhibit E, for ingress and egress by vehicular traffic between the public roads entering the Chevron Refinery and the Property, subject to the terms and conditions of this Lease (the “**Roadway License**”). Subject to Section 3.7, the Roadway License shall not be restricted as to hours of use nor shall advance notice of its use be required. Lessee shall pay its reasonable share of costs and expenses related to the improvement, maintenance, or repair of the roads covered by the Roadway License resulting from Lessee’s use of the roads; Lessor shall be responsible for its reasonable share of the costs and expenses related to the improvement, maintenance, or repair of the roads shared with Lessee resulting from Lessor’s use. Lessor reserves the right to designate different roads and private driveways and to relocate the roads and private driveways to be used by Lessee in accordance with the Roadway License; provided, however, Lessee will at all times be ensured reasonable access to the Property. The Roadway License will terminate upon the termination of this Lease.

3.5 **Lessor Access.** During the Term, Lessor shall have the right upon reasonable notice and at reasonable and safe times (except in an emergency, in which event no notice shall be required) to visit the Property and access the Solar Project for other purposes, including the following: (i) to comply with Applicable Law and policies of Lessor’s insurance carrier(s); (ii) to prevent waste or deterioration of the Property, or to post notices of non-responsibility for alterations, additions, or repairs; or to show the Property to prospective purchasers or lenders; (iii) to access, repair, replace, and use existing groundwater protection systems on the Property, as shown in Exhibit C; and (iv) to operate, maintain, repair and replace any existing surface, subsurface and overhead pipelines and utility facilities servicing the Chevron Refinery. The Parties will cooperate to minimize any interference with the Solar Operations during the Term of this Lease. Lessor’s rights of entry as set forth in this Section 3.5 shall be subject to the reasonable security regulations of Lessee, and to the requirement that Lessor shall use reasonable efforts to minimize interference with Lessee’s business activities on the Property. Lessor shall be entitled to exercise the foregoing rights without any abatement of rent and without liability to Lessee for any injury or inconvenience to or interference with Lessee’s business, quiet enjoyment of the Property, or any other loss occasioned thereby. Under no circumstances shall Lessor’s access to the Property interfere with the Solar Energy System’s exposure to sunlight. During the Term, Lessee shall allow all governmental entities and their respective officials, agents and representatives to access to the Property at all times, and Lessee shall cooperate with such governmental entities in connection with any such access.

3.6 **Access Restrictions.** Notwithstanding anything in this Lease to the contrary, Lessor may, at any time and without prior notice, restrict access to the Property for health and safety reasons at its reasonable discretion. If it is not possible to provide such notice in advance of the restriction of access, Lessor shall provide the notice as soon as reasonably practicable after the restriction of access. Lessor shall remove the restriction as soon as reasonably practicable after imposing the restriction and notify Lessee of the removal of the restriction.

4. **TERM.** The term of this Lease will commence on the Effective Date and continue for a period of twenty-five (25) years (the “**Initial Term**”). Provided no Event of Default by Lessee under this Lease remains outstanding and uncured at the time Lessee gives notice to Lessor of the exercise of Lessee’s right to extend the term of this Lease, Lessee has the right and option to extend the term of this Lease for a period of five (5) years (the “**Extension Period**”), by delivering written notice of such extension to Lessor not less than one hundred eighty (180) days prior to the end of the Initial Term. For purposes of this Lease, “**Term**” means the Initial Term, as extended by the Extension Period, if exercised by Lessee, and “**Expiration Date**” means the last day of the Term.

4.1 **Early Termination.** Notwithstanding anything to the contrary in this Lease, Lessor has the right, exercisable at any time within one hundred eighty (180) days after the Early Termination Event Date (defined below), to terminate this Lease upon written notice to Lessee (the “**Early Termination Event Notice**”), which termination shall be effective one hundred twenty (120) days after the date of delivery of the Early Termination Event Notice to Lessee, in the event that: (i) the Operating Approvals (as defined in Section 6.4) have not been obtained by the date that is four (4) years after the Effective Date; (ii) Lessee has not commenced construction, as set forth in Section 6.5 below, by the date that is six (6) months after the Solar Facility Permitting Date; (iii) Lessee has not completed construction of the Solar Project with at least two (2) megawatts of inverter nameplate generating capacity and the Initial Energy Delivery Date has not occurred within one (1) year after the Solar Facility Permitting Date; (iv) Lessee fails to Continuously Operate the Solar Project (as defined in Section 6.8); or (v) Marin Clean Energy ceases to be a California Joint Powers Authority and does not transfer title to the Solar Facility to another government agency with a similar purpose (each such date that would trigger Lessor’s right to terminate, an “**Early Termination Event Date**”).

4.2 **Partial Termination.** Notwithstanding anything to the contrary in this Lease, Lessor has the right, exercisable at any time within one hundred eighty (180) days after the Partial Termination Event Date (defined below), to terminate this Lease with respect to any portion of the Property that has not been developed with Solar Energy Facilities by giving written notice to Lessee (the “**Partial Termination Event Notice**”), which termination shall be effective thirty (30) days after the date of delivery of the Partial Termination Event Notice to Lessee, in the event that: (i) on the fifth (5th) anniversary of the Initial Energy Delivery Date, Lessee has not developed Solar Energy Facilities on at least twenty-five (25) acres of the Property with at least two tenths (.2) of a megawatt of inverter nameplate generating capacity per Developed Acre; or (ii) on the tenth (10th) anniversary of the Initial Energy Delivery Date, Lessee has not developed Solar Energy Facilities on the entire Property (less any portion of the Property on which it is infeasible to develop Solar Energy Facilities or on which other features of the Solar Project have been constructed) with at least two tenths (.2) of a megawatt of inverter

nameplate generating capacity per Developed Acre (each such date that would trigger Lessor's right of partial termination, a "**Partial Termination Event Date**"). If Lessee's failure to meet the generating capacity requirements at either Partial Termination Event Date is reasonably caused by limitations imposed within an interconnection agreement with Pacific Gas & Electric, however, Lessor shall have no right to partial termination under this Section 4.2. For purposes of this Section, "**Developed Acre**" means each acre, or portion thereof, on which Solar Energy Facilities have been developed, net of all access roads, required setbacks and easements.

5. **PAYMENTS TO LESSOR.**

5.1 **Annual Rent.** Commencing on the Effective Date and throughout the Term of this Lease, Lessee shall pay rent to Lessor in the annual amount of One Dollar (\$1.00) (the "**Annual Rent**"); provided, however, that if Lessee ceases to be a governmental entity or if Lessee assigns this Lease or subleases all or any portion of the Property to an entity other than a governmental entity or the Developer (as defined in Section 11.3), then the Annual Rent will automatically increase to the Fair Market Rent, as defined below; provided, further, that on the fifteenth (15th) and twentieth (20th) anniversaries of the Effective Date and at the commencement of the Extension Period, the Annual Rent will automatically increase to the Fair Market Rent unless the Solar Project continues to provide Project Public Benefits. For purposes of this Section 5.1, the Solar Project shall be deemed to continue to provide Project Public Benefits if the sole energy off taker is a governmental entity. So long as the Annual Rent remains One Dollar (\$1.00), Lessee shall pay rent annually on the Effective Date and each anniversary thereof. If the Annual Rent increases to the Fair Market Rent, then rent will be payable in advance in quarterly instalments on the first day of each calendar quarter, prorated for any partial period. Lessee shall pay to Lessor the Annual Rent set forth above without deduction, offset, or abatement, and without prior notice or demand. Rent shall be payable in lawful money of the United States to Lessor at the address stated in the Section 17.4 to this Lease or to such other places as Lessor may from time to time designate in writing. Lessee's obligation to pay rent for any partial year shall be prorated. If any installment of rent or any other sum due from Lessee is not received by Lessor within five (5) days after Lessee's receipt of Lessor's written notice of such non-payment, Lessee shall pay to Lessor an additional sum equal to six percent (6%) of the amount overdue as a late charge. Notwithstanding the preceding sentence to the contrary, Lessor shall not be obligated to deliver any notice of non-payment as a condition to imposing a late charge more than once in any calendar year. Such late charge shall be added to the installment of rent due but unpaid and such sum shall bear interest from the date the installment of rent was due until paid at the Default Rate (as defined in Section 14.1.4). The amount of the late charge shall represent liquidated damages for, and a reasonable estimate of, Lessor's administrative costs of collection, the exact amount of which would be extremely difficult or impractical to fix. Lessor's acceptance of such late charge shall not excuse any default by Lessee hereunder, and shall not preclude Lessor from pursuing any other rights and remedies it may have relating to such default.

5.2 **Fair Market Rent.** For purposes of this Lease, "**Fair Market Rent**" means the rent (including annual increases) that a tenant would pay a willing landlord for a ground lease for property that is comparable to the Property in a comparable area in Contra Costa, Marin, or Alameda Counties, California, taking into consideration such factors as the square footage of the Property; the length of the lease in question; appropriate inducements and

concessions then being included in such comparable leases for comparable space, including but not limited to so-called free or abated rents; and the credit standing of Lessee.

5.2.1 Lessor and Lessee shall negotiate Fair Market Rent within thirty (30) days following assignment of or transfer of the Lease to an entity other than a governmental entity or sublease of all or any portion of the Property to an entity other than a governmental entity or the Developer. In the event Lessor and Lessee cannot agree upon Fair Market Rent within the thirty (30) day period set forth above, then each Party shall within five (5) days, select an appraiser holding the MAI designation, or, if the MAI designation is eliminated, the closest available equivalent, holding all required California licenses and certifications, each with not less than ten (10) years of experience in commercial and industrial rentals in Marin, Contra Costa, or Alameda Counties, California. The two brokers so appointed shall appraise the Fair Market Rent taking into account the considerations set forth above and meet within thirty (30) days after their appointment to attempt to agree on the Fair Market Rent. The agreement of the appraisers as the Fair Market Rent shall be binding on the Parties.

5.2.2 If the two appraisers so appointed cannot reach agreement within five (5) days after their initial meeting, then within twenty-one (21) days after the failure of the appraisers to reach agreement (“**Notice Date**”), the two shall appoint a third appraiser with the same qualifications (“**Third Appraiser**”). Within five (5) days after the Parties’ appraisers select the Third Appraiser, the proposed Third Appraiser shall make all disclosures required by CCP Section 1281.9 or equivalent provision of California Law if Section 1281.9 is repealed. Within fifteen (15) days after service of the proposed Third Appraiser’s disclosure statement, each Party may disqualify the first proposed Third Appraiser with or without cause by written notice to the other Party, the Parties’ appraisers and the proposed Third Appraiser. If a Party disqualifies the first proposed Third Appraiser, then the Parties’ appraisers shall select a second proposed Third Appraiser within fifteen (15) days after the disqualification. The second proposed Third Appraiser shall make all required disclosures within five (5) days after his or her tentative selection by the Parties’ appraisers. Each Party shall have fifteen (15) days after service of the disclosures to disqualify the second proposed Third Appraiser by written notice to the other Party, the Parties’ appraisers, and the second proposed Third Appraiser, which disqualification shall only be for cause, as documented in the notice. If the second proposed Third Appraiser is disqualified, the Parties and their appraisers may repeat the process used for the second proposed Third Appraiser until they select a Third Appraiser who is not disqualified. However, except as the Parties may otherwise agree, after the first to occur of disqualification of the first proposed Third Appraiser or 110 days after the Notice Date, either Party may petition the Superior Court for Contra Costa County pursuant to CCP Section 1281.6 (or equivalent provision) to appoint a Third Appraiser who satisfies the requirements of Section 5.2.1 to act as arbitrator and Third Appraiser pursuant to Section 5.2.3 of this Lease. In the event of such a petition, a Party may petition the Court to disqualify a Court-appointed arbitrator only upon a showing of cause. Except as otherwise provided in this Section 5.2.2, CCP Sections 1281.9 and 1281.91 (or equivalent provisions) shall apply to the selection of the Third Appraiser. The Third Appraiser will be acting in an arbitration role, and thus the Third Appraiser will have the immunity of a judicial officer from civil liability arising pursuant to CCP Section 1297.119 (or equivalent provision), which states: "An arbitrator has the immunity of a judicial officer from civil liability when acting in the capacity of arbitrator under any statute or contract."

5.2.3 The Third Appraiser shall appraise the Fair Market Rent for the Property taking into account the considerations set forth above and within twenty-one (21) days after the Third Appraiser's appointment, the three appraisers shall meet to attempt to agree on the Fair Market Rent. If agreement cannot be reached, then the two closest appraisals will be averaged, and such figure will become the Annual Rent and be binding on both Parties. Each Party shall pay the fee of its respective appraiser, and both Parties shall share the cost of the Third Appraiser, if necessary.

5.3 **Additional Rent; Net Lease.** All other costs and charges payable by Lessee in accordance with the terms of this Lease (including insurance premiums and maintenance costs) shall be deemed to be additional rent; provided, however, Lessor shall pay all real property taxes assessed upon the Property, excluding the Solar Project. All Base Monthly Rent and additional rent shall constitute "rent" for all purposes. Other than real property taxes, this rent payable by Lessee hereunder is intended to be absolutely net, and Lessor shall have no obligations to pay maintenance or other costs associated with the Property.

5.4 **Security Deposit.** Prior to commencement of construction or installation of any portion of the Solar Project, Lessee shall deposit with Lessor the sum of one hundred thousand dollars (\$100,000) (the "**Initial Deposit**") as security for the faithful performance by Lessee of all of its obligations hereunder. If the Annual Rent increases to Fair Market Rent pursuant to Section 5.1, then Lessee shall deposit with Lessor an additional sum equal to three months Annual Rent (together with the Initial Deposit, the "**Deposit**") as security for the faithful performance by Lessee of all of its obligations hereunder. If Lessee fails to pay rent or any other sums due hereunder, or otherwise defaults with respect to any provision of this Lease, after the expiration of any applicable notice and cure period, Lessor may use, apply, or retain all or any portion of the Deposit for the payment of any rent or other sum in default, or to compensate Lessor for the payment of any other sum which Lessor may become obligated to spend by reason of Lessee's default, or to compensate Lessor for any expenditures, loss or damage which Lessor may suffer thereby. Lessee waives any restrictions on use of the Deposit set forth in Section 1950.7 of the California Civil Code, to the extent inconsistent with the permissible uses of the Deposit agreed to above. If Lessor so uses or applies all or any portion of the Deposit, Lessee shall, within ten (10) business days after written demand therefor, deposit with Lessor an amount in cash sufficient to restore the Deposit to the full amount hereinabove stated. Lessor shall not be required to keep the Deposit separate from its general funds. The Deposit, less any portion thereof which Lessor is entitled to retain, shall be returned, without payment of interest, to Lessee (or at Lessor's option to the last assignee, if any, of Lessee's interest hereunder) within thirty (30) days after the later of the expiration of the term hereof, or the date on which Lessee vacates the Property.

6. **SOLAR PROJECT.**

6.1 **Ownership.** During the term of the Lease, Lessor shall have no ownership or other interest in any Solar Project installed on the Property, any Environmental Attributes produced therefrom, or any Environmental Incentives attributable thereto. Lessee's furnishings, machinery and equipment, including solar panels and related electrical generating equipment, shall remain the property of Lessee and may be removed by Lessee, provided Lessee at Lessee's expense immediately after removal repairs any damage to the Property caused thereby. The

manner of operation of the Solar Project, including, but not limited to, decisions on when to conduct maintenance, is within the sole discretion of Lessee.

6.2 **Maintenance.** Lessee, at its sole cost and expense, shall keep in good and safe condition, order and repair the Property, and every part thereof, including without limitation: (a) performance of all weed abatement, rodent and pest control, disking and any similar activities, (b) all equipment and alterations installed by Lessee, and (c) any items of maintenance and repair which may be required by any governmental entity with jurisdiction. Lessee shall, at Lessee's expense, maintain in good condition and repair all improvements installed on the Property by Lessee, including, without limitation, all solar panels and related equipment comprising the Solar Energy Facilities. Lessee hereby waives all rights it may have under Sections 1932(1), 1941, and 1942 of the California Civil Code, and any similar or successor statute or law which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Property in good condition, order and repair. Lessor shall have no obligation under this Lease to perform any alteration, maintenance, repair or replacement of any portion of the Property or any improvements installed thereon, nor to pay for any such alteration, maintenance, repair or replacement.

6.3 **Design.** Lessee, at its sole cost and expense, shall prepare detailed plans for the Solar Project for Lessor's review and approval, which approval may not be unreasonably withheld, conditioned, or delayed (the "**Plans**"). The Plans must show: (i) the location of all Solar Energy Facilities and Interconnection Facilities; (ii) the extent to which any of the Solar Energy Facilities or the Interconnection Facilities penetrate the ground; and (iii) any other matters reasonably requested by Lessor. Lessee shall obtain Lessor's written approval of the Plans prior to submitting the Plans to any third party, including the Port or any other government agency responsible for permitting or approving the Solar Project. If the Plans need to be revised for any reason after Lessor has approved the Plans, then Lessee shall submit the revised Plans to Lessor for Lessor's review and approval, which approval may not be unreasonably withheld, conditioned, or delayed. In no event will approval of the Plans by Lessor be deemed to constitute a representation by Lessor that the work called for in the Plans complies with applicable legal requirements. Without limiting the bases on which Lessor may withhold approval of the Plans, the parties acknowledge that it will be reasonable for Lessor to withhold approval of the Plans if: (i) construction of the Solar Energy Facilities or the Interconnection Facilities in accordance with the Plans would penetrate, harm, or otherwise interfere with any of Lessor's facilities in, on, or under the Property, including, without limitation, a landfill cap and drainage system and various groundwater control systems; or (ii) the Plans would damage or impede Lessor's ability to access and use the existing groundwater protection system on the Property, as shown in Exhibit C. Lessee may not make any changes to the Plans without Lessor's prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

6.4 **Permitting.** Prior to commencing construction or installation of any part of the Solar Project, Lessee, at its sole cost and expense, shall (i) obtain all required approvals and permits to construct and operate the Solar Project, including compliance with the California Environmental Quality Act, and (ii) enter into the PPA (collectively, the "**Operating Approvals**"). If Lessee has not obtained the Operating Approvals by the date that is four (4) years after the Effective Date, then Lessor may terminate this Lease pursuant to Section 4.1

above. The term “**Solar Facility Permitting Date**” will mean the date that Lessee has obtained all Operating Approvals.

6.5 **Construction.** Lessee, at its sole cost and expense, shall construct the Solar Project in accordance with the Plans approved by Lessor, the Operating Approvals, and all Applicable Laws. Lessee shall mobilize on the Property and commence construction on or before the date that is six (6) months after the Solar Facility Permitting Date. Lessee shall complete construction of the Solar Project with at least two (2) megawatts of inverter nameplate generating capacity and the Initial Energy Delivery Date shall occur within one year after the Solar Facility Permitting Date. If Lessee fails to meet any of the deadlines set forth in this Section 6.5, then Lessor may terminate the Lease pursuant to Section 4.1 above. During construction of the Solar Project, Lessee may not penetrate, harm, or otherwise interfere with any of Lessor’s facilities in, on, or under the Property, including, without limitation, a landfill cap and drainage system and various groundwater control systems, and Lessee acknowledges the presence of the same. During construction of the Solar Project, Lessee shall, to the extent required by Applicable Law, employ hazardous operations contractors with experience working in a refinery environment. Upon completion of the Solar Project, Lessee, at its sole cost and expense, shall immediately deliver to Lessor “as-built” plans and specifications therefor. All construction work permitted to be done by Lessee shall be performed by a licensed contractor in a prompt, diligent, and good and workmanlike manner and in compliance with all applicable statutes, ordinances, regulations, codes and orders of governmental authorities and insurers of the Property and the requirements of this Lease.

6.6 **Alterations.** Except as otherwise expressly set forth in this Lease, Lessee shall not, without Lessor’s prior written approval, which approval may not be unreasonably withheld, conditioned, or delayed, make any alterations or improvements in, on or about the Property. Should Lessee make any alterations or additions without obtaining Lessor’s approval, Lessee shall immediately remove the same at Lessee’s expense upon demand by Lessor. Any alteration or addition that Lessee shall desire to make in or about the Property shall be presented to Lessor in written form, with proposed detailed plans and specifications therefor prepared at Lessee’s sole expense. Any consent by Lessor thereto shall be deemed conditioned upon Lessee’s acquisition of all permits required to make such alteration from all appropriate governmental agencies, including the Port, the furnishing of copies thereof to Lessor prior to commencement of the work, and the compliance by Lessee with all conditions of said permits in a prompt and expeditious manner, all at Lessee’s sole expense. Upon completion of any such alteration or addition, Lessee, at its sole cost and expense, shall immediately deliver to Lessor “as-built” plans and specifications therefor. All construction work permitted to be done by Lessee shall be performed by a licensed contractor in a prompt, diligent, and good and workmanlike manner and in compliance with all applicable statutes, ordinances, regulations, codes and orders of governmental authorities and insurers of the Property and the requirements of this Lease. Lessee or its agents shall obtain and pay for all licenses and permits necessary therefor.

6.7 **Independent Interconnection.** Lessee, at its sole cost and expense, shall cause the Solar Energy Facilities to have independent Interconnection Facilities with Pacific Gas & Electric Company. Lessee acknowledges that Lessee may not use any existing electrical

connection to the Chevron Refinery's electrical grid, substations, or any other electrical component of Lessor and that the Interconnection Facilities must be independent of the same.

6.8 **Continuous Operation.** Lessee, at its sole cost and expense, shall Continuously Operate the Solar Project. For purposes of this Agreement, Lessee will be deemed to "**Continuously Operate the Solar Project**" as long as the Solar Energy System generates photovoltaic electric energy and transmits such energy to the Interconnection Facilities at least (i) one (1) day during any calendar month and (ii) two hundred (200) days during any calendar year.

6.9 **Removal.** Lessee, at its sole cost and expense, no later than sixty (60) days prior to the Expiration Date, shall remove all alterations and improvements installed on the Property by Lessee and repair any damage occasioned thereby, and restore the Property to substantially the condition existing as of the Effective Date. The obligations of Lessee set forth in this Section will survive the termination of this Lease. Without limiting the generality of the above provisions, Lessee shall be required to remove all footings, foundations, underground utilities and similar improvements and equipment installed on the Property by Lessee. Lessee shall be liable to Lessor for Lessor's costs of removal of any abandoned alterations, improvements, or equipment of Lessee that Lessee fails to remove, together with the cost of returning the Property to its condition as of the date Lessee originally took possession and the transportation and storage or disposal costs of such items. If Lessee is performing its removal obligations under this Section 6.9 following the termination of the Lease, during such period of removal Lessee shall maintain the insurance required of Lessee under Section 8.2 and pay an occupancy fee to Lessor at the same rate as the effective rental rate under this Lease immediately prior to such termination.

6.10 **Security.** Lessee shall, at its sole expense, provide security services for the Property and the Solar Project as necessary to ensure the safety of the Property and its occupants (the "**Security Services**"). The Security Services must be provided in a manner consistent with Lessor's security procedures for the Chevron Refinery, a copy of which Lessor shall provide to Lessee upon request. As part of the Security Services, Lessee shall, at Lessee's cost, install additional fences around the Solar Project in a location and of a quality approved by Lessor, which approval may not be unreasonably withheld, conditioned, and delayed. Lessor will not be responsible for providing security guards or other security protection for all or any portion of the Property. Lessee shall not be responsible for providing security for roads on the Chevron Refinery property used to access the Property. Within one month after the start of construction of the Solar Project, the Parties shall meet to coordinate and cooperate regarding (i) security for the Property and the portions of the Chevron Refinery in close proximity to the Property; and (ii) response to emergencies due to vandalism, terrorism, or natural disasters and the other emergencies described in Section 16 below. The Parties shall exchange contact information for security personnel who shall be available to respond to emergencies all day on every day of the year.

6.11 **Viewing Platform.** As part of the Solar Project, Lessee may construct the Viewing Platform in accordance with the Plans. Lessee shall operate the Viewing Platform in accordance with rules and regulations to be developed and agreed to by Lessee and Lessor,

which rules and regulations will comply with Lessor's security procedures for the Chevron Refinery.

6.12 **Local Labor Requirements**. During any construction on the Property, Lessee shall comply with the following local labor requirements:

6.12.1 Lessee shall and shall cause its general contractor and any subcontractors to pay prevailing wages in the construction of the Generating Facilities as those wages are determined pursuant to Labor Code Sections 1720 et seq., and implementing regulations of the Department of Industrial Relations, and all other applicable federal, state and local laws, regulations and ordinances pertaining to labor standards insofar as those laws, regulations and ordinances apply to the performance of this Agreement, including any applicable City of Richmond employment requirements, including but not limited to the City's Living Wage Ordinance (Richmond Municipal Code Chapter 2.60), the City's Business Opportunity Ordinance (Richmond Municipal Code Chapter 2.50), and the City's Local Employment Program Ordinance (Richmond Municipal Code Chapter 2.56). Lessee shall and shall cause its general contractor and any subcontractors to keep and retain such records as are necessary to determine compliance with any such applicable laws, regulations and ordinances. During the construction of the Solar Project, Lessee shall post at the construction sites the applicable prevailing rates of per diem wages under the City's Living Wage Ordinance. Lessee shall indemnify, hold harmless and defend (with counsel reasonably acceptable to Landlord) Landlord against any claims for damages, compensation, fines, penalties or other amounts arising out of failure or alleged failure of any person or entity (including Lessee and its general contractor and any subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq., and implementing regulations of the Department of Industrial Relations in connection with construction of the Solar Project. In addition, Lessee shall and shall cause its general contractor and any subcontractors to promptly deliver to Landlord, upon request, documents verifying its compliance with the Living Wage Ordinance, which include documents which evidence that each affected employee has been notified regarding the wages required to be paid pursuant to the Living Wage Ordinance. This Section 6.12 shall survive the termination of this Agreement. Lessee and all sub-contractors must use Employment and Training labor tracking software Elations for certified payroll reporting.

6.12.2 In addition to the hiring and subcontracting goals set forth in the City's Business Opportunity Ordinance and Local Employment Program Ordinance, Lessee shall make good faith efforts to employ the highest possible number of Richmond residents as follows:

6.12.2.1 At least 50% of the work force shall be Richmond residents;

6.12.2.2 If a general contractor or any subcontractor makes good faith efforts to comply with the above work force composition but is unable to do so and documents such good faith efforts to Landlord's satisfaction, the above work force composition may be reduced prorata to the extent that the City Manager (or designee) and Lessee determine that there are insufficient qualified workers available from Richmond;

6.12.2.3 For purposes of calculating the work force composition, a general contractor may exclude one supervisor.

6.12.3 For the construction of the Solar Project, Lessee shall require its general contractor to solicit qualified subcontractors headquartered in Richmond prior to releasing solicitations for bids to subcontractors headquartered outside of Richmond. Lessee agrees to require its general contractor to use an open, competitive bidding process that allows equal opportunity for all potential bidders to submit bids for the work. The process shall include outreach via BidsOnLine. If the general contractor makes good faith efforts to comply with the above subcontractor percentages but is unable to do so and documents such good faith efforts to Lessee's satisfaction, the above percentages may be reduced prorata to the extent that the Richmond City Manager (or designee) and Lessee determine that there are insufficient qualified firms headquartered in Richmond. Before entering into a contract with any subcontractor, Lessee or its general contractor shall first obtain Lessor's written approval of the subcontractor.

6.12.4 All subcontractors used for the electrical installation work shall hold a valid C-10 license issued by the California Contractors State License Board.

6.12.5 Lessee shall enter into and comply with, and Lessee shall require its general contractors and any subcontractors, vendors and agents to enter into and comply with, a First Source Agreement, the form of which shall be provided by Lessor. All payroll reporting shall be via the Elations Systems.

7. TAXES; UTILITIES.

7.1 **Taxes on the Property and the Solar Project.** Lessee's leasehold improvements shall be Lessee's personal property and shall not be considered real property. Commencing on the Effective Date and throughout the Term, Lessee shall pay directly to any charging authority prior to delinquency all taxes assessed against and levied upon Lessee's leasehold improvements, including without limitation the installation of the Solar Project on the Property, equipment and all other personal property of Lessee situated in or about the Property, and any reclassification of the Property as a result of the Solar Project or this Lease. Lessor shall pay all real property taxes assessed upon the Property (excluding the Solar Project), and shall be responsible for the payment of all real and personal property taxes and assessments levied on the Property value with respect to periods prior to the term of this Lease. Lessee's obligation to pay taxes shall be prorated as of the Effective Date and the Expiration Date (or the date of any sooner termination of the Term). Lessor shall cooperate with Lessee to ensure any and all property tax bills are delivered to the appropriate Party. If Lessor pays any taxes or assessments for which Lessee is responsible under this Section 7.1, Lessee shall, promptly on demand from Lessor, reimburse Lessor for such amounts as additional rent. If Lessee pays any taxes or assessments for which Lessor is responsible under this Section 7.1, Lessor shall, promptly on demand from Lessee, reimburse Lessee for such amounts.

7.2 **Tax Contests.** Each Party reserves the right to contest with taxing authorities any taxes or assessments imposed which it believes in good faith are excessive or from which it believes in good faith it should be exempt, provided that the contesting Party shall not allow any such taxes or assessments to remain unpaid for such length of time as would allow

any part or all of the Property or the Solar Project to be sold or foreclosed upon or any property of the other Party to be subject to a lien for the nonpayment of same and the contesting Party shall pay any penalties or interest resulting from such contest.

7.3 **Utilities.** Commencing as of the Effective Date and throughout the Term, Lessee shall pay when due directly to the charging authority all charges for water, gas, electricity, telephone, refuse pickup and all other utilities and services supplied or furnished to the Property during the term of this Lease, together with any taxes thereon. Lessor will have no obligation to provide utilities or interconnection facilities to Lessee pursuant to this Lease. In no event shall Lessor be liable to Lessee for failure or interruption of any such utilities or services, and no such failure or interruption shall entitle Lessee to terminate this Lease or to withhold rent or other sums due hereunder.

8. **LESSEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS.**
Lessee hereby represents, warrants and covenants to Lessor as follows:

8.1 **Location of Solar Project; Site Plans.** Subject to the procedures and requirements in Section 6.3 above, Lessee shall make all siting decisions with regard to the location and siting of the Solar Project subject to all Applicable Law. Lessee shall post the access roads it constructs within the Property going to and from the Solar Project as being private roads only for use by authorized personnel (including Lessor during Lessor's times of permitted entry hereunder) in connection with the Solar Project. Any road constructed by Lessee on the Property shall be subject to all easements and dedications of records as of the Effective Date.

8.2 **Insurance.** Commencing on the Effective Date, Lessee shall, at its sole cost and expense, obtain and maintain and keep in full force and effect during the Term a commercial general liability insurance policy applying to the condition, use, occupancy and maintenance of the Property and the business operated by Lessee, or any other occupant on the Property insuring Lessee and Lessor against loss or liability caused by Lessee's occupation and use of the Property under this Lease, in an amount not less than Three Million Dollars (\$3,000,000) of combined single limit liability coverage per occurrence, accident or incident, subject to a commercially reasonable deductible. All such policies shall include Broad Form Contractual liability insurance coverage insuring coverage for all of Lessee's indemnity obligations under this Lease. All such policies shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, however occasioned. All such policies shall be endorsed to add Lessor and any lender or other party with an insurable interest in the Lease or the Property named by Lessor as an additional insured and to provide that any insurance maintained by Lessor shall be excess insurance only. Such coverage shall also contain endorsements: (i) deleting any employee exclusion on personal injury coverage; (ii) including employees as additional insureds; and (iii) providing for coverage of employer's automobile non-ownership liability. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. Lessee shall also maintain Workers' Compensation insurance in accordance with California law. The limits of all insurance described in this Section 8.2 shall not, however, limit the liability of Lessee hereunder. If, in the reasonable opinion of Lessor, the

amount of insurance required hereunder is less than the amount typically carried in the market by tenants of comparable industrial facilities in the vicinity of the Property, Lessee shall increase said insurance coverage to such market amount. Lessee shall also maintain any insurance coverage required by any utility company purchasing electrical power from Lessee's project. As of the completion of construction of the Solar Project, Lessee shall, at Lessee's sole expense, obtain and keep in force during the term of this Lease, a policy of fire and extended coverage insurance including a standard "all risk" endorsement, insuring the fixtures, equipment, personal property, leasehold improvements and alterations of Lessee within the Property for the full replacement value thereof, as the same may increase from time to time due to inflation or otherwise. The proceeds from any of such policies shall be used for the repair or replacement of such items so insured and, provided such insurance proceeds are used for such repair and replacement, Lessor shall have no interest in such insurance proceeds. During construction of the Solar Project, (a) Lessee shall maintain course of construction insurance applicable to the work in progress, and (b) Lessee's contractors shall maintain commercial general liability insurance and workers' compensation insurance comparable to that required of Lessee herein. The insurance required to be obtained by Lessee pursuant to this Section 8.2 shall be primary insurance and (a) shall provide that the insurer shall be liable for the full amount of the loss up to and including the total amount of liability set forth in the declarations without the right of contribution from any other insurance coverage of Lessor, (b) shall be carried with companies reasonably acceptable to Lessor, and (c) shall specifically provide that such policies shall not be subject to cancellation, reduction of coverage or other change except after at least thirty (30) days prior written notice to Lessor. Duly executed certificates evidencing the issuance of such policies, together with satisfactory evidence of payment of the premium thereon, shall be deposited with Lessor on or prior to the earlier of the Effective Date or the date on which Lessee or any of Lessee's agents or contractors enter the Property, and upon each renewal of such policies, which shall be effected not less than thirty (30) days prior to the expiration date of the term of such coverage. Lessee shall not do or permit to be done anything which shall invalidate any of the insurance policies referred to in this Section 8.2. Lessee and Lessor each hereby waives any and all rights of recovery against the other, or against the officers, employees, agents, partners and beneficiaries of the other, for loss of or damage to the property of the waiving Party, or the property of others under its control, to the extent of proceeds received as a result of such loss or damage under any insurance policy carried by Lessor or Lessee. Lessee and Lessor shall, upon obtaining the policies of insurance required hereunder, give notice to the insurance carrier or carriers that the foregoing mutual waiver is contained in this Lease. Lessor makes no representation that the limits of liability specified to be carried by Lessee under the terms of this Lease are adequate to protect either Party. If Lessee believes that the insurance coverage required under this Lease is insufficient to adequately protect Lessee, Lessee shall provide, at its own expense, such additional insurance as Lessee deems adequate.

8.3 **Indemnity; Safety Measures; Waiver of Claims.**

8.3.1 Lessee shall indemnify, protect, defend and hold harmless Lessor and its directors, officers, employees, and agents (collectively, "**Lessor Indemnitees**") from and against any and all claims, damages, losses, proceedings, causes of action, costs, expense or liability (including attorneys' fees and costs), including any personal injury, death or property damage, now or hereafter arising from any occurrence in or about the Property, or from the Solar Project or the Solar Operations, or from any breach or default by Lessee in the performance of

any obligation on the part of Lessee to be performed under the terms of this Lease, except to the extent such damage, loss, expense or liability is caused by the active negligence, gross negligence, or willful misconduct of such Lessor Indemnatee (“**Lessor Claims**”). In the event any action or proceeding shall be brought against any Lessor Indemnatee by reason of any Lessor Claim, Lessee upon notice from such Lessor Indemnatee shall defend the same at Lessee’s expense with counsel reasonably satisfactory to such Lessor Indemnatee. The obligations of Lessee contained in this Section shall survive the termination of this Lease. Except to the extent such damages, losses, expenses or liability is caused by the active negligence, gross negligence or willful misconduct of such Lessor Indemnatee, Lessee hereby waives any claims against the Lessor Indemnatees for injury to Lessee’s business or any loss of income therefrom or for damage to the equipment, goods, wares, merchandise or other property of Lessee, or for injury or death of Lessee’s agents, employees, invitees, or any other person in or about the Property from any cause whatsoever, regardless of whether the same results from conditions existing upon the Property or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessee.

8.3.2 Lessor shall indemnify, protect, defend and hold harmless Lessee and its directors, officers, employees, and agents (collectively, “**Lessee Indemnitees**”) from and against any and all claims, damages, losses, proceedings, causes of action, costs, expense or liability (including attorneys’ fees and costs), including any personal injury, death or property damage, now or hereafter arising from any occurrence in or about the Property, or from the Solar Project or the Solar Operations, or from any breach or default by Lessor in the performance of any obligation on the part of Lessor to be performed under the terms of this Lease, caused by the active negligence, gross negligence or willful misconduct of Lessor or its directors, officers, employees, and agents, except to the extent such damages, losses, expenses or liability is caused by the active negligence, gross negligence or willful misconduct of such Lessee Indemnatee (“**Lessee Claims**”). In the event any action or proceeding shall be brought against any Lessee Indemnatee by reason of any Lessee Claim, Lessor upon notice from such Lessee Indemnatee shall defend the same at Lessor’s expense with counsel reasonably satisfactory to such Lessee Indemnatee. The obligations of Lessor contained in this Section shall survive the assignment or transfer of it rights, liabilities, or obligations under and the expiration or termination of this Lease. Except to the extent such damages, losses, expenses or liability is caused by the active negligence, gross negligence or willful misconduct of such Lessee Indemnatee, Lessor hereby waives any claims against the Lessee Indemnatees for injury to Lessor’s business or any loss of income therefrom or for damage to the equipment, goods, wares, merchandise or other property of Lessor, or for injury or death of Lessor’s agents, employees, invitees, or any other person in or about the Property or the Chevron Refinery from any cause whatsoever, regardless of whether the same results from conditions existing upon the Property or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Lessor.

8.4 **Requirement of Governmental Agencies.** Lessee, at its sole cost and expense, shall comply in all respects with all Applicable Law. In its sole discretion and through appropriate legal proceedings brought in the name of Lessee, Lessee shall, at its sole cost and expense, have the right to contest the validity or applicability to the Property or the Solar Project of any law, ordinance, statute, order, regulation, property assessment or the like now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity

relating to the Solar Project or Lessee's Solar Operations on the Property, provided that such contest does not create any liability of any kind to Lessor, and Lessee shall reimburse Lessor for any out-of-pocket costs (including attorneys' costs and fees) in connection with Lessor's required involvement in any such contest. Any such contest or proceeding, including any maintained in the name of Lessor, shall be controlled and directed by Lessee at Lessee's sole cost and expense, but Lessee shall indemnify, protect, defend and hold harmless Lessor from and against any and all claims, damages, losses, proceedings, causes of action, costs, expense or liability (including attorneys' fees and costs) arising out of such contest, including without limitation, from Lessee's failure to observe or comply during the contest with the contested law, ordinance, statute, order, regulation or property assessment.

8.5 **Liens.** Lessee shall not file, or allow to be filed, any lien against the Property. In the event any lien shall be filed, Lessee shall promptly take such action as will remove or satisfy the lien; provided, however, that Lessee may contest any lien (or any aspect thereof) and, pending the determination of such contest, postpone the removal or satisfaction thereof, except that Lessee shall not postpone such removal or satisfaction so long as to permit or cause any adverse effect on, or loss or impairment of title to, the Property or any of Lessor's real or personal property. If Lessee fails to timely remove or satisfy a lien, Lessor may, after thirty (30) days' prior written notice to Lessee stating with reasonable specificity the actions that will be taken by Lessor to remove or satisfy such lien, perform such actions for the account of Lessee and Lessee shall pay the cost thereof as additional rent. To the extent allowed by law, Lessee may bond to secure the lien so long as by law the bond will become the sole security for the lien and Lessor's use of or interest in the Chevron Refinery and the Property is not compromised.

9. **LESSOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS.**
Lessor hereby represents, warrants and covenants to Lessee as follows:

9.1 **Exclusivity.** Lessor has not granted to any party other than Lessee rights to convert the solar resources of the Property for electrical energy or to otherwise use the Property for solar energy conversion purposes. Other than matters of record and those encumbrances listed in Exhibit B, Lessor has not granted a lease, license, or right to possession of any part of the Property for any other purpose. In no event during the term of this Lease shall Lessor construct, build or locate or allow others to construct, build or locate any Solar Energy System, Solar Energy Facilities, or similar project on the Property, or to use any part of the Property except for the purposes set forth in Section 3.5.

9.2 **Non-Interference.** Lessor will not initiate or conduct activities that could damage, impair or otherwise adversely affect the Solar Energy Facilities or their function. Except for the rights reserved and granted to Lessor in this Lease, neither Lessor nor any employee, officer, agent, or contractor or any other person acting on behalf of Lessor or at Lessor's direction or request shall impede or interfere with: (i) the siting, permitting, construction, installation, maintenance, operation, replacement, or removal of Solar Energy Facilities on the Property; (ii) Lessee's access over the Property to the Solar Energy Facilities; (iii) the undertaking of any other activities of Lessee permitted under this Lease; (iv) the transmission of electric, electromagnetic or other forms of energy to or from the Property; or (v) the Solar Energy Facilities' exposure to sunlight (subject to the acknowledgement in the penultimate sentence of Section 2).

9.3 **Requirements of Governmental Agencies/Lenders.** To the extent required by any Applicable Law, Lessor, at no cost or expense to Lessor, shall reasonably cooperate with and assist Lessee in complying with or obtaining any land use permit and approval, tax-incentive or tax-abatement program approval, building permit, environmental impact review or any other approval reasonably required by Lessee in connection with the development, financing, construction, installation, replacement, relocation, maintenance, operation or removal of the Solar Project, including execution of applications for such approvals and delivery of information and documentation related thereto, and execution, if required, of any orders or conditions of approval. Lessee shall reimburse Lessor for its actual expense directly incurred in connection with such cooperation.

9.4 **Quiet Enjoyment.** Subject to Lessor's rights of entry hereunder, Lessor covenants and warrants that Lessee shall peacefully hold and enjoy all of the rights granted by this Lease for its entire term without hindrance or interruption by Lessor or any person lawfully or equitably claiming by, through, under or superior to Lessor subject to the terms of this Lease.

9.5 **Acknowledgment of Lessee's Right to Erect Fences.** Subject to Lessor's rights of entry pursuant to the terms herein, Lessor acknowledges and agrees that Lessee may erect fences or other security measures around the Property or the Solar Project in accordance with Section 6.10 above. Lessee shall provide to Lessor keys or access codes to all fences constructed by Lessee on the Property.

10. **ENVIRONMENTAL REMEDIATION.**

10.1 **Environmental Remediation by Lessee.** In the event environmental contamination results from Lessee's operation and use of the Property and that environmental contamination is covered by applicable federal, state or local laws in effect and enforced during the Term, this Section 10.1 shall apply. The definitions and requirements of Section 10.2 shall apply to Prior Covered Contamination (as that term is defined in Section 10.2.1 below).

10.1.1 **"Covered Contamination"** means (i) any environmental contamination as a result of Lessee's use of the Property or the Solar Project that is covered by Applicable Law, (ii) any environmental contamination or threatened environmental contamination that results from any penetration, disturbance, or impairment of the landfill cap and drainage system or groundwater control systems by Lessee, its agents, employees, contractors, licensees, and invitees, and (iii) any other environmental condition that is covered by Applicable Law existing on the Property as of the Effective Date to the extent such condition is exacerbated by Lessee's operation and use of the Property or the Solar Project.

10.1.2 **"Claim Against Lessee"** means receipt by Lessor or Lessee of a notice, claim, demand, or complaint from any third party or from any government agency with jurisdiction for investigation, containment, remediation or removal of Covered Contamination, or for the payment of damages, costs, or expenses arising from or relating to the presence of or the escape, leakage, spillage, discharge, emission or release from the Property into, onto or under the Property, adjacent land, or any groundwater source, watercourse, body of water, or wetland, of any Covered Contamination alleged to have resulted from Lessee's operation and use of the Property or the Solar Project.

10.1.3 If a Claim Against Lessee occurs, the Party first receiving notice of the Prior or Lessor Claim will immediately notify the other Party, and Lessee will proceed after receipt of notice of the claim to assess and, if required, to take any action necessary to fully and finally resolve the claim. If any investigation, containment, remediation or removal of Covered Contamination is undertaken, Lessee shall be deemed to have satisfied its obligations once Lessee completes the work to the satisfaction of the governmental agency having jurisdiction over the matter, or as otherwise required under any settlement agreement or court order. If Lessee, in good faith, believes that the claimed contamination is not Covered Contamination or that Lessee is not otherwise responsible for the Claim Against Lessee, then Lessee shall have the right to challenge such claim in an appropriate forum.

10.1.4 In the event action is taken against either Party regarding a Claim Against Lessee, or commenced by Lessee to challenge a Claim Against Lessee, Lessor shall cooperate with Lessee in the defense thereof.

10.2 **Environmental Remediation by Lessor.**

10.2.1 **“Prior Covered Contamination”** means environmental contamination and that was present in, on or under the Property prior to the Effective Date.

10.2.2 **“Lessor Covered Contamination”** means escape, leakage, spillage, discharge, emission or release from the Property into, onto or under the Property of environmental contamination caused by Lessor after the Effective Date and which is covered by Applicable Law.

10.2.3 Lessor shall disclose to Lessee any contamination not caused by Lessee but related to the Property that Lessor learns of subsequent to Lessee taking possession of the Property.

10.2.4 **“Prior Covered Contamination Claim or Contamination Claim”** (hereinafter, **“Prior or Lessor Claim”**) means receipt by Lessor or Lessee of a notice, claim, demand, or complaint from any third party, or from any government agency with jurisdiction for containment, remediation or removal of Prior Covered Contamination or Lessor Covered Contamination, or for the payment of damages, costs, or expenses arising from or relating to for the presence of or the escape, leakage, spillage, discharge, emission or release from the Property into, onto or under the Property, adjacent land, or any groundwater source, watercourse, body of water, or wetland, of any Prior Covered Contamination or Lessor Covered Contamination.

10.2.5 If a Prior or Lessor Claim occurs, the Party first receiving notice of the Prior or Lessor Claim will immediately notify the other Party, and Lessor will proceed after receipt of notice of the claim to assess and, if required, to take any action necessary to fully and finally resolve the claim. If any containment, remediation or removal of Prior Covered Contamination or Lessor Covered Contamination is undertaken, Lessor shall be deemed to have satisfied its obligations once Lessor completes the work to the satisfaction of the governmental agency having jurisdiction over the matter, or as otherwise required under any settlement agreement or court order. If Lessor, in good faith, believes that the claimed contamination is not

Prior Covered Contamination or Lessor Covered Contamination or that Lessor is not otherwise responsible for the Prior or Lessor Claim, then Lessor shall have the right to challenge such claim in an appropriate forum.

10.2.6 In the event action is taken against either Party regarding a Prior or Lessor Claim, or commenced by Lessor to challenge a Prior or Lessor Claim, Lessee shall cooperate with Lessor in the defense thereof.

10.3 **Survival of Obligations.** The Parties' obligations under this Section 10 shall survive transfer or assignment of the Parties' interests under this Lease or expiration or termination of this Lease.

11. **ASSIGNMENT AND SUBLETTING.**

11.1 **Assignment and Subletting Prohibited.** The Parties acknowledge that Lessee's status as a California Joint Powers Authority is an important basis on which the Parties are entering into this Lease and that Lessor would not lease the Property on the terms of this Lease to a party other than a governmental entity. The Parties further acknowledge that the Project Public Benefits would be significantly reduced and impeded if the Project ceased to be operated by Marin Clean Energy or another governmental entity. Accordingly, Lessee may not assign this Lease, sublet the Property or any part thereof, or any right or privilege appurtenant thereto, encumber its interest under this Lease or any rights of Lessee hereunder except to the extent permitted under Section 12.3, enter into any license or concession agreement respecting all or any portion of the Property, or suffer any other person to occupy or use the Property or any portion thereof (each, an "**Assignment**") without the prior written consent of Lessor, which consent may be given or withheld at Lessor's sole discretion, except as otherwise set forth in Sections 11.2 and 11.3 below. An encumbrance of Lessee's interest under this Lease or the Solar Project as security for a loan or other financing of the Solar Project, to the extent permitted by Section 12.3, shall not constitute an Assignment. If Lessee proposes to assign this Lease or sublet the Property, Lessee shall provide written notice thereof to Lessor, together with a detailed description of all terms of such Assignment and the proposed assignee or sublessee. If Lessee is a partnership or a limited liability company, a change in the general partner or manager of Lessee, a transfer, voluntary or involuntary, of more than 50% of the interests in the partnership or the company, or the dissolution of the partnership or the company, shall be deemed an Assignment. If Lessee is a corporation, any dissolution, merger, consolidation, or other reorganization of Lessee, or the transfer, either all at once or in a series of transfers, of a controlling percentage of the capital stock of Lessee, or the sale, or series of sales within any one (1) year period, of all or substantially all of Lessee's assets located in, on, or about the Property, shall be deemed an Assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one percent (51%) of the total combined voting power of all classes of Lessee's capital stock issued, outstanding, and entitled to vote for the election of directors.

11.2 **Permitted Assignment to Government Entity.** Notwithstanding Section 11.1 above, Lessee may assign this Lease, sublet the Property or any part thereof, or any right or privilege appurtenant thereto, or license all or any proportion of the Property to a government

entity with Lessor's prior written consent, which consent may not be unreasonably withheld, conditioned, or delayed.

11.3 **Permitted Sublet for Development.** Notwithstanding Section 11.1 above, Lessee may sublet all or a portion of the property to a third party (the "**Developer**") for the purposes of developing the Solar Project with Lessor's prior written consent, which consent may not be unreasonably withheld, conditioned, or delayed, subject to the following conditions: (i) Lessee remains the power off-taker pursuant to a power purchase agreement with the Developer; (ii) the term of the sublease is no longer than necessary for the Developer to realize the full benefit of any federal, state or local production tax credits and investment tax credits associated with the construction or operation of the Solar Project; (iii) the Developer is reasonably satisfactory to Lessor, taking into account such factors as the Developer's financial condition and experience developing comparable projects; (iv) Lessor and the Developer enter into a sublease agreement on terms and conditions reasonably satisfactory to Lessor; and (v) the sublease agreement does not expand the obligations or limit the rights of Lessor under this Lease.

11.4 **Lessor's Right of First Refusal.** In the event Lessee proposes to assign this Lease or sublease the Property (other than a sublease to the Developer), Lessor may, whether or not Lessor would consent to such Assignment, elect by notice to Lessee to receive such Assignment or to sublease the Property on the same terms as those proposed by Lessee. If Lessor so elects, then the parties shall proceed to carry out such Assignment to Lessor.

11.5 **Assignments Generally.** Any Assignment without Lessor's prior written consent pursuant to this Section shall at Lessor's election be void, and shall constitute an Event of Default. If Lessee shall purport to assign this Lease, or sublease all or any portion of the Property, or permit any person or persons other than Lessee to occupy the Property, without Lessor's prior written consent, Lessor may collect rent from the person or persons then or thereafter occupying the Property and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Lessor's rights and remedies under this Section 11, or the acceptance of any such purported assignee, sublessee or occupant, or a release of Lessee from the further performance by Lessee of covenants on the part of Lessee herein contained. The consent by Lessor to any Assignment shall not constitute a waiver of the provisions of this Section 11, including the requirement of Lessor's prior written consent, with respect to any subsequent Assignment. In the event Lessor shall consent to an Assignment pursuant to this Section 11, Lessee shall nonetheless remain primarily liable for all obligations and liabilities of Lessee under this Lease, including but not limited to the payment of rent. Lessee shall reimburse Lessor upon demand for the reasonable out-of-pocket expenses, including reasonable attorneys' fees, incurred by Lessor in connection with the negotiation, review, and documentation of any requested Assignment. In the event of an assignment or sublease to an entity other than a governmental entity or the Developer, the rent shall be adjusted in accordance with Section 5.2 above.

12. **ESTOPPEL CERTIFICATES; ATTORNMEN; SUBORDINATION.**

12.1 **Lessor's Security.**

12.1.1 **Estoppel Certificate.** Lessee shall, within fifteen (15) days following request by Lessor, execute and deliver to Lessor an estoppel certificate: (a) certifying that this Lease has not been modified and is in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (b) stating the date to which the rent and other charges are paid in advance, if at all; (c) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessee hereunder, or if there are uncured defaults on the part of Lessee, stating the nature of such uncured defaults; and (d) evidencing the status of this Lease as may be reasonably required either by a lender making a loan to Lessor to be secured by a deed of trust or mortgage encumbering the Property or a purchaser of the Property from Lessor. In the event of any financing or sale of the Property by Lessor, Lessee shall deliver to Lessor the current financial statements of Lessee with an opinion of a certified public accountant, including a balance sheet and profit and loss statement for the then current fiscal year, and the two (2) immediately prior fiscal years, all if available without further preparation and all prepared in accordance with generally accepted accounting principles consistently applied. Lessor shall keep any financial statements of Lessee delivered to Lessor strictly confidential and shall endeavor to cause any prospective lender or purchaser to do the same. The failure by Lessee to deliver an estoppel certificate or to deliver any such financial statements within fifteen (15) days following such request shall be an Event of Default under this Lease.

12.1.2 **Attornment.** Lessee shall attorn to any third party purchasing or otherwise acquiring the Property at any sale or other proceeding, or pursuant to the exercise of any rights, powers or remedies under any mortgages or deeds of trust or ground leases now or hereafter encumbering all or any part of the Property, as if such third party had been named as Lessor under this Lease. Such attornment shall be upon all of the terms and conditions of this Lease. Lessee shall execute a new lease with such new Lessor on the same terms of this Lease if so required by such new Lessor.

12.2 **Lessee's Security.**

12.2.1 **Estoppel Certificate.** Lessor shall, within fifteen (15) days following request by Lessee, execute and deliver to Lessee an estoppel certificate: (a) certifying that this Lease has not been modified and is in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (b) stating the date to which the rent and other charges are paid in advance, if at all; (c) acknowledging that there are not, to Lessor's knowledge, any uncured defaults on the part of Lessee hereunder, or if there are uncured defaults on the part of Lessee, stating the nature of such uncured defaults; and (d) evidencing the status of this Lease as may be reasonably required either by the holder of a mortgage, grant a deed of trust on, and/or pledge of the Lease and/or the Solar Project as security for a loan or other financing of the Solar Project ("**Leasehold Mortgagee**") or by a Permitted Transferee (as defined below). The failure by Lessor to deliver an estoppel certificate within fifteen (15) days following such request shall be a default under this Lease. For purposes of this Lease, "**Permitted Transferee**" means (i) an assignee pursuant to an Assignment permitted under Section 11; (ii) a Leasehold Mortgagee that takes title to this Lease pursuant to a foreclosure of a Leasehold Mortgage or a sale in lieu thereof; or (iii) an Eligible Foreclosure Successor that takes title to this Lease pursuant to Section 12.3.12.

12.2.2 **Attornment.** Any Permitted Transferee shall succeed to the interest of Lessee under this Lease and shall have all the rights and duties of Lessee under this Lease and be bound to this Lease to the same extent as Lessee, but only during the period when such Permitted Transferee owns the leasehold estate. Any Permitted Transferee shall immediately provide Lessor with written notice of such transfer. Lessor shall attorn to any Permitted Transferee upon all of the terms and conditions of this Lease. If so required by the Permitted Transferee, Lessor shall execute a new lease with the Permitted Transferee on the same terms of this Lease. Where a Leasehold Mortgagee acquires title to this Lease or the Solar Project under Section 12.3, then the following breaches, if any, relating to the prior Lessee shall be deemed cured: (i) attachment, execution of or other judicial levy upon the leasehold estate, (ii) assignment for the benefit of creditors of Lessee, (iii) judicial appointment of a receiver or similar officer to take possession of the leasehold estate or the underlying fee-owned property, or (iv) filing any petition by, for or against Lessee under any chapter of the Federal Bankruptcy Code. The benefits afforded to any Permitted Transferee pursuant to this Section 12.2.2 are conditioned on (i) such Permitted Transferee assuming in writing all duties and obligations of Lessee under this Lease from and after the date the Permitted Transferee takes title to this Lease and (ii) such Permitted Transferee paying rent in accordance with Section 5.1, including any increase of Annual Rent to Fair Market Rent, if applicable.

12.2.3 **Subordination.** Lessor agrees that any mortgage, deed of trust, or other instrument of security now of record or which is recorded after the date of this Lease affecting the Property or any portion thereof, shall be subject to and subordinate to this Lease and any mortgage, grant of a deed of trust on, and/or pledge of the Lease and/or the Solar Project as security for a loan or other financing of the Solar Project, and such subordination is hereby made effective without any further act of Lessor. Lessor further agrees that Lessor shall obtain from the holder of any mortgage, deed of trust, or other instrument of security affecting the Property now of record or which is recorded after the date of this Lease (“**Property Mortgagee**”) a written and acknowledged subordination, nondisturbance, and attornment agreement in a commercially reasonable and recordable form, subject to Lessor’s reasonable approval, that provides, among other things, that as long as Lessee performs its obligations under this Lease, no foreclosure of, deed given in lieu of foreclosure of, or sale under the encumbrance, and no steps or procedures taken under the encumbrance held by the Property Mortgagee, shall affect Lessee’s or the Leasehold Mortgagee’s rights under this Lease. The Property Mortgagee and Lessor shall execute and return to Lessee and the Leasehold Mortgagee the written and acknowledged agreement and any other documents reasonably required by Lessee and the Leasehold Mortgagee to accomplish the purposes of this Section, or comments to such agreement or documents, within seven (7) days after delivery thereof to Lessor and the Property Mortgagee, and the failure of the Lessor and the Property Mortgagee to execute, acknowledge, and return any such instruments or provide comments shall constitute a default hereunder.

12.3 **Leasehold Mortgages.**

12.3.1 **Lessee’s Right to Mortgage Lease and Solar Project.** Lessee shall have the right, at any time and from time to time, to mortgage, grant a deed of trust on, and or pledge the Lease and/or the Solar Project as security for a loan or other financing of the Solar Project, subject to Lessor’s approval of the Leasehold Mortgagee or lender, which approval may not be unreasonably withheld, conditioned, or delayed. Lessee agrees to furnish Lessor with a

correct and complete copy of any such security instrument. Lessor agrees that Lessee's interest under the Lease or the Solar Project may be encumbered under this section 12.3.1. In no event shall a security instrument under this section 12.3.1 encumber Lessor's fee interest in the underlying property.

12.3.2 **Leasehold Mortgagee Consent to Lease Termination.** There shall not be entered into between Lessor and Lessee any agreement of cancellation, termination, surrender, acceptance of surrender, amendment or modification of this Lease without the prior written consent of the Leasehold Mortgagee, whose consent shall not be unreasonably withheld. This Lease shall not merge into the fee underlying the Property without the prior written consent of such Leasehold Mortgagee.

12.3.3 **Leasehold Mortgagee's Right to Cure Default.** Lessor, upon giving Lessee any notice under this Lease, including, without limitation, notice of an Event of Default, shall at the same time serve by one of the methods specified in Section 17.4 of this Lease, copies of such notice upon each Leasehold Mortgagee whose address has previously been provided to Lessor by Lessee in writing. No notice served upon Lessee (including, without limitation, a notice of termination of this Lease) shall be effective unless a copy has been served upon each Leasehold Mortgagee at the address provided by Lessee. Following receipt of any such notice of an Event of Default, each Leasehold Mortgagee shall have the right to remedy the Event of Default, or cause the same to be remedied, within the same time allowed to Lessee under Sections 14.1.1 and 14.1.2 of this Lease.

12.3.4 **Leasehold Mortgagee's Right to Foreclose.** If a noncurable breach of this Lease occurs, a Leasehold Mortgagee shall have the right to begin foreclosure proceedings and to obtain possession of the Lease and/or Solar Project, so long as the Leasehold Mortgagee (i) notifies Lessor, within 30 days after receipt of Lessor's notice of an Event of Default, of its intention to effect this remedy; (ii) diligently institutes steps or legal proceedings to foreclose on or recover possession of the Lease (after the Leasehold Mortgagee has completed its customary pre-foreclosure due diligence requirements), and thereafter prosecutes the remedy or legal proceedings to completion with due diligence and continuity; and (iii) keeps and performs, during the foreclosure period (including the pre-foreclosure due diligence period), all of the covenants and conditions of this Lease.

12.3.5 **Multiple Leasehold Mortgagees.** In the event of conflict between the rights of multiple Leasehold Mortgagees, the rights of the respective Leasehold Mortgagees shall be determined in the order of priority of their Leasehold Mortgages.

12.3.6 **Leasehold Mortgagee Named as Additional Insured.** The name of the Leasehold Mortgagee may be added as a loss payee of any fire and extended coverage insurance carried by Lessee, provided that insurance proceeds are first used for repair and restoration as required by this Lease, unless a Leasehold Mortgagee's security has been impaired and such Leasehold Mortgagee is legally entitled to the application of the insurance proceeds to the unpaid indebtedness of Lessee, in which case such insurance proceeds shall be paid to the Leasehold Mortgagee up to the amount of the unpaid indebtedness secured by any such Leasehold Mortgage(s). The terms of this Section 12.3.6 do not modify or limit either Party's rights or obligations under Section 15.4.

12.3.7 **Liability of Leasehold Mortgagees.** Except with respect to payment of Annual Rent or additional rent and except as provided in Section 12.3.4, the Leasehold Mortgagee shall not be liable for the performance of Lessee's obligations under this Lease unless the Leasehold Mortgagee has succeeded to and has possession of the interest of Lessee under this Lease.

12.3.8 **Leasehold Mortgage Not Assignment.** The making of any Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease or of the leasehold estate, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or Transferee of this Lease or the leasehold estate so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of Lessee under this Lease to be performed.

12.3.9 **Lessor's Receipt of Notices.** Lessor agrees, whenever requested by any Leasehold Mortgagee, to confirm, in writing, the receipt of any notice from the Leasehold Mortgagee.

12.3.10 **Assignment to Leasehold Mortgagee.** The Leasehold Mortgagee shall have the option to be assigned this Lease in the event that Lessee, Lessee's trustee or assignee elects to reject this Lease under Section 365(a) of the Bankruptcy Code. In the event that the Leasehold Mortgagee exercises its option to have this Lease assigned to it, such a rejection by Lessee, Lessee's trustee or assignee, whether by election, by operation of law or otherwise, shall not terminate this Lease if the Leasehold Mortgagee cures any outstanding Event of Default of Lessee under this Lease other than Events of Default of Lessee that are personal to Lessee and cannot be cured by a party other than Lessee, such as transfer and bankruptcy.

12.3.11 **Assignment of Rents.** Lessor consents to a provision in any Leasehold Mortgage or otherwise for an assignment of rents from subleases of the Improvements to the holder thereof, effective on the date on which the Leasehold Mortgagee has succeeded to and takes possession of the interest of Lessee under this Lease.

12.3.12 **Foreclosure Not a Breach.** The foreclosure of a Leasehold Mortgage, or any sale thereunder to an Eligible Foreclosure Successor, whether by judicial proceedings or by virtue of any power contained in any Leasehold Mortgage, or any conveyance of the leasehold estate created hereby from Lessee to any Leasehold Mortgagee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not breach any provision of or constitute an Event of Default under this Lease and shall not require Lessor's consent, and upon such foreclosure, sale or conveyance and Leasehold Mortgagee's execution and delivery to Lessor of a lease assumption agreement in a commercially reasonable form, Lessor shall recognize the Leasehold Mortgagee, or such Eligible Foreclosure Successor, as Lessee under the Lease. For purposes of this Lease, "**Eligible Foreclosure Successor**" means an entity that (i) has, during the ____ year period immediately preceding the transfer, owned and operated at least ____ megawatts of inverter nameplate generating capacity of photovoltaic solar electricity generating equipment and facilities in accordance with applicable operating requirements, and (ii) is recognized nationally or internationally in the solar industry as having substantial experience managing, developing or operating solar photovoltaic energy facilities similar to the Solar Energy Facilities..

13. **TRANSFER OF LESSOR'S INTEREST.** If Lessor or any successor to Lessor sells, conveys, or transfers the Property or any portion thereof that is subject to this Lease (each such sale, conveyance, or transfer, a "**Transfer**"), so long as Lessor has delivered to Lessee prior written notice of any proposed Transfer, then all rights, liabilities and obligations of Lessor under this Lease accruing from and after such Transfer shall become the rights, liabilities and obligations of the transferee, and the transferring Lessor shall have no further right, obligation or liability under this Lease accruing thereafter. The term "Lessor" as used in this Lease, so far as the covenants or obligations on the part of Lessor are concerned, shall be limited to mean and include only the owner at the time in question of the fee title to the Property. The covenants and obligations contained in this Lease on the part of Lessor shall, subject to the foregoing, be binding upon each Lessor hereunder only during this or its respective period of ownership. Lessee agrees to attorn to any new Lessor following a Transfer of which Lessee has notice pursuant to Section 12.1.2 above.

14. **DEFAULT AND TERMINATION.**

14.1 **Default by Lessee.** The occurrence of any of the following shall constitute a default and breach of this Lease by Lessee (each an "**Event of Default**"):

14.1.1 **Monetary Default.** The failure or omission by Lessee to pay amounts required to be paid hereunder when due, and such failure or omission has continued for five (5) days after Lessor has delivered written notice of the default to Lessee. Any such notice shall constitute the notice required under Section 1161 of the California Code of Civil Procedure (and/or any related or successor statutes regarding unlawful detainer actions), provided such notice is given in accordance with the requirements of such statute.

14.1.2 **Non-Monetary Default.** The failure or omission by Lessee to observe, keep or perform any of the other terms, agreements or conditions set forth in this Lease, and such failure or omission has continued for thirty (30) days after written notice from Lessor (or such longer period required to cure such failure or omission in the event the default is not reasonably susceptible of cure within a thirty (30) day period, but in no event shall such cure period exceed a total cure period of sixty (60) days after the occurrence of a non-monetary default, if Lessee commences such cure within the initial thirty (30) day period and diligently prosecutes such cure to completion).

14.1.3 **Bankruptcy by Lessee.** The occurrence of any of the following (i) Lessee files for protection or liquidation under the bankruptcy laws of the United States or any other jurisdiction or has an involuntary petition in bankruptcy or a request for the appointment of a receiver filed against it and such involuntary petition or request is not dismissed within forty-five (45) days after filing; (ii) Lessee's assignment of its assets for the benefit of its creditors; (iii) the sequestration of, attachment of, or execution on, any substantial part of the property of Lessee or on any property essential to the conduct of Lessee's business on the Property, and Lessee shall have failed to obtain a return or release on such property within forty five (45) days thereafter, or prior to sale pursuant to such sequestration, attachment or execution, whichever is earlier; or (iv) an entry of any of the following orders by a court having jurisdiction, and such order shall have continued for a period of ninety (90) days: (1) an order adjudicating Lessee to be bankrupt or insolvent, (2) an order appointing a receiver, trustee or

assignee of Lessee's property in bankruptcy or any other proceeding, or (3) an order directing the winding up or liquidation of Lessee.

14.2 **Lessor's Remedies.** Upon any Event of Default, Lessor shall have the following remedies, in addition to all other rights and remedies provided by law or equity: (i) Lessor, as described in California Civil Code Section 1951.4, shall be entitled to keep this Lease in full force and effect for so long as Lessor does not terminate Lessee's right to possession (whether or not Lessee shall have abandoned the Property) and Lessor may enforce all of its rights and remedies under this Lease, including the right to recover Annual Rent and additional rent, plus interest at the Default Rate from the due date of each installment of Annual Rent or additional rent until paid; or (ii) Lessor may terminate Lessee's right to possession by giving Lessee written notice of termination. On the giving of the notice, this Lease and all of Lessee's rights in the Property will terminate. Any termination under this Section will not release Lessee from the payment of any sum then due Lessor or from any claim for damages or rent previously accrued or then accruing against Lessee.

In the event this Lease is terminated pursuant to this Section 14.2, Lessor may recover from Lessee: (1) the worth at the time of award of the unpaid rent which had been earned at the time of termination; plus (2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss for the same period that Lessee proves could have been reasonably avoided; plus (3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; plus (4) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform Lessee's obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom, including without limitation, the following: (i) expenses for repairing or restoring the Property, including removing any equipment or alterations installed by Lessee; (ii) real estate leasing commissions, advertising costs and other expenses of reletting the Property; (iii) costs incurred as owner of the Property including without limitation taxes and insurance premiums thereon, utilities and security; and (iv) expenses in retaking possession of the Property; (v) attorneys' fees and court costs.

The "worth at the time of award" of the amounts referred to in subsections (1) and (2) of this Section 14.2 shall be computed by allowing interest at the Default Rate. The "worth at the time of award" of the amount referred to in subsection (3) of this Section shall be computed by discounting such amount at the discount rate of the Federal Reserve Board of San Francisco at the time of award plus one percent (1%). The term "time of award" as used in subsections (1), (2), and (3) shall mean the date of entry of a judgment or award against Lessee in an action or proceeding arising out of Lessee's breach of this Lease. The term "rent" as used in this Section shall include all sums required to be paid by Lessee to Lessor pursuant to the terms of this Lease.

This Lease may be terminated by a judgment specifically providing for termination, or by Lessor's delivery to Lessee of written notice specifically terminating this Lease. In no event shall any one or more of the following actions by Lessor, in the absence of a written election by Lessor to terminate this Lease, constitute a termination of this Lease or a waiver of Lessor's right to recover damages under this Section 14.2: (1) appointment of a receiver in order to protect

Lessor's interest hereunder; (2) consent to any subletting of the Property or assignment of this Lease by Lessee, whether pursuant to provisions hereof concerning subletting and assignment or otherwise; or (3) any other action by Lessor or Lessor's agents intended to mitigate the adverse effects of any breach of this Lease by Lessee, including without limitation any action taken to maintain and preserve the Property, or any action taken to relet the Property or any portion thereof for the account of Lessee and in the name of Lessee.

Lessee waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, and under any other present or future law, in the event Lessee is evicted or Lessor otherwise lawfully takes possession of the Property by reason of any Event of Default.

If Lessee at any time shall fail to make any payment or perform any other act required to be made or performed by Lessee under this Lease, then Lessor may, but shall not be obligated to, make such payment or perform such other act to the extent Lessor may deem desirable, and may, in connection therewith, pay any and all expenses incidental thereto and employ counsel. No such action by Lessor shall be deemed a waiver by Lessor of any rights or remedies Lessor may have as a result of such failure by Lessee, or a release of Lessee from performance of such obligation. All sums so paid by Lessor, including without limitation all penalties, interest and costs in connection therewith, shall be due and payable by Lessee to Lessor on the day immediately following any such payment by Lessor, as additional rent. Lessor shall have the same rights and remedies for the nonpayment of any such sums as Lessor may be entitled to in the case of default by Lessee in the payment of rent.

Any amount due to Lessor under this Lease not paid when due shall bear interest at the lower of fifteen percent (15%) per annum, or the highest rate then allowed by law ("**Default Rate**"), from the date due until paid in full. Payment of such interest shall not excuse or cure any default by Lessee under this Lease.

All sums payable by Lessee to Lessor or to third parties under this Lease in addition to such sums payable pursuant to Section 5 hereof shall be payable as additional sums of rent. For purposes of any unlawful detainer action by Lessor against Lessee pursuant to California Code of Civil Procedure Sections 1161-1174, or any similar or successor statutes, Lessor shall be entitled to recover as rent not only such sums specified in Section 5 as may then be overdue, but also all such additional sums of rent as may then be overdue.

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies herein provided or permitted at law or in equity.

No member, official, or employee of Lessee shall be personally liable to Lessor or any successor in interest under any Event of Default or for any amount which may become due to Lessor or successor or on any obligations under the terms of this Lease.

14.3 **Default by Lessor.** Lessor's failure or omission by Lessor to observe, keep or perform any of the terms, agreements or conditions set forth in this Lease, and such failure or omission has continued for thirty (30) days after written notice from Lessee (or such longer period required to cure such failure or omission in the event the default is not reasonably

susceptible of cure within a thirty (30) day period, but in no event shall such cure period exceed a total cure period of sixty (60) days after the occurrence of a default, if Lessor commences such cure within the initial thirty (30) day period and diligently prosecutes such cure to completion).

14.3.1 **Lessee's Remedies.** Upon any Event of Default, Lessee shall have the following remedies, in addition to all other rights and remedies provided by law or equity: (i) Lessee shall be entitled to keep this Lease in full force and effect for so long as Lessor does not terminate Lessee's right to possession (whether or not Lessee shall have abandoned the Property) and Lessee may enforce all of its rights and remedies under this Lease; or (ii) Lessee may terminate this Lease by giving Lessor written notice of termination. On the giving of the notice, this Lease will terminate and subject to Sections 6.9 and 14.3 and other provisions of this Lease that survive the expiration or termination of this Lease, neither Party will have any further rights or obligations under the Lease, Termination of this Lease under this Section 14.2.1 will not release Lessor from the payment of any sum then due Lessee or from any claim for damages accrued or then accruing against Lessor. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies herein provided or permitted at law or in equity. No director, officer, or employee of Lessor shall be personally liable to Lessee or any successor in interest in the event of any Default by Lessor or for any amount which may become due to Lessee or successor or on any obligations under the terms of this Lease.

14.4 **Surrender.** Lessee shall, upon expiration or sooner termination of this Lease, surrender the Property to Lessor in substantially the same condition as existed on the date Lessee originally took possession thereof, subject to the terms and conditions of Section 6.9 above.

14.5 **Holding Over.** This Lease shall terminate without further notice at the expiration of the Term. Any holding over by Lessee after expiration shall not constitute a renewal or extension of the Lease or give Lessee any rights in or to the Property unless otherwise expressly provided in this Lease. Any holding over after expiration (or termination, as applicable) of the Term with the express written consent of Lessor shall be construed to be a month-to-month tenancy at one hundred twenty-five percent (125%) of the Fair Market Rent, which rent shall be paid monthly during such hold over period. The month-to-month tenancy shall be on the terms, provisions, and conditions of this Lease except as provided in the preceding sentence.

15. **CONDEMNATION; DAMAGE OR DESTRUCTION.**

15.1 **Complete Taking.** If, at any time, any authority having the power of eminent domain shall condemn all or substantially all of the Property or the Solar Project, for any public use, then the interests and obligations of Lessee under this Lease in or affecting Property shall cease and terminate upon the earlier of (i) the date that the condemning authority takes physical possession of Property or the Solar Project, or (ii) the date of the condemnation judgment. Lessee shall continue to pay all amounts payable hereunder to Lessor until the earlier of such dates, at which time Lessor and Lessee shall be relieved of any and all further obligations and conditions to each other under this Lease.

15.2 **Partial Taking.** If, at any time during the term of this Lease, any authority having the power of eminent domain shall condemn any portion of the Solar Project or the Property, then the interest and obligations of Lessee under this Lease as to any portion of the Solar Project or the Property so taken shall cease and terminate upon the earlier of (i) the date that the condemning authority takes physical possession of such portion of the Solar Project or the Property, or (ii) the date of the condemnation judgment, and, unless this Lease is terminated as hereinafter provided, this Lease shall continue in full force and effect as to the remainder of the Solar Project and the Property. Lessee shall, at its own cost and expense, make all necessary repairs or alterations to the improvements constructed on the Property in order to make the portion of the Solar Project or Property not taken a functional unit, and the portion of any condemnation proceedings expressly designated for such restoration work shall be paid to Lessee to reimburse Lessee for such purpose. Each Party hereto waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either Party to petition the superior court to terminate this Lease in the event of a partial taking of the Property. If such partial condemnation renders the Solar Project unusable or uneconomic or renders the Property unusable for the Solar Project or Lessee's Solar Operations, Lessee may terminate this Lease.

15.3 **Apportionment, Distribution of Award.** On any taking covered by Sections 15.1 or 15.2 above, all compensation awarded upon a taking shall belong to and be paid to Lessor, except that Lessee shall receive from the award (i) a sum attributable to Lessee's improvements or alterations made to the Property by Lessee at Lessee's expense with Lessor's consent in accordance with this Lease, which Lessee has the right to remove from the Property pursuant to the provisions of this Lease, but are taken for public use or rendered unusable or uneconomic by the taking; (ii) if Lessee elects to remove any such improvements or alterations made to the Property at Lessee's expense due to the taking, Lessee shall receive the portion of the award to reimburse Lessee for its expenses for reasonable removal and relocation of its improvements or alterations not to exceed the market value of such improvements or alterations on the date possession of the Property is taken; or (iii) Lessee's cost to restore the Solar Project as a functional unit under Section 15.2 above.

15.4 **Damage or Destruction.** Subject to Section 17.1 below, no damage to or destruction of any equipment or improvements installed or constructed by Lessee on the Property shall affect any of Lessee's obligations under this Lease or entitle Lessee to terminate or otherwise modify any provisions of this Lease. Lessee waives the provisions of California Civil Code Sections 1932(2) and 1933(4), and any similar or successor statutes relating to termination of leases when the thing leased is substantially or entirely destroyed, and agrees that any such occurrence shall instead be governed by the terms of this Lease.

16. **MISCELLANEOUS.**

16.1 **Force Majeure.** If performance of this Lease or of any obligation hereunder is prevented or substantially restricted or interfered with by reason of an event of Force Majeure (defined below), the affected Party, upon giving notice to the other Party, shall be excused from such performance to the extent of and for the duration, up to a maximum of one hundred twenty (120) days, of such prevention, restriction or interference. The affected Party shall use commercially reasonable efforts to avoid or remove such causes of nonperformance, to mitigate the duration of any delay in performance, and shall continue performance hereunder to

the extent permissible by the event of Force Majeure or whenever such causes are removed. A Force Majeure shall not excuse any obligation to pay any amounts when due and owing under this Lease. “**Force Majeure**” includes, but is not limited to, an act of God or the elements, site conditions, extreme or severe weather conditions, explosion, fire, epidemic, landslide, mudslide, sabotage, terrorism, lightning, earthquake, flood or similar cataclysmic event, an act of public enemy, war, blockade, civil insurrection, riot, civil disturbance or strike or other labor difficulty suffered by a Party or caused by any third party beyond the reasonable control of such Party, or any act or omission of any third party not controlled by or affiliated with a Party. Financial cost alone or as the principal factor shall not constitute grounds for a claim of Force Majeure. Where an event of Force Majeure not covered by the insurance Lessee is required to maintain under this Lease destroys or severely damages the Solar Project or the Property such that the Solar Project or the Property is rendered permanently unusable for Lessee’s Solar Operations, Lessee may terminate the Lease and neither Party shall have any further rights and obligations under the Lease except for terms of this Lease that (i) expressly survive termination and (ii) following the event of Force Majeure, can reasonably be performed.

16.2 **Confidentiality.**

16.2.1 Each Party shall treat as confidential information disclosed to it by any other Party pursuant to this Lease, including information concerning the Property and the Solar Project disclosed before or after the Effective Date (collectively, “**Confidential Information**”); provided, however, that the following information shall not be Confidential Information: (a) information that at the time of disclosure or acquisition was in the public domain or later entered the public domain other than by breach of this Section 16.2 or a confidentiality obligation owed to the disclosing Party, provided that all environmental information shall be Confidential Information, irrespective of whether such information is in the public domain; (b) information that at the time of disclosure or acquisition was already known to and had been reduced to writing by the recipient; or (c) information that after disclosure or acquisition was received from a third party that had no duty to maintain the information in confidence.

16.2.2 Unless otherwise agreed to herein, or required by law, no Party shall, unless authorized by the disclosing Party to do so: (a) copy, reproduce, distribute or disclose to any Person any Confidential Information, or any facts related thereto; (b) permit any third party to have access to Confidential Information; or (c) use Confidential Information for any purpose other than for the purpose of pursuing the activities as contemplated herein. The disclosing Party hereby authorizes the receiving Party to disclose Confidential Information to its attorneys, lenders, or prospective assignees; provided, however, that the receiving Party shall require in writing such persons to treat Confidential Information in a manner consistent with this Lease.

16.2.3 In the event that a Party that has received Confidential Information from another Party is requested in any legal proceeding or by any governmental authority to disclose any Confidential Information under the California Public Records Act or the Freedom of Information Act, the receiving Party shall, to the extent permitted under Applicable Law, give the providing Party prompt notice of such request so that the providing Party may seek an appropriate protective order. If, in the absence of a protective order, the receiving Party is

nonetheless advised by counsel that disclosure of the Confidential Information is required (after exhausting any appeal requested by the providing Party at the providing Party's expense and permitted under Applicable Law), the receiving Party may disclose such Confidential Information without liability hereunder provided that only such portion of the Confidential Information required to be disclosed shall be made available.

16.2.4 The obligations of the Parties contained in this Section 16.2 shall survive the assignment or transfer of the Parties' rights, liabilities, or obligations under and the expiration or termination of this Lease. Successors and Assigns

16.3 **Successors and Assigns.** This Lease shall burden the Property and shall run with the land. This Lease shall inure to the benefit of and be binding upon Lessor and Lessee and, to the extent provided in any Assignment or Transfer under Sections 11 or 13, any assignee or transferee, and their respective heirs, transferees, successors and assigns, and all persons claiming under them. References to "Lessee" in this Lease shall be deemed to include assignees that hold a direct ownership interest in this Lease and actually are exercising rights under this Lease to the extent consistent with such interest.

16.4 **Notices.** All notices or other communications required or permitted by this Lease, including payments to Lessor, shall be in writing and shall be deemed given when personally delivered, or in lieu of such personal service, five (5) days after deposit in the United States mail, first class, postage prepaid, certified, or the next business day if sent by reputable overnight courier, provided receipt is obtained and charges prepaid by the delivering Party. Any notice shall be addressed as follows:

If to Lessor: Chevron Products Company
Richmond Refinery
841 Chevron Way
Richmond, CA 94801
510-242-4401
Attn: Refinery Manager

With a copy to: Chevron Products Company
Downstream Law Department
6001 Bollinger Canyon Road
San Ramon, CA 94583
925-842-1000
Attn: Office of General Counsel

If to Lessee: Marin Clean Energy
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
dweicz@mceCleanEnergy.com
Attn: Executive Officer

With a copy to: Shute, Mihaly & Weinberger LLP
396 Hayes Street

San Francisco, CA 94102
415-552-7272
schwartz@smwlaw.com
Attn: Andrew W. Schwartz

Any Party may change its address for purposes of this Section by giving written notice of such change to the other parties in the manner provided in this Section.

16.5 **Entire Agreement; Amendments.** This Lease and the attached Exhibits constitutes the entire agreement between Lessor and Lessee respecting its subject matter. Any agreement, understanding or representation respecting the Property, this Lease, the lease created by this Lease, or any other matter referenced herein not expressly set forth in this Lease, or in a subsequent writing signed by both Parties, is null and void. This Lease shall not be modified or amended except in a writing signed by both Parties. No purported modifications or amendments, including, without limitation, any oral agreement (even if supported by new consideration), course of conduct or absence of a response to a unilateral communication, shall be binding on either Party.

16.6 **Legal Matters.**

16.6.1 **Governing Law; Dispute Resolution.** This Lease is governed by and shall be interpreted in accordance with the laws of the State of California, without regard to principles of conflicts of law. In the event of any dispute or claim that arises out of or that relates to this Lease, or to the interpretation, termination, breach, existence, scope, or validity thereof (a “**Dispute**”), the Dispute shall be resolved in the Superior Court of Contra Costa County, California. In any such action, the Parties shall jointly request that the Superior Court appoint a referee to resolve all legal and factual issues of the Dispute pursuant to Code of Civil Procedure Sections 638 et seq.

16.6.2 **No Consequential Damages.** Notwithstanding anything to the contrary in this Lease, neither Party shall be entitled to, and each of Lessor and Lessee hereby waives any and all rights to recover, consequential, incidental, and punitive or exemplary damages, however arising, whether in contract, in tort, or otherwise, under or with respect to any action taken in connection with this Lease.

16.6.3 **Attorney Fees.** If any action proceeding at law or in equity (collectively an “**Action**”), shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the terms, covenants, or conditions of this Lease, or for the recovery of possession of the Property, the Prevailing Party shall be entitled to recover from the other Party as a part of such Action, or in a separate Action brought for that purpose, its reasonable attorney’s fees and costs and expenses (including expert witness fees) incurred in connection with the prosecution or defense of such Action, including any appeal thereof. “**Prevailing Party**” within the meaning of this Section shall include, without limitation, a Party who brings an action against the other after the other is in breach or default, if such action is dismissed upon the other’s payment of the sums allegedly due or upon the other’s performance of the covenants allegedly breached, or if the Party commencing such action or proceeding

obtains substantially the relief sought by it in such action, whether or not such action proceeds to a final judgment or determination.

16.6.4 **Partial Invalidity.** Should any provision of this Lease be held in a final and unappealable decision by a court of competent jurisdiction to be either invalid, void or unenforceable, the remaining provisions hereof shall remain in full force and effect and unimpaired by the court's holding. Notwithstanding any other provision of this Lease, the parties agree that in no event shall the term of this Lease be longer than the longest period permitted by Applicable Law.

16.7 **Conflicts of Interest.** Conflicts of interest relating to this Lease are strictly prohibited and the provisions of this Section shall apply in reciprocity to both Parties. Except as otherwise expressly provided herein, neither Lessee nor Lessor nor any director, employee or agent of either Party shall give to or receive from any director, employee or agent of the other Party any gift, entertainment or other favor of significant value, or any commission, fee or rebate. Likewise, neither Lessee nor Lessor nor any director, employee or agent of either Party shall enter into any business relationship with any director, employee or agent of the other Party or any of its affiliates. Each Party shall promptly notify the other Party of any violation of this Section and any consideration received or paid as a result of such violation, which shall promptly be paid over or credited to the appropriate Party. Additionally, in the event of any violation of this Section, including any violation occurring prior to the Effective Date, resulting directly or indirectly in either Party's consent to enter into this Lease, either Party may at its option, terminate this Lease pursuant to the notice provisions contained in this Lease. Any legal, risk management or fiduciary representative(s) authorized by either Party may audit any and all pertinent records of the other Party for the sole purpose of determining whether there has been compliance with this Section.

16.8 **No Partnership.** Nothing contained in this Lease shall be construed to create an association, joint venture, trust or partnership covenant, obligation or liability on or with regard to any one or more of the parties to this Lease.

16.9 **Brokerage Fee.** No brokerage fee or commission is payable to any person with respect to this Lease and each of Lessor and Lessee hereby indemnify and hold the other harmless from and against any claim for payment of such fee or commission from a person claiming to have represented it.

16.10 **Counterparts.** This Lease may be executed with counterpart signature pages and in duplicate originals, each of which shall be deemed an original, and all of which together shall constitute a single instrument.

16.11 **No Accord and Satisfaction.** No payment by Lessee, or receipt by Lessor, of an amount which is less than the full amount of Annual Rent and additional rent payable by Lessee hereunder at such time shall be deemed to be other than on account of (a) the earliest of such other sums due and payable, and thereafter (b) to the earliest rent due and payable hereunder. No endorsement or statement on any check or any letter accompanying any payment of rent or such other sums shall be deemed an accord and satisfaction, and Lessor may accept any such check or payment without prejudice to Lessor's right to receive payment of the

balance of such rent and/or the other sums, or Lessor's right to pursue any remedies to which Lessor may be entitled to recover such balance.

16.12 **Time**. Time is of the essence with respect to the performance of each and every provision of this Lease in which time of performance is a factor. All references to days contained in this Lease shall be deemed to mean calendar days, unless otherwise specifically stated.

16.13 **Construction of Lease**. Each Party has been fully and competently represented by counsel of its own choosing in the negotiation and drafting of this Lease. Accordingly, the Parties agree that any rule of construction of contracts resolving any ambiguities against the drafting party shall be inapplicable to this Lease. Further, each Party acknowledges that it has read this entire document, including the attached exhibits and fully understands its terms and effect.

16.14 **Memorandum of Lease**. The Parties shall execute and acknowledge a memorandum of this Lease in the form attached as Exhibit F at the same time as the execution of the Lease. Lessee shall cause such memorandum to be recorded in the Official Records of the County of Contra Costa.

16.15 **No Recourse to Members of Lessee**. Lessee 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.) and is a public entity separate from its constituent members. Under Article VIII of Lessee's Operating Rules and Regulations, Lessee shall be solely responsible for all debts, obligations and liabilities accruing and arising out of this Lease. Lessor shall have no rights to and shall not make any claims, take any actions or assert any remedies against any of Lessee's constituent members to the extent such claims arise from Lessee's obligations under this Lease.

(Signature Page Follows)

IN WITNESS WHEREOF, Lessee and Lessor have caused this Solar Energy Facility Site Lease to be executed and delivered by their duly authorized representatives as of the Effective Date.

LESSOR: CHEVRON PRODUCTS COMPANY,
a Division of Chevron U.S.A Inc., a Pennsylvania corporation

By: _____

Its _____

LESSEE: MARIN CLEAN ENERGY

By: _____

Dawn Weisz

Its Executive Officer

MCE Board Resolution No. _____,

Adopted on _____, 2014

APPROVED AS TO FORM:

Shute, Mihaly & Weinberger LLP

Andrew W. Schwartz

Counsel for Marin Clean Energy

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

All of that real property located in the City of Richmond, County of Contra Costa, California, more particularly described as follows:

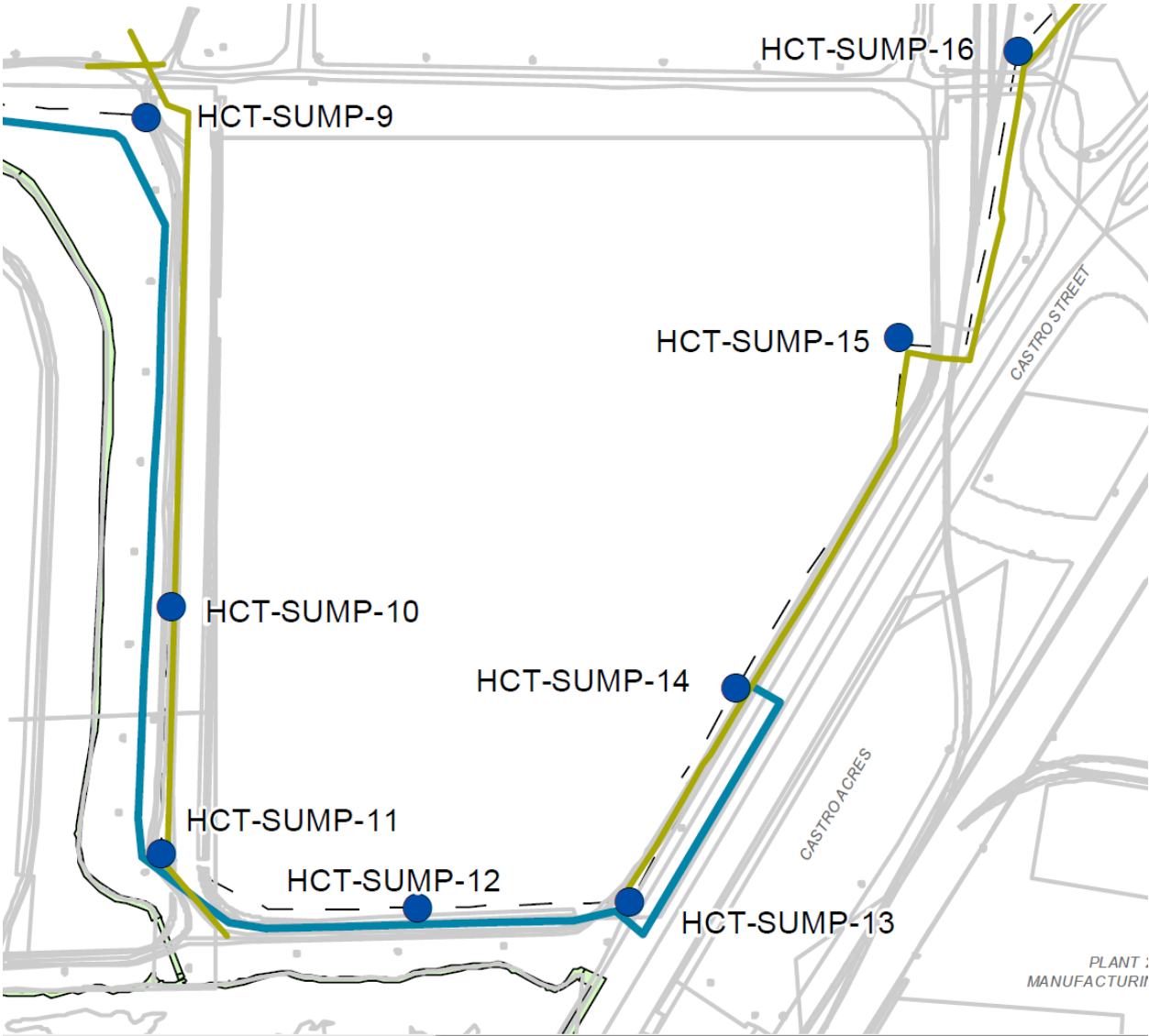
EXHIBIT B

LEASE EXCEPTIONS



EXHIBIT C

DIAGRAM OF GROUNDWATER PROTECTION SYSTEM



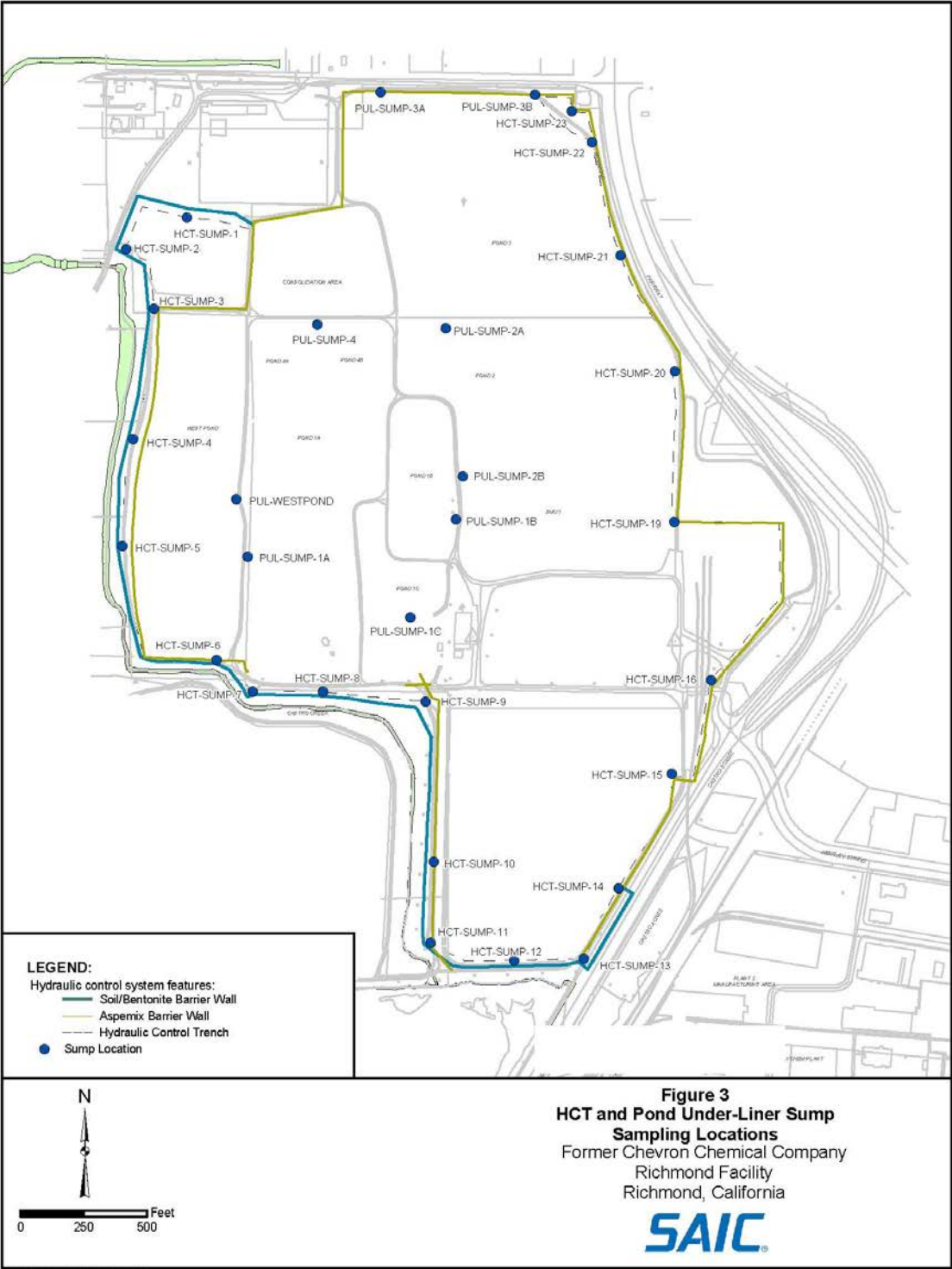


EXHIBIT D

CHEVRON SAFETY AND OPERATING PROCEDURES

[Attached]

EXHIBIT E

LOCATION OF ROADWAY LICENSE



EXHIBIT F

MEMORANDUM OF LEASE

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Marin Clean Energy
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901
Attn: Executive Officer

(Space Above for Recorder's Use)

APN: 561-100-034, 561-100-037 & 561-100-038

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is made and entered into as of _____, 201__ (the "**Effective Date**") by and between CHEVRON PRODUCTS COMPANY, a division of Chevron U.S.A. Inc., a Pennsylvania corporation ("**Lessor**"), and MARIN CLEAN ENERGY, a California Joint Powers Authority ("**Lessee**").

Recitals

A. Lessor and Lessee are parties to that certain unrecorded Solar Energy Facility Site Lease of even date herewith ("**Lease**"), whereby Lessor has leased to Lessee and Lessee has leased from Lessor that certain real property described on Exhibit "A" attached hereto (the "**Property**").

B. This Memorandum is prepared and recorded for the purpose of effecting record notice of the Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Incorporation of Terms; Definitions. All of the terms and conditions of the Lease are hereby incorporated into this Memorandum by this reference. Initially capitalized terms that are used but not defined herein shall have the meanings ascribed to them in the Lease.

2. Term. The term of the Lease commenced on the Effective Date and shall continue for a period of twenty-five (25) years ("**Initial Term**"). Provided that no Event of Default by Lessee under the Lease remains outstanding and uncured at the time Lessee gives notice to Lessor of the exercise of Lessee's right to extend the term of the Lease, Lessee has the right and option to extend the term of the Lease for a period of five (5) years, by delivering written notice of such extension to Lessor not less than one hundred eighty (180) days prior to the end of the Initial Term.

3. Conflict of Provisions. This Memorandum is prepared for the purpose of recordation and shall not alter or affect in any way the rights and obligations of Lessor and Lessee under the Lease. In the event of any inconsistency between this Memorandum and the Lease, the terms of the Lease shall control.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the date first set forth above.

LESSOR:

CHEVRON PRODUCTS COMPANY,
a Division of Chevron U.S.A Inc.,
a Pennsylvania corporation

By: _____

Its _____

LESSEE:

MARIN CLEAN ENERGY

By: _____

Dawn Weisz

Its Executive Officer

MCE Board Resolution No. _____,

Adopted on _____, 2014

APPROVED AS TO FORM:

Shute, Mihaly & Weinberger LLP

Andrew W. Schwartz

Counsel for Marin Clean Energy

(Signature) [Seal]

On _____, before me, _____, Notary Public,
personally appeared _____ who proved to me on the basis of
satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within
instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or
the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature) [Seal]

STATE OF CALIFORNIA)
) SS
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

(Signature) [Seal]

Exhibit “A”
to
Memorandum of Lease

Legal Description of Property

All that certain real property located in the County of Contra Costa, State of California,
more particularly described as follows:



July 3, 2014

TO: Marin Clean Energy Board of Directors

FROM: Dawn Weisz, Executive Officer

RE: MCE Prevailing Wage Policy (Agenda Item #08)

ATTACHMENT: Discussion Draft of MCE Prevailing Wage Policy

Dear Board Members:

SUMMARY:

MCE in recent years has taken steps to encourage the use of prevailing wage and union labor in its electricity procurement contracts. During the most recent open season, bidders were required to provide information on their use of prevailing wage and union labor. This information included detailing the past, current and/or planned efforts by project developers and their contractors to:

- Employ C-10 licensed contractors and certified electricians.
- Pay the prevailing wage for electricians pursuant to the Labor Code.
- Utilize local apprentices during construction and maintenance.
- Pay workers the correct prevailing wage rates for each craft, classification and type of work performed.
- Utilize Project Labor Agreements on the proposed project or prior project developments.
- Display a poster at jobsites informing workers of prevailing wage requirements.
- Provide workers compensation coverage.

This information was used as a factor in creating the open season short list and subsequent contracting decisions.

Investor-owned utilities in the state have certain California Public Utilities Commission-mandated prevailing wage requirements, such as Decision 10-04-052 for PG&E's solar procurement program. This Decision found that "it is reasonable to require developers pursuing projects through power purchase agreements to make reasonable efforts to pay prevailing wage." The Decision required PG&E to add language to its power purchase agreements for this solar program to require the developer to "use reasonable efforts to ensure that all Electricians hired by [developer], and its contractors and subcontractors are paid wages at rates not less than those prevailing for Electricians performing similar work in the locality as provided by [the California Labor Code]."

At this time, Staff requests that a potential MCE prevailing wage policy be discussed and subsequently formalized after further discussion and development in the Executive Committee.

Recommendation: Discussion only.

DISCUSSION DRAFT
MCE Union Labor and Prevailing Wage Policy

MCE efforts to contract for generation supply shall include requirements in the bid process as follows:

Marin Clean Energy shall collect information from respondents to any Open Season and/or RFP process regarding past, current and/or planned efforts by project developers and their contractors to:

- Employ C-10 licensed contractors and certified electricians.
- Pay the prevailing wage for electricians pursuant to the Labor Code.
- Utilize local apprentices during construction and maintenance.
- Pay workers the correct prevailing wage rates for each craft, classification and type of work performed.
- Utilize Project Labor Agreements on the proposed project or prior project developments.
- Display a poster at jobsites informing workers of prevailing wage requirements.
- Provide workers compensation coverage.

Relevant information submitted by bidders will be used to evaluate potential workforce impacts of proposed projects with the goal of promoting fair worker treatment and support of the existing wage base in local communities where contracted projects will be located.



July 3, 2014

TO: Marin Clean Energy Board

FROM: Emily Goodwin, Director of Internal Operations

RE: Office Space Proposal (Agenda Item #09)

ATTACHMENT: A. Office Space Comparison Summary
B. 700 Fifth Street Design Layout
C. 750 Lindero Street Basic Design Layout
D. 990 A Street Design Layout

Dear Board Members:

SUMMARY:

In December of 2013, MCE was officially notified of BioMarin's purchase of the San Rafael Corporate Center. On February 24, 2014, tenants were provided an overview of BioMarin plans for vacating the buildings and informed that the chance of being relocated was highly probable. We proactively met with Bio Marin to better understand our current and future position through the term of our lease (ending December 31, 2019).

BioMarin plans to release all current tenants at the earliest opportunity, and has already bought out existing leases to expedite the evacuation of the campus. BioMarin has prioritized evacuation of MCE's current office at 781 Lincoln Avenue. MCE's lease term extends through 2019, but including a relocation clause (effective with a 90 day notice). BioMarin has offered to extend a relocation option to MCE by the end of the calendar year (by January 1, 2015) to a comparable space at the 750 Lindero Street campus.

Due to these developments, MCE began researching a variety of commercial office space options in central Marin that included comparable amenities to our existing lease at the SRCC. Having conducted research for more than two months, with the participation of staff, management, Board members and a seasoned agent, MCE has narrowed the top contenders to those properties summarized in Attachment A. This summary document provides a helpful comparison of the key factors used to determine the best option for MCE's long term headquarters. Staff is not in a position to recommend one lease for your consideration at this time, but instead wished to update the Board on negotiation status to date. Options are still being considered and we are nearing the final stages of negotiations are in progress.

MCE staff brought this item to the June 18, 2014 Executive Committee meeting for consideration. Because MCE will need to sign an agreement no later than the end of

July, it is recommended that final decision-making authority be delegated from the Board of Directors to the Executive Committee for late July execution. Final lease documents can be prepared and presented for final considerations at the July 16, 2014 Executive Committee. At this time, we ask the Board to consider delegation of authority to enter into a new or revised lease agreement for office space to the Executive Committee. This action will allow for continued timely progress on this item.

Recommendation: Delegate authority to vote on the final recommendation from staff on a proposed office space lease agreement at the July 16, 2014 Executive Committee meeting.



Space Search Summary

- Searched for quality Central San Rafael properties capable of delivering 6,500 rentable square feet with build out required by MCE Clean Energy:
- Options: Relocation to 750 Lindaro, 700 Fifth Avenue, 990 A Street, 990 Fifth Avenue, 1000 Fourth Street
- Proposals made to 750 Lindaro, 700 Fifth Avenue, 990 A Street. Table below indicates terms of most recent written offers.

Property	750 Lindaro	700 Fifth	990 A
Status	Verbal offer received – Written proposal prepared.	Written proposal submitted – Written response received.	Written proposal submitted – Written response received.
Size	5,600 rentable sf	6,500 sf proposed – countered with 6,500 sf year1, 8,500 sf yr 2, 10,710 sf for balance of the term.	Approximately 6,500 sf dependent on most efficient floorplan to accommodate MCE requirements.
Term	5 years with 4 year option	10 years with a 5 year option	10 years with two 5 year options
Rental Rate	\$3.25/sf/month full service. 3% annual increase after 1 st year.	3 months free. \$3.10/sf/month full service. 3% annual increases after 1 st year. 4% annual increases after 5 th year.	3 months free. \$2.75/sf/month full service. Annual CPI increases increases. Min 3%.
Improvements:	Turnkey subject to mutually acceptable floor plan.	Base building improvements including elevator and landscaped break area. \$160,650 allowance for interior improvements proposed by landlord.	Turnkey subject to mutually acceptable floor plan.
Parking:	18 spaces	35 spaces minus those lost to landscaped area.	Parking in city garage across the street at \$68/space/month. Cost included in occupancy costs below.
Estimated 10-year occupancy cost not including expense pass throughs::	\$2,503,711	\$2,756,302 (assuming sublease of 2,000 sf within 1 year and another 2,210 sf within another year.) Otherwise \$4,339,400.	\$2,423,252 including cost of 20 parking spaces.

Property	750 Lindaro	700 Fifth	990 A
Average monthly cost not including expense pass throughs:	\$20,864.26	\$22,969.20 (\$36,162 without sublease offset)	\$20,193.77
Average monthly cost per useable square foot	\$4.36	\$3.53	\$3.11
Advantages:	<p>Safe location (off ground floor). Includes furniture upon move in and paid TI's.</p> <p>Includes most of the conditions we need now.</p> <p>Familiar and convenient.</p> <p>Near transit center.</p> <p>Landscaped areas adjacent.</p>	<p>Room for expansion and collaboration with compatible uses.</p> <p>Identity and accessibility. Great parking. Near transit center.</p> <p>Nice quality furniture to inherit.</p> <p>Good price/space/location. Internal layout works well.</p> <p>Opportunities for solar on roof and EE upgrades.</p> <p>Long term lease and 1st right to buy if available.</p>	<p>Safe location (off ground floor). Great price, location and potential for expansion.</p> <p>Sauna and showers for M/F. Plaza and landscaped areas across the street.</p> <p>Continuous windowline provides great natural light and views.</p> <p>Walking distance to transit center.</p> <p>Central downtown location (4th & A Street) – proximity to restaurants, business services etc.</p>
Challenges:	<p>In the midst of construction zone for the next couple of years.</p> <p>Inevitable move in 2023.</p> <p>One of the last tenants remaining (could mean less than satisfactory treatment).</p> <p>Major construction will be disruptive for the next year at least. Room for expansion?</p> <p>Neither current nor proposed layout works. Distance to services and amenities.</p>	<p>Could be a security issue w/ ground floor entrance and sublease.</p> <p>Could be noisy w/ SMART arrival in 2016.</p> <p>Needs ceiling and lighting update - and elevator.</p> <p>Negotiating what improvements landlord pays for w/out increasing offer on RSF price is unknown.</p> <p>No current landscaped areas.</p> <p>Sublease risk and costs.</p>	<p>Difficult to evaluate space because of scale of improvements required.</p> <p>Parking is across A Street. Cost included in occupancy cost analysis.</p> <p>Common areas are dark and dated. Will require upgrade by Landlord.</p>



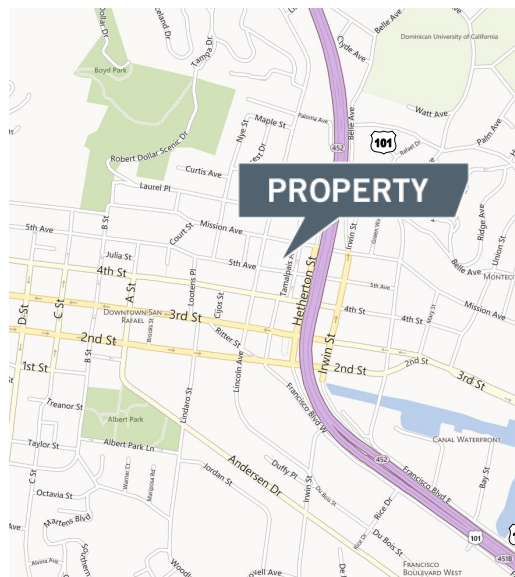
FOR LEASE

700 5th Avenue

San Rafael, CA



- ±10,800 Square Feet (divisible to 5,400 SF)
- Lease Price: \$3.25 PSF Full Service
- Zoned: HO [Click to View Uses](#)
- One block west off Hwy 101 bound between Mission, 5th Street, and Tamalpais Ave.
- One block from downtown San Rafael amenities, walking distance to San Rafael Transit Center and the future SMART Train stop
- 43 on-site car parking spaces
- Operable windows



For more information, please contact:

Steven B Leonard

Senior Vice President, Principal
Steven.Leonard@cassidyurley.com
LIC #00909604 | 415.451.2434

Trevor M Buck

Managing Director, Principal
Trevor.Buck@cassidyurley.com
LIC #01255462 | 415.451.2436

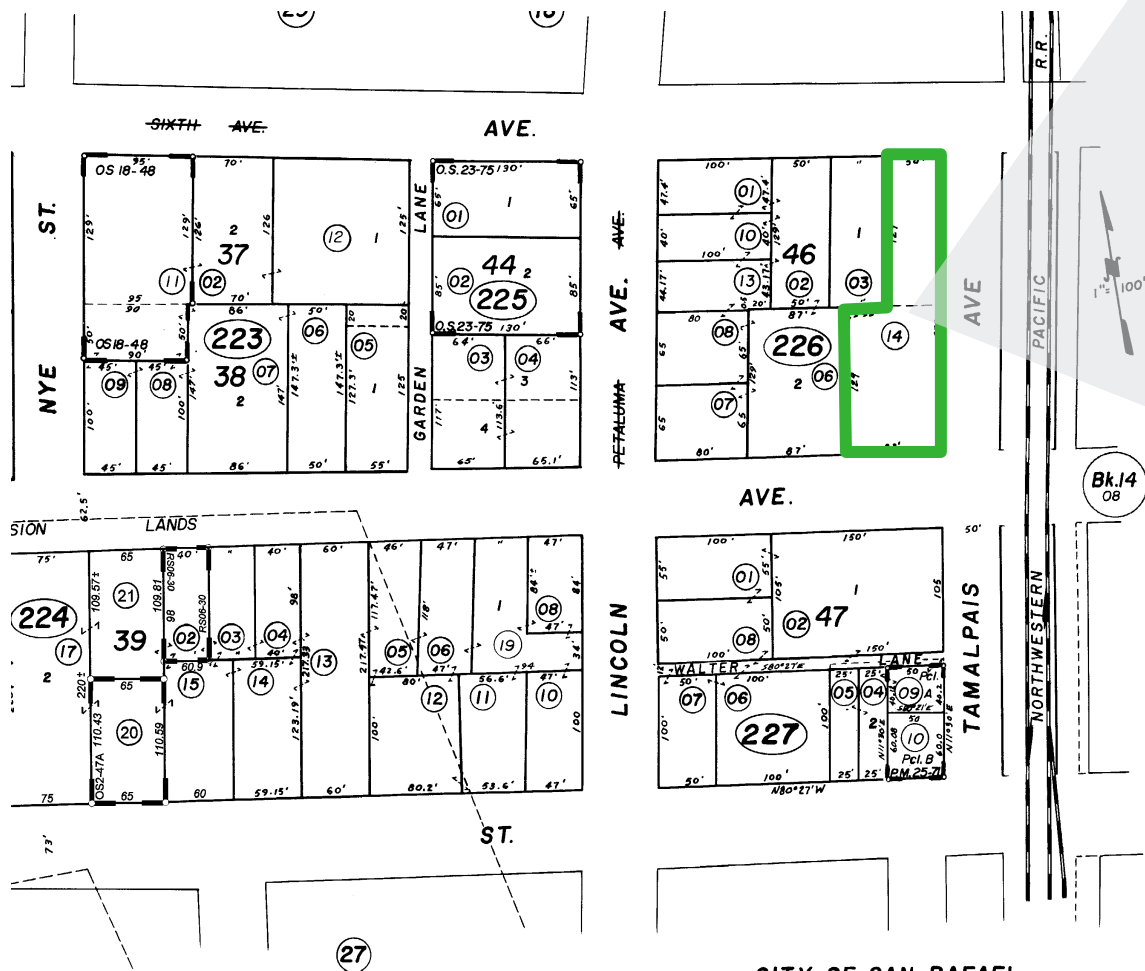
781 Lincoln Ave., Suite 100
San Rafael, California 94901

ph: 415.485.0500
fx: 415.485.1341

www.cassidyurley.com

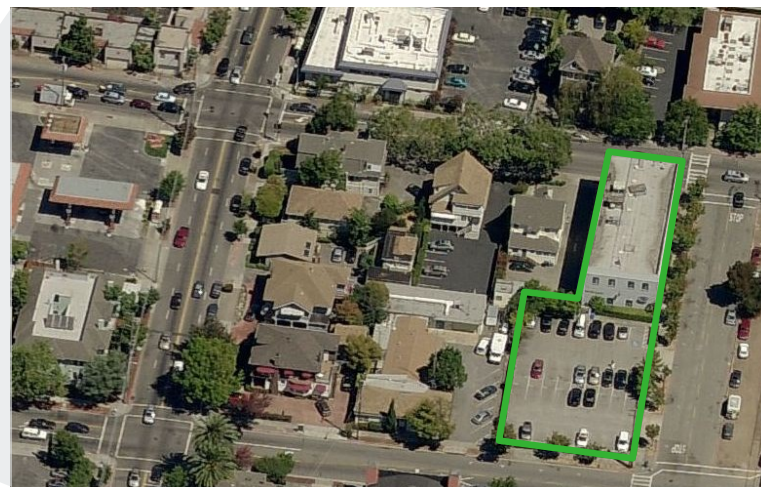
FOR LEASE
700 5th Avenue, San Rafael

Site Map:



ull 4

NOTE—Assessor's Block Numbers Shown in Ellipses.



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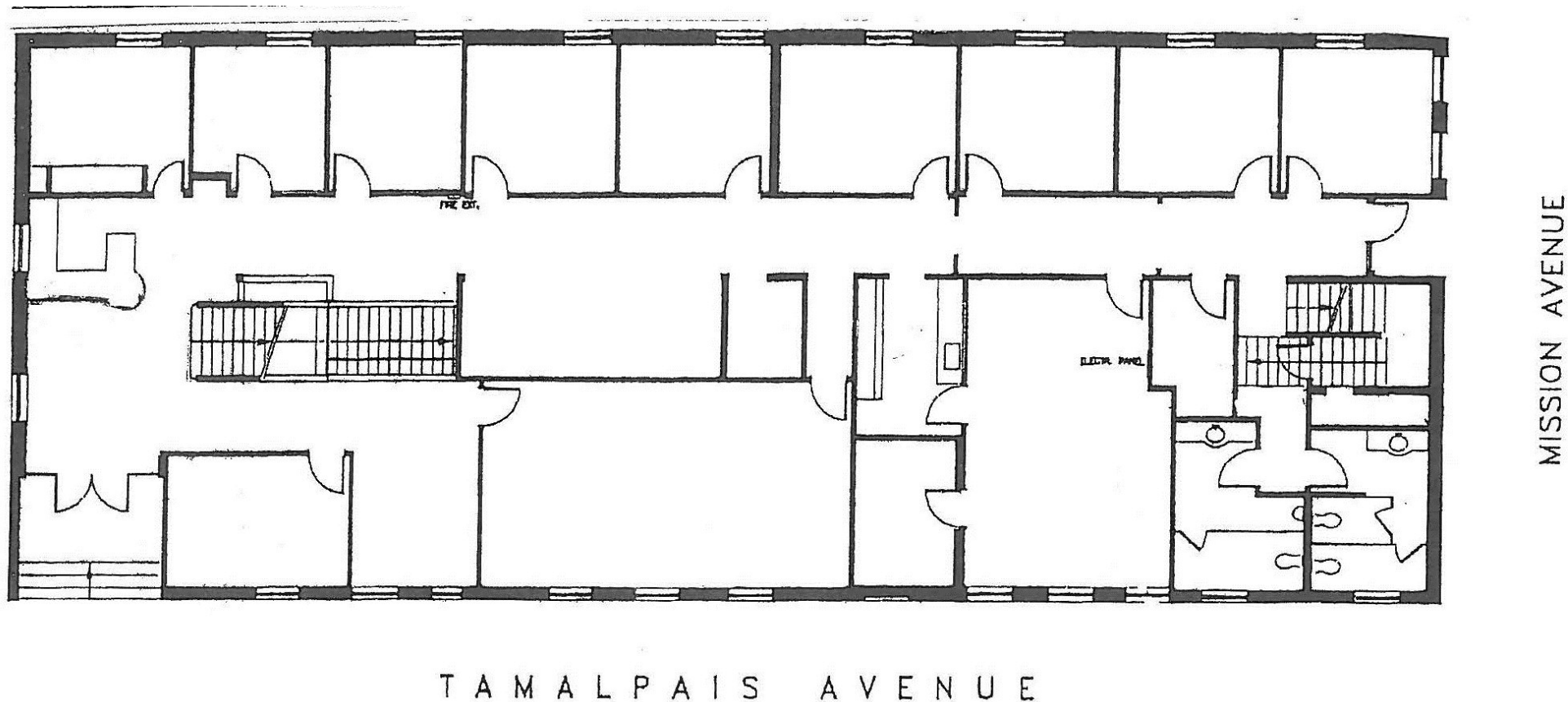
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FOR LEASE 700 5th Avenue, San Rafael

First Floor Plan:



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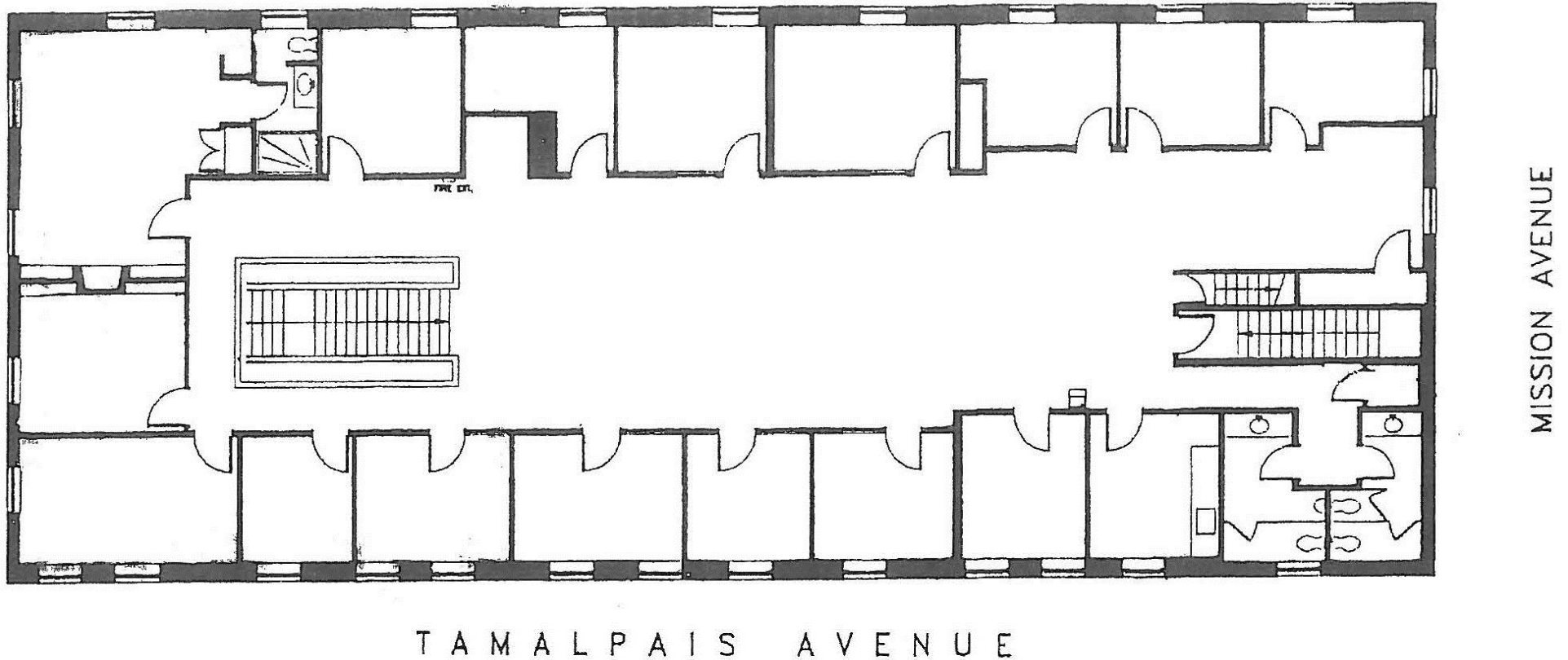
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FOR LEASE 700 5th Avenue, San Rafael

Second Floor Plan:



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FOR LEASE 700 5th Avenue, San Rafael

Potential Plan:



MISSION AVENUE

TAMALPAIS AVENUE

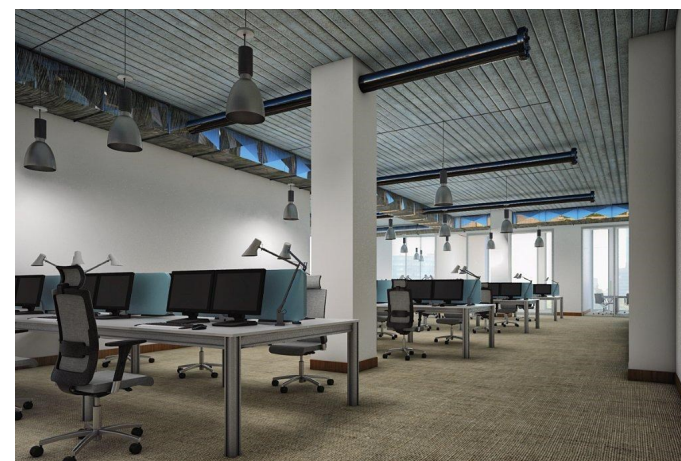
2 FLOOR 2 - DEMISING PLAN - OPTION 1
SCALE: 1/16" = 1'-0"



MISSION AVENUE

TAMALPAIS AVENUE

1 FLOOR 1 - DEMISING PLAN - OPTION 1
SCALE: 1/16" = 1'-0"



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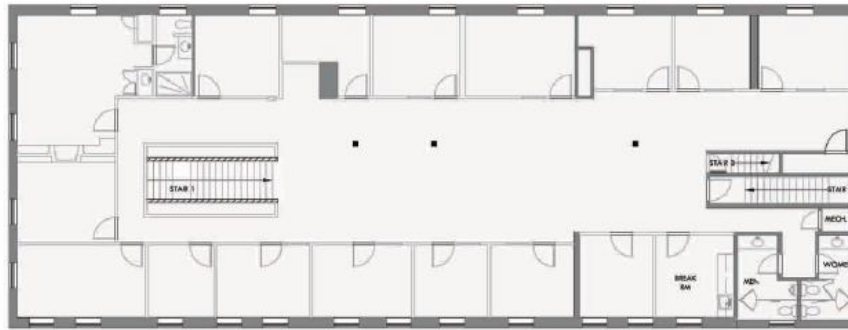
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FOR LEASE 700 5th Avenue, San Rafael

Potential Plan:



MISSION AVENUE

TAMALPAIS AVENUE

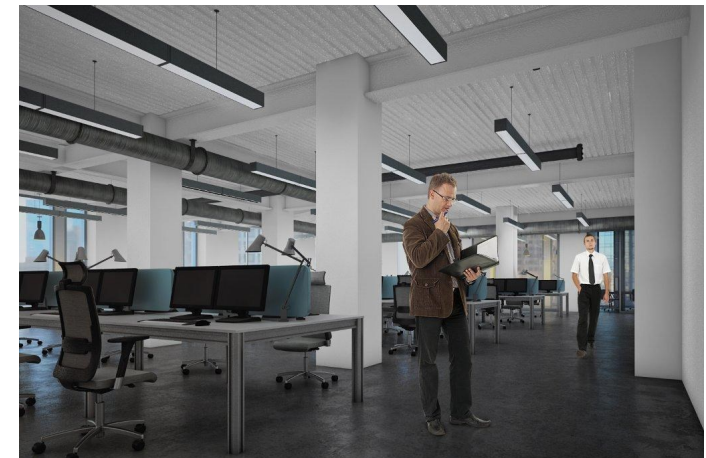
2 FLOOR 2 - DEMISING PLAN - OPTION 2
SCALE: 1/16" = 1'-0"



MISSION AVENUE

TAMALPAIS AVENUE

1 FLOOR 1 - DEMISING PLAN - OPTION 2
SCALE: 1/16" = 1'-0"

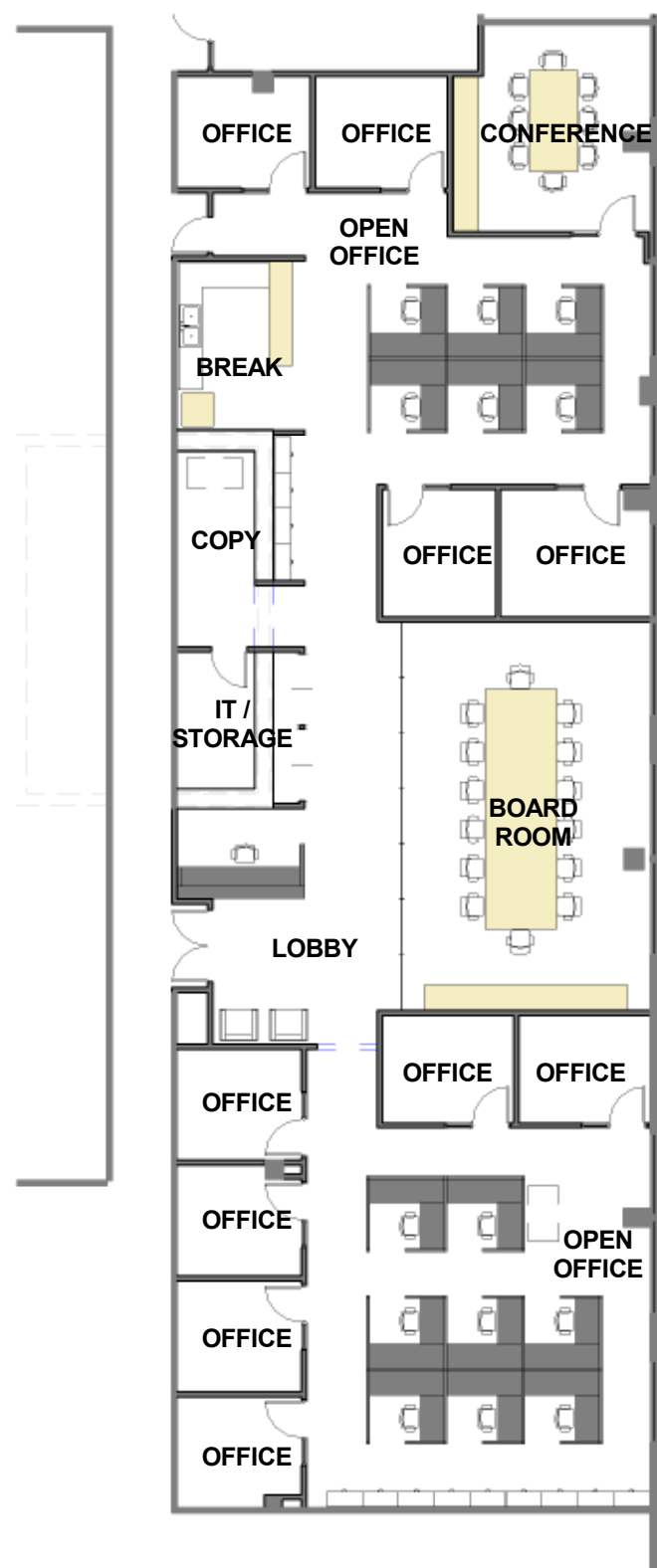


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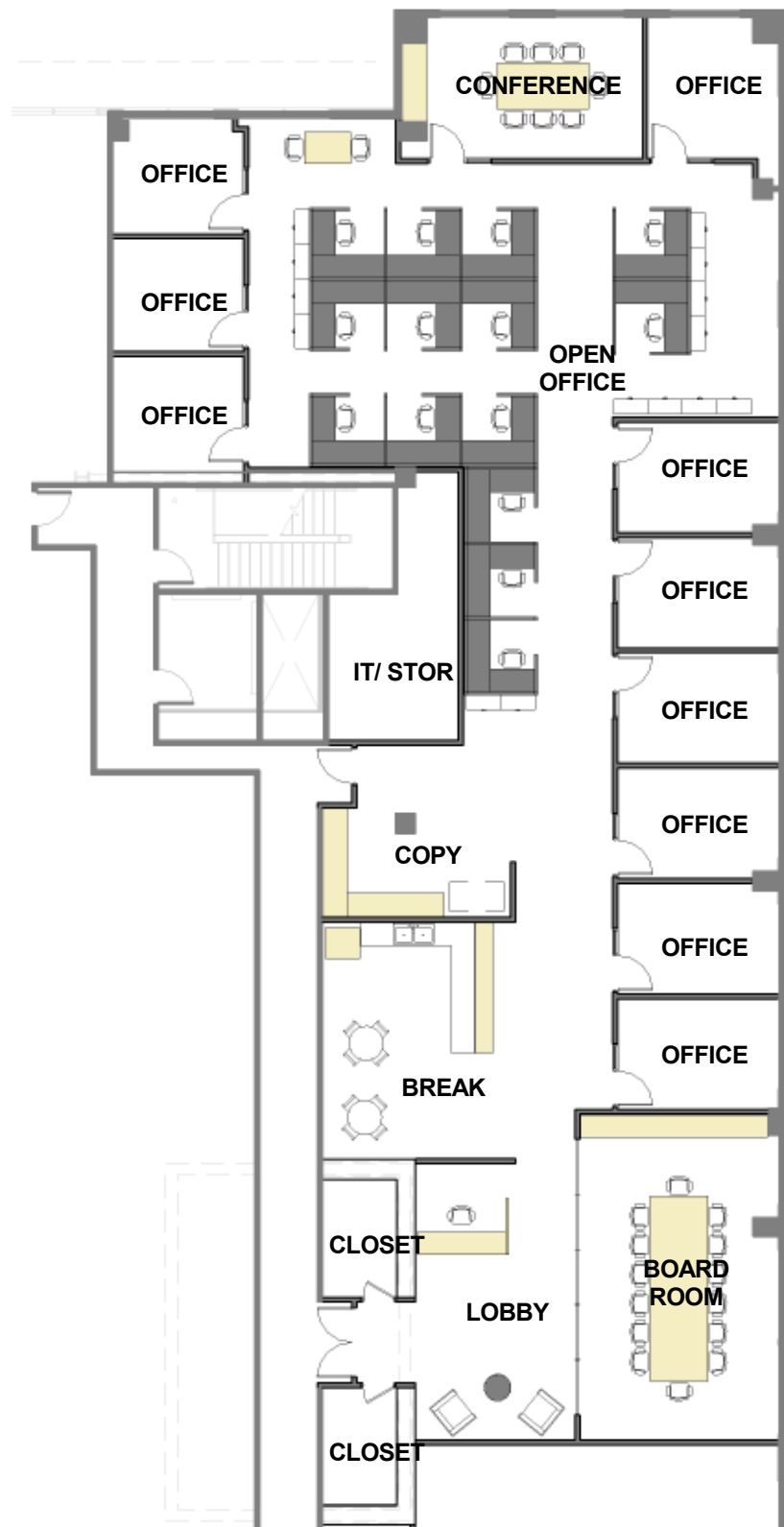
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OPTION 2

SCALE: 1/16" = 1'-0"



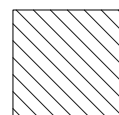
OPTION 1

SCALE: 1/16" = 1'-0"



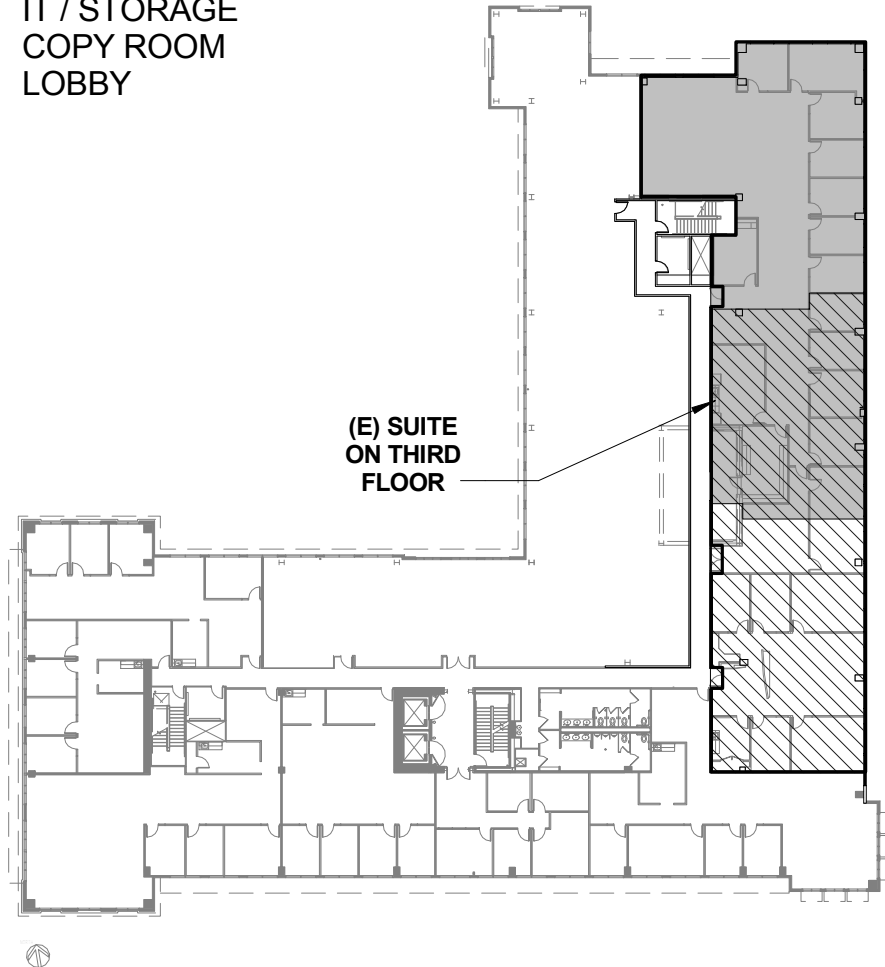
OPTION 1 - ± 6,300 rsf

- (14) WORKSTATIONS
- (10) PRIVATE OFFICES
- (1) CONFERENCE ROOM
- (1) BOARD ROOM
- (1) BREAK ROOM
- (1) IT / STORAGE
- (1) COPY ROOM
- (1) LOBBY



OPTION 2 - ± 5,600 rsf

- (14) WORKSTATIONS
- (10) PRIVATE OFFICES
- (1) CONFERENCE ROOM
- (1) BOARD ROOM
- (1) BREAK ROOM
- (1) IT / STORAGE
- (1) COPY ROOM
- (1) LOBBY



EXISTING KEY PLAN

SCALE: 1" = 50'-0"



Cornish & Carey Commercial
Newmark Knight Frank

Location! Location! Location!

Downtown San Rafael Office Space For Lease
990 A Street, San Rafael

From ± 792 RSF up to $\pm 10,224$ RSF \$2.25/SF, Gross

Now Wired for Comcast!



Combined Suites Can Offer: $\pm 3,085$ RSF or $\pm 4,237$ RSF

- Beautiful Downtown & Mt. Tamalpais Views
- Downtown Office Suites
- Showers, Lockers
- Elevator Served
- City Parking Lot Located Across the Street
- Excellent Natural Light

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Mark Carrington Senior Associate 415.526.7650 mcarrington@ccareynkf.com Lic #01219528

Alisa Belew Associate 415.526.7663 abelew@ccareynkf.com Lic #01821371

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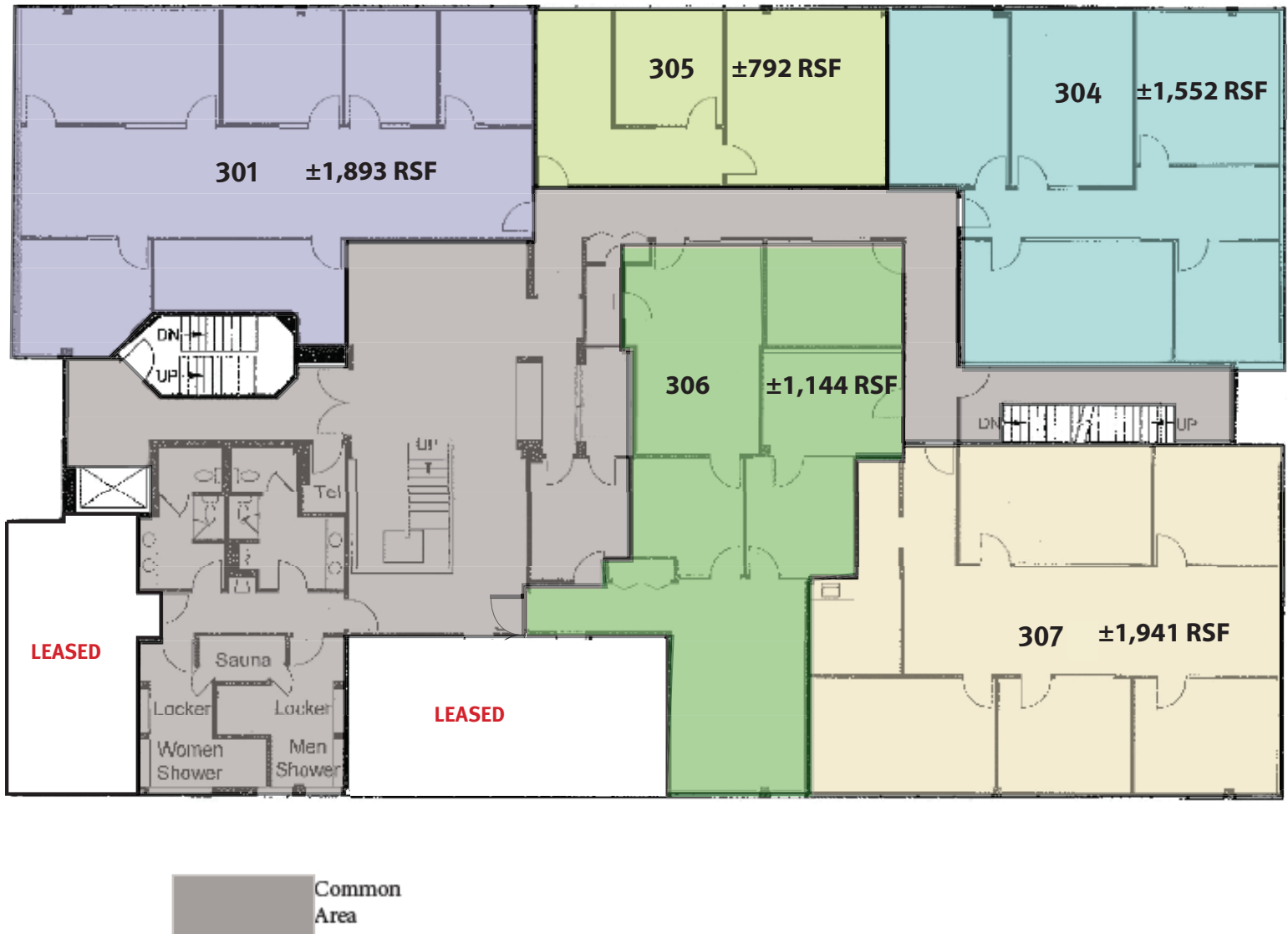
Procuring broker shall only be entitled to a commission, calculated in accordance with the rates approved by our principal only if such procuring broker executes a brokerage agreement acceptable to us and our principal and the conditions as set forth in the brokerage agreement are fully and unconditionally satisfied. Although all information furnished regarding property for sale, rental, or financing is from sources deemed reliable, such information has not been verified and no express representation is made nor is any to be implied as to the accuracy thereof and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice and to any special conditions imposed by our principal.

11-2091-01/14



990 A Street, San Rafael - Office Space Available

±792, ±1,144, ±1,552, ±1,893 and ±1,941 RSF



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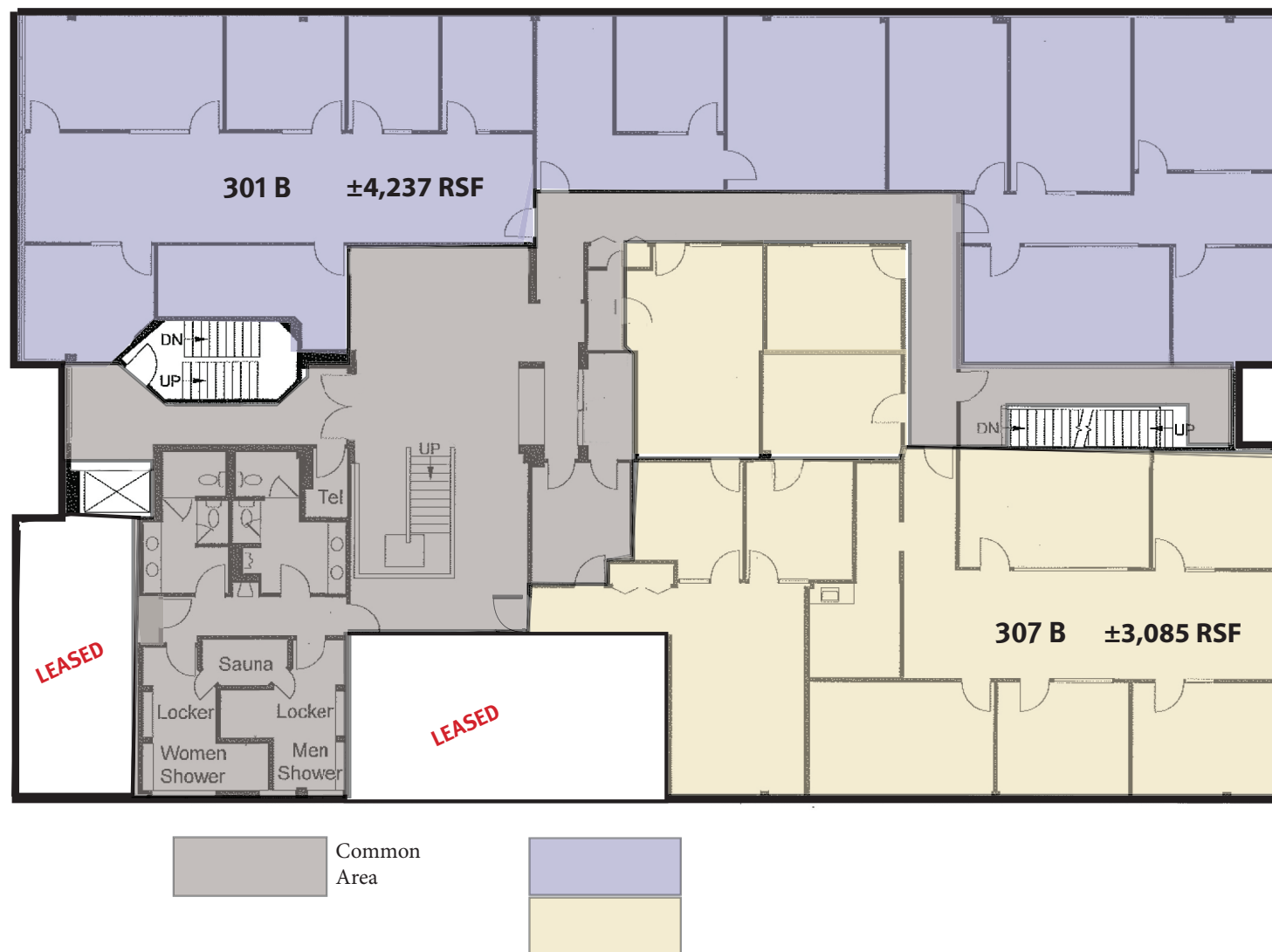
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11-2091-01/14

990 A Street, San Rafael

±3,085 and ±4,237 RSF Office Space Available



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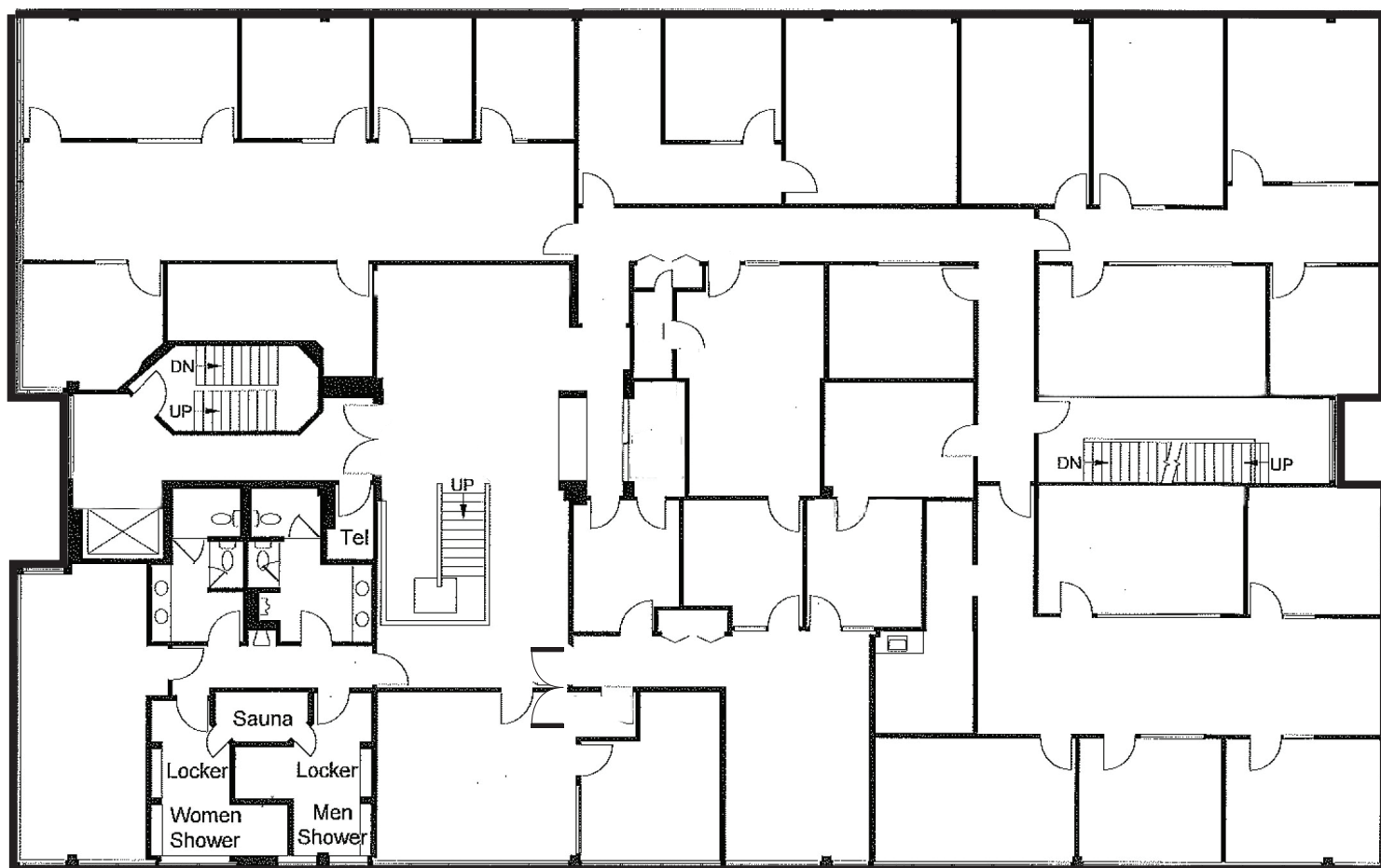
11-2091-01/14



Cornish & Carey Commercial
Newmark Knight Frank

990 A Street, San Rafael

±10,224 RSF Office Space Available



Total Rentable Area - ±10,224 RSF

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11-2091-01/14



July 3, 2014

TO: Marin Clean Energy Board

FROM: Beckie Menten, Energy Efficiency Director

RE: Energy Efficiency Update (Agenda Item #10)

ATTACHMENT:

Dear Board Members:

SUMMARY:

Energy efficiency has always been an integral component of the MCE vision. The initial Business Plan included energy efficiency, and energy efficiency was included in the MCE Implementation Plan prepared in 2009. In February of 2012, the MCE Board approved the Marin Clean Energy Efficiency Program Plan, placing energy efficiency squarely amongst the programs of the MCE organization. To allow for fulfillment of this plan, MCE requested funding from the California Public Utilities Commission (CPUC).

In July of 2012, MCE submitted an application for funding under the 2013 -2014 Energy Efficiency Funding Cycle (A. 12-11-007). The application was based on the initial Energy Efficiency Program Plan, and included the following proposed sub-programs:

- Multi-family
- Small commercial
- Single family utility demand reduction pilot program and
- Four financing pilot programs: On Bill Repayment for multi-family, small commercial, and single family, and a standard offer pilot.

This application for funding was approved on the 9th of November, 2012, allocating over \$4 million to MCE for the implementation of energy efficiency programs.

Energy Efficiency Program Report:

The below report is a summary of the MCE Energy Efficiency Portfolio's expenses and savings for each sub-program from inception until the end of May 2014.

Program	2013-2014 Budget	Program Expenditures	Installed Energy Savings (Gross Annual kWh)	Percent of Target	Installed Gas Savings (Gross Annual Therms)	Percent of Target	Number of Units Served	Percent of Target
Multifamily	\$860,971	\$290,340	48,056	6.5%	3,984	10%	790	47%
Small Commercial	\$1,380,817	\$375,451	371,823	6.6%	-1369 ¹	N/A	84	22%
Single Family	\$473,417	\$359,757	TBD ²	N/A	TBD	N/A	N/A	N/A
Financing Pilots	\$1,300,000	\$122,252	N/A	N/A	N/A	N/A	0	0%
Portfolio Total:	\$4,015,205	\$1,147,800	419,879	3.8%³	2,615	.4%	N/A	N/A

¹ This program installs high efficiency lighting, which reduces the heat output from inefficient lighting. However, this results in an increased heating demand thus therm savings, most often associated with space conditioning, are reported as negative.

² The program is measured on an ex post basis, meaning energy savings will be quantified and reported at the end of the program cycle.

³ Note these figures do not include anticipated savings from the single family program which will increase this percentage somewhat.

Explanation of Results

There are a few reasons why the percentages of savings are so low compared to the targets.

- Small commercial – the small commercial programs across the state are encountering challenges in meeting their targets. Previous program design focused on providing aggressive incentives for easy to accomplish lighting retrofits, which have high savings potential. With changes in code, many easy to capture measures are no longer eligible for incentives and therefore the incentive dollars are covering less of the project and the overall savings figures per investment are lower. Additionally, many of the remaining savings potential is with building envelope and HVAC measures, and often the building occupant is not the building owner and thus does not have decision making control over this equipment. There are currently 453 businesses in the pipeline, as compared to a targeted 385 businesses, so there is opportunity to close more projects in the coming months and make significant progress towards savings targets. MCE is working with PG&E to increase incentives on this program, hopefully bringing more of the projects to completion.
- Multi-family – the multi-family program targets were likely unrealistic when initially submitted to the CPUC. The program has served 47% of the targeted units but has only achieved 6% of the savings. Additionally these programs also have long lead times, often taking months to accomplish. While we have seen a significant uptick in the program applications in late spring, it will be months before these savings are on the book. Currently there are sufficient projects in the pipeline to meet 37% of the program savings while serving 81% of targeted units.
- Delays in implementation of the on-bill repayment program, due in part to negotiations over bill access with PG&E, have potentially also hampered program ramp up as the financing should support the ability of project applicants to complete the full scope of work.

Rachel Peterson's Visit:

MCE staff met with Rachel Peterson, advisor to Commissioner Florio to discuss the Multifamily Energy Efficiency program. MCE staff presented results to-date of the 2013-2014 program before visiting the Oak View and Monte Vista apartments in Terra Linda and Golden Gate Village (a Marin House Authority property) in Marin City to discuss respective projects. Rachel was able to see firsthand the complexity of the multifamily sector, the impact MCE's program is having in the community, and the high quality service the team provides.

Multifamily Pipeline Update:

The Multifamily program currently reports:

- 12 active properties (1,362 units) in the pipeline
- Energy savings of 15% and water savings of 17% have been reported for the project completed at the Oak View and Monte Vista apartments
- 3 properties (646 units, 2 in Richmond) are finalizing Owner's Agreements and Scope of Work forms
- 1 exterior lighting project is underway in San Anselmo
- 5 properties (328 units, 4 in Richmond) will complete assessments in July

- A minimum of 3 properties (646 units) will be scheduled for the Direct Install Service this summer
- 1 property is working with River City Bank to get a Green Property Loan

Green Home Loan Campaign Update:

MCE ran an online marketing campaign for the Green Home Loans program in May and the results are:

- 54 referrals from the Home Upgrade Advisor program
- 11 customers had already heard of the program before calling the Home Upgrade Advisor
- 415 clicks to the website from the online Ads

To date, MCE has yet to convert this interest to an application. MCE staff will be working with the Home Upgrade Advisor's to connect with customers to find out why there has been no uptake.

Recommendation: This is informational only. There is no action requested at this time.



July 3, 2014

TO: Marin Clean Energy Board
FROM: Jeremy Waen, Regulatory Analyst
RE: Regulatory Update for June 2014 (Agenda Item 12)

Dear Board Members:

Executive Summary of Regulatory Affairs for June 2014

Below is a summary of the key activities at the California Public Utilities Commission (CPUC) for June 2014 impacting community choice aggregation and MCE.

PG&E 2014 General Rate Case (GRC) (A.12-11-009 & A.13-04-012)

On June 18 a Proposed Decision was issued in Pacific Gas and Electric's 2014 GRC Application to resolve remaining matters in Phase 1 of the proceeding, including establishing PG&E's revenue requirement for the next three years of service. MCE's two main matters of concern within this proceeding (i) competitively neutral return of DOE litigation proceeds to ratepayers amounting to \$340 million and (ii) competitively neutral recovery of costs for Public Purpose Programs amounting to a \$32 million reduction in costs recovered from all ratepayers served by PG&E, which were addressed through settlement negotiations, are set to be resolved by CPUC approval of both settlement agreements. MCE remains engaged in settlement negotiations within Phase 2 of PG&E's GRC.

PG&E 2015 Energy Resource Recovery Account Application (ERRA) (A.14-05-014)

PG&E filed its Application for the 2015 ERRA on May 30, which as presented would lead to slight reductions to Power Charge Indifference Adjustment (PCIA) and Cost Allocation Mechanism (CAM)-based costs collected from MCE customers by PG&E. Additionally, the growing magnitude of under-collections may prompt PG&E to seek an additional rate increase during 2015.

Resource Adequacy (RA) (R.11-10-023)

On May 27, the CPUC issued a Proposed Decision on Local Procurement and the Flexible Capacity Obligation for 2015, which is on the agenda for review during the June 26 CPUC Voting Meeting. The Proposed Decision would establish additional procurement obligations for all Load-Serving Entities including MCE to provide Flexible RA resources, alongside System and Local RA procurement obligations, starting in 2015.

Other Proceedings

MCE has been active in proceedings where issues of cost allocation and cost shifting to CCA customers persist. MCE and other parties are engaged in settlement discussions in the Demand Response proceeding. In the Energy Storage proceeding, MCE filed Comments and Reply Comments, and a Proposed Decision is expected to be issued in the coming months. The Proposed Decision on Green Tariff Shared Renewables proceedings has had its anticipated release date delayed from June 9 to June 30.



July 3, 2014

TO: Marin Clean Energy Board
FROM: Shalini Swaroop, Regulatory Counsel
RE: MCE Legislative Executive Summary (Agenda Item 12)

Dear Board Members:

Assembly Bill 2145 (Bradford) – Community Choice Aggregation

MCE's top legislative priority has been to educate the public and legislators on the impact of AB 2145 on community choice aggregation in the state, and on MCE specifically. Attached to this Staff Report is the list of entities in opposition to AB 2145.

On April 11, 2014, AB 2145 (Bradford) was introduced to make the following changes to existing community choice aggregation (CCA) legislation:

1. Beginning January 1, 2015, CCA customers would be enrolled on an "opt-in" basis instead of an "opt-out basis."
2. CCAs would be required to provide a five year forecast of rates compared with the incumbent investor owned utility (IOU).
3. CCAs would be required to provide a five year forecast of expected greenhouse gas (GHG) emissions and a two year retrospective of greenhouse gas emissions compared with incumbent IOU.
4. A complaint process that currently exists for CCAs to file complaints against IOUs at the California Public Utilities Commission (CPUC) would allow IOUs to file complaints against CCAs.

The bill was passed through the Assembly Utilities and Commerce Committee (of which Assm. Bradford is the chair) on April 28, 2014 with 9 aye votes and 0 no votes. The bill also passed through the Assembly Appropriations Committee on May 23 with 12 Aye votes and 1 no vote. On May 28, 2014, the bill passed through the Assembly Floor with 51 aye votes and 15 no votes.

The bill was then referred to the Senate Energy, Utilities, and Communications Committee; the Senate Environmental Quality Committee; and the Senate Appropriations Committee.

Amendments:

On June 12, 2014, the author amended the bill and removed the GHG reporting requirements and required that the incumbent IOU provide five year rate forecast information to the CCA in order to facilitate the five year rate comparison.

The amendments regarding the removal of GHG reporting requirements were likely intended to avoid hearing AB 2145 in Senate Environmental Quality Committee. It is highly likely that had the bill gone to the Senate Environmental Quality Committee, it would not have passed.

Late on the afternoon of Friday, June 21, the Senate Energy, Utilities, and Communications Committee ("Senate Energy Committee") analysis on AB 2145 was published. The analysis recommended "to strike a balance" by retaining an opt-out structure for CCA customers while limiting CCA boundaries to one county. This amendment was the subject of much discussion at the Committee Hearing on June 23, 2014.

The Senate Energy Committee Hearing ("Hearing"):

A robust showing of over 70 CCA advocates throughout the state attended the Hearing on June 23, including MCE Board Member Councilmember Butt and prospective MCE Board Member Supervisor Wagenknecht of Napa County.

Asm. Bradford accepted the amendments suggested by the Senate Energy Committee Analysis, which effectively ends the possibility of an opt-in enrollment process for CCA customers through AB 2145.

The panel of speakers in opposition to the bill included MCE Executive Officer, Dawn Weisz, who spoke at length on the specifics of MCE's program. Sonoma Clean Power (SCP) Executive Officer Geoff Syphers then spoke, indicating that with the removal of the opt-in provision and the one county limitation, SCP removed its opposition. SCP further indicated it would support a bill with a three county limitation. Don Gilbert spoke on behalf of the Local Energy Aggregation Network and indicated a one county provision was unworkable and arbitrary. Lastly, Virginia Johnson of the Monterey Bay Community Power effort also spoke in opposition, where she indicated that a one county limitation would effectively end CCA efforts on the central coast. Monterey, San Benito, and Santa Cruz counties have received approximately \$400,000 to begin a feasibility study for a CCA program with their three counties.

Much discussion was given to the one county limitation, with Sen. DeSaulnier and Sen. Wolk both questioning the validity of a one county restriction. Sen. Padilla, the Chair of the Senate Energy Committee, indicated that counties vary widely in terms of size, geography, population, and rural/urban attributes.

Initial votes on the bill with the Senate Energy Committee amendments were as follows:

Committee Member	Ayes	Nays/Absent
Sen. Padilla (Chair)	Aye	
Sen. Block		Absent
Sen. Canella		Absent
Sen. Corbett - No		No
Sen. De Leon		Absent
Sen. DeSaulnier	Aye	
Sen. Fuller		Abstain
Sen. Hill		No
Sen. Knight		No
Sen. Pavley		Abstain
Sen. Wolk		No

However, after the presentation of other bills and with the presence of missing members, verbal amendments pertaining to the following were introduced:

1. A CCA will be limited to three counties.
2. A community that has adopted an ordinance to create or join a CCA before December 31, 2014 will be grandfathered.

Afterwards, the bill with these amendments passed through the Senate Energy Committee with the following vote tally:

Committee Member	Ayes	Nays/Absent
Sen. Padilla (Chair)	Aye	
Sen. Block		Absent
Sen. Canella	Aye	
Sen. Corbett - No		No
Sen. De Leon	Aye	
Sen. DeSaulnier	Aye	
Sen. Fuller	Aye	
Sen. Hill	Aye	
Sen. Knight		No
Sen. Pavley		Abstain
Sen. Wolk		No

The hearing can be viewed in its entirety at the following address beginning at approximately 55:55 and 4:42:50:

http://calchannel.granicus.com/MediaPlayer.php?view_id=7&clip_id=2275

Current Status:

AB 2145 will next be heard in the Senate Appropriations Committee sometime in August. Should the bill pass, it will next go to the Senate Floor, and if passed will then move onto the Governor for signature or veto. MCE remains opposed to the bill.

Assembly Bill 2188 (Muratsuchi) – Solar Permitting

Background:

AB 2188 is intended to promote and encourage the use of solar energy systems by requiring a streamlined permitting process for small rooftop solar systems in California. The bill is aligned with MCE's mission to promote the development and use of a wide range of renewable energy sources, including but not limited to solar and wind energy production at competitive rates for customers. On March 3, 2014, MCE issued a letter in support of AB 2188. The bill passed through the Assembly Floor on May 27, 2014.

Current Status:

The bill has changed significantly since it was first introduced. It has been referred to the Senate Governance & Finance Committee for a third reading.

California Organizations & Local Governments Opposing AB 2145

Local Governments

Alameda County
Los Angeles County
Marin County
Mendocino County
Monterey County
San Benito County
Santa Barbara County
Santa Cruz County
Sonoma County
City of Belvedere
City of Beverly Hills
City of Benicia
City of Berkeley
City of Chula Vista
City of Cotati
City of Cupertino
City of Davis
City of El Cerrito
City of Goleta
City of Hayward
City of Hermosa Beach
City of Lancaster
City of Larkspur
City of Los Altos
City of Manhattan Beach
City of Menlo Park
City of Mill Valley
City of Novato
City of Oakland
City of Richmond
City of San Carlos
City of San Diego
City of San Jose
City of San Leandro
City of San Luis Obispo
City of San Pablo
City of San Rafael
City of Santa Cruz
City of Santa Monica
City of Santa Rosa
City of Sausalito
City of Solana Beach
City of Sunnyvale
Town of Fairfax
Town of Ross
Town of San Anselmo
Town of Tiburon

CA Regulatory Bodies

Bay Area Air Quality
Management District
(BAAQMD)
California Air Pollution
Control Officers

Association (CAPCOA)
Office of Ratepayer
Advocates (ORA),
California Public Utilities
Commission (CPUC)
John Geesman, former
CEC Commissioner

Job and Labor Organizations

California Nurses
Association (CNA)
Carpenters Union Local
152
International Longshore
& Warehouse (ILWU)
Union Local 6
Northern California
Carpenters Regional
Council
RichmondBUILD
Service Employees
International Union
(SEIU) Local 1021
United Auto Workers
(UAW) Local 2865-UC
Student Workers Union
UniteHere! Local 2850

California Governmental Agencies & Associations

Association of Bay Area
Governments (ABAG)
CA State Association of
Counties (CSAC)
Cities Association of
Santa Clara County
Green Cities California
League of California Cities
Local Government
Commission
Marin County Council of
Mayors and
Councilmembers
Monterey Regional Waste
Management District
Regional Climate
Protection Authority
Salinas Valley Solid Waste
Authority
Santa Clara Cities Assoc.
Sonoma County
Transportation Auth.
Sonoma County Water

Agency
South San Joaquin
Irrigation District

Energy Generators, Service Providers & Associations

Alliance for Retail Energy
Markets (AREM)
California Energy Storage
Alliance
California Manufacturers
& Technology Assoc.
(CMTA)
California Municipal
Utilities Association
(CMUA)
California Solar Energy
Industries Association
(CalSEIA)
Commonwealth Energy
Consortium, LLC
Energy Solidarity Co-op
Enlightenment Energy
Everybody Solar
Galvin Electricity
Initiative
OurEvolution Energy and
Engineering
Panasonic Eco Solutions
North America (PESNA)
RE-volv
Recolte Energy
REP Energy Inc.
Renewables 100 Policy
Institute
Retail Energy Suppliers
Association
San Diego Energy District
School Project for Utility
Rate Reduction (SPURR)
Solana Energy
Solar City
Solar Energy Industries
Association (SEIA)
SolEd Benefit Corp.
Sun Light & Power
Sungevity
West Coast Solar Energy
Western Power Trading
Forum (WPTF)

California Employers Working with CCAs

Braun Blaising

McLaughlin & Smith, PC
Douglass & Liddell, PC
Energy 2001, Inc.
G2 Energy
GenPower, Inc.
Green Ideals Group
Pacific Energy Advisors
Planet EcoSystems
San Rafael Airport
Shell Energy North
America

Political Organizations

Beach Cities Democratic
Club
Democratic Club of
Sunnyvale
Green Party of California
League of Women Voters
of California
Richmond Progressive
Alliance
SF Green Party
Sonoma County DCC
Wellstone Democratic
Renewal Club

Non-Profit Organizations

350.org – Bay Area, San
Francisco, San Diego,
Sonoma County, South
Bay, and Santa Barbara
Alliance for Nuclear
Responsibility
Asian Pacific
Environmental
Network (APEN)
Berkeley Climate Action
Coalition
Bay Localize
California Center for
Sustainable Energy
(CCSE)
California Environmental
Justice Alliance
Carbon Free Mountain
View
Center for Biological
Diversity
Center for Environmental
Health
Clean Air Now
Clean Coalition
Climate Parents

Climate Protection Campaign	The Utility Reform Network (TURN)	US)	Joint Venture Silicon Valley
Coalition for Sustainable Transportation	Transition US	San Diego Energy District Foundation	PrimeMover Technology
Communities for a Better Environment	US Green Building Council	San Francisco Clean Energy Advocates	Rifkind Law Group
Community Environmental Council	Vote Solar		Sightworks Architecture & Design
Courage Campaign	Wild Heritage Planners		Tosdal Law Firm
Electric Auto Assoc. of the Central Coast (COAST)	World Wildlife Fund US	<u>Civic/Faith-Based Organizations</u>	<u>Elected Officials</u>
Ella Baker Center	<u>Community Choice Energy Programs</u>	The Action Hub, Richmond	Councilmember Lynette McElhaney, City of Oakland
Environment California	MCE - Marin Clean Energy	CA Interfaith Power & Light	Supervisor Brad Wagenknecht, Napa County
Environmental Health Coalition (EHC)	Sonoma Clean Power Authority	Charles M. Schulz Association	Supervisor Scott Haggerty, Alameda County
Friends of the Earth	<u>Emerging Community Choice Programs</u>	Green Town Los Altos	Supervisors Dianne Jacob and David Roberts, San Diego Co.
Galvin Electricity Initiative	Clean Power SF	Haight Ashbury Neighborhood Council	Mayor Elizabeth Patterson, City of Benicia
Global Exchange	Friends of San Diego Clean Energy	Kehilla Community Synagogue	Vice Mayor Rod Sinks, City of Cupertino
Greenlining Institute	Lancaster Power Authority	Mainstreet Moms	Vice Mayor Michael Winkler, City of Arcata
Greywater Action	Monterey Bay Community Power; representing 3 counties and 18 cities in Monterey, San Benito and Santa Cruz Counties	Our City San Francisco	Supervisor Bruce Gibson, County of San Luis Obispo
Institute for Local Self Reliance (ISLR)	San Luis Obispo Clean Energy	People United for a Better Life in Oakland (PUEBLO)	Mayor Jim Griffith, City of Sunnyvale
Kyoto USA	<u>Community Choice Advocacy Organizations</u>	Resilient Neighborhoods	<u>California Constituent Opposition</u>
Local Clean Energy Alliance	Clean Energy & Jobs	Sustainable Marin	Climate Parents (1,000 signatures)
Marin Conservation League	Oakland Campaign of the Oakland Climate Action Coalition	Sustainable Napa County	CREDO Petition (20,466 signatures)
New Voices Are Rising	Community Choice Energy Working Group of the Berkeley Climate Action Coalition	Sustainable San Rafael, Novato	Organizing for America (OFA) Petition (5,600 signatures)
Organizing for Action, CA	Local Energy Aggregation Network (LEAN Energy	Victory Garden Foundation	
Planting Justice		West Oakland Environmental Indicators	
Public Interest Coalition		World Team Now	
Renewables 100 Policy Inst.		<u>Private Sector/Business Organizations</u>	
Rose Foundation for Communities & the Environment		BoDean Company	
Sierra Club Bay Chapter		Environmental Policy Solutions LLC	
Sierra Club California		Joint Venture Monterey Bay	
SoCal Against Tar Sands			
Sunnyvale Cool			
Sustainable Economies Law Center			