



DRAFT

Executive Committee Meeting

Friday, February 3, 2017

12:00 P.M.

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Don Tatzin
City of Lafayette

Kevin Haroff
City of Larkspur

Sashi McEntee
City of Mill Valley

Brad Wagenknecht
County and Cities of Napa

Denise Athas
City of Novato

P. Rupert Russell
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

Kevin Wilk
City of Walnut Creek

1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674

**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 CEO (Discussion)**
- 4. Consent Calendar (Discussion/Action)**
 - C.1 Approval of 1.13.16 Meeting Minutes
 - C.2 Monthly Budget Update
 - C.3 New MCE Staff Position
- 5. Proposed Budget Amendment for FY 2016/17 (Discussion/Action)**
- 6. Proposed Budgets for FY17/18 (Discussion/Action)**
- 7. Proposed Rates for FY2017/18 (Discussion/Action)**
- 8. Delegation of Authorities and Contracting (Discussion/Action)**
 - a. Proposed Resolution 2017-02 - A Resolution of the Board of Directors of MCE Delegating Contracting Authorities
- 9. Review Draft 2.16.17 Board Agenda (Discussion)**



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10. Committee Member & Staff Matters (Discussion)

11. Adjourn



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DRAFT
MCE
EXECUTIVE COMMITTEE MEETING
Friday, January 13, 2017
12:00 P.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, Chair, 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: Meaghan Doran, Energy Efficiency Program Manager
Beckie Menten, Director of Customer Programs
David McNeil, Finance and Project Manager
Dawn Weisz, CEO

Action Taken:

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

- C.1 Approval of 12.216 Meeting Minutes**
- C.2 Monthly Budget Update**
- C.3 First Agreement with NEST Labs, Inc.**
- C.4 Fifth Agreement with Bevilacqua-Knight, Inc.**
- C.5 First Amendment to the Second Agreement with Davis Wright Tremaine, LLP**

ACTION: It was M/S/C (Sears/Athas) to approve Consent Calendar Items C.1 through C.5. Motion carried

by 6-0 vote: (Abstain on C.3 – Director Bailey).

Agenda Item #5 – Energy Efficiency Business Plan (Discussion/Action)

ACTION: It was M/S/C (Haroff/Greene) to approve the revised MCE Energy Efficiency Business Plan and authorize staff to finalize and file the Business Plan with the California Public Utilities Commission. Motion carried by 7-0 vote.

Agenda Item #6 – MCE Staff Compensation Study (Discussion/Action)

ACTION: It was M/S/C (Greene/Sears) to move to the MCE Board for approval on the consent calendar at its January meeting the revised salary ranges for the 6 job classes being recommended. Motion carried by 7-0 vote.

Agenda Item #7 – Update on Confirmation of Authority for Contracts and Power Purchase Agreement (Discussion)

No action required on this item.

Agenda Item #8 – Review Draft 1.19.17 Board Agenda (Discussion).

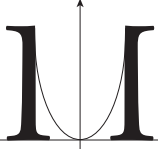
No action required on this item.

The meeting was adjourned to the next Executive Committee Meeting on February 3, 2017.

Tom Butt, Executive Committee Chair

ATTEST:

Dawn Weisz, Chief Executive Officer



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

ACCOUNTANTS' COMPILATION REPORT

Financial Plumblines

Board of Directors
Marin Clean Energy

Management is responsible for the accompanying special purpose statement of Marin Clean Energy (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended December 31, 2016, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of MCE.

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

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

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
January 19, 2017



MARIN CLEAN ENERGY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2016 through December 31, 2016

	Actual - from April 1 through December 31		YTD Budget (Amended)	YTD Budget Variance (Under) Over	YTD Actual/Budget %	Annual Budget (Amended)	Budget Remaining
	2015/16	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
ENERGY REVENUE							
Revenue - Electricity (net of allowance)	\$ 114,461,924	\$ 133,406,790	\$ 135,189,000	\$ (1,782,210)	98.68%	\$ 181,351,000	\$ 47,944,210
Grant Income			75,000	(75,000)	0.00%	75,000	75,000
Other revenue	448,532	124,697		124,697		-	(124,697)
TOTAL ENERGY REVENUE	114,910,456	133,531,487	135,264,000	(1,732,513)	98.72%	181,426,000	47,894,513
ENERGY EXPENSES							
Cost of energy	92,308,367	108,244,658	113,637,000	(5,392,342)	95.25%	159,033,000	50,788,342
Service fees- PG&E	636,227	797,058	894,400	(97,342)	89.12%	1,255,000	457,942
TOTAL ENERGY EXPENSES	92,944,594	109,041,716	114,531,400	(5,489,684)	95.21%	160,288,000	51,246,284
NET ENERGY EXPENSES	21,965,862	24,489,771	20,732,600	3,757,171		21,138,000	(3,351,771)
OPERATING EXPENSES							
Personnel	2,197,940	3,293,087	3,390,622	(97,535)	97.12%	5,376,000	2,082,913
Data manager	2,144,336	2,422,542	2,731,900	(309,358)	88.68%	3,674,000	1,251,458
Technical consultants	464,271	428,915	565,440	(136,525)	75.86%	762,000	333,085
Legal counsel	334,757	467,087	612,750	(145,663)	76.23%	817,000	349,913
Communications consultants and related expenses	515,319	891,134	713,250	177,884	124.94%	951,000	59,866
Other services	245,736	307,064	351,750	(44,686)	87.30%	469,000	161,936
General and administration	187,122	307,448	313,500	(6,052)	98.07%	418,000	110,552
Occupancy	157,020	292,143	253,500	38,643	115.24%	338,000	45,857
Integrated demand-side pilot programs	3,850	6,697	37,500	(30,803)	17.86%	50,000	43,303
Marin County green business program	-	10,000	10,000	-	0.00%	10,000	-
Low income solar programs	4,000	17,800	26,250	(8,450)	0.00%	35,000	17,200
TOTAL OPERATING EXPENSES	6,254,351	8,443,917	9,006,462	(562,545)	93.75%	12,900,000	4,456,083
OPERATING INCOME (LOSS)	15,711,511	16,045,854	11,726,138	4,319,716	136.84%	8,238,000	(7,807,854)
NONOPERATING REVENUES (EXPENSES)							
Interest income	5,587	63,334	37,500	25,834	168.89%	50,000	13,334
Interest expense and financing costs	(123,680)	(32,515)	(274,750)	242,235	0.00%	(345,500)	312,985
Depreciation (supplemental)	(57,166)	(68,238)	(75,000)	6,762	90.98%	(100,000)	31,762
TOTAL NONOPERATING INCOME (EXPENSES)	(175,259)	(37,419)	(312,250)	274,831	11.98%	(395,500)	358,081
CHANGE IN NET POSITION	15,536,252	16,008,435	11,413,888	4,594,547	140.25%	7,842,500	(7,449,773)
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER							
Capital outlay	(154,557)	(102,409)	(274,750)	172,341	37.27%	(383,000)	(280,591)
Depreciation (supplemental)	57,166	68,238	75,000	(6,762)	90.98%	100,000	31,762
Repayment of loan principal	(2,024,038)	-	-	-		-	-
Transfer to Renewable Energy Reserve	(1,000,000)	-	-	-		-	-
Transfer to Local Renewable Development Fund	(151,383)	(173,263)	(173,263)	-	100.00%	(173,263)	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	(3,272,812)	(207,434)	(373,013)	165,579	55.61%	(456,263)	(248,829)
Net increase (decrease) in available fund balance	\$ 12,263,440	\$ 15,801,001	\$ 11,040,875	\$ 4,760,126		\$ 7,386,237	\$ (7,698,602)

**MARIN CLEAN ENERGY
ENERGY EFFICIENCY PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2016 through December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Public purpose energy efficiency program	\$ 1,220,267	\$ 948,034	\$ 272,233	77.69%
EXPENDITURES AND OTHER USES:				
Public purpose energy efficiency program	1,220,267	948,034	272,233	77.69%
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>		

**LOCAL RENEWABLE ENERGY DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2016 through December 31, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Transfer from Operating Fund	\$ 173,263	\$ 173,263	\$ -	100.00%
EXPENDITURES AND OTHER USES:				
Capital Outlay and related	173,263	246,867	(73,604)	142.48%
Net increase (decrease) in fund balance	<u>\$ -</u>	(73,604)		
Fund balance at beginning of period		73,604		
Fund balance at end of period		<u>\$ -</u>		

**RENEWABLE ENERGY RESERVE FUND
BUDGETARY COMPARISON SCHEDULE
April 1, 2016 through December 31, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Budget Remaining</u>	<u>Actual/ Budget</u>
REVENUE AND OTHER SOURCES:				
Other proceeds	\$ 761,350	\$ -	\$ 761,350	0.00%
Transfer from Operating Fund	-	-	-	N/A
Total revenue and other sources	<u>\$ 761,350</u>	<u>\$ -</u>	<u>\$ 761,350</u>	
EXPENDITURES AND OTHER USES:				
	939,850	149,606	790,244	15.92%
Net increase (decrease) in fund balance	<u>\$ (178,500)</u>	(149,606)		
Fund balance at beginning of period		1,000,000		
Fund balance at end of period		<u>\$ 850,394</u>		

MARIN CLEAN ENERGY
BUDGETARY SUPPLEMENTAL SCHEDULE

April 1, 2016 through December 31, 2016

	<u>Actual</u>
Other services	
Audit	\$ 36,000
Accounting	108,000
IT Consulting	52,500
Human resources & payroll fees	9,540
Miscellaneous professional fees	101,024
	<u>307,064</u>
Other services	<u><u>\$ 307,064</u></u>
 General and administration	
Data and telephone service	\$ 24,963
Meeting room rentals	575
Office equipment lease	4,340
Dues and subscriptions	143,653
Conferences and professional education	21,312
Travel	26,971
Business meals	6,903
Miscellaneous administration	29,176
Office supplies and postage	49,555
	<u>307,448</u>
General and administration	<u><u>\$ 307,448</u></u>



February 3, 2017

TO: MCE Executive Committee
FROM: Katie Gaier, Human Resources Manager
RE: New MCE Staff Position (Agenda Item # 04 - C.3)
ATTACHMENT: Job Description – Senior Community Development Manager

Dear Executive Committee Members:

SUMMARY:

Due to the recent inclusion of new communities in MCE's service area, the Public Affairs Team has experienced a growth in the number of staff members necessary to provide outreach, marketing, and strategic planning to respond efficiently and effectively to member communities, potential member communities, customers, and potential customers. The growth has resulted in the need for mid-level supervisory positions. To respond to that need, a draft job description has been developed to create a Senior Community Development Manager to supervise Community Development Managers and other staff, as assigned. The proposed salary for the position is \$91,927 - \$135,206, set internally at 10% above Community Development Manager to account for the supervisory responsibilities and higher level work.

Fiscal Impact: The addition of a Senior Community Development Manager will have no impact on the approved FY 2016/17 budget as it will not increase the number of full-time equivalent positions for the Public Affairs Team.

Recommendation: Move the proposed Senior Community Development Manager job description and salary range to the MCE Board for approval on the consent calendar at its February meeting.



Job Description Senior Community Development Manager

Summary

The Senior Community Development Manager works under direction of the Director of Public Affairs and has a wide range of responsibilities for advancing MCE's programs and conducting strategic community outreach and advocacy for the Public Affairs division as well as managing the work of Community Development Managers or other staff, and performing related duties as assigned.

Class Characteristics

Under direction of the Director of Public Affairs, the Senior Community Development Manager independently interfaces with a wide range of community, stakeholder, and customer groups, conducting strategic outreach and community organizing efforts to advance MCE programs, and leads local government affairs strategy for MCE. The Senior Community Development Manager is responsible for cultivating, developing, and maintaining relationships with key customer and stakeholder groups, and for communicating MCE's central messages consistently to target audiences via professional networking, printed literature, web-based material, electronic correspondence, public presentations, and verbal interactions. The incumbent also participates in community events and performs related work and tasks as needed including local government outreach, and responds to inquiries from customers via email, telephone, and in-person dialogue. The Senior Community Development Manager is also responsible for sales related activities on MCE's behalf through effective communications and physical visits to customer sites. The Senior Community Development Manager supervises and manages the work of Community Development Managers and other staff as assigned.

Supervisory Responsibilities

This position requires lead worker and supervisory responsibilities.

Essential Duties and Responsibilities (Illustrative Only)

- Plan, organize, and implement community outreach efforts to enhance marketing of MCE services to the general public, customers, and public agencies.
- Initiate and develop collaborative relationships with community members, local business owners, municipal staff, public officials, and other key stakeholders.
- Expand Deep Green customer participation and Light Green re-enrollments, by emailing, in-site visits, and cold-calling if necessary.

- Emphasize product and service features and benefits, quote costs, and discuss customer terms.
- Build and foster a network of referrals to create new opportunities for customer growth.
- Deliver presentations to various community groups and local representatives.
- Lead local government affairs strategy for member and prospective member jurisdictions.
- Hire, train, and supervise MCE employees.
- Conduct annual performance evaluations.
- Participate in public events to distribute information about MCE and interact with members of the public.
- Cultivate partnerships and mobilize public support for Deep Green co-branding and other promotional opportunities.
- Act as a liaison to local groups, civic institutions, and community-based organizations.
- Respond to customer inquiries.
- As assigned, assist with the implementation of MCE's Strategic Plan.

Break-down of Time Spent on Various Work Areas

Community outreach and organizing	70%
• Deep Green & Re-enrollment	
• Public Partnership Development	
Responding to customer inquiries	30%

Experience/Education

Education and experience equivalent to a Bachelor's degree in communications, public administration, environmental planning, or a related field and five years of experience in community outreach, or equivalent experience, including one year of supervisory experience. Experience working in a public utility and/or a Community Choice Aggregate program is desirable.

Knowledge of

- Marin Clean Energy electric service options and customer programs
- The mission and goals of Marin Clean Energy
- Environmental policy, public administration, and energy regulation
- Microsoft Office Suite including Excel, Word, PowerPoint, and Adobe Acrobat
- Diverse communities and cultures
- Principles and practices of supervision in a public agency

Ability to

- Utilize strong interpersonal and phone etiquette skills, verbal communications, grammatical, and professional business skill sets to promote and explain MCE programs
- Establish and maintain effective working relationships with persons encountered in the performance of duties
- Supervise and manage the work through other employees
- Provide direction and feedback to supervised staff
- Handle multiple projects in an efficient and time-sensitive manner
- Work independently to resolve issues quickly and effectively
- Manage multiple priorities and quickly adapt to changing priorities in a fast-paced, dynamic environment
- Take responsibility for work product
- Coordinate work with community groups
- Work accurately and swiftly under pressure
- Demonstrate patience, tact, courtesy, and flexibility
- Sell MCE products and programs
- Communicate effectively in Spanish is desirable

Language and Reasoning Skills

- Exercise sound judgment, creative problem solving, and commercial awareness
- Develop high-quality writing, research, and communication work products
- Deliver clear oral and written communication
- Interact professionally and effectively with customers, commercial partners, MCE staff team, and Board of Directors
- Apply strong analytical and problem-solving skills
- Manage projects and time efficiently

Mathematical Skills

Ability to add, subtract, multiply, and divide in all units of measure, using whole numbers, common fractions, and decimals. Ability to compute rate, ratio, and percent and to draw and interpret bar graphs.

Physical Demands

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. While performing the duties of this job, the employee is frequently required to use hands to finger, handle, or feel and reach with hands and arms. The employee is occasionally required to stand.

The employee must occasionally lift and/or move up to 20 pounds.

Work Environment

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. The noise level in the office work environment is usually moderate. The incumbent also works in the field at community meetings and other functions.

ADA Compliance

MCE will make reasonable accommodation of the known physical or mental limitations of a qualified applicant with a disability upon request.



February 3, 2017

TO: MCE Executive Committee
FROM: David McNeil, Finance and Project Manager
RE: Budget Amendment for FY 2016/17 (Agenda Item #05)
ATTACHMENT: Proposed Amendment to the FY 2016/17 Operating Fund Budget

Dear Executive Committee Members:

SUMMARY:

During the normal course of business, MCE Staff monitors actual and expected expenditures to ensure that expenditures do not exceed the limits established by Board approved Budgets. In the past, as MCE nears its March 31 fiscal year end, Staff have proposed adjustments to the Operating Fund Budget to accommodate adjustments needed for specific line items. This year, Staff proposes adjustments to MCE's FY 2016/17 Operating Fund Budget as shown below. There are proposed increases to the Communications, General and administration, and Occupancy budget line items which would be entirely offset by a proposed decrease in the Personnel budget line item.

Personnel (-\$125,000, 2% decrease): Decreased personnel costs result from a slower rate of hiring than previously anticipated.

Communications and related services (+\$35,000, 4% increase): The proposal to increase the budget for Communications and related services results from higher than expected costs associated with enrolling new communities, most notably membership dues at local community organizations such as chambers of commerce, costs associated with mailers, and other communications material.

General and administration (+\$25,000, 6% increase): The proposal to increase the budget for General and administration costs results from an increase in contingencies and funding to support greater CCA cooperation.

Occupancy (+\$65,000, 19% increase): The proposal to increase the budget for Occupancy results from increased building wear and tear due to higher staff count, greater activity in the building and higher costs for the building lease than previously budgeted.

FISCAL IMPACT: The proposed increases to the Communications, General and administration, and Occupancy budget line items would be offset by the proposed reduction in the Personnel budget line item. The net impact of the proposed budget amendment on the budgeted FY 2016/17 contribution to the net position is \$0.00.

RECOMMENDATION: Recommend the proposed Amendment to the FY 2016/17 Operating Fund Budget to your Board of Directors.

MARIN CLEAN ENERGY			
OPERATING FUND			
PROPOSED Budget Amendment			
Fiscal Year 2016/17			
	FY 2016/17 Budget	Amendment	Amended FY 2016/17 Budget
ENERGY REVENUE			
Revenue - Electricity (net of allowance)	\$ 181,351,000	-	\$ 181,351,000
Other Revenue			
TOTAL ENERGY REVENUE	181,351,000	-	181,351,000
ENERGY EXPENSES			
Cost of energy	159,033,000	-	159,033,000
Service fees - PG&E	1,255,000	-	1,255,000
TOTAL ENERGY EXPENSES	160,288,000	-	160,288,000
NET ENERGY REVENUE	21,063,000	-	21,063,000
OPERATING EXPENSES			
Personnel	5,376,000	(125,000)	5,251,000
Data manager	3,674,000	-	3,674,000
Technical and Scheduling Services	762,000	-	762,000
Legal counsel	817,000	-	817,000
Communications and related services	951,000	35,000	986,000
Other services	469,000	-	469,000
General and administration	418,000	25,000	443,000
Occupancy	338,000	65,000	403,000
Integrated demand side pilot programs	50,000	-	50,000
Marin County green business program	10,000	-	10,000
Low income solar programs	35,000	-	35,000
TOTAL OPERATING EXPENSES	12,900,000	-	12,900,000
OPERATING INCOME	8,163,000	-	8,163,000
NONOPERATING REVENUES			
Grant income	75,000		75,000
Interest income	50,000	-	50,000
TOTAL NONOPERATING REVENUES	125,000	-	125,000
NONOPERATING EXPENSES			
Interest expense and financing costs	345,500	-	345,500
Depreciation (supplemental)	100,000	-	100,000
TOTAL NONOPERATING EXPENSES	445,500		445,500
		-	
CHANGE IN NET POSITION	7,842,500	-	7,842,500
Net position beginning of period	30,325,397	-	30,325,397
Change in net position	7,842,500	-	7,842,500
Net position end of period	38,167,897	-	38,167,897
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER			
Capital Outlay	383,000		383,000
Depreciation (supplemental)	(100,000)	-	(100,000)
Repayment of Loan Principal	-	-	-
Transfer to Renewable Energy Reserve	-	-	-
Transfer to Local Renewable Energy Development Fund	173,263	-	173,263
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	456,263	-	456,263
Net increase (decrease) in Operating Fund balance	\$ 8,298,763	\$ -	\$ 8,298,763



February 3, 2017

TO: MCE Executive Committee

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

RE: Proposed Budgets for FY 2017/18 (Agenda Item #06)

ATTACHMENT: Proposed FY 2017/18 Operating Fund, Energy Efficiency Program Fund, Local Renewable Energy Development Fund, and Renewable Energy Reserve Fund Budgets

Dear Executive Committee Members:

SUMMARY:

Before the end of every fiscal year, MCE's Board has the responsibility to set forth Budgets for MCE's Operating Fund, Energy Efficiency Program Fund, Local Renewable Energy Development Fund, and Renewable Energy Reserve Fund for the upcoming fiscal year (FY). These Budgets authorize Staff to collect revenue and spend funds within the limits set forth in each budget line item. The attached preliminary proposed Budgets reflect MCE's anticipated revenue, expenditures, and contingencies for FY 2017/18. FY 2016/17 Budgets and projected results for the FY 2016/17 Operating Fund have been provided for information and comparative purposes. The FY 2016/17 Operating Fund Budget figures presented in the attached document incorporate the proposed amendment to the FY 2016/17 Operating Fund Budget that will be presented to the Executive Committee and your Board at their February meetings.

Pursuant to MCE's Implementation Plan, each year proposed annual Budgets are submitted to your Board in February along with proposed rates for the upcoming year. Proposed rates are made available to the public for a thirty-day review period. The proposed annual Budgets and rates return to your Board in March for approval and take effect on April 1, which is the first day of the new fiscal year. Staff requests that the Executive Committee review the proposed Budgets, offer input, and recommend that your Board accept the proposed Budgets at its February meeting for final approval in March.

Operating Fund Budget

The attached Proposed FY 2017/18 Operating Fund Budget sets forth the following budget line items:

Revenue – electricity (+\$20,361,000, 11% increase): Budgeted electricity revenues are based on estimates of customer electricity usage and proposed rates. The increase in revenue results from the inclusion of new communities in September 2016. Budgeted revenues incorporate an average decrease in rates of 9% that took effect in September 2016 and an additional proposed average rate decrease of 3.7% that would take effect in April 2017. Electricity revenues also include revenues associated with MCE's Deep Green program and an allowance for uncollectable accounts.

Other revenue (-\$115,000, 92% decrease): Other revenue includes operating revenue that does not represent sales of electricity and includes such items as grants, insurance claims, and cost recovery.

Other revenue frequently relates to unanticipated events that occur during the year.

Cost of energy (+\$21,500,000, 14% increase): Cost of energy includes expenses associated with purchase of energy products, charges by the California Independent Systems Operator (CAISO) for scheduled load, and services performed by the CAISO. Increased energy costs reflect the cost of purchasing additional energy products to serve new customers enrolled in September 2016.

Service fees – PG&E (+\$232,000, 18% increase): Service fees are based on the number of meters served by MCE and per meter rates charged by PG&E and are expected to increase as a result of the inclusion of new communities in September 2016.

Personnel (+\$1,498,000, 29% increase): Increased budgeted personnel costs result from the full year impact of staff added during FY 2016/17 pursuant to the Board-approved FY 2016/17 Operating Fund Budget, new hires planned for FY 2017/18, the application of Cost of Living Adjustments (COLA) effective January 1st of each year, and performance-based increases to current staff salaries consistent with MCE's Board-approved Employee Handbook.

Data manager (+\$120,000 3% increase): Data manager costs are based on the number of meters served by MCE and per meter rates charged by MCE's data manager. Increased data manager costs incorporate the effect of including new communities in September 2016 and reduced rates offered by the data manager which went into effect at that time.

Technical and scheduling services (+44,000, 6% increase): Technical services costs are based on a fixed charge per MWh of electricity usage. Technical services costs are expected to increase as a result of the inclusion of new communities in September 2016 and the scheduled rollout of new services provided by MCE's scheduling coordinator.

Legal counsel (-\$128,000, 16% decrease): Legal counsel expenses support MCE's contracting and regulatory activities. Legal counsel expenses are expected to decrease as a result of staff performing more contracting work in-house and reduced long term procurement activity anticipated in FY 2017/18.

Communications and related services (+\$147,000, 15% increase): Communications and related services include the costs associated with print, online, and other advertising, printing, and mailing customer notices, events, and sponsorships. Increased costs are expected as a result of the inclusion of new communities in September 2016, which increased the number of customers served by MCE by approximately 50%.

Other services (+\$213,000, 45% increase): Other services encompass expenses which are not captured in other budget categories, and include accounting, auditing, information technology, and other services. Increased other services result from the growth of the agency and from costs that may be incurred in connection with MCE's recent request for offers for data management and other services.

General and administration (+\$124,000, 28% increase): General and administration costs include office, data, travel, dues and subscriptions, and other related expenses. Increased costs are associated with support for California Community Choice Association (CalCCA) and the increased number of employees.

Occupancy (+122,000, 30% increase): Occupancy costs include the costs of leasing MCE's office, utilities, and building maintenance. Increased occupancy costs result in part from contracted increases in building lease expenses.

Local pilot programs (+165,000, 330% increase): Local pilot programs support residential demand side management pilot programs offered in MCE's service territory including the My Energy Insight program, Richmond Advanced Energy Communities, and transportation electrification. Increased costs are intended in part to fund new programs launched during FY 2017/18.

Marin County green business program (no change): Marin County's green business program is a voluntary partnership among business leaders, government agencies, and non-profit organizations which promotes environmental responsibility, good business practices, and community concern among local businesses. MCE sponsors Marin County's green business program via a \$10,000 annual grant.

Low income solar programs (+\$5,000, 14% increase): Low income solar programs support residential rooftop solar for low income participants. Increased costs are intended to fund increased activity in this area.

Grant income (+\$35,000, 47% increase): Grants are provided by government and non-government organizations to support activities connected to MCE's mission. FY 2017/18 grant income represents grants provided by the Bay Area Air Quality Management District (BAAQMD) and the Transportation Authority of Marin (TAM) in connection to the construction of a solar carport and electric vehicle charging stations in MCE's parking lot.

Interest income (+\$45,000, 92% increase): Increased interest income is expected to result from an increase in interest rates and higher balances in savings accounts at River City Bank.

Interest expense and financing costs (+\$136,000, 39% increase): These costs are associated with renewal fees on MCE's line of credit, the costs associated with obtaining a credit rating, and a contingency that would support the issuance of letters of credit.

Capital outlay (+\$23,000, 6% increase): Expenditures associated with capital outlay include various leasehold improvements made at MCE's facilities including costs related to the construction of a solar carport and electric vehicle charging stations in MCE's parking lot that are funded by grant income.

Energy Efficiency Program Fund

The Energy Efficiency Program uses funding authorized by the California Public Utilities Commission (CPUC) to support multifamily, small commercial, single family, and financing sub-programs. The program is a reimbursable program and eligible expenses are reimbursed by the CPUC. Accordingly, the revenue and expenses for this program offset each other.

The Energy Efficiency Program Fund Budget includes new funding for the Low Income Families and Tenants (LIFT) Pilot Program. The LIFT Pilot Program is scheduled for launch in April 2017 and will better serve income-qualified single family and multifamily homes that do not participate in existing programs for a variety of reasons. The program will leverage existing energy efficiency programs, facilitate the installation of heat pumps where they are safe and cost-effective, develop mobile platforms of information for low income individuals, and provide a matching savings program and subsidized financing for energy efficiency investments.

Local Renewable Energy Development Fund

This Local Renewable Energy Development Fund is financed by a transfer from the Operating Fund equal to 50% of the premium for Deep Green service. These resources are used to plan, create and develop local energy efficient projects. The transfer from the Operating Fund is expected to equal expenditures from this fund.

Renewable Energy Reserve Fund

This Renewable Energy Reserve 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. Proposed expenditures from the Renewable Energy Reserve Fund in FY 2017/18 are intended to fund costs related to the construction of a solar carport and electrical vehicle charging stations in MCE's parking not funded by grant income.

FISCAL IMPACT: The net impact of increasing the Proposed Operating Fund Budget would be an \$8,386,000 contribution to MCE's net position during FY 2017/18. The budgeted contribution to the net position is equal to 4% of revenues. Budgeted revenues would entirely offset expenditures in the Energy Efficiency Program Fund, Local Renewable Energy Development Fund, and Renewable Energy Reserve Fund, and these funds will not impact MCE's net position.

RECOMMENDATION: Direct staff to present proposed FY 2017/18 Operating Fund, Energy Efficiency Program Fund, Local Renewable Energy Development Fund, and Renewable Energy Reserve Fund Budgets at its February 2017 meeting.

MARIN CLEAN ENERGY					
OPERATING FUND					
Proposed Budget					
Fiscal Year 2017/18					
	FY 2016/17 Budget*	FY 2016/17 Projected	Proposed 2017/18 Budget	Variation from Projected (\$)	Variation from Projected (%)
ENERGY REVENUE					
Revenue - Electricity (net of allowance)	\$ 181,351,000	\$ 178,350,000	198,711,000	20,361,000	11%
Other Revenue	\$ -	\$ 125,000	10,000	(115,000)	-92%
TOTAL ENERGY REVENUE	181,351,000	178,475,000	198,721,000	20,246,000	11%
ENERGY EXPENSES					
Cost of energy	159,033,000	152,597,000	174,097,000	21,500,000	14%
Service fees - PG&E	1,255,000	1,255,000	1,487,000	232,000	18%
TOTAL ENERGY EXPENSES	160,288,000	153,852,000	175,584,000	21,732,000	14%
NET ENERGY REVENUE	21,063,000	24,623,000	23,137,000	(1,486,000)	-7%
OPERATING EXPENSES					
Personnel	5,251,000	4,743,000	6,241,000	1,498,000	29%
Data manager	3,674,000	3,674,000	3,794,000	120,000	3%
Technical and scheduling services	762,000	762,000	806,000	44,000	6%
Legal counsel	817,000	817,000	689,000	(128,000)	-16%
Communications and related services	986,000	986,000	1,133,000	147,000	15%
Other services	469,000	469,000	682,000	213,000	45%
General and administration	443,000	443,000	567,000	124,000	28%
Occupancy	403,000	403,000	525,000	122,000	30%
Local Pilot Programs	50,000	50,000	215,000	165,000	330%
Marin County green business program	10,000	10,000	10,000	-	0%
Low income solar programs	35,000	35,000	40,000	5,000	14%
TOTAL OPERATING EXPENSES	12,900,000	12,392,000	14,702,000	2,310,000	18%
OPERATING INCOME	8,163,000	12,231,000	8,435,000	(3,796,000)	-47%
NONOPERATING REVENUES					
Grant income	75,000	75,000	110,000	35,000	47%
Interest income	50,000	84,000	130,000	46,000	92%
TOTAL NONOPERATING REVENUES	125,000	159,000	240,000	81,000	65%
NONOPERATING EXPENSES					
Interest expense and financing costs	345,500	32,000	168,000	136,000	39%
Depreciation (supplemental)	100,000	100,000	121,000	21,000	21%
TOTAL NONOPERATING EXPENSES	445,500	132,000	289,000	157,000	35%
CHANGE IN NET POSITION	7,842,500	12,258,000	8,386,000	(3,872,000)	-49%
Budgeted net position beginning of period	29,531,000	29,531,000	41,789,000	12,258,000	42%
Change in net position	7,843,000	12,258,000	8,386,000	543,000	7%
Budgeted net position end of period	37,374,000	41,789,000	50,175,000	12,801,000	34%
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER					
Capital Outlay	383,000	383,000	406,000	23,000	6%
Depreciation (supplemental)	(100,000)	(100,000)	(121,000)	(21,000)	21%
Repayment of Loan Principal	-	-	-	-	-
Transfer to Renewable Energy Reserve	-	-	-	-	-
Transfer to Local Renewable Energy Development Fund	173,000	173,000	186,000	13,000	8%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	456,000	456,000	471,000	15,000	
Budgeted net increase (decrease) in Operating Fund balance	\$ 7,386,000	\$ 12,714,000	\$ 8,857,000	\$ 558,000	8%

* the FY 2016/17 Budget figures presented here incorporate the proposed amendment to the FY2016/17 Budget that will be proposed to the Board in February 2017

MARIN CLEAN ENERGY			
ENERGY EFFICIENCY PROGRAM FUND			
Proposed Budget			
Fiscal Year 2017/18			
	2016/17 Budget	Proposed 2017/18 Budget	Change
REVENUE AND OTHER SOURCES:			
Public purpose energy efficiency program	\$ 1,586,000	1,683,000	97,000
Public purpose Low Income Families and Tenants pilot program	-	1,750,000	1,750,000
TOTAL REVENUE AND OTHER SOURCES:	1,586,000	3,433,000	1,847,000
EXPENDITURES AND OTHER USES:			
Public purpose energy efficiency program	1,586,000	1,683,000	97,000
Public purpose Low Income Families and Tenants pilot program		1,750,000	1,750,000
TOTAL EXPENDITURES AND OTHER USES:	1,586,000	3,433,000	1,847,000
Net increase (decrease) in fund balance	-	-	
LOCAL RENEWABLE ENERGY DEVELOPMENT FUND			
Proposed Budget			
Fiscal Year 2017/18			
	2016/17 Budget	Proposed 2017/18 Budget	Change
REVENUE AND OTHER SOURCES:			
Transfer from Operating Fund	\$ 173,000	186,000	13,000
EXPENDITURES AND OTHER USES:			
Capital outlay and other expenditures	173,000	186,000	13,000
Net increase (decrease) in fund balance	-	-	-
Fund Balance Beginning of Period	73,000		(73,000)
Fund Balance End of Period	-		-
RENEWABLE ENERGY RESERVE FUND			
Proposed Budget			
Fiscal Year 2017/18			
	2016/17 Budget	Proposed 2017/18 Budget	Change
REVENUE AND OTHER SOURCES:			
Other Proceeds	\$ 761,000	-	\$ 761,000
Transfer from Operating Fund	-	-	-
	761,000	-	761,000
EXPENDITURES AND OTHER USES:			
	940,000	300,000	1,240,000
Net increase (decrease) in fund balance *	\$ (179,000)	(300,000)	-
Fund Balance Beginning of Period	1,000,000	821,000	-
Fund Balance End of Period	821,000	521,000	-



February 3, 2017

TO: MCE Executive Committee
FROM: John Dalessi, Pacific Energy Advisors
RE: Proposed MCE Rates for Fiscal Year 2017/18 (Agenda Item #07)
ATTACHMENT: Proposed Rates for FY 2017/18

Dear Executive Committee:

SUMMARY:

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

Staff has completed its assessment and following consultation with an Ad Hoc committee of the MCE Board recommends that MCE reduce rates by an average of 3.7% beginning April 1, 2017.

Various alternative proposals were considered by staff, in consultation with the MCE Rates Ad Hoc Committee, in arriving at the recommended rate proposal. The alternative scenarios included maintaining current MCE rates as well as the alternative of adjusting MCE rates to achieve customer cost parity with PG&E. The recommended rate proposal was selected as best achieving the goals of making progress towards building adequate financial reserves while maintaining rate competitiveness.

BACKGROUND – MCE RATESETTING CYCLE, POLICIES AND PROCESS

Ratesetting Cycle

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

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

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

Ratesetting Policies

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

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

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

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

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

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

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

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

Ratesetting Process

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

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

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

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

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

Rate Group	Example End Use
E-1	Residential
A-1 and A-6	Small office, small retail
A-10	Bank, restaurant, mixed use retail
E-19	Department store, large office building, grocery store
E-20	Institutional, hospital, college, water treatment facility
Ag	Agricultural
SL-1	Street and area lighting
TC-1	Traffic lights

Rates are designed for the various rate schedules associated with each customer class in order to recover the revenue requirement allocated to that class. There are currently 37 rate schedules under which MCE customers may take service subject to the relevant eligibility criteria. MCE determines rate schedule eligibility by mapping each MCE rate schedule to an equivalent PG&E rate schedule; customers contacting PG&E to change rate schedules (e.g., selection of an optional time-of-use rate or a net energy metering rate) would automatically be placed on a corresponding MCE rate schedule.

FY 2017/18 PROPOSED RATES

MCE’s current rates are projected to yield sufficient revenues to recover the proposed FY 2017/18 expenditures and generate a contribution to reserves of \$15.4 million or 7.5% of revenue. Staff recommends reducing MCE rates by an average of 3.7% to yield a projected reserve contribution of \$7.9 million, equating to 4% of fiscal year revenues. At these levels, costs for MCE customers, on average, would be slightly below the costs that would be incurred under PG&E service.

FY 2017/18 Revenue Requirement

For ratesetting purposes, the revenue requirement is the term used to describe the aggregate revenues that rates are designed to collect. The FY 2017/18 revenue requirement is based on the proposed FY 2017/18 Budget for MCE’s Operating Fund, inclusive of the targeted 4% contribution to reserves.¹ The proposed revenue requirement for FY 2017/18 is \$198,042,798 as shown in Table 1. Revenues that would

¹ The difference between the revenue requirement used for ratesetting and the budgeted revenue is due to the revenue deficiencies associated with uncollectible customer accounts as well as costs and revenues associated with the net energy metering (NEM) and Deep Green programs.

be collected at present rates are estimated to be \$205,652,338. The difference of \$7,609,799 represents an average rate decrease of approximately 3.7%.

The proposed revenue requirement, including a reconciliation to the proposed FY 2018 Budget, is shown in Table 1.

Table 1: Proposed FY 2018 Revenue Requirement

Revenue Requirement	
Proposed FY 2018 Operating Fund Budget Revenue	\$198,710,759
Uncollectible Account Expenses, NEM and Deep Green Revenue Adjustments	\$-667,961
Proposed Revenue Requirement	\$198,042,798
Present Rate Revenues	\$205,652,338
Surplus in Funds	\$7,609,799
Average Rate Decrease	3.7%

Revenue Allocation

The proposed revenue requirement was allocated to rate groups in a manner intended to bring average rates for all customer classes, inclusive of surcharges, closer to parity with PG&E. The proposed revenue changes by customer class are shown in Table 2:

Table 2: Proposed Class Revenue Allocation

Rate Group	Revenue at Present Rates	Revenue at Proposed Rates²	Change in Revenues	% Change
E-1	86,893,228	82,587,247	(4,305,982)	-5.0%
A-1	27,235,009	26,148,981	(1,086,027)	-4.0%
A-6	6,670,002	6,552,679	(117,322)	-1.8%
A-10	34,065,283	33,453,809	(611,473)	-1.8%
E-19	31,260,320	30,130,398	(1,129,923)	-3.6%
E-20	16,664,883	16,333,200	(331,682)	-2.0%
Ag	1,545,244	1,540,327	(4,917)	-0.3%
SL	1,186,881	1,170,710	(16,171)	-1.4%
TC	131,489	125,631	(5,858)	-4.5%
Total	205,652,338	198,042,983	(7,609,355)	-3.7%

² Revenue at proposed rates varies slightly from the revenue requirement due to rounding.

As can be seen from the table, the proposed rate changes are not uniform across the different customer classes served by MCE. The proposed differential rate adjustments were made based on a comparative rate analysis and designed to bring average MCE customer costs for all customer classes below what the costs would be under bundled PG&E rates. The resulting average cost comparisons are shown in Table 3. The cost figures in Table 3 represent total delivered electricity costs, inclusive of generation charges, distribution and other delivery charges, and, for MCE customers, the PCIA and Franchise Fee surcharges.

Table 3: Proposed Rate Comparative Analysis Summary

Rate Group	Total MCE Generation + PG&E Charges³	Revenue at Current PG&E Bundled Rates⁴	Total Cost Difference	% Cost Difference
E-1	242,421,473	242,561,188	(139,715)	-0.1%
A-1	78,713,387	78,758,752	(45,365)	-0.1%
A-6	16,719,018	16,728,653	(9,636)	-0.1%
A-10	84,788,159	84,837,025	(48,866)	-0.1%
E-19	72,723,083	72,764,996	(41,913)	-0.1%
E-20	32,393,386	32,412,055	(18,669)	-0.1%
Ag	3,878,830	3,881,066	(2,235)	-0.1%
SL	3,400,173	3,402,132	(1,960)	-0.1%
TC	424,896	425,141	(245)	-0.1%
Total	535,462,405	535,771,009	(308,604)	-0.1%

Rate Design

The individual rate components on each rate schedule were examined in relation to the costs of providing electric service as well as how they compare to the corresponding PG&E rate, after taking PCIA surcharges into consideration. Adjustments were made to better align MCE rate components with those charged by PG&E so that individual customer rate comparisons will be more uniform for all MCE customers. Generally speaking, reductions were made to off-peak energy rates, while increases were made to demand charges and certain on-peak or partial peak energy rates. The reductions in off-peak energy rates were limited where they would otherwise result in rates that are below the cost of wholesale energy. The net effect of the rate design changes is to reduce revenues from each customer class as shown in Table 2; however, the impacts on individual customer bills will vary depending upon specific usage characteristics. A comparison of current and proposed rates is included in the Attachment.

Termination Fees

MCE's rates and charges include a Termination Fee applicable to customers departing MCE service after the initial sixty-day post enrollment opt-out period. The Termination Fee is proposed to remain unchanged for FY 2017/18. The Administrative Fee component of the Termination Fee would remain at \$5 for residential customers and \$25

³ Includes MCE charges and PG&E delivery and PCIA/Franchise Fee surcharges.

⁴ Includes PG&E generation and delivery charges.

for non-residential customers. The Cost Recovery Charge component of the Termination Fee, which would apply in the event MCE is unable to recover the costs of supply commitments attributable to the customer that is terminating service, would remain at zero.

Recommendation: Direct staff to present the preliminary rates contained in the Attachment to the MCE Board.

MARIN CLEAN ENERGY
PRESENT AND FY 2017 PROPOSED RATES, EFFECTIVE APRIL 1, 2017

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
<u>RESIDENTIAL CUSTOMERS</u>				
E-1, EL-1, EM, EML, ES, ESL, ESR, ESRL, ET, ETL	E-1			
	ENERGY CHARGE (\$/KWH)	All Energy	0.07200	0.06800
E-6, EL-6	E-6			
	ENERGY CHARGE (\$/KWH)	Summer Peak	0.18600	0.18600
		Summer Part Peak	0.07800	0.08200
		Summer Off-Peak	0.05300	0.04300
		Winter Partial Peak	0.07300	0.06500
		Winter Off-Peak	0.05300	0.05200
EV-A, EV-B	EV			
	ENERGY CHARGE (\$/KWH)	Summer Peak	0.17500	0.20000
		Summer Part Peak	0.07800	0.07500
		Summer Off-Peak	0.04400	0.03000
		Winter Peak	0.06300	0.05500
		Winter Partial Peak	0.04400	0.03000
		Winter Off-Peak	0.04400	0.03000
E-TOU-A, EL-TOU-A	E-TOU-A			
	ENERGY CHARGE (\$/KWH)	Summer Peak	0.15700	0.15300
		Summer Off-Peak	0.08200	0.07800
		Winter Peak	0.07000	0.06600
		Winter Off-Peak	0.05600	0.05200
E-TOU-B, EL-TOU-B	E-TOU-B			
	ENERGY CHARGE (\$/KWH)	Summer Peak	0.17400	0.17800
		Summer Off-Peak	0.07200	0.07200
		Winter Peak	0.07300	0.06900
		Winter Off-Peak	0.05400	0.04900

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
<u>COMMERCIAL, INDUSTRIAL AND GENERAL SERVICE CUSTOMERS</u>				
A-1-A	A-1-A			
	ENERGY CHARGE (\$/KWH)			
		SUMMER	0.09300	0.09200
		WINTER	0.06200	0.05700
A-1-B	A-1-B			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10900	0.10800
		PART-PEAK	0.10300	0.08600
		OFF-PEAK	0.08100	0.05700
		<u>WINTER</u>		
		PART-PEAK	0.07000	0.08400
		OFF-PEAK	0.05500	0.06300
A-6	A-6			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.30200	0.34000
		PART-PEAK	0.10800	0.10200
		OFF-PEAK	0.05100	0.04500
		<u>WINTER</u>		
		PART-PEAK	0.08400	0.07100
		OFF-PEAK	0.05100	0.05200
A-10-A	A-10-A			
	ENERGY CHARGE (\$/KWH)			
		SUMMER	0.08700	0.08100
		WINTER	0.06200	0.05800
	DEMAND CHARGE (\$/KW)			
		SUMMER MAX	2.80000	4.85000
A-10-B	A-10-B			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10700	0.13500
		PART-PEAK	0.08800	0.08200
		OFF-PEAK	0.07500	0.05400
		<u>WINTER</u>		
		PART-PEAK	0.06900	0.06500
		OFF-PEAK	0.05800	0.04900
	DEMAND CHARGE (\$/KW)			
		SUMMER MAX	2.80000	4.85000

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
E-19-S, V	E-19-S			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10900	0.10500
		PART-PEAK	0.07500	0.06500
		OFF-PEAK	0.05200	0.04000
		<u>WINTER</u>		
		PART-PEAK	0.07100	0.05900
		OFF-PEAK	0.05000	0.04500
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	8.30000	12.60000
		PART-PEAK	1.70000	3.10000
E-19-P, V	E-19-P			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.11000	0.09700
		PART-PEAK	0.07100	0.05800
		OFF-PEAK	0.05000	0.03500
		<u>WINTER</u>		
		PART-PEAK	0.06500	0.05300
		OFF-PEAK	0.05000	0.04000
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	8.10000	11.25000
		PART-PEAK	1.70000	2.75000
E-19-T, V	E-19-T			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.08400	0.06000
		PART-PEAK	0.06500	0.04800
		OFF-PEAK	0.05100	0.03400
		<u>WINTER</u>		
		PART-PEAK	0.05700	0.05000
		OFF-PEAK	0.04900	0.03800
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	8.40000	12.40000
		PART-PEAK	1.80000	3.10000

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
E-19-R-S, V-R-S	E-19-R-S			
	ENERGY CHARGE (\$/KWH)			
	<u>SUMMER</u>			
	PEAK		0.20100	0.24000
	PART-PEAK		0.09300	0.09500
	OFF-PEAK		0.05200	0.03900
	<u>WINTER</u>			
	PART-PEAK		0.07100	0.06000
	OFF-PEAK		0.05000	0.04500
E-19-R-P, V-R-P	E-19-R-P			
	ENERGY CHARGE (\$/KWH)			
	<u>SUMMER</u>			
	PEAK		0.20500	0.23000
	PART-PEAK		0.09000	0.08800
	OFF-PEAK		0.05000	0.03400
	<u>WINTER</u>			
	PART-PEAK		0.06500	0.05300
	OFF-PEAK		0.05000	0.04000
E-19-R-T, V-R-T	E-19-R-T			
	ENERGY CHARGE (\$/KWH)			
	<u>SUMMER</u>			
	PEAK		0.18200	0.23000
	PART-PEAK		0.08400	0.08500
	OFF-PEAK		0.05100	0.03200
	<u>WINTER</u>			
	PART-PEAK		0.05700	0.05000
	OFF-PEAK		0.04900	0.03800

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
E-20-S	E-20-S			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10200	0.09500
		PART-PEAK	0.07000	0.06000
		OFF-PEAK	0.04900	0.03600
		<u>WINTER</u>		
		PART-PEAK	0.06300	0.05500
		OFF-PEAK	0.04600	0.04100
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	7.70000	12.20000
		PART-PEAK	1.60000	3.00000
E-20-P	E-20-P			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10700	0.10200
		PART-PEAK	0.07100	0.06100
		OFF-PEAK	0.05000	0.03700
		<u>WINTER</u>		
		PART-PEAK	0.06200	0.05600
		OFF-PEAK	0.04900	0.04200
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	8.50000	13.40000
		PART-PEAK	1.80000	3.15000
E-20-T	E-20-T			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.07600	0.06200
		PART-PEAK	0.05900	0.04900
		OFF-PEAK	0.04600	0.03400
		<u>WINTER</u>		
		PART-PEAK	0.05700	0.05100
		OFF-PEAK	0.04500	0.03900
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	9.90000	15.85000
		PART-PEAK	2.10000	3.75000

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
E-20-R-S	E-20-R-S			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.18100	0.22000
		PART-PEAK	0.08600	0.09000
		OFF-PEAK	0.04900	0.03700
		<u>WINTER</u>		
		PART-PEAK	0.06300	0.05500
		OFF-PEAK	0.04600	0.04200
E-20-R-P	E-20-R-P			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.19500	0.24000
		PART-PEAK	0.08700	0.08900
		OFF-PEAK	0.05000	0.03700
		<u>WINTER</u>		
		PART-PEAK	0.06200	0.05500
		OFF-PEAK	0.04900	0.04200
E-20-R-T	E-20-R-T			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.17800	0.23000
		PART-PEAK	0.07900	0.08400
		OFF-PEAK	0.04600	0.03500
		<u>WINTER</u>		
		PART-PEAK	0.05700	0.05100
		OFF-PEAK	0.04500	0.04000

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PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
<u>AGRICULTURAL CUSTOMERS</u>				
AG-1-A	AG-1-A			
	ENERGY CHARGE (\$/KWH)	SUMMER	0.08500	0.07700
		WINTER	0.06800	0.05800
	CONNECTED LOAD (\$/HP)	SUMMER MAX	1.10000	1.35000
		WINTER MAX	-	-
AG-1-B	AG-1-B			
	ENERGY CHARGE (\$/KWH)	SUMMER	0.07400	0.08000
		WINTER	0.05800	0.05700
	DEMAND CHARGE (\$/KW)	SUMMER MAX	1.60000	2.00000
		WINTER MAX	-	-
AG-RA	AG-RA			
	ENERGY CHARGE (\$/KWH)	<u>SUMMER</u>		
		PEAK	0.19500	0.24200
		OFF-PEAK	0.04900	0.04500
		<u>WINTER</u>		
		PART-PEAK	0.05400	0.05200
		OFF-PEAK	0.04600	0.04200
	CONNECTED LOAD (\$/HP)	SUMMER	1.1000	1.3000
		WINTER	0.0000	0.0000
AG-RB	AG-RB			
	ENERGY CHARGE (\$/KWH)	<u>SUMMER</u>		
		PEAK	0.20700	0.21500
		OFF-PEAK	0.05800	0.04500
		<u>WINTER</u>		
		PART-PEAK	0.05300	0.04100
		OFF-PEAK	0.04400	0.03500
	DEMAND CHARGE (\$/KW)	<u>SUMMER</u>		
		MAX	1.5000	1.9000
		PEAK	1.6000	2.1500
		WINTER	0.0000	0.0000

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PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
AG-VA	AG-VA			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.17700	0.21000
		OFF-PEAK	0.04900	0.04300
		<u>WINTER</u>		
		PART-PEAK	0.05500	0.05100
		OFF-PEAK	0.04700	0.04000
	CONNECTED LOAD (\$/HP)			
		SUMMER	1.1000	1.3500
		WINTER	0.0000	0.0000
AG-VB	AG-VB			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.18100	0.18500
		OFF-PEAK	0.05500	0.04400
		<u>WINTER</u>		
		PART-PEAK	0.05100	0.03900
		OFF-PEAK	0.04400	0.03500
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		MAX	1.4000	1.7500
		PEAK	1.7000	2.2500
		WINTER	0.0000	0.0000

AI #07_Att: Prop. Rates for FY17/18

PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
AG-4-A, AG-4-D	AG-4-A			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.12600	0.13700
		OFF-PEAK	0.05200	0.04600
		<u>WINTER</u>		
		PART-PEAK	0.05500	0.05100
		OFF-PEAK	0.04600	0.04000
	CONNECTED LOAD (\$/HP)			
		SUMMER	1.10000	1.35000
		WINTER	-	-
AG-4-B, AG-4-E	AG-4-B			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.09600	0.09900
		OFF-PEAK	0.05400	0.04900
		<u>WINTER</u>		
		PART-PEAK	0.05300	0.04600
		OFF-PEAK	0.04400	0.03900
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		MAX	1.90000	2.35000
		PEAK	1.90000	2.50000
		WINTER	-	-
AG-4-C, AG-4-F	AG-4-C			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.10500	0.11600
		PART-PEAK	0.05900	0.05600
		OFF-PEAK	0.04200	0.03800
		<u>WINTER</u>		
		PART-PEAK	0.04800	0.04100
		OFF-PEAK	0.04000	0.03700
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	4.40000	5.90000
		PART-PEAK	0.80000	1.00000
		WINTER	0.00000	0.00000

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PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
AG-5-A, AG-5-D	AG-5-A			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.11600	0.12600
		OFF-PEAK	0.05600	0.05100
		<u>WINTER</u>		
		PART-PEAK	0.05800	0.05500
		OFF-PEAK	0.04900	0.04400
	CONNECTED LOAD (\$/HP)			
		SUMMER	2.80000	3.70000
		WINTER	-	-
AG-5-B, AG-5-E	AG-5-B			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.11100	0.11000
		OFF-PEAK	0.03400	0.03200
		<u>WINTER</u>		
		PART-PEAK	0.05200	0.04500
		OFF-PEAK	0.02800	0.02800
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		MAX	3.50000	4.45000
		PEAK	4.30000	5.55000
		WINTER	-	-
AG-5-C, AG-5-F	AG-5-C			
	ENERGY CHARGE (\$/KWH)			
		<u>SUMMER</u>		
		PEAK	0.08900	0.09000
		PART-PEAK	0.04800	0.04500
		OFF-PEAK	0.03500	0.03200
		<u>WINTER</u>		
		PART-PEAK	0.04200	0.03700
		OFF-PEAK	0.03200	0.03000
	DEMAND CHARGE (\$/KW)			
		<u>SUMMER</u>		
		PEAK	7.90000	10.30000
		PART-PEAK	1.50000	1.90000
		WINTER	-	-

AI #07_Att: Prop. Rates for FY17/18

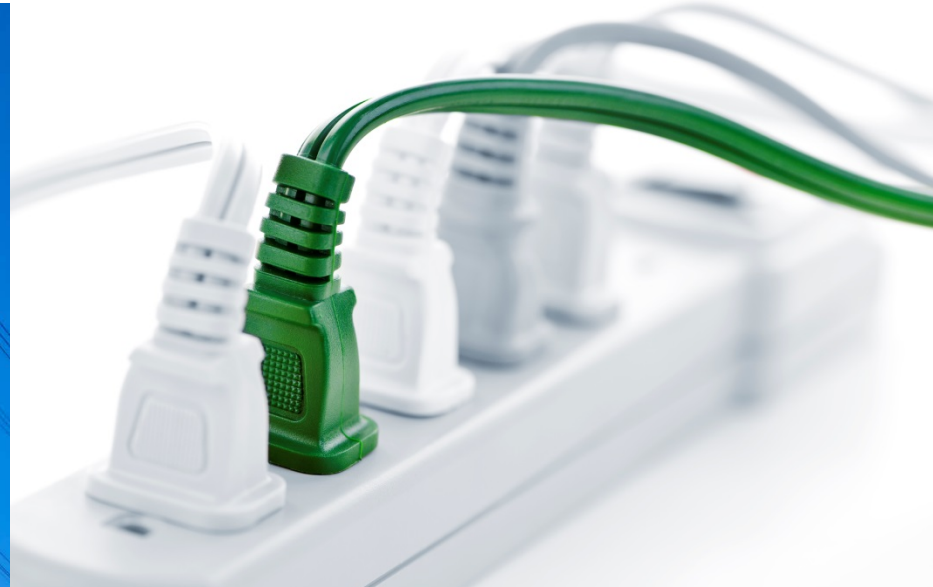
PG&E EQUIVALENT SCHEDULE	MCE RATE SCHEDULE	UNIT/PERIOD	PRESENT RATE	PROPOSED RATE
<u>STREET AND OUTDOOR LIGHTING</u>				
LS-1, LS-2, LS-3, OL-1	SL			
	ENERGY CHARGE (\$/KWH)		0.07600	0.07500
TC-1	TC-1			
	ENERGY CHARGE (\$/KWH)		0.06700	0.06400
<u>DEEP GREEN OPTION</u>				
Customers electing the Deep Green service option will pay the applicable rate for the Light Green service option plus the Deep Green Energy Charge.				
	ENERGY CHARGE (\$/KWH)		0.01000	0.01000
<u>Voltage Discount</u>				
For rate schedules not segregated by service voltage, each component of the standard rate shall be discounted for primary or higher service voltage.			4%	4%



MCE 2017 Rates

Executive Committee

February 2017



MCE Ratesetting Calendar

January

- Preliminary budget developed
- PG&E rate changes reviewed
- Preliminary MCE rate proposal prepared

February

- Draft FY budget released
- Proposed rates released
- Public review/comment period begins
- Customer notices

March

- Final FY budget and rates approved

April

- Start of Fiscal Year
- Rates become effective



- Revenue sufficiency:** rates must recover all program expenses, debt service requirements, and prudent reserves; i.e., the “revenue requirement”.
- Rate competitiveness:** rates must allow MCE to successfully compete in the marketplace to retain and attract customers.
- Rate stability:** rates changes should be minimized to reduce customer bill impacts.
- Customer understanding:** rates should be simple, transparent and easily understood by customers.
- Equity among customers:** rate differences among customers should be justified by differences in usage characteristics or cost of service.
- Efficiency:** rates should encourage conservation and efficient use of electricity (e.g., off-peak vehicle charging).



MCE Rate Groups

- For ratesetting purposes, customers are grouped into nine separate classes or “rate groups”.
- Revenues are allocated based on a cost of service analysis, assessment of competitiveness, and other policy considerations.

Rate Group	Example End Use
E-1	Residential
A-1 and A-6	Small office, small retail
A-10	Bank, restaurant, mixed use retail
E-19	Department store, large office building, grocery store
E-20	Institutional, hospital, college, water treatment facility
Ag	Agricultural
SL-1	Street and area lighting
TC-1	Traffic lights



Revenue Requirement Scenarios

Scenario 1 – Maintain current MCE rates

Scenario 2 – Adjust MCE rates to yield a targeted 4% reserve contribution (**recommended**)

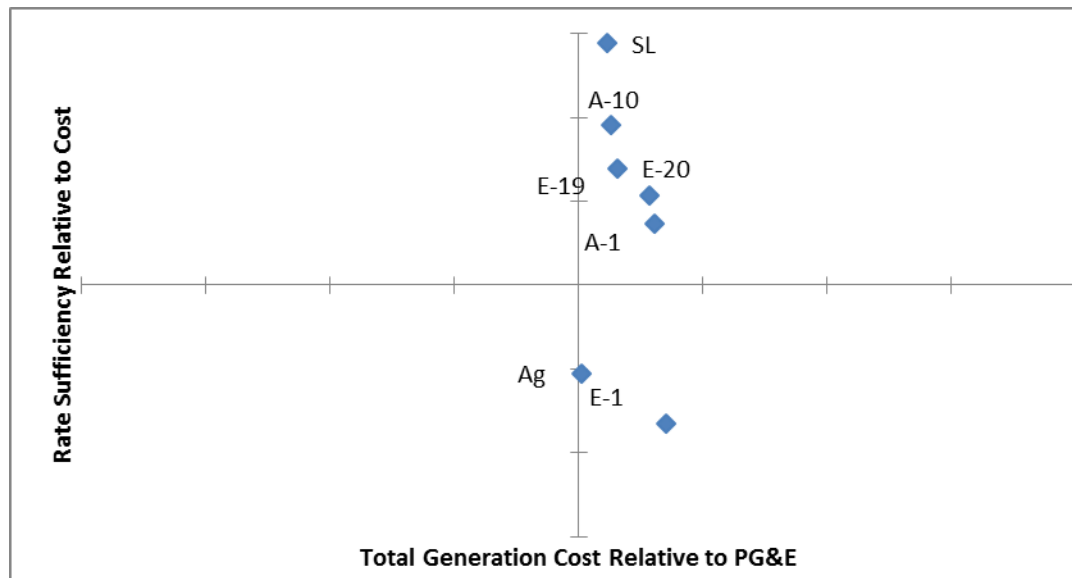
Scenario 3 – Adjust MCE rates to parity with PG&E rates

<i>MCE FY 2017-2018 Test Year Revenue Requirement - Draft</i>			
	<i>I. No Change</i>	<i>II. 4% Reserves</i>	<i>III. Parity</i>
Revenue Requirement			
Power Supply Expenses	\$ 174,097,116	\$ 174,097,116	\$ 174,097,116
Other Revenues and Expenditures Net	\$ 16,131,773	\$ 16,093,728	\$ 16,094,756
Reserve Contribution	\$ 15,423,031	\$ 7,851,955	\$ 8,056,579
Total Revenue Requirement	\$ 205,651,920	\$ 198,042,799	\$ 198,248,451
Surplus (Deficiency) in Funds	\$ 418	\$ 7,609,539	\$ 7,403,887
Required Rate Increase (Decrease)	0.0%	-3.7%	-3.6%
Reserves/Rev. Req.	7.5%	4.0%	4.1%



MCE Rate Scenario I

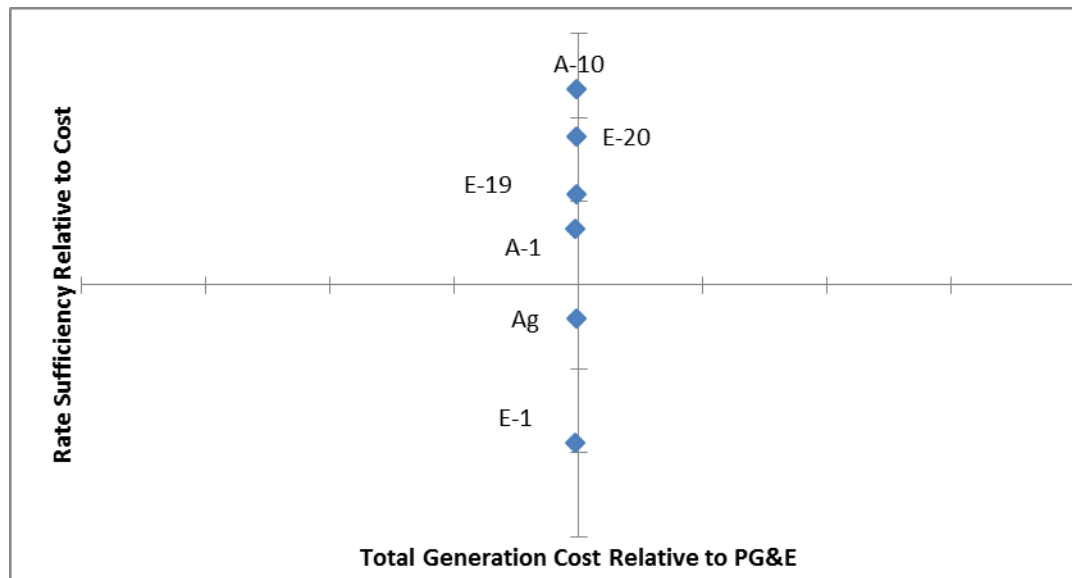
I. No Rate Change									
Rate Group	Revenue at Present Rates	Revenue at Proposed Rates	Change in Revenues	% Change	Rate Group	Total MCE Generation + PG&E Charges	Revenue at Current PG&E Bundled Rates	Total Cost Difference	% Cost Difference
E-1	86,893,228	86,893,052	(177)	0.0%	E-1	246,727,278	242,561,188	4,166,090	1.7%
A-1	27,235,009	27,234,953	(55)	0.0%	A-1	79,799,359	78,758,752	1,040,607	1.3%
A-6	6,670,002	6,669,988	(14)	0.0%	A-6	16,836,327	16,728,653	107,673	0.6%
A-10	34,065,283	34,065,213	(69)	0.0%	A-10	85,399,562	84,837,025	562,538	0.7%
E-19	31,260,320	31,260,257	(64)	0.0%	E-19	73,852,942	72,764,996	1,087,946	1.5%
E-20	16,664,883	16,664,849	(34)	0.0%	E-20	32,725,034	32,412,055	312,979	1.0%
Ag	1,545,244	1,545,241	(3)	0.0%	Ag	3,883,744	3,881,066	2,678	0.1%
SL	1,186,881	1,186,879	(2)	0.0%	SL	3,416,341	3,402,132	14,209	0.4%
TC	131,489	131,489	(0)	0.0%	TC	430,753	425,141	5,613	1.3%
Total	205,652,338	205,651,920	(418)	0.0%	Total	543,071,341	535,771,009	7,300,332	1.4%



MCE Rate Scenario II (Recommended)

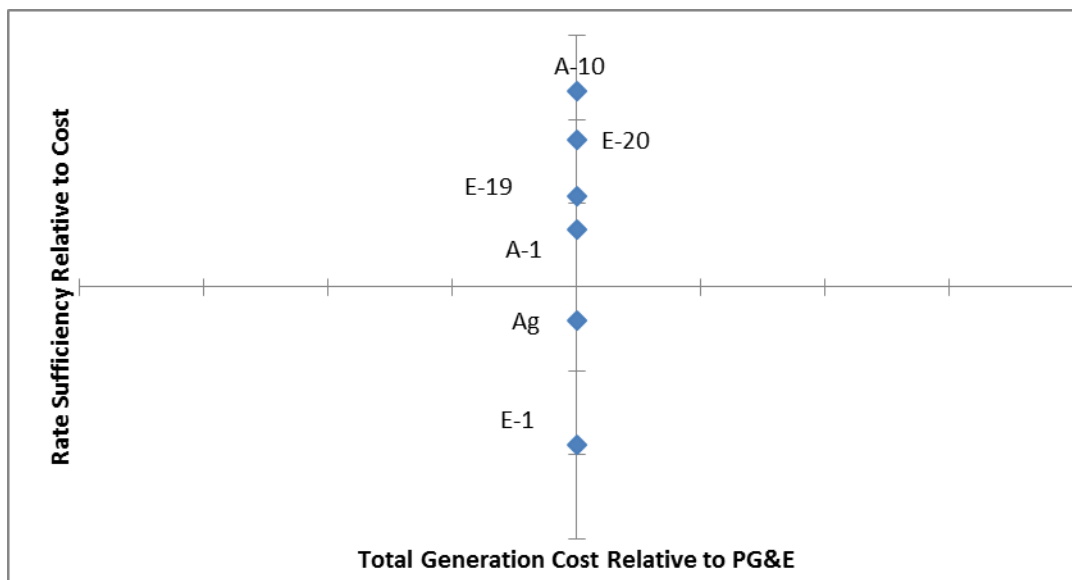
II. Adjust to 4% Reserve Contribution

Rate Group	Revenue at Present Rates	Revenue at Proposed Rates	Change in Revenues	% Change	Rate Group	Total MCE Generation + PG&E Charges	Revenue at Current PG&E Bundled Rates	Total Cost Difference	% Cost Difference
E-1	86,893,228	82,587,247	(4,305,982)	-5.0%	E-1	242,421,473	242,561,188	(139,715)	-0.1%
A-1	27,235,009	26,148,981	(1,086,027)	-4.0%	A-1	78,713,387	78,758,752	(45,365)	-0.1%
A-6	6,670,002	6,552,679	(117,322)	-1.8%	A-6	16,719,018	16,728,653	(9,636)	-0.1%
A-10	34,065,283	33,453,809	(611,473)	-1.8%	A-10	84,788,159	84,837,025	(48,866)	-0.1%
E-19	31,260,320	30,130,398	(1,129,923)	-3.6%	E-19	72,723,083	72,764,996	(41,913)	-0.1%
E-20	16,664,883	16,333,200	(331,682)	-2.0%	E-20	32,393,386	32,412,055	(18,669)	-0.1%
Ag	1,545,244	1,540,327	(4,917)	-0.3%	Ag	3,878,830	3,881,066	(2,235)	-0.1%
SL	1,186,881	1,170,710	(16,171)	-1.4%	SL	3,400,173	3,402,132	(1,960)	-0.1%
TC	131,489	125,631	(5,858)	-4.5%	TC	424,896	425,141	(245)	-0.1%
Total	205,652,338	198,042,983	(7,609,355)	-3.7%	Total	535,462,405	535,771,009	(308,604)	-0.1%



MCE Rate Scenario III

III. Adjust to PG&E Parity									
Rate Group	Revenue at Present Rates	Revenue at Proposed Rates	Change in Revenues	% Change	Rate Group	Total MCE Generation + PG&E Charges	Revenue at Current PG&E Bundled Rates	Total Cost Difference	% Cost Difference
E-1	86,893,228	82,726,962	(4,166,266)	-4.8%	E-1	242,561,188	242,561,188	-	0.0%
A-1	27,235,009	26,194,346	(1,040,662)	-3.8%	A-1	78,758,752	78,758,752	-	0.0%
A-6	6,670,002	6,562,315	(107,687)	-1.6%	A-6	16,728,653	16,728,653	-	0.0%
A-10	34,065,283	33,502,676	(562,607)	-1.7%	A-10	84,837,025	84,837,025	-	0.0%
E-19	31,260,320	30,172,311	(1,088,010)	-3.5%	E-19	72,764,996	72,764,996	-	0.0%
E-20	16,664,883	16,351,870	(313,013)	-1.9%	E-20	32,412,055	32,412,055	-	0.0%
Ag	1,545,244	1,542,563	(2,681)	-0.2%	Ag	3,881,066	3,881,066	-	0.0%
SL	1,186,881	1,172,670	(14,211)	-1.2%	SL	3,402,132	3,402,132	-	0.0%
TC	131,489	125,876	(5,613)	-4.3%	TC	425,141	425,141	-	0.0%
Total	205,652,338	198,351,588	(7,300,751)	-3.6%	Total	535,771,009	535,771,009	-	0.0%



Rate Design Issues

- While average revenues by class are near parity with the corresponding PG&E rates, there are significant differences among specific rate components between MCE and PG&E.
- This means that individual customer comparisons will vary depending upon usage characteristics.
- Generally, MCE has lower demand charges and on-peak energy charges and higher off-peak energy charges (after adding PCIA).
- Propose to address by redesigning MCE rate components to more closely align with PG&E rate structure.
- Rate impacts on individual customers will vary.





February 3, 2017

TO: MCE Executive Committee

FROM: Elizabeth Kelly, General Counsel

RE: Delegation of Authorities and Contracting
Draft Resolution 2017-02 Delegating Contracting Authorities (Agenda
Item #08)

ATTACHMENTS:

- A. Proposed Resolution No. 2017-02 Delegating Contracting Authorities
- B. MCE Executive Committee Overview and Scope (Redline)

Dear Executive Committee Members:

SUMMARY: MCE's Joint Powers Agreement authorizes the Board to delegate contracting authority to its Committees and to the CEO. MCE frequently receives requests from vendors, suppliers, lenders and other parties for documentation of the Board's delegated contracting authorities. Delegated contracting authorities were previously set forth in multiple documents, including Resolutions 2013-04 and 2016-05, and the Integrated Resource Plan (IRP). The Scope and Overview documents for Board Committees, as approved by your Board in May 2016, also describe delegated contracting authorities.

The purpose of the Proposed Resolution Delegating Contracting Authorities is to consolidate the full scope of delegated contracting authorities into one clear, comprehensive document that will allow staff to respond efficiently to other parties' requests for this information. The delegated contracting authorities described in the Proposed Resolution are summarized below:

1. Executive Committee is authorized to approve and direct the CEO to execute all contracts, amendments and addenda; provided that any contracts, amendments or addenda with total consideration greater than \$25,000 must also be executed by the Executive Committee Chair.
2. Technical Committee is authorized to approve and direct the CEO and Technical Committee Chair to execute contracts for:
 - Energy Procurement (as defined in the Resolution), and related functions
 - Technical matters and demand-side or customer-side offerings
 - Development or purchase of MCE-owned energy generation projects

3. CEO and Technical Committee Chair, jointly, are authorized to approve and execute contracts for Energy Procurement for terms of five years or less after consultation with a Committee of the Board. The CEO must report all such executed contracts to the Board.

4. CEO is authorized to approve and execute:

- Energy Procurement contracts for terms of 12 months or less
- Contracts for a not-to-exceed maximum dollar amount of \$25,000 per vendor for a given scope of work, per fiscal year
- Contract amendments or addenda which improve the terms of an existing contract to MCE's benefit, without increasing the not-to-exceed maximum dollar amount
- Emergency contracts required due to a situation posing imminent threat of damage to property, and/or harm to MCE employees or public health and safety; with not-to-exceed aggregated dollar amounts of \$150,000, or \$500,000 with prior written consent of three Executive Committee members

The Proposed Resolution rescinds and replaces Resolutions 2013-04 and 2016-05 and fully consolidates the Board's delegated contracting authorities into one document, enabling staff to more efficiently communicate this information as needed during MCE's normal course of business.

Additionally, the Executive Committee Overview and Scope document, attached with proposed revisions in redline, provides updates for consistency with the Proposed Resolution,

Fiscal Impact: None

Recommendations: Accept Proposed Resolution 2017-02 Delegating Contracting Authorities; accept updated Executive Committee Overview and Scope document.

PROPOSED RESOLUTION 2017-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
MARIN CLEAN ENERGY DELEGATING
CONTRACTING AUTHORITIES**

WHEREAS, Marin Clean Energy (MCE) is a Joint Powers Authority (JPA) established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Napa, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the Town of Corte Madera, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Mill Valley, the City of Napa, the City of Novato, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, pursuant to its authority under Sections 4.6 and 4.7 of the Joint Powers Agreement the Board of Directors wishes to delegate authority to its committees and the Chief Executive Officer (“CEO”), for purposes of responding efficiently to requests from contractors, suppliers, lenders or other parties for documentation of such authority for MCE during the normal course of business; and

WHEREAS, Resolutions 2013-04 and 2016-05 set forth contracting authorities delegated by the Board of Directors; and

WHEREAS, the Board intends that this Resolution 2017-02 shall supersede and replace Resolutions 2013-04 and 2016-05.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of MCE:

A. Resolutions 2013-04 and 2016-05 are hereby rescinded and replaced by this Resolution 2017-02.

B. The Board of Directors, by this delegation of contracting authority as described herein, shall not be divested of any such authority, but shall retain and may exercise such authority at such times as it may deem necessary and proper, at its sole discretion.

C. The Board of Directors shall retain authority over all legally required authorities, including, for the avoidance of doubt, authority over contracting for borrowing as described in Government Code Section 536.35.7 or its successor.

D. For purposes of this Resolution, “Energy Procurement” shall mean all contracting for energy and energy-related products for MCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage.

E. The Board of Directors hereby delegates the following contracting authorities consistent with an approved resource plan and/or budget, as applicable, including contracts that are consistent with the current fiscal year’s budget but extend beyond the current fiscal year:

1. Delegation to the Executive Committee

The Executive Committee has all necessary and proper authority to approve and direct the CEO to execute all contracts, amendments and addenda; provided that any contract, amendment or addenda with total consideration greater than \$25,000 shall also be executed by the Executive Committee Chair.

2. Delegation to the Technical Committee

The Technical Committee has all necessary and proper authority to approve and direct the CEO and Technical Committee Chair to execute:

- a. contracts for Energy Procurement as herein defined;
- b. contracts for functions, programs or services related to Energy Procurement, technical matters, and demand-side and customer-side offerings;
- c. contracts related to MCE ownership or development of energy generation projects and assets.

3. Delegation to the Chief Executive Officer and Technical Committee Chair, Jointly

The CEO and Technical Committee Chair, jointly, shall have all necessary and proper authority, after consultation with a Committee of the Board, to approve and execute contracts for Energy Procurement for terms of less than or equal to five years. The CEO shall timely report to the Board all such executed contracts.

4. Delegation to the Chief Executive Officer

The CEO shall have all necessary and proper authority to approve and execute:

- a. contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board;
- b. contracts with a not-to-exceed maximum dollar amount of less than or equal to \$25,000 per vendor for a given scope of work, per fiscal year;
- c. amendments or addenda to existing contracts, regardless of the existing contract's price or total amount, which improves the terms of the contract to MCE's benefit without increasing the contract's not-to-exceed maximum dollar amount; and
- d. in the event of an emergency situation contracts with a not-to-exceed maximum dollar amount of:
 - i. \$150,000 in the aggregate; or
 - ii. \$500,000 in the aggregate with the prior written consent of three (3) Executive Committee members.

in order to avert or alleviate damage to property, to protect the health, safety and welfare of the community and MCE's employees, or to repair or restore damaged or destroyed property of MCE.

An “emergency situation” for purposes hereof is a situation creating an imminent danger to life or property or other material financial loss that calls for immediate action with inadequate time for prior Board approval. The Chief Executive Officer shall within thirty (30) days of the emergency, deliver a report to the Board of Directors explaining the necessity for the action, a listing of expenditures made under these emergency powers and any recommended future actions.

PASSED AND ADOPTED at a regular meeting of the Board of Directors on this 16th day of February 2017, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
Town of Corte Madera				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
County of Marin				
City of Mill Valley				
City of Napa				
County of Napa				
City of Novato				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Walnut Creek				
Town of Yountville				

 CHAIR, MCE BOARD

ATTEST:

 SECRETARY, MCE BOARD



MCE Executive Committee Overview and Scope

Redline of Proposed Changes

Maximum Membership: 9

Current Members: Tom Butt, City of Richmond (Chair)
Denise Athas, City of Novato
Sloan Bailey, Town of Corte Madera
Ford Greene, Town of San Anselmo
Kevin Haroff, City of City of Larkspur
Bob McCaskill, City of Belvedere
Kate Sears, County of Marin
Vacant Seat

New Members: MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city member.

Current meeting date: First Fridays of each month at 12:00pm

Scope

The scope of the MCE Executive Committee is to explore, discuss and provide direction or approval on general issues related to MCE including legislation, regulatory compliance, strategic planning, outreach and marketing, contracts with vendors, human resources, finance and budgeting, and agenda setting for the regular MCE Board meetings and annual Board retreat.

Authority of Executive Committee

- Approval of legislative positions outside of the Board-approved legislative plan
- Approval of contracts with vendors ~~within the Board-approved budget~~
- Approval of new staff positions within the Board-approved budget
- Approval of Ad Hoc Committees that serve a temporary role and function such as the Ad hoc Contracts Committee, Ad hoc Audit Committee and Ad hoc Inclusion Committee
- Approval of Recipient of McGlashan Advocacy Award

- Recommendations to the Board regarding the annual budget and any budget adjustments
- Recommendations to the Board regarding rate setting
- Recommendations to the Board to enter into debt
- Recommendations to the Board regarding adjustments to staff compensation ranges
- Recommendations to the Board regarding Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)



DRAFT

**Board of Directors Meeting
Thursday, February 16, 2017
7:00 P.M.**

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Don Tatzin
City of Lafayette

Kevin Haroff
City of Larkspur

Sashi McEntee
City of Mill Valley

Brad Wagenknecht
County and Cities of Napa

Denise Athas
City of Novato

P. Rupert Russell
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

Kevin Wilk
City of Walnut Creek

**The Charles F. McGlashan Board 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. Consent Calendar (Discussion/Action)**
 - C.1 1.19.17 Meeting Minutes
 - C.2 Approved Contracts Update
 - C.3 New MCE Staff Position
 - C.4 Sixth Agreement with Community Energy Services Corporation (CESC)
- 5. Proposed Budget Amendment for FY2016/17 (Discussion/Action)**
- 6. Proposed Budgets for FY2017/18 (Discussion/Action)**
- 7. Proposed Rates for FY2017/18 (Discussion/Action)**
- 8. Delegation of Authorities and Contracting (Discussion/Action)**
 - a. Proposed Resolution 2017-02 - A Resolution of the Board of Directors of MCE Delegating Contracting Authorities

1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674



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Kathrin Sears, Chair
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DRAFT

**Board of Directors Meeting
Thursday, February 16, 2017
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**The Charles F. McGlashan Board Room
1125 Tamalpais Avenue, San Rafael, CA 94901**

Agenda Page 2 of 2

9. Power Purchase Agreement with sPower for Renewable Energy Supply (Discussion/Action)
10. MCE Integrated Resource Plan Update (Discussion)
11. Board Member & Staff Matters (Discussion)
12. Adjourn



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