



**Marin Clean Energy
Executive Committee Meeting
Wednesday, February 3, 2016
10:00 A.M.**

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Sashi McIntee
City of Mill Valley

Brad Wagenknecht
County of Napa

Denise Athas
City of Novato

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Genoveva Calloway
City of San Pablo

Andrew McCullough
City of San Rafael

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674
mceCleanEnergy.org

**The Barbara George Conference Room
1125 Tamalpais Avenue, San Rafael, CA 94901**

Agenda Page 1 of 2

1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Chief Executive Officer (Discussion)
4. Approval of 1.13.16 Meeting Minutes (Discussion/Action)
5. Proposed FY2016/17 Rates (Discussion/Action)
6. Proposed FY 2016/17 Budget (Discussion/Action)
7. MCE Reserve Policy (Discussion/Action)
8. MCE Funding Indirect Costs Policy (Discussion/Action)
9. CCA Benefits Study (Discussion/Action)
10. Agreement with River City Bank for On Bill Repayment Program (Discussion/Action)



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11. Review Draft 2.18.16 Board Agenda (Discussion)

12. Budget Adjustment for FY 2015/16 (Discussion/Action)

13. Board Member & Staff Matters (Discussion)

14. Adjourn



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**MARIN CLEAN ENERGY
EXECUTIVE COMMITTEE MEETING
Wednesday, January 13, 2016
10:00 A.M.**

**The Barbara George Conference Room
1125 Tamalpais Avenue, San Rafael, CA 94901**

Roll Call

Present: Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Tom Butt, City of Richmond
Ford Greene, Town of San Anselmo
Kevin Haroff, City of Larkspur
Bob McCaskill, City of Belvedere
Kate Sears, County of Marin

Absent: None

Staff: Katie Gaier, Human Resources Manager
Beth Kelly, General Counsel
Mike Maher, Maher Accountancy
David McNeil, Finance and Project Manager
Shalini Swaroop, Regulatory and Legislative Counsel
Jeremy Waen, Senior Regulatory Analyst
Dawn Weisz, Chief Executive Officer

Action Taken:

Agenda Item #4 – Approval of 12.2.15 Meeting Minutes (Discussion/Action)

M/s Sears/Bailey (passed 5-0) the approval of 12.2.15 Meeting Minutes. Director Butt and Haroff abstained.

Agenda Item #5 – Proposed Budget Adjustment for FY 2015/16 (Discussion/Action)

M/s Sears/Bailey (passed 7-0) the approval of Proposed Budget Adjustment for FY 2015/16.

Agenda Item #6 – MCE New Staff Legal Team Positions for 2016 (Discussion/Action)

M/s Bailey/Sears (passed 7-0) the approval of MCE New Staff Legal Team Positions for 2016 with modifications to staff report.

Agenda Item #7 – Budget Management and Reporting Alternatives (Discussion/Action)

No action was taken on this item. Staff was directed to prepare the 2017 Budget using the proposed format.

Tom Butt, Executive Committee Chair

ATTEST:

Dawn Weisz, Chief Executive Officer

Summary of ExCom Discussion on Compensation Analysis

January 13, 2016

The Human Resources Manager presented the following bullet points as an overview of the methodology and implementation of the Compensation Analysis

- In the past, salary range increases at MCE have been done on an ad hoc basis, typically when a study is requested by the CEO or by a Director and/or when a new position is added. New positions are added due to operational needs or when there has been difficulty in recruiting and a higher tier has been added to an existing job class (also called a position at MCE).
- Due to often-times limited labor markets, internal reviews were done when there were insufficient comparable jobs externally or when there was a need to pay similarly situated positions at the same salary range.
- Between July 2013 and August 2015, there had been ad hoc studies of 21 MCE positions.
- A management decision was made in summer 2015 to review all MCE job classes (positions) for external equity in a representative labor market (e.g., similar size and/or similar work). An independent contractor with experience in classification and compensation was engaged to perform the study under the direction and review of the Human Resources Manager.
- Twenty-nine positions were studied.
- The overall goal of the study, subject to ExCom and Board approval, was for MCE positions to remain competitive in the labor market, to ensure that MCE can continue to attract and retain highly knowledgeable and skilled employees and to recognize housing and living costs in this area.
- The scope of the study included reviewing MCE and other agencies' job descriptions, conducting salary surveys, and preparing findings including recommended salary ranges. MCE provided the contractors with MCE job descriptions and salary ranges for all positions, as well as a list of comparable agencies. For some positions, the contractors used additional or other agencies in cases where there were too few comparable agencies to provide a statistically-sound analysis.
- In addition, staff analyzed the cost of living and the cost of housing in Marin compared to other counties.
- The study was completed in September 2015. It was presented to ExCom on October 7 and the Board on October 15. Revisions to staff recommendations were presented to ExCom on November 4 and the Board on November 19. At its November 19 meeting, the Board approved the following actions;
 - Approve adjusted compensation ranges to align with current market study and set the top of each range at 15% above median.

- As part of the annual budget process, the Board will review compensation ranges of comparators to ensure that the agency is staying current with market conditions.
- Direct staff to prepare a FY16 budget adjustment for a future board meeting that uses unanticipated revenue to offset staffing adjustment costs.

The attached Compensation Review and Guidelines were developed by Staff for discussion with this committee. The purpose of these Guidelines is to summarize MCE's approach to compensation, to establish a consistent method for implementation of changes to Pay Ranges as well as to document parameters for managers to follow when awarding pay increases. Staff and the Executive Committee also discussed the relationship between pay ranges, pay and the Budget. The following summarizes that discussion;

- Pay Ranges
 - Pay ranges establish the range of pay for each Job Class to ensure market equity.
 - As noted above, establishing and changing pay ranges requires Board approval. Staff will bring a review of pay ranges to the Board annually. Individual pay ranges will also be brought to the Board for approval when Staff requests the creation of a new Job Class.
 - The creation of the new Job Class and approval of pay ranges does not authorize the funding of a Position or an increase in staff pay. Pay ranges and changes to pay ranges do not have a fiscal impact.
- Pay
 - Pay involves the expenditure of funds for wages and salaries and has a fiscal impact.
 - All amounts paid to Staff and all pay increases require Budget approval and will be presented to the Board through MCE's normal Budget process.
- Compensation Review and Guidelines
 - In addition to the Budget, pay and pay increases are governed by the Compensation Review and Guidelines
 - The Guidelines limit annual pay increases to a 5% Performance Based increase, a 5% Market Based increase and a Cost of Living Adjustment.
 - The Guidelines also subject all pay increases to Budget approval and the approval of the reporting manager and the CEO.



COMPENSATION OVERVIEW AND GUIDELINES

1. Competitive Pay

While maintaining fiscal responsibility, MCE is committed to compensating staff in a manner that is fair, consistent, reflective of the external market, and provides recognition for the achievement of individual goals, agency objectives and professional competency. MCE is committed to providing its employees with competitive compensation, based upon labor market standards within similar public agencies with similarly situated positions. Also factored into establishing compensation levels is the cost of living index.

2. Job Classes and Pay Ranges

MCE uses Board approved job classes and pay ranges for all positions, with the exception of intern or temporary hire assignments. There can be more than one employee in each job class and the same job class can be used by different departments. MCE will periodically review pay ranges to ensure ranges are competitive with the market (“market equity”), and proposed changes will be presented to the Board for approval. Following Board approval for a pay range adjustment, any staff pay that is below the bottom of the range will be brought up to the lower limit of the range in the pay period following the revision.

3. Cost of Living Adjustment (COLA) increases

Pay ranges and employee pay are increased by the annual cost of living increase, effective on January 1st of each year. The COLA is based on the Bureau of Labor Statistics (Department of Labor) bimonthly Consumer Price Index for all Urban Consumers (CPI-U) for the San Francisco-Oakland-San Jose region. The bi-monthly indices used are December (previous year), February, April, June, August and October. COLA increases greater than 4% require Board approval.

4. Pay Increases

All individual employee pay increases are subject to departmental need and budgetary availability and require approval of the CEO. Pay changes typically follow the standards below:

- a. Performance Based: Employees are typically provided an evaluation after the first 3 months of employment. A pay increase may be provided at the discretion of management. After the initial evaluation, MCE employees are reviewed on an annual basis. A merit increase may be applied beginning in the pay period following the evaluation. The amount of the increase is recommended by the supervisor and/or Department Director and must be approved by the CEO. The annual performance increases range from 0-5% with 3% being the average. The

annual performance increases do not exceed 5%, except in cases of extraordinary merit, in order to provide consistency and equity in pay increases across MCE.

- b. Market Based: Supervisors may make a competitive market adjustment to pay of up to 5% per annum to bring an employee up to the appropriate point in the pay range following the adjustment of a pay range by Board. Employees that begin work at MCE after a pay range adjustment are typically not eligible for a market based increase. Competitive market adjustments are made considering the performance, skills and experience of a staff member in the context of the Job Description for their position. Competitive market adjustments are typically made at the time of the annual performance review.

5. Board Review and Approval

All new job classes (with the exception of temporary hires and intern positions) and any changes in pay ranges are required to have Board approval. Ideally, this process aligns with the preparation and the submittal of the annual budget. In addition, compensation guidelines could be updated on an annual basis in alignment with the budget process.



February 3, 2016

TO: Marin Clean Energy Executive Committee

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

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

ATTACHMENT: Proposed Budgets for FY 2016/17

SUMMARY:

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

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

OPERATING FUND

- Revenue: The proposed revenue reflects rates for energy that are unchanged from the previous year. Lower revenue in fiscal 2017 reflects higher than expected usage in fiscal 2016 and conservative estimates of usage in the upcoming year.
- PG&E Service Fees: PG&E service fees, which are primarily charged on a per customer basis, will increase in FY 2017 due to an expected increase in the number of customers and full year charges resulting from the expansion of MCE's service territory in 2016.
- Data Manager: Data management costs are charged on a per meter basis. MCE's service territory expanded during fiscal 2016. Recording these costs over the full year has the effect of pushing the overall cost upward.
- Cost of Energy: MCE's cost of energy will increase in fiscal 2017. The increase in projected power costs is primarily the result of higher anticipated sales volumes as well as changes in the composition of MCE's renewable energy portfolio associated with policies adopted in the 2015 Integrated Resource Plan update aimed at greater utilization of bundled renewable energy power purchase contracts and fewer purchases of unbundled renewable energy certificates. The average cost of the supply portfolio is projected to increase by approximately 1.6%, to \$71.8 per MWh in the coming fiscal year from \$70.7 per MWh estimated for the prior fiscal year.
- Personnel: Increased Staff costs reflect anticipated hiring for new positions in 2017, the full year impact of staff hired during fiscal 2016, increased salaries associated with new pay ranges approved by the board in late 2015, cost of living increases for all staff and performance based increases for individual staff members.

- Technical Consultants: MCE's technical consultant costs are expected to decrease in FY 2017 due to contract restructuring.
- Legal Counsel: MCE's legal costs are expected to increase in 2017. Increased costs are caused by a shifting of expenses from "Other Services" to "Legal Counsel" (see below) and increased costs associated with an increased number of Power Purchase Agreements expected to be concluded in 2017. Legal Counsel costs are also expected to increase due to increased support for energy efficiency, regulatory and public request activity.
- Communications: The communications budget is not expected to increase in 2017.
- Other Services: The other services line item includes costs associated with audit, accounting, information technology, among several other services.
- General and Administration: The general and administration line includes: data and office telephone service, insurance, equipment rentals, subscriptions, travel, business meals, other services, conferences, professional education, special events sponsorship, office supplies and postage, and small equipment. G&A costs are expected to increase to accommodate new staff, full year expenses associated with the expansion of MCE's customer territory in 2015 and various expenditures for MCE's new office facility.
- Occupancy: Occupancy costs include lease payments, utilities, and maintenance costs. MCE moved into its current location during the FYE 2017. FY 2017 occupancy costs are expected to increase reflecting a full 12 months of lease payments at the new location.
- Integrated demand side pilot programs: This budget category will assist MCE with achieving its strategic energy goals for integrated demand side management.
- Marin County Green Business Program: Contribution to the Marin County Green Business Program.
- Low income solar programs: MCE plans to increase its efforts to encourage solar installations in low income areas by alleviating some of the costs.
- Interest and Financing Costs: Financing costs are expected to increase to support the needs of the organization.
- Local Renewable Energy Development Fund: MCE transfers 50% of the premium from deep green energy sales to fund local renewable projects.
- Capital Outlay: MCE anticipates the need for capital outlay related to the new office facility and equipment for its staff.
- Depreciation: Depreciation expense is a non cash outlay related to capital equipment and leasehold improvements. This is provided for informational purposes only, as the separate Capital Outlay line represents the actual outflow required to acquire these resources. The net effect of depreciation on the Operating Fund balance is zero.

ENERGY EFFICIENCY PROGRAM FUND

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

LOCAL RENEWABLE ENERGY DEVELOPMENT FUND

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

RENEWABLE ENERGY FUND

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

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

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

MARIN CLEAN ENERGY			
ENERGY EFFICIENCY PROGRAM FUND			
Proposed Budget			
Fiscal Year 2016/17			
	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Public purpose energy efficiency program	\$ 1,505,702	\$1,220,267	\$ (285,435)
EXPENDITURES AND OTHER USES:			
CURRENT EXPENDITURES			
Public purpose energy efficiency program	1,505,702	\$1,220,267	(285,435)
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>
LOCAL RENEWABLE ENERGY DEVELOPMENT FUND			
Proposed Budget			
Fiscal Year 2016/17			
	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Transfer from Operating Fund	151,383	\$ 173,263	\$ 21,880
EXPENDITURES AND OTHER USES:			
Capital Outlay	111,115	173,263	62,148
Net increase (decrease) in fund balance	<u>\$ 40,268</u>	<u>\$ -</u>	
RENEWABLE ENERGY RESERVE FUND			
Proposed Budget			
Fiscal Year 2016/17			
	Projected 2016 Results (information only)	Proposed 2017 Budget	Increase (Decrease)
REVENUE AND OTHER SOURCES:			
Transfer from Operating Fund	\$ 1,000,000	\$ -	\$ (1,000,000)
EXPENDITURES AND OTHER USES:			
	-		-
Net increase (decrease) in fund balance	<u>\$ 1,000,000</u>	<u>\$ -</u>	



February 3, 2016

TO: Marin Clean Energy Executive Committee
FROM: David McNeil, Finance and Project Manager
RE: MCE Reserve Policy (Agenda item #07)
ATTACHMENT: Draft Reserve Policy 014

Dear Executive Committee Members:

SUMMARY:

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

Background

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

Calculation of Reserve Targets:

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

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

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

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

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

Budget Impacts: No direct impact. The amount contributed to reserves each year is subject to budget approval.

Recommendation: Approve the Reserve Policy.



POLICY 014: Reserve Policy

Policy Statement

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

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

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

The MCE Board will adopt budgets and establish rates for MCE with the goal of building up the Operating Reserve by March 2019, subject to MCE's ability to maintain competitive rates.

Policy Purpose

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy (or "Policy") is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the development of a future stand-alone MCE credit rating. The Reserve Policy will govern the accumulation of reserves in the enterprise fund.

Adequate Operating Reserves will enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan covenants, cover unanticipated expenditures, and support rate stability.

Relationship to the Budget and Periodic Review

Authority to spend from reserves must align with Board approved Budgets. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE service territory or the acquisition of generating assets.



POLICY 013: Funding Indirect Costs

Policy Statement

In disbursing grants for academic research purposes, Marin Clean Energy recognizes that grantees may have overhead costs that are not directly attributable to projects or activities being funded by grants but are necessary to carry out the projects or activities. MCE will consider paying for these indirect costs up to a maximum of 15 percent of direct project or activity costs. Indirect costs include administration costs that support the completion of more than one project, but are not directly accountable for one specific project.

Definitions

Direct Costs: Direct costs are those costs that can be identified with a particular program or project, such as salaries for project staff and materials required for the project. These costs would not be incurred if not for the existence of the program or project being funded.

Indirect Costs: Indirect costs are those costs for activities or services that benefit more than one project or activity and may include items such as facilities costs, equipment, and information services. While these costs are not directly attributable to a specific grant-supported project and it is often difficult to determine how much is associated with each project, these costs are real and necessary to carry out the work.

Certain costs may be classified as either direct costs or indirect costs depending on the nature of the activity and the nature of the expense. Expenses that are incurred solely for the project and can be specifically attributed to the project should be considered direct costs. Costs normally considered indirect should not be separately included as direct costs.

MCE may require additional information to determine if a proposed expense is a direct or indirect cost.

Calculating Indirect Costs

Organizations requesting payment of indirect costs should be able to demonstrate how the amount being requested is calculated. That may include showing how specific indirect costs are allocated or providing evidence of an overall indirect cost rate. The overall percent of indirect costs should not normally exceed an organization's actual rate. The actual rate can generally be calculated from an organization's IRS Form 990. Project budgets should clearly show the detail

of what is included in direct and indirect costs.

Proposals to include indirect costs in grants to non-U.S. organizations will be reviewed using the same method used for U.S. organizations. If the organization demonstrates the ability to allocate costs between direct and indirect, consideration will be given to reimbursing indirect costs.

Grantees may allocate a portion of their indirect costs to affiliates and partners as they deem necessary as long as total indirect costs do not exceed 15 percent.

DRAFT



February 3, 2016

TO: Marin Clean Energy Executive Committee

FROM: Elizabeth Kelly, Legal Director

RE: CCA Benefits Study (Agenda Item #09)

ATTACHMENTS: A) Proposal to Evaluate Environmental, Economic and Avoided Costs Benefits of Developing Community Choice Aggregation in California
B) Proposed Budget

Dear Executive Committee Members:

BACKGROUND:

As regulatory and legislative challenges and threats to Community Choice Aggregation (CCA) continue in California, there is an ongoing need to educate policymakers about the benefits of CCAs. Currently, the benefits of CCAs are not extensively quantified and cannot be used in analyses to weigh against the costs claimed by the Investor-Owned Utilities (IOUs). By quantifying these benefits in a study, CCAs and their advocates can more effectively demonstrate to regulators, policy makers and the public the positive impacts of CCAs on economic development, environmental protection, and market innovation.

Therefore, MCE staff contacted the researchers at the Luskin Center of Innovation at the UCLA Luskin School of Public Affairs about a partnership to produce a study that quantifies the economic, environmental, and market benefits of CCAs and explains the various approaches to the design and operation of community choice programs. The Luskin Center has contracts with numerous state and local government agencies to develop and produce reports and studies on a wide range of renewable energy policies and programs, including LADWP's feed-in tariff program.

FISCAL IMPACT:

The total cost of the study is \$31,462. Expenditures related to the proposed Study are included in the proposed FY 2016/17 Budget that will be presented to the Board on February 18, 2016. Should the 2017 Budget be approved, funding of this Study would have no budget impact.

RECOMMENDATIONS:

Approve the Proposal to Evaluate Environmental, Economic and Avoided Costs Benefits of Developing Community Choice Aggregation in California.

Proposal to evaluate the

ENVIRONMENTAL, ECONOMIC AND AVOIDED COSTS BENEFITS OF DEVELOPING COMMUNITY CHOICE AGGREGATION IN CALIFORNIA.

Prepared by *UCLA Luskin Center for Innovation* with:

J.R. DeShazo (Principal Investigator)
Alex Turek (FIT and NEM expert)
Julien Gattaciecca (Lead Project Manager)

Introduction:

Community Choice Aggregations (CCA) allow a city, county, or group of cities and counties to provide electricity for their constituents, while Investor-Owned Utilities (IOUs) continue to deliver the power through their transmission and distribution lines.¹ Like the traditional utility, CCAs can design energy efficiency and demand response programs to allow participants to save energy and money. Importantly, CCAs can also design programs geared specifically for low- to moderate-income customers. Since Assembly Bill 117 enabled CCAs in California in 2002, there are now three operational CCAs that provide generation service to customers in their territories, with more prospective CCAs under exploration.

Objectives:

To assist regulators, legislators and energy advocates to better understand the broader benefits of CCAs, the Luskin Center for Innovation proposes to quantify the direct and indirect economic and environmental impacts of developing this energy supply structure further. This study will present the reader with a three-fold analysis articulated around 1) environmental benefits, 2) avoided cost benefits, and 3) economic benefits. A second goal will be to explain the different approaches to designing and operating CCAs and relate these to the aforementioned benefits. Although the research will use Marin Clean Energy (MCE) as one example when estimating these benefits, the study will represent and describe all current and planned CCAs in California.

1. Environmental Benefits

CCAs generally provide their customers broader alternative energy options. The accelerating adoption of renewable energy sources by CCAs allows those entities to exceed the mandated RPS requirement. As an example, MCE, the first operational CCA in California, recently established a goal to achieve a 85% carbon-free supply portfolio by 2025,² and offers three different electricity options to its customers, including a 50-percent alternative energy Light Green program and a 100-percent renewable Deep Green program.

Reduced greenhouse gas emissions

The objective will be to assess and quantify an annual average avoided greenhouse gas emissions per MWh, for each energy choice of MCE compared to Pacific Gas and Electric Company (PG&E) (MtCO₂e/MWh), due to the greater use of renewables than the RPS. Other CCAs, such as Sonoma Clean Power (SCP), Lancaster Choice Energy (LCE) and Clean

¹ California Energy Commission (2009). Community Choice Aggregation project. p.1.
<http://www.energy.ca.gov/2009publications/CEC-500-2009-003/CEC-500-2009-003.PDF>

² Marin Clean Energy Integrated Resource Plan (2015)

Power SF will be reviewed and integrated in our study if their numbers can increase or support the original findings from MCE.

In addition, the analysis should include the loss of the Diablo Canyon Nuclear Generating Facility, which may result in a significant spike in GHG emissions. The analysis should estimate the amount of GHG emissions that may increase due to the closure of the Diablo Canyon facility, and how CCAs above-and-beyond renewable procurement will offset the increase in emissions.

Environmental justice and conservation

A qualitative analysis will help the reader understand the intimate relationship that CCAs maintain with their customers, compared to larger utilities, due to smaller structures, smaller territories and lighter cost structures with no shareholders. The importance of those factors will be highlighted and put into perspective through the total reinvestment of CCAs benefits toward a more sustainable community with more affordable and cleaner energy. This study will also present an overall analysis of the percentage of California Alternate Rates for Energy (CARE) customers with focus on the environmentally at-risk communities in Richmond and San Pablo.

Metrics: difference in rates, cheaper access to clean energy compared to PG&E, % of low-income households compared to PG&E, % of local energy generation compared to PG&E.

2. Avoided Cost Benefits

CCAs have the flexibility to design tailored programs to address the local energy needs with a local production of green electricity, resulting in broader benefits for the grid, but also to utilities and the community at large.

Localized energy delivery and reduced grid congestion

By focusing on local community and bringing local clean energy, CCAs reduce the need of electricity transmission through the grid, and can reduce grid congestion.

Methods: For this section, the Luskin Center suggests to focus on the most relevant CCAs in order to illustrate the benefits of proximity between energy generation, delivery and consumption. Once selected, the Center will map the different point source of energy generation and energy consumption and demonstrate the local and broader advantages of a localized energy delivery. Also, the congestion points of the grid will be mapped for the same area to show the avoided nodes with emphasis on the diminution of risk management during peak hours.

Metrics: How much electricity is taken off the grid during peak hour, in MWh per day for a typical winter day and a typical summer day.

Greater economic resilience to potential fossil fuel shock

In this section we will calculate the avoided costs for customers in the case of oil and gas price shocks, compared to local utilities. By providing a greater share of renewable energy, CCAs hedge their future dependency on finite energy sources. This differentiation of sourcing will strongly impact rate price difference between CCAs and utilities.

Methods: This will be quantified through three different price scenarios for coal and natural gas, using the cases of MCE and PG&E. For this step, the Center will construct a finance model with energy price sensitivity and household electricity consumption sensitivity. The selection of representative households will be based on results retrieved from the American Census Survey.

Metrics: The financial impact will be studied at two levels: the difference of rate price between MCE and PG&E (in \$/kWh), and the difference of annual electricity expenditure per year between a MCE customer and a PG&E customer.

Integrated demand side management program deployment

This section will qualitatively describe the avoided costs generated by a tailored approach of demand side management. Demand response and energy efficiency programs offered by CCAs will be compared to the local utility in order to highlight the more personal relationship of CCAs to their customers.

3. Economic Benefits

Competitive energy market

Increasing the competition of the energy market will help to protect customers against potential future price inflation due to fossil fuel dependency and overall energy price increases.³

Local economic development and job creation

By promoting local energy project development, CCAs can spur local economic development and job creation.

Methods: By using reputable software such as IMPLAN 3.0, the Luskin Center will assess and estimate the potential direct and indirect economic impact of the development of CCAs and their related local energy generation projects, as well as demand side management projects.

Metrics: Temporary and permanent job creation, indirect revenues generated by income and corporation taxes and added value will be quantitatively assessed and presented to the reader (\$/year, number of job-years expected, etc.)

A qualitative analysis will also present the reader with the benefits of training programs dedicated to local work force.

Efficient use of ratepayer revenue

Through the analysis of data retrieved from financial statements and annual reports, the Luskin Center will run a Ratepayer Impact Model in order to assess the financial structure impact on costs between CCAs and local IOUs.

Metrics: Earning per Share, Dividends and Payout Ratio will be compared with financial structures and reinvestments of CCAs' net benefits (in \$/kWh or \$/customer).

If possible, the report will highlight the benefits of cheaper access to finance sources (municipal bonds vs market rate). This could potentially be quantified in \$/kWh.

A last qualitative analysis will point at the risk reduction offered by CCAs that only provide energy through PPAs and do not invest in their own energy generation projects.

4. The Luskin Center Research Team Qualifications

The Luskin Center research team consists of J.R. DeShazo as Principle Investigator, Julien Gattacicecca as project manager and Alex Turek as researcher, each of whom provides expertise relevant to the proposed research. J.R. DeShazo and Alex Turek possess relevant

³ U.S. Energy Information Administration (information retrieved on December 2015). Energy Prices Forecasts Tables per Sector from 2013 to 2040, for California.

<http://www.eia.gov/oiaf/aeo/tablebrowser/#release=AE02015&subject=3-AE02015&table=3-AE02015®ion=1-9&cases=ref2015-d021915a>

experience in evaluating the economic and environmental impacts of local solar procurement programs. Specifically, they have constructed models to estimate ratepayer impacts, job years created, GHG avoided, direct investment and other economic and environmental measures in the evaluation of alternative program designs for programs such as the Los Angeles Department of Water and Power (LADWP) 100-MW Feed-in Tariff. Additionally, they have quantified job creation benefits at the program level for each of LADWP's eighteen energy efficiency programs, estimated using utility financial and energy data and IMPLAN 3.0. Julien Gattaciececa provides significant experience in building financial and economic impact models as evidenced by a soon to be released report that analyzes the potential financial impact of California's cap and trade program on low-income households.

5. Budget Justification

The Luskin Center is highly supportive of public policy benefits that will arise from this analysis and report. It would contribute *pro bono* its Principal Investigator's time as well as the cost of hosting one 1/2 day event at UCLA that disseminates the results of the analysis and report. In addition the center will contribute \$5,000 to the broader effort. The costs contained in the proposal cover the time of core staff researchers for the minimum time required to complete the needed analysis and subsections of the broader report.

Budget

Subject of Research: Community Choice Aggregation Benefits Study
Investigators: George (J.R.) DeShazo, Alex Turek, and Julien Gattaciecca
University of California, Los Angeles
Luskin School of Public Affairs - Luskin Center for Innovation

DETAILED BUDGET

Time Period
3.5 months

SALARIES

Period/mos % Time

TIF Calculations

1. <i>Principal Investigator - Dr. JR De Shazo</i> \$28,633 <i>Summer</i>	1.0	25%	\$	0	
2. Project Manager - Julien Gattaciecca \$5,000	3.50	80%	\$	14,000	93.18
3. Researcher - Alex Turek \$5,570	1.0	50%	\$	2,785	16.64
4. Graduate Student Researcher 2 \$3,635	3.0	24%	\$	2,617	23.96
Salaries Subtotal			\$	19,402	133.79
					133.79

**Summer
Salary not
subject to TIF*

BENEFITS

1. <i>Principal Investigator - Dr. JR De Shazo</i> Base sum: \$0 @ 12.70%			\$	0.00
2. Project Manager - Julien Gattaciecca Base sum: \$14,000 @ 46.40%			\$	6,496.00
3. Researcher - Alex Turek Base sum: \$2,785 @ 46.40%			\$	1,292.00
4. Graduate Student Researcher 2 Base sum: \$2,617 @ 1.30%			\$	34.00
Benefits Subtotal			\$	7,822

Salaries & Benefits Total: \$ 27,224

OTHER DIRECT COSTS

1. Technology Infrastructure Fee	\$	134
Other Direct Costs Subtotal	\$	134
Total Direct Costs	\$	27,358

INDIRECT COSTS

1. Indirect Cost (54)% Total Direct Cost	Indirect Costs	\$	4,104
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MARKETING AND COMMUNICATION COSTS

1. Two round trips to the Bay Area for two people	\$	1,000
2. Event hosted in Los Angeles	\$	0

TOTAL COSTS \$ **31,462**



February 3, 2016

TO: Marin Clean Energy Executive Committee

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

RE: MCE On-Bill Repayment Program Second Operating Agreement
with River City Bank (Agenda Item #10)

ATTACHMENT: Draft MCE On-Bill Repayment Program Second Operating
Agreement with River City Bank

SUMMARY:

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

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

Background

On November 9, 2012, the CPUC approved MCE’s application for funding for 2013 – 2014 energy efficiency programs, allocating over \$4 million to MCE. The 2013 – 2014 portfolio of programs includes continuation of the MCE multi-family energy efficiency program (EE), implementation of small commercial and single family energy efficiency programs, and four financing pilots: on-bill repayment (OBR) for the multi-family, commercial, and single family sectors, and a standard offer program. On June 6, 2013

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

Discussion

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

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

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

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

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

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

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

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

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

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

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

DRAFT

Dated as of 01/15/2016

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MCE ON-BILL REPAYMENT PROGRAM

SECOND OPERATING AGREEMENT

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

RECITALS

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

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

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

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

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

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

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

ARTICLE I.

PROGRAM OVERVIEW

1.01. Name.

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

1.02. Program Phases.

The Program shall be delivered in two phases:

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

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

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

1.03. Pilot Program Goals.

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

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

1.04. Service Description.

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

1.05. Term of Agreement.

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

1.06. Representations and Warranties

MCE represents and warrants to RCB as follows:

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

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

ARTICLE II.

ROLES AND RESPONSIBILITIES

2.01. Marketing and Information Delivery

2.01.1 MCE

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

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

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

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

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

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

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

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

2.01.2 RCB

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

2.02. Summary of OBR Loan Terms

2.02.1 Basic Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.02.2 MCE Delivery of Information in connection with Loan Applications

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

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

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

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

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

2.03.1 RCB approval of Applications

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

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

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

2.03.2 Changes to Scope of Work

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

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

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

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

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

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

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

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

2.03.3 Project Completion

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

ARTICLE III.

LOAN FUNDING AND PAYMENT PROCESSING

3.01. Loan Balances

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

Following the initial funding:

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

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

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

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

3.02. MCE as Billing Agent

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

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

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

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

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

3.02.1 Monthly Reports

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

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

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

3.02.2 Reconciliation of Loan Information

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

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

3.02.3 Loan Correction Notice

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

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

3.02.4 Delivery of Payments

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

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

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

3.02.5 Prepayments on OBR Loans

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

ARTICLE IV

CUSTOMER INQUIRIES – DISPUTE RESOLUTION

4.01. Customer Inquiries

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

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

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

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

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

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

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

4.02. Dispute Resolution

The Parties agree to collaborate to resolve customer disputes that may arise from the timing of application of payments, either OBR Loan payments or energy related payments. Notwithstanding the foregoing, MCE shall be able to utilize the Carve-Out portion of the Loan Loss Reserve Account for adjustments to MCE Customer bills in accordance with Section 5.01 to temporarily stabilize interim billing adjustments.

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

ARTICLE V

LATE PAYMENTS, SHARING OF PAYMENTS AND LOAN LOSS RESERVE

5.01. Late Payments

5.01.1 Timing Issues – Corrected Bills

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

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

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

5.01.1 (a) Carve-Out

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

5.01.1 (b) Termination of Carve-Out Availability

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

5.02. Payment Default

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

5.02.1 Notification to Borrower

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

5.02.2 Late Fees imposed by RCB

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

5.03. Pro-Rata Sharing of Payments

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

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

5.03.1 Method for Determining Pro-Rata Sharing

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

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

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

Example:

RCB Total Amount Due on bill: \$600.00
 MCE Total Amount Due on bill: \$250.00
 Total Amount Due on Bill (less PG&E's Pro Rata Share): \$850.00
 RCB Pro-Rata Percentage = $\$600/\$850 = 70.59\%$
 MCE Pro-Rata Percentage = $\$250/\$850 = 29.41\%$

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

Example:

Total Amount Due: \$850.00
 Actual Payment Received: \$600.00
 Based on the Pro-Rata Percentages provided above, the actual payment received would be disbursed as follows:
 RCB Pro Rata Share = $\$600.00 * .7059 = \423.54
 MCE Pro Rata Share = $\$600.00 * .2941 = \176.46

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

5.04. Excess Payments Received During Default

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

5.05. Loan Loss Reserve

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

5.05.1 Charges to the Loan Loss Reserve Account

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

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

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

5.05.2 Credits to the Loan Loss Reserve Account

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

5.05.3 Reporting of Loan Loss Reserve Balance

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

5.05.4 Loan Loss Reserve Account – Early Termination of Program

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

5.05.5 Loan Loss Reserve Termination Date

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

5.05.6 Interest Earned on the Loan Loss Reserve Account

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

ARTICLE VI

MISCELLANEOUS

6.01. Modifications to Program

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

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

6.02 Information Security – Delivery of Information

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

6.03 Confidentiality

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

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

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

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

6.04 Reliance among Parties

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

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

6.05 Limitation of Liability

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

6.06 Communications - Notices

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

6.07 Amendments

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

6.08 Survival – Representations and Warranties

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

6.09 No Recourse to Constituent Members of MCE

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

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

6.10 Entire Agreement

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

6.11 Governing Law

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

6.12 Waiver

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

6.13 Attorneys' Fees; Prejudgment Interest

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

6.14 Counterparts

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

6.15 Severability

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

6.16. Publicity

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

6.17 Independent Contractors

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

6.18 Assignment

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

6.19 Arbitration

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

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

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

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

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

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

6.19.6 The arbitrator shall not award punitive damages.

6.20 Insurance

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

ARTICLE VII.

DEFINITIONS

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

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

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

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

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

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

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

CPUC. California Public Utilities Commission

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PG&E. Pacific Gas & Electric Company.

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

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

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

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

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

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

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

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

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

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

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

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

RCB:

RIVER CITY BANK

By: Alice Harris

Its: Vice President

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

MCE:

MARIN CLEAN ENERGY

By: Dawn Weisz

Its: Executive Officer

Address: 1125 Tamalpais Ave.
San Rafael, CA 94901

Fax No.: (____) _____

EXHIBIT A – CERTIFICATE OF COMPLETION

Date of Certificate:

Borrower Name:

Property Address:

Date of Energy Audit:

Date of Scope of Work:

Estimated Contractor Cost:

Final Contractor Cost:

Rebate Amount:

Rebate Amount Assigned to Contractor: ___ Yes ___No

Were there any changes to the Scope of Work provided by the Contractor: ___ Yes ___No

If Yes – Explain:

Dollar cost change:

Description of change:

Date of Final Inspection:

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

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

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

By: _____ Date: _____
Program Manager

By: _____ Date: _____
Auditor

By: _____ Date: _____
Marin Clean Energy

EXHIBIT B – BORROWER/CONTRACTOR AFFIDAVIT

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

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

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

By: _____
Borrower (insert full name)

By: _____
General Contractor (insert full name)

EXHIBIT C - LOAN INFORMATION NOTICE

CONFIDENTIAL

From: River City Bank
Loan Servicing Department

To: Marin Clean Energy
Noble Americas Energy Solutions

Re: New Borrower Notice
MCE On-Bill Repayment Program

Date:

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

- New Borrower
- Change to Existing Borrower

Borrower Name:

Reference Number: XXXXX-1234

Funding Date:

Total Payment Due:

First Payment Date:

Term:

Monthly Payment:

Authorized by:

_____ Date: _____

EXHIBIT D – OBR LOAN CORRECTION NOTICE

MCE CUSTOMERS ONLY

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

BORROWER NAME:

BORROWER REFERENCE NUMBER:

REPORT DATE:

THE CORRECTION IS REQUIRED IN THE FOLLOWING FIELD:

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

OTHER:

AUTHORIZED BY:

DATE: _____

EXHIBIT E – NOTICE OF LOAN LOSS RESERVE ADVANCE

From: River City Bank

Loan Servicing Department

To: Marin Clean Energy

Re: Defaulted OBR Loan

Date:

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

Borrower Name:

Reference Number: XXXXX-1234

Date Last Payment Received:

Next Payment Due Date:

Total Delinquent Payments: \$

Other costs:

Comment: (describe collection efforts)

Authorized by:

(River City Bank)

Date: _____

EXHIBIT F – FORM OF LATE PAYMENT NOTIFICATION

NOTICE OF PAST DUE PAYMENT – IMMEDIATE ACTION REQUIRED

NOTICE OF OVERDUE PAYMENT: IMMEDIATE ACTION REQUIRED

[MCE LETTERHEAD]

[INSERT DATE]

[INSERT NAME]

[INSERT ADDRESS LINE 1]

[INSERT ADDRESS LINE 2]

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

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

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

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

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

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

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

PAYING YOUR ELECTRIC BILL

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

By Phone:

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

Online:

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

By Mail:

To pay by mail send payment to:

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

In Person:

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

Things to remember when paying in person:

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

EXHIBIT G – SCHEDULE OF MCE SERVICE PROVIDERS

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

NES - Noble Americas Energy Solutions

Project Consultants (list and describe roles)

Association for Energy Affordability: Multi-Family Program Technical Consultants

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

Marin City Community Development Corporation

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

Community Energy Services Corporation SmartLights Program: Commercial Program Administrator

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

EXHIBIT H – SAMPLE CUSTOMER DISCLOSURE AND CERTIFICATION

(FOR LENDER USE)

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

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

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

NOTICE:

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

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

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

CONSENT

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

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



MULTI-FAMILY ENERGY EFFICIENCY PROGRAM
STATEMENT OF COMPLETION

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

Owner Signature

Date

Contractor Signature

Date

Contractor's One-Year Warranty Effective Date: _____

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

ELIGIBILITY REQUIREMENTS AND OTHER TERMS AND CONDITIONS:

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





MULTI-FAMILY ENERGY EFFICIENCY PROGRAM

STATEMENT OF COMPLETION

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

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

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

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

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

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

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

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

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

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

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





MULTI-FAMILY ENERGY EFFICIENCY PROGRAM

STATEMENT OF COMPLETION

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



EXHIBIT J: COMMERCIAL CHECK LIST-POST INSTALL SITE INSPECTION

Site |

Audit Number |

Smart Lights Program

1013 Pardee Street, Berkeley, CA 94710
 Fax (510) 981-0102
 Tel (510) 981-7750
 www.smartlights.org



Project Completion and Acceptance Certificate

Customer:

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

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

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

Contractor:

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

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

(RL/RL)

Site |

Audit Number |

Smart Lights Program
 1013 Pardee Street, Berkeley, CA 94710
 Fax (510) 981-0102
 Tel (510) 981-7750
 www.smartlights.org



Project Completion and Acceptance Certificate

Customer:

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

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

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

Contractor:

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

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

(RL/RL)



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

ELIGIBILITY REQUIREMENTS AND OTHER TERMS AND CONDITIONS:

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

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

Site | **Sample Customer**

Audit Number | **12345**

SmartLights Outside Contractor Agreement

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

Eligibility

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

Project Installation

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

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

Required Paperwork and Rebate Disbursement

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

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

Role of Administrators and Access Agreement

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

Estimated Energy Savings

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

Life of Product

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

'Double Dipping'

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

Exclusion of PG&E Liability

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

Parallel Review

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

	Date		Date
Signature of Authorized Customer Representative		Signature of Authorized Contractor Representative	

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.

(EB/MD)

CUSTOMER WORK AUTHORIZATION
GENERAL AGREEMENT SAMPLE WITH WORK ORDER

Site | **Sample Customer**

Audit Number | **12345**

SmartLights Customer Participation Agreement

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

Eligibility

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

Project Completion

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

Correction of Electrical Code Violations is Not Covered

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

Role of Administrators and Contractors, Access Agreement

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

Estimate Energy Savings

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

Life of Product

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

"Double Dipping"

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

Limitation of PG&E Liability

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

Parallel Review

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

Signature of Authorized Customer Representative

Date

Joanna Perez-Green
Outreach Coordinator
Community Energy Services Corp.

(EB/MD)

Customer Work Order and Contractor Work Agreement

Customer Work Order

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

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

Warranties

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

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

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

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

Change Orders

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

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

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

Signature of Authorized Business Representative

_____ Date _____

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

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

Contractor Work Agreement

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

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

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

Yes, I accept the project, to start on:

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

Signature of Contractor Representative:

Date: _____

Print name: _____

Company: _____

Address: _____

City, State, Zip: _____

(EB/MD)



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

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

Agenda Page 1 of 2

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Sashi McIntee
City of Mill Valley

Brad Wagenknecht
County of Napa

Denise Athas
City of Novato

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Genoveva Calloway
City of San Pablo

Andrew McCullough
City of San Rafael

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674
mceCleanEnergy.org

1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Chief Executive Officer (Discussion)
4. Consent Calendar (Discussion/Action)
 - C.1 1.21.15 Meeting Minutes
 - C.2 Approved Contracts Update
 - C.3 Monthly Budget Report
5. Proposed Budget for FY16/17 (Discussion/Action)
6. Proposed Rates for FY16/17 (Discussion/Action)
7. Electric Schedule Local Sol – 100% Local Solar Electricity Supply (Discussion/Action)
8. Draft Policy 013: Funding Indirect Costs (Discussion/Action)
9. CCA Benefits Study (Discussion/Action)



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DRAFT
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7:00 P.M.

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- 10. Draft Policy 014: Reserve Policy (Discussion/Action)**
- 11. Agreement with River City Bank for On Bill Repayment Services (Discussion/Action)**
- 12. Budget Adjustment for FY 2015/16 (Discussion/Action)**
- 13. Update on Voting Shares for MCE Service Area Communities (Discussion)**
- 14. Regulatory and Legislative Updates (Discussion)**
- 15. Board Member & Staff Matters (Discussion)**
- 16. Adjourn**



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