



**Marin Clean Energy
Executive Committee Meeting
Wednesday, June, 3 2015
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

Garry Lion
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

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mceCleanEnergy.org

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

Agenda Page 1 of 1

1. Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Chief Executive Officer (Discussion)
4. Approval of 5.6.15 Meeting Minutes (Discussion/Action)
5. New MCE Staff Position for Community Power Organizer (Discussion/Action)
6. Adjustment to MCE Compensation Ranges (Discussion/Action)
7. Policy 012: Dogs in the Workplace (Discussion/Action)
8. Energy Efficiency Update (Discussion)
9. Adjustment to MCE Retirement Plans (Discussion/Action)
10. Early Retreat Planning: Strategic Topic Survey (Discussion)
11. Review 6.18.15 Draft Board Agenda (Discussion)
12. Board Member & Staff Matters (Discussion)
13. Adjourn



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**MARIN CLEAN ENERGY
EXECUTIVE COMMITTEE MEETING
WEDNESDAY, May 6, 2015
10:00 A.M.**

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

Roll Call

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

Absent: Ford Greene, Town of San Anselmo

Staff: Dawn Weisz, Chief Executive Officer
Greg Brehm, Director of Power Resources
Rafael Silberblatt, Program Specialist
John Dalessi, Technical Consultant
Jennifer Dowdell, Consultant

Action Taken:

Agenda Item #4 – Approval of 3.18.15 Meeting Minutes. (Discussion/Action)

M/s Sears/Bailey (passed 4-0) the approval of 3.18.15 Meeting Minutes. Directors Butt and Haroff abstained and Director Greene was absent.

Agenda Item #8 – Approval of Potential Adjustments to MCE Employee Retirement Account Management. (Discussion/Action)

M/s Bailey/Athas – (passed 6-0) the approval of Potential Adjustments to MCE Employee Retirement Account Management. Director Greene was absent.

Agenda Item #9 – Approval of MCE Staff Positions Adjustments. (Discussion/Action)

M/s Sears/Haroff (passed 6-0) the approval of MCE Staff Positions Adjustments. Director Greene was absent.

Tom Butt, Executive Committee Chair

ATTEST:

Dawn Weisz, Chief Executive Officer



June 3, 2015

TO: Marin Clean Energy Executive Committee

FROM: Katie Gaier, Human Resources Coordinator

RE: MCE New Staff Position (Agenda Item #05)

ATTACHMENT: Job Description - Community Power Organizer

SUMMARY:

In early 2015, MCE applied to the San Francisco Foundation for funding to support a part-time community organizer to help further MCE Community Power's mission. After receiving and evaluating MCE's grant request the San Francisco Foundation selected MCE as a grant recipient and allocated \$35,000 for the purpose of hiring a community organizer for MCE Community Power to conduct a low-income needs assessment, to lead outreach on an innovative energy efficiency program that aims to serve the needs of low-income individuals, engage with community stakeholders on an educational kiosk for MCE Solar One, conduct educational meetings for marginalized communities, and present briefings for community partners to better engage on CCA policy issues.

At the May 21, 2015 Board Meeting, MCE's Board of Directors voted to accept the grant award in the amount of \$35,000 from the San Francisco Foundation in order to fund a part-time community organizer position.

Recommendation

Based upon a review of the similarly situated positions within MCE, it is recommended that your committee recommend that the Board of Directors at its June 18th meeting approve the addition of a position of Community Power Organizer with a salary range of \$20.20 - \$25.00 per hour with exact compensation to be determined by the Chief Executive Officer within the Board approved budget for fiscal year 2015-2016.



Job Description

Community Power Organizer

Summary

The MCE Community Power Organizer works under general supervision from the Public Affairs Team and has a wide range of responsibilities for advancing the mission of MCE Community Power and engaging in productive two-way education with MCE's grassroots partners and community stakeholders. MCE Community Power's mission is to cultivate a deep and dynamic relationship with ratepayer advocates and community-based organizations that primarily focus on the interests of underrepresented and historically marginalized constituencies to:

- Expand access to affordable, renewable energy and energy efficiency programs;
- Advance equitable, local, and sustainable workforce and economic development;
- Accelerate the transition to a cleaner, more efficient energy economy; and
- Build and develop equitable and inclusive programs and policies for all MCE communities.

Class Characteristics

The MCE Community Power Organizer interfaces with a wide range of community, stakeholder, and customer groups. The incumbent is responsible for research on marginalized communities, partner organizations, and developing internal processes and capacity at MCE in order to advance sustainable development and expand access to affordable renewable energy. The Community Power Organizer conducts strategic outreach and community organizing efforts to advance MCE Community Power programs and is responsible for cultivating, developing, and maintaining relationships with key grassroots partners and marginalized communities, and for communicating MCE Community Power's central messages consistently to target audiences via professional networking, printed literature, web-based material, electronic correspondence, public presentations, and verbal interactions. The incumbent will engage in two-way education in order to facilitate empowerment and knowledge-building with MCE's communities and grassroots partners while educating MCE on the needs of its marginalized and disadvantaged communities. The Community Power Organizer will partner with community and grassroots policy advocacy organizations to further statewide policy goals to further the community choice aggregation energy model as a tool for environmental justice, such as through increasing funding opportunities for solar installations in low-income communities, advocating for alternative models of community solar programs, and reducing excessive exit fees on disadvantaged communities.

Supervisory Responsibilities

Supervisory responsibilities are not required for this position.

Essential Duties and Responsibilities (Illustrative Only)

- Conduct a low-income needs assessment of disadvantaged and marginalized communities within MCE's service territory.
- Draft a report based on the low-income needs assessment with recommendations for future actions and potential programs/policies.
- Draft a report outlining best practices for integrating the input of community groups into community choice aggregation programs.
- Seek community input and educate community members on innovative energy efficiency pilots that serve the needs of hidden and marginalized communities.
- Regarding MCE's upcoming 10.5 MW solar installation at the Chevron Refinery in Richmond, seek input from grassroots and community partners to assist in crafting its educational kiosk on-site, including in-language elements.
- Market existing and new energy options to marginalized communities, thereby increasing access to greener energy and also empowering customers with knowledge related to the community choice aggregation energy model.
- Increase engagement with communities on their energy consumption and electricity bills.
- Co-host workshops to educate and empower community partners on statewide energy policy issues, particularly as they affect the intersection of low-income and community choice aggregation customers.
- Develop educational materials (issue one-pagers) with partners that explain complex regulatory concepts in plain language.
- Deliver presentations to various community groups and grassroots partners.
- Represent MCE in spaces related to environmental justice issues within its service territory.
- Act as a liaison to grassroots partners, community advocates, and community-based organizations working on environmental and energy issues affecting MCE's customers.

Break-down of Time spent on various work areas

Community outreach and organizing	75%
Developing education materials and reports	20%
Other related duties	5%

Minimum Qualifications

Education/Experience.

Education and experience equal to a Bachelor's degree in Communications, Marketing, Public Administration, Business, Political Science, Legal Studies, Sociology or a related field.

Knowledge of:

- Issues of environmental, social, and racial justice.
- Environmental policy, public administration, and energy regulation.
- Microsoft Office Suite including Excel, Word, and PowerPoint, and Adobe Acrobat.
- Diverse communities and cultures.

Ability to

- Exhibit strong interpersonal and phone etiquette skills, verbal communications, grammatical and professional business skills.
- Interact effectively with customers, local community groups, organizations, and MCE staff.
- Manage projects and time efficiently as well as multi-task
- Present oneself in an outgoing, confident and detail oriented manner.
- Resolve issues quickly and effectively.
- Manage multiple priorities and quickly adapt to changing priorities in a fast paced, dynamic environment.
- Take responsibility and work independently, as well as coordinate team efforts.
- Work accurately and swiftly under pressure.
- Demonstrate patience, tact, courtesy, and flexibility.
- Communicate in Spanish or another language spoken in MCE's communities, such as Tagalog or Vietnamese

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 work environment is usually moderate.

However, much of the work will be performed outside of the MCE offices at meetings and events, both during the day and on evenings and weekends.

ADA Compliance

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



POLICY 012: DOGS IN THE WORKPLACE

It is the policy of Marin Clean Energy to support the presence of well-trained dogs at the office. Dogs in the office environment have been shown to reduce stress and boost employee morale. This policy is crafted to support these benefits while mitigating possible impacts to the work environment.

Full-time and part-time MCE employees given approval by their Department Director may be eligible to bring their dog to work. Any employee choosing to take advantage of this policy must ensure the following conditions are met:

- It is the responsibility of the pet owner to ensure vaccination records are current. All dog owners must submit proof of the following vaccinations:
 - DHHP (distemper/parvo)
 - Rabies
 - Bordetella
- All dogs must be treated with heartworm and flea preventative. Any dog exhibiting symptoms of a pest infestation will be barred from returning to the workplace until the issue has been resolved.
- Dogs must be spayed or neutered and a certificate of such must be provided.
- Dog owners will be required to hold and submit proof of personal liability insurance with coverage up to \$100,000.
- Dogs must remain on a leash (6' or less) while in any common space.
- No more than one dog per floor per day is allowed in the building. Employees are responsible for self-scheduling on the provided shared electronic calendar.
- Dogs must remain in the office or at the desk of their owner or caretaker. Dogs are not allowed in the staff lounge or in the kitchen or bathroom. Employees must designate a colleague as a "Pet Buddy" to watch their pet while the dog owner employee is in meetings or off site. The employee understands it is their responsibility to ensure the pet has supervision.
- A dog may only be in a shared office if both office occupants have

affirmatively agreed to the dog's presence. Due to allergies or other factors, an officemate may choose to not share their space with a canine companion.

- After receiving permission from the employee's Department Director, all dogs will be on a one month trial period to ensure the dog has the appropriate temperament to stay at MCE.
- Any dog exhibiting behavior perceived as violent (e.g. growling or biting) will lose office privileges and will not be allowed to come to work.
- Dogs exhibiting destructive behavior will lose office privileges and not be allowed to return to work. Mitigation or repair for any damage caused to the building or property within the building will be the responsibility of the owner.
- The following behaviors will result in a "strike" against the dog. Once three strikes have been marked, the dog will lose office privileges:
 - Distractions. Dogs exhibiting noisy or distracting behavior.
 - Liquid/solid Accidents. Dog owners are responsible for cleaning up any accidents in the workplace, and any accident will serve as a strike against the dog.
 - Improper hygiene. Smelly dogs will receive a strike and the owner will be responsible for amending the situation.
- Employees are responsible for maintaining a clean and vibrant atmosphere at MCE. Employees must pick up after their pets, are required to pick up their dog's waste and are encouraged to pick up any pet waste that litters the MCE grounds even if it does not belong to their pet. The presence of dog waste on MCE grounds may cause the approval to bring a dog to be revoked for all participants.
- Issues related to dogs in the workplace that are not able to be resolved by the pet owner will be reviewed by a committee made up of a participant in the program, one other employee (preferably a dog owner not participating in the program) and the HR Coordinator. If the committee is unable to resolve the issue, the Chief Executive Officer will have the final decision making authority.
- Bringing a pet dog to work should be an occasional practice, not an everyday occurrence. Employees are responsible for using the shared electronic calendar to schedule office time and limit dog presence to one or two days per week.
- Any participating employees must acknowledge that:
 - Having a pet at work is a privilege, not a right, and the employee's

behavior and decisions as a pet owner will reflect on the employee.

- Implementation of this policy is at the sole discretion of MCE.
- If an employee or dog violates any of the terms of this policy, the employee may lose the privileges outlined above.
- The employee must exercise good judgement to determine if their dog is a good fit for the work environment.

DRAFT

**Marin Clean Energy
Energy Efficiency Business Plan
DRAFT | May 27 2015**

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Introduction

A Competitive Opportunity for Energy Efficiency

The effects of our warming climate are here. They are currently being experienced in California and across the globe in the form of drought, flooding, severe weather, and sea level rise. We are now at a critical juncture with regard to stemming further climate change and its negative impacts. The Intergovernmental Panel on Climate Change (IPCC) has indicated that to avoid catastrophic warming, greenhouse gas (GHG) emissions have to be reduced by 80% from 1990 levels. California Governor Jerry Brown has created an executive order to reduce the state's greenhouse gas emissions to 40% below 1990 levels by 2030. This should help put the state on target to achieve GHG emissions 80% below 1990 levels by 2050, a necessary action if we are to live sustainably on the planet.

Energy efficiency is California's preferred energy resource. It is an important approach toward reducing GHG emissions and a necessary strategy to employ for meeting climate change targets. All scenarios of climate change mitigation rely heavily upon capturing the significant cost effective potential in energy efficiency and strive toward zero net energy (ZNE) usage and a dramatic drop in GHG emissions.

Capturing the level of energy efficiency dictated by the AB 32 Scoping Plan, the Existing Building Energy Efficiency Action Plan, and the Governor's recent targets for energy efficiency will require we move beyond a "rebate per widget" mentality in energy efficiency program delivery. Reaching our climate change goals requires a bold new focus on energy efficiency and a notable reworking of the way energy efficiency programs are delivered in California. The old top-down investor-owned utilities (IOU) programs must be augmented and/or replaced by more nimble, localized approaches.

Effective reversal of climate change will also require significantly greater participation in demand-reduction programs by each market sector involved in energy efficiency programs. Program administrators need to move toward a future in which energy efficiency is the status quo, and subsidies are no longer necessary to drive market participation in energy efficiency programs. In short, they must develop and articulate a vision for achieving transformation in how California residents see and use energy on a daily basis.

Fortunately, there are more opportunities than ever for customers in every rate class to participate in energy reduction and efficiency. For example, powerful energy efficiency products and technologies now exist to allow customers the ability to monitor and control their own energy use. Distributed generation from homes and businesses is helping to close supply gaps in renewables. Electric vehicles offer a non-carbon form of transportation that can also assist with renewable energy integration. Innovations such as these represent huge potential to drastically reduce energy demand and ratepayer utility costs as well as to increase the comfort, health, and sustainability of our communities and significantly stem the adverse effects of climbing GHG emissions.

These important emerging opportunities, however, can only be achieved through direct customer engagement and participation. Therefore, an organization's effectiveness with regard to energy efficiency is strongly dependent on an exceptional level of customer service. Those organizations that can react the fastest to ratepayer needs, be nimble in overcoming barriers, and work on the ground with place-based institutions to achieve deep market penetration are best poised to deliver energy efficiency programs with high participation and impact.

California's push toward ZNE and less carbon dependence is spurring massive change across the energy sector and leading to the development of energy producing organizations that are focused on this type of customer engagement and participation. New actors are entering the regulated markets of energy generation, distribution, and efficiency, bringing changes that challenge the notion that these activities must be carried out exclusively by utility providers. Where IOUs once held a regional monopoly on energy generation, now renewable and distributed energy resources are changing the landscape. Changes are taking place on the procurement side, with local energy collectives and aggregators now purchasing energy from varied sources on behalf of their communities, breaking the regional monopsony of the few utilities that traditionally purchased and delivered power.

The changing landscape within the energy sector has given rise to the Community Choice Aggregation (CCA) energy supply model. This approach allows local governments regions to aggregate their buying power in order to secure alternative energy supply contracts on behalf of their constituents. CCAs are taking hold in a handful of states across the U.S. In fact, as of 2014, CCAs were serving nearly 5% of all Americans in over 1300 municipalities¹, and this trend is rising.

Marin Clean Energy (MCE) was California's first operating CCA and is a mission-driven, not-for-profit electricity provider that is governed by local elected officials. Its mission and sole motivation is to address climate change by reducing energy-related GHG emissions through the use of renewable energy and energy efficiency. While the focus of this document is on energy efficiency, MCE's focus and outlook is much larger than energy efficiency. Integrating energy and water efficiency, renewable energy, distributed generation, and energy delivery, MCE moves toward solutions that achieve maximum GHG reductions. MCE's goal is to drive market transformation by engaging more people than ever in energy reduction. Part of MCE's success derives from its community-based structure and strong local partnerships to achieve deep market penetration. With a focus on engaging customers in energy reduction initiatives, MCE aims to transform the energy market by decreasing the need for incentives and reducing reliance on subsidies.

MCE puts a high priority on delivering exceptional service and personalized value to its customers (who are also MCE's shareholders). MCE utilizes its local knowledge to effectively develop innovative programs that are well tailored to specific regions and result in high levels of customer participation (e.g., point-based incentives and project phasing in the multifamily sector). This approach has created points of entry for projects

¹ <http://www.localpower.com/CommunityChoiceAggregation.html>

that were not well served under current statewide programs, while at the same time creating new models that can be implemented in other communities. MCE's customer-driven, tailored approach puts the organization in a strong position to achieve the levels of customer engagement and participation necessary for realizing the emerging energy efficiency opportunities that now exist.

MCE's uniquely customer-focused program ushers in a new approach to energy efficiency program planning that gives the organization a significant advantage in achieving deep market penetration. MCE's business plan outlines the key aspects of this focus on customer experience and the emphasis on localized solutions, along with a long-term vision and strategies around market acceptance and penetration. The underlying foundation of MCE's program design is based on customers' needs; its strategic position as a leader in customer service forms the basis for its business approach to energy efficiency.

The pages that follow contain a further exploration of how MCE will leverage its strengths to expand the base of participating customers in its energy efficiency program. It is structured as a business plan, as we believe that MCE needs to make a business case for increased investment in energy conservation and greenhouse gas reduction. The organization will build on its success and reengage existing energy efficiency customers toward continuous improvement. MCE will closely track market transformation indicators and adjust incentives to increase cost effectiveness over time. As a local organization invested in creating mutual benefit with regional partners, MCE will also provide workforce development and other opportunities that generate additional community benefits.

Background

The mission statement of Marin Clean Energy (MCE) is to address climate change by:

- Reducing energy related greenhouse gas emissions
- Securing energy supply, price stability, and energy efficiency
- Providing local economic and workforce benefits

MCE promotes the development and use of a wide range of renewable energy sources and energy efficiency programs, including, but not limited to, solar and wind energy production. MCE provides these utilities at competitive rates for all customers.

MCE has proven its business model, saving customers millions of dollars while also reducing GHG emissions and promoting local renewable generation and energy efficiency. MCE is also rapidly expanding its territory. MCE launched in Marin County in 2010 with about 9,000 customers. Today, MCE serves approximately 160,000 customers, and 2015 enrollment is expected to climb. MCE now includes the City of Richmond and is in its first year of providing service in unincorporated Napa County, as well as the communities of El Cerrito, Benicia, and San Pablo. Given the public's increasing interest in local control, utility bill savings, and GHG reduction, MCE expects interest from area municipalities to grow dramatically in the coming months and years.

MCE has administered ratepayer funded energy efficiency programs under the auspices of the California Public Utilities Commission (CPUC) since 2012, alongside PG&E, an IOU, and the Bay Area Regional Energy Network (BayREN), a local government Program Administrator (PA). As a relatively new energy efficiency PA, MCE is not bound to legacy programs or business-as-usual planning traps. MCE is committed to testing innovative solutions and enacting continuous, measured improvement as the organization's reach grows.

MCE as an Energy Efficiency Program Administrator

California Public Utilities Code 381.1 authorizes Community Choice Aggregators (CCAs) to become independent administrators of energy efficiency funds and permits them to apply to administer cost-effective energy efficiency and conservation programs.

In 2012, shortly after enrolling all customers in Marin, MCE brought an Energy Efficiency Program Plan to the California Public Utilities Commission (CPUC) for consideration.

In August of 2012, MCE was approved for \$350,000 of funding to administer energy efficiency programs in its service territory, becoming the first local government Program Administrator and the first CCA Program Administrator (Resolution E-485). This first funding approval was for the authority a CCA holds under subsection 381 (e-f) of the CA PUC, meaning MCE was only collecting funds from its customers and could only offer programs to its customers. In November of 2012, MCE's application to the CPUC for \$4.1 million was approved. This allowed MCE to offer programs to any customer in its service territory, regardless of customer status.

When MCE first brought an application to the CPUC, MCE was advised to "avoid duplication of existing IOU programs, focus on hard to reach market sectors, and provide innovative program concepts." (D. 12-11-015) Subsequently, D. 14-01-033 was put into place, establishing the first guidelines for CCA energy efficiency programs and directing MCE to achieve a total resource cost (TRC) equivalent to the investor-owned utility program administrators within the third year of program administration, while lifting previous restrictions on the types of programs a CCA could apply to administer. Thus, as MCE approaches the third year of program administration, it seeks to align with the direction of the CPUC and apply for a balanced portfolio to better serve its customers.

Changes to MCE's Energy Efficiency Directives

In the 2013-2014 Energy Efficiency Portfolio ruling, CPUC limited the roles of Regional Energy Networks (RENs) and CCAs to specific market segments. The CPUC asked that these organizations:

- Target hard to reach market sectors (such as multifamily and small commercial customers)
- Target gaps in current IOU statewide energy efficiency programs
- Pursue innovative programs, technologies, and approaches

The CPUC initially chose a regional approach to cost effectiveness, rolling the budgets and savings of the CCAs into a larger IOU service territory-wide equation. During the 2013-2014 program cycle, the CPUC developed first-time regulations on CCA-

administered energy efficiency programs. Decision 14-01-033 released CCAs from the previous program limitations and required them to achieve the same cost effectiveness as IOUs by the third year of their programs. The total resource cost (TRC) measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utilities' costs, divided by the total benefits of the program, including energy cost savings.

The CPUC's new directive asks MCE to achieve a TRC of at least 1.25 and provides MCE with a good opportunity to revise its portfolio. Focusing on IOU program gaps in hard to reach markets while striving to attain the 1.25 TRC required of IOUs proves to be challenging. MCE is forecasting a more balanced portfolio that will allow it to attain the 1.25 TRC benchmark in the coming decade. MCE will shift its focus from being a niche provider to positioning itself as the primary provider of energy efficiency to the ratepayers in its territory. It will offer broader programs and rebates, including those it avoided in the past because of program overlap with other providers.

Opportunities in California's New Program Cycle

Beginning in 2015, the CPUC began moving from a 2-3 year approval cycle to a 10-year rolling cycle. 2015 is considered "Year 0" of the first 10-year rolling cycle. Portfolios approved in 2013-2014 are approved through 2025, with additional considerations for new Proposition 39-related school funding for the 2015 portfolio year. During this transition, the CPUC is encouraging PAs to consider the implications of a 10-year cycle on their program planning and how the program administration process may be improved.

The switch to a 10-year rolling cycle presents yet another opportunity for MCE to look strategically at its efforts to date and to enact a bold vision for energy efficiency over the coming decade. The rolling cycle provides an opportunity to consider how cost effectiveness can be achieved within a long-term vision. For example, programs designed to promote market transformation over a 10-year period may begin with low participation and high incentives, with these two reversing as the program matures. Programs that must focus on low-hanging fruit to achieve cost effectiveness will not easily bring customers from modest energy savings toward ZNE. Flexibility in cost effectiveness over a longer program cycle could help PAs invest in innovations that may not be cost effective in early years, but where reduced incentives in the later years of the program may balance initial costs.

One of MCE's most important differentiators is that it is a utility provider designed with today's needs in mind. Most IOUs and publicly owned utilities (POUs) are saddled with massive infrastructure costs involved in maintaining energy transmission and generation systems. One of the most powerful critiques of the current large regulated monopolies that provide much of California's energy is that they are too large to meet the urgent service, safety, and efficiency needs of local communities. As a result, energy efficiency and market transformation are not primary concerns for most of these utilities.

Fortunately, MCE is in a unique position and does not suffer from these limitations. MCE can focus on energy efficiency, market transformation, and customer responsiveness in the service of effective and significant greenhouse gas reduction. MCE can be nimble and take advantage of the best new opportunities provided by smart grid technology, distributed energy distribution, and new technologies. Most importantly, because of its local connectivity, MCE can focus on the local needs and engagement of communities without the cumbersome responsibility of needing to manage a complicated and aging energy and distribution system.

MCE's focus on reducing greenhouse gas emissions, combined with its flexibility in addressing customer needs, sets its energy efficiency program apart from other ratepayer funded programs. MCE's commitment to helping customers embrace energy efficiency at all levels of engagement will drive meaningful market transformation: increased customer demand and decreased need for incentives and subsidies. As it establishes its track record, MCE recognizes that this momentum provides an important opportunity to fully articulate its vision and the business approach that will guide the next decade of its energy efficiency services.

Purpose of MCE's Business Plan for Energy Efficiency

- Clearly articulate MCE's value proposition
- Establish a portfolio oriented to the customers' needs
- Seize the opportunity of a transition to a 10-year rolling cycle to assess energy efficiency strategy
- Set a strategic vision for energy efficiency as MCE's territory and reach grow
- Articulate strategic advantages and position MCE as the primary provider in its service territory
- Demonstrate MCE's local customer knowledge through its energy efficiency vision
- Establish a commitment to innovation and continuous improvement

California's Energy Efficiency Goals

Californians' per capita electricity use has remained relatively flat over the last 20 years, while per capita use has risen 33% nationally. These savings have allowed California power facilities to expand capacity at two-thirds the rate of the rest of the nation. This is due in part to California's ambitious energy reduction goals.

Energy efficiency is California's preferred energy resource. Public Utilities Code Sec 454.5 requires that IOUs "meet unmet resource needs with all available [energy efficiency] and demand reduction that is cost-effective, reliable, and feasible." It further requires the CPUC to establish targets for IOUs to achieve all cost-effective electric and gas energy efficiency. These targets are released by the CPUC with each program application cycle.

While these targets do not apply to CCAs, MCE has chosen to emphasize energy reduction as a core component of its Integrated Resource Plan. MCE is also committed to supporting California's many other energy and greenhouse gas reduction goals, including:

- All new residential construction in California will be zero net energy by 2020
- All new commercial construction in California will be zero net energy by 2030
- The Heating Ventilation and Air Conditioning (HVAC) industry and market will be transformed to ensure that its energy performance is optimal for California's climate
- All eligible low-income customers will be given the opportunity to participate in low-income energy efficiency programs by 2020

(Big Bold Energy Efficiency Strategies (BBEES) from the California Energy Efficiency Strategic Plan, a collaborative statewide effort to identify market barriers and develop cross-industry solutions)

- 32,000 GWh and 800 million therms by 2020
- *(California Air Resources Board's Scoping Plan for Assembly Bill 32)*

- Achieve 1990 greenhouse gas levels by 2020
- Double the pace of energy efficiency improvements (State of the state)
- Establish cleaner sources of heating fuels

(Greenhouse gas reduction targets set first by AB 32 and strengthened by Executive Order from Governor Jerry Brown)

Market Analysis

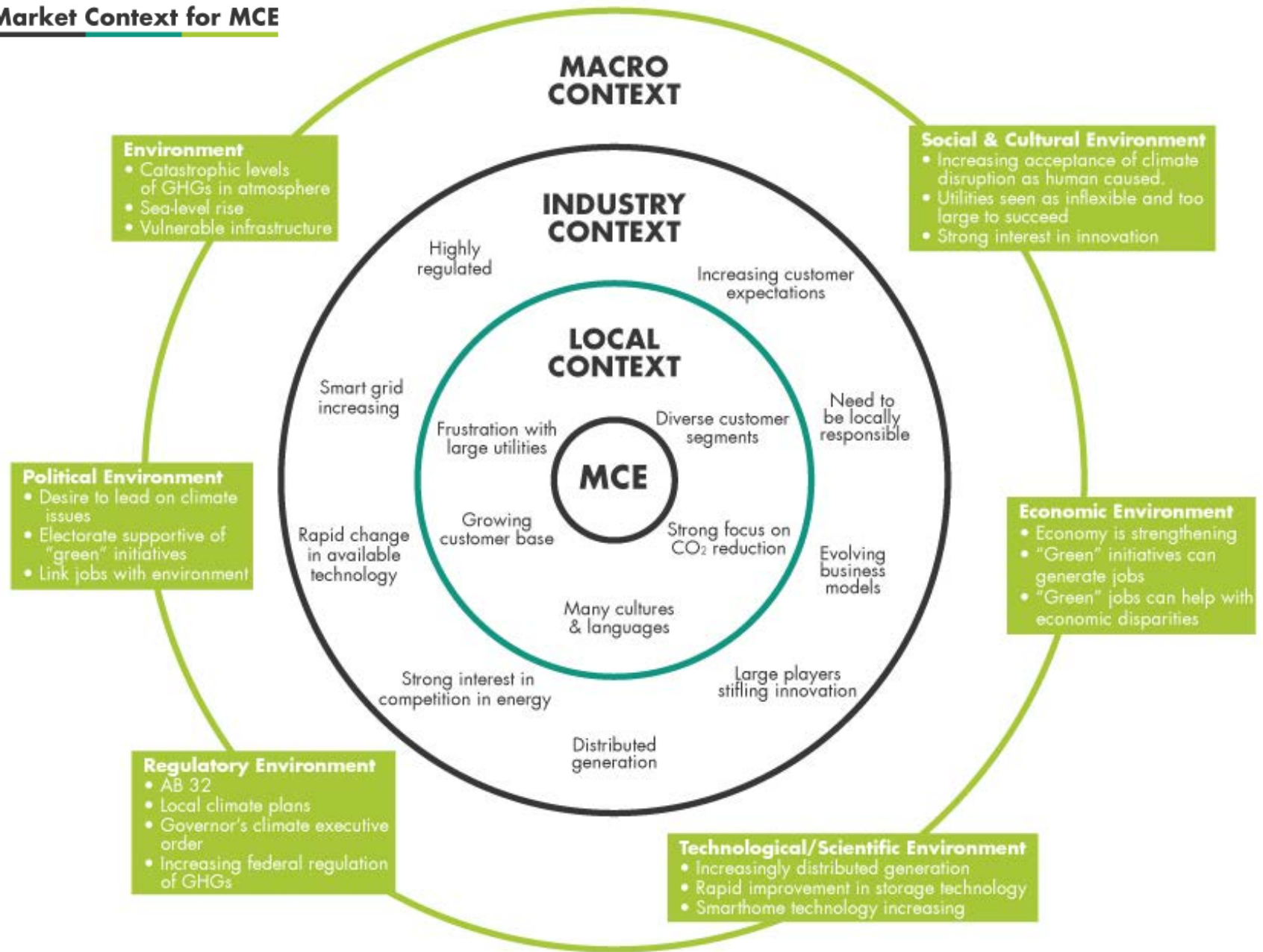
Like most businesses and organizations, MCE exists within three different market contexts: (1) the macro context, (2) the industry context, and (3) the local context. Understanding these contexts is important because they show why MCE is so well positioned to deliver energy efficiency programs to northern California customers.

Macro Context. The macro context includes those forces largely outside of a business' control that influence the conditions for the business to operate. The macro context for MCE is quite strong with the political, regulatory, and social/cultural environments favoring significant action on curbing GHG emissions. As a CCA, MCE is well poised to help dramatically cut GHG from energy usage. Because MCE was created for this purpose, it is much more effective than traditional utilities at providing low-carbon intensive energy at competitive rates. Further, its nimbleness allows MCE to quickly adopt and deploy new technologies and to work toward market transformation efforts. Finally, MCE has demonstrated its ability to provide local, high-paying "green" jobs such as solar installers and energy educators. These jobs are needed in many of the communities that MCE serves, and they help meet the goal of many communities to be seen as leaders in environmental issues.

Industry Context. MCE exists in a highly regulated industry with a long-established regulated monopoly as its primary competitor. While large companies may be good at providing reliable service, they have not proven themselves to be agile in meeting local community needs. MCE can provide targeted, relevant service focused on meeting the specific needs of its customers. Further, its size allows MCE to more readily adapt to new energy savings technologies. By its very structure and scale, MCE can take calculated risks and be more innovative, and thus create market transformation much faster than larger entities.

Local Context. The local context also strongly favors MCE, as many communities are frustrated with the large utilities and seeking alternatives that offer greater local control. MCE can provide its growing and diverse customer base with relevant options that provide energy with a much lower carbon footprint. Further, MCE creates an easy way for local elected officials to meet many of their climate goals. Finally, MCE's local and customized focus generates distinct solutions for the needs of particular customers.

Market Context for MCE



Current Market Boundaries

MCE serves a much broader and more diverse territory today than it did in its founding years. MCE's territory has grown from the largely residential and small commercial customers in Marin to include some of the San Francisco Bay Area's agricultural, industrial, and large commercial ratepayers. MCE's expanded energy efficiency portfolio provides programs designed for all customers in its expanded territory.

MCE's territory now spans four Title 24 Climate Zones. MCE renders territory map to go behind these text boxes (2-page spread)

Unincorporated Napa County and Participating Communities in Sonoma County

- Climate Zone 2
- Characterized by large, high-energy use single family homes
- More pronounced air conditioning load
- Hotels and vineyards comprise large commercial and industrial/agriculture accounts

Cities in Marin County

- Climate Zones 2 & 3b
- Characterized by residential and small commercial accounts
- High electric vehicle adoption
- Agricultural uses include dairy and small organic farms

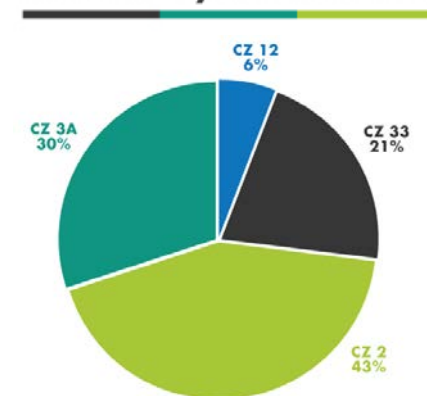
City of Benicia

- Climate Zone 12
- Characterized by large industrial accounts and higher energy-use homes
- Cooler winters and hotter summers than neighboring climate zones; more pronounced air conditioning load

Cities of El Cerrito, Richmond, and San Pablo

- Climate Zone 3a
- Characterized by large industrial accounts
- El Cerrito has highest "Deep Green" (100% renewable energy) opt-in rate, indicating possible early adopters for new measures and technologies
- High diversity of languages spoken in Richmond and San Pablo, including Mandarin and Spanish

Accounts by Climate Zone

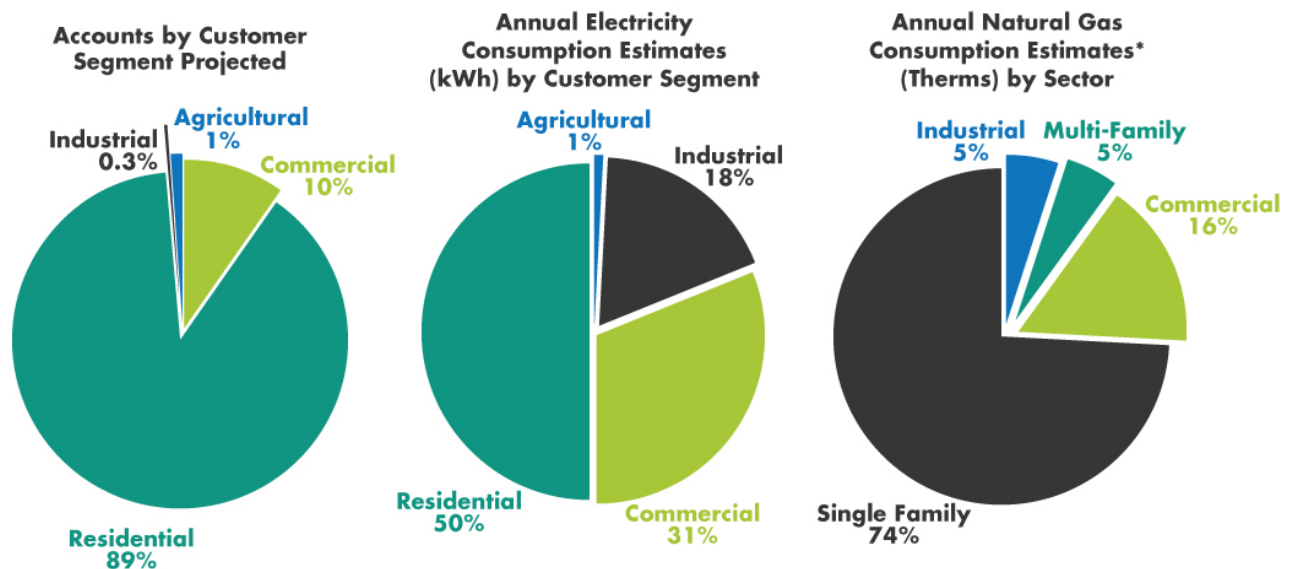


Customer Segments

MCE serves customers in the following sectors:

- Residential: Multifamily
- Residential: Single Family
- Industrial
- Agricultural
- Commercial

The residential segment characterizes the largest number of energy users in MCE's territory at 234,385 accounts, or nearly 90% of all ratepayers. However, MCE's high-consuming energy accounts in industrial, agricultural, and commercial make up 50% of its estimated electricity consumption and over 20% of estimated natural gas consumption, representing an equally important opportunity for efficiency.



*Natural gas consumption is not applicable to agricultural customers. In CZ 12—MCE's newest territory—gas consumption data is not yet available.

Market Opportunities

Consideration of the following opportunities will help guide target energy efficiency efforts. Indicators for potential savings include:

- Buildings constructed prior to 1974 (California Title 24)
- HVAC systems installed prior to 2000 (expected lifespan: 15-20 years)
- Considering water/energy nexus: residential & small-commercial water fixtures installed before 1995 (Energy Policy Act) and agricultural irrigation systems
- Lighting upgrade potential, "leapfrogging" CFL to LED where possible
- Communities/segments with larger per-account usage compared to others in MCE's territory

MCE to insert 1-2 charts on age of buildings and age of appliances in its territory.

Market Transformation & Decreasing Incentives

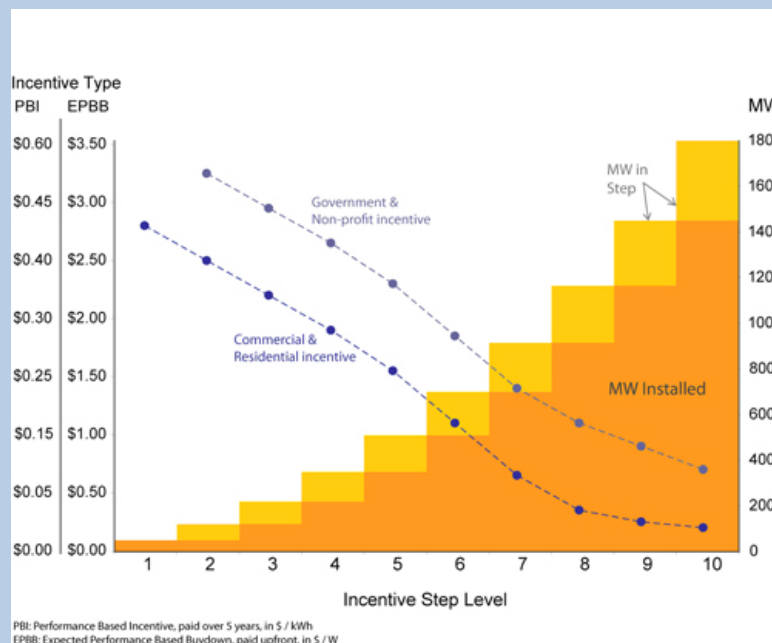
Case Highlight: California Solar Initiative

MCE has designed its 10-year energy efficiency program using market transformation logic. As demand increases for any given energy measure, MCE predicts that incentives will be less necessary to increase participation or adoption. Decreasing incentives help move the market to be more demand-driven and less subsidy-dependent. Thus, MCE has set program participation rates that will trigger step-wise incentive decreases at pace with market adoption. At the same time, declining incentives cause the measure's TRC to increase over the life of the program.

The California Solar Initiative (CSI) is an example of a statewide program designed with similar logic. As the solar market has grown, solar electric system costs have dropped and incentives offered through the program have declined according to participation targets. The CPUC divided the overall megawatt goal for the incentive program into 10 programmatic incentive level steps. They also assigned a target amount of capacity in each step to receive an incentive based on dollars per-watt or cents per-kilowatt-hour. The megawatt (MW) targets in each incentive step level were assigned to particular customer classes (residential, commercial, and government/non-profit) and allocated across the three IOU service territories, in proportion with each group's contribution to overall state electricity sales.

Once all the MW targets in a particular incentive step level were reserved via CSI application—which could occur at different times for each customer class in each utility service territory—the incentive level offered by the CSI Program automatically reduced to the next lower incentive step level. This created a demand-driven incentive program that adjusted solar incentive levels based on local solar market conditions.

The figure below shows how CSI incentives declined as the program progressed through the ten steps and more MWs were installed. The CSI incentive levels have declined by customer class and utility from January 2007 to the present.



Source: CPUC Website <http://www.cpuc.ca.gov/puc/energy/solar/aboutsolar.htm>

Business Model

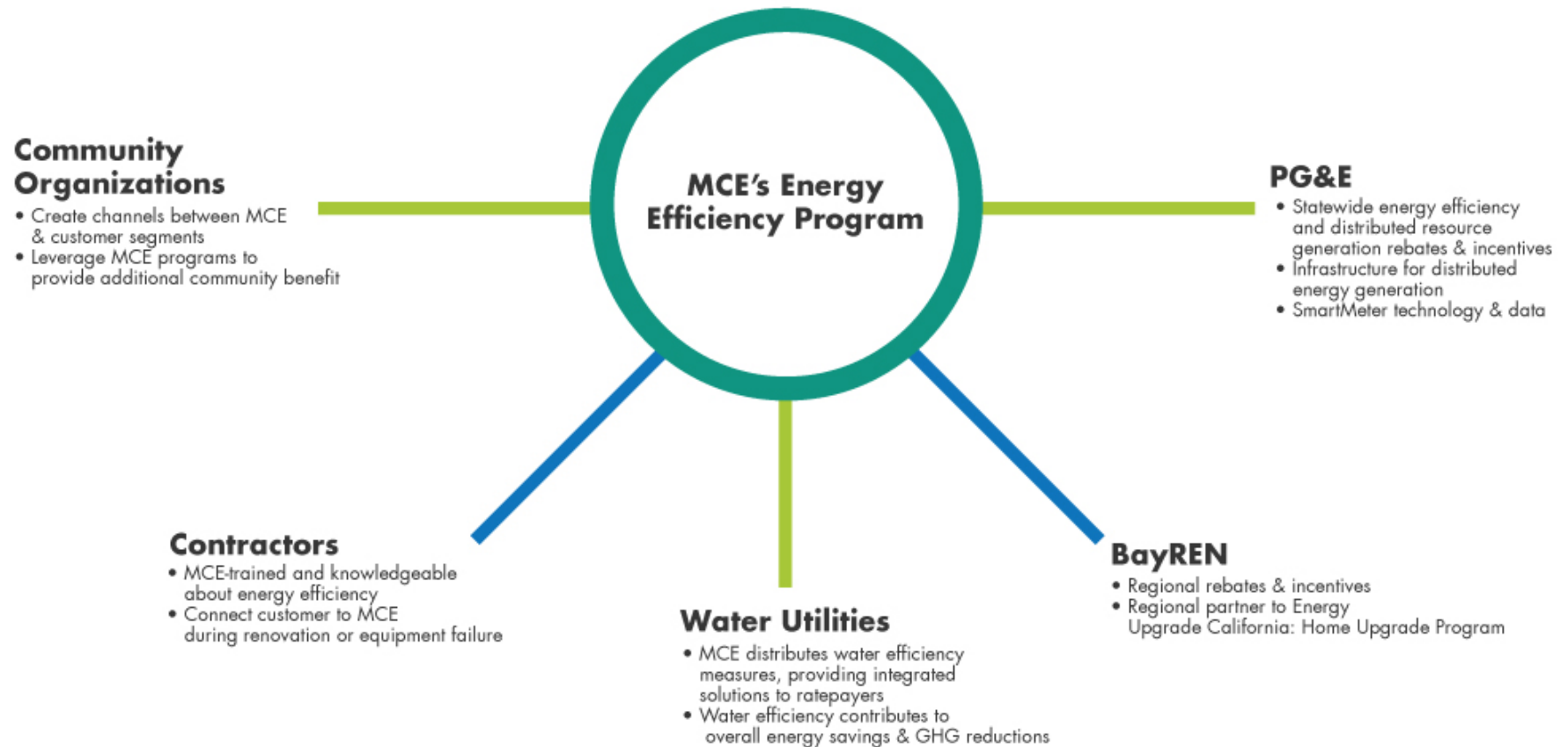
MCE is one of California's CCAs. Community choice aggregation allows communities, residents, businesses, and municipal facilities to pool their electricity demand in order to increase their purchasing power and scale. CCAs also have the authority to administer ratepayer funded energy efficiency programs on equal footing with the existing IOU PAs².

With its vision to engage more customers in energy reduction, MCE leverages its local knowledge and customer proximity to penetrate its market. MCE's energy efficiency programs present integrated solutions—including opportunities for distributed generation, on-site energy storage, and water reduction measures—and track opportunities for further engagement with customers. Not only does an integrated approach provide streamlined rather than piecemeal pathways for customers, but it also aligns all of MCE's key activities behind its mission of GHG reduction. MCE has carefully considered and invested in the partnerships required to provide customers with integrated solutions. It has built upon customer knowledge to create channels that reach customers where they are and provide a suite of programming that is relevant to customer needs.

Value Proposition: Provide a One-Stop Shop for Energy Savings

MCE helps customers plan energy reductions holistically by providing integrated, one-stop service to customers. MCE presents customers with complete solutions that best suit their needs by acting as a hub that coordinates all relevant opportunities for energy savings. MCE takes the onus off of customers to navigate all applicable ratepayer programs, including demand response and distributed generation incentives; municipal, county, and regional programs; water utility incentives; trained contractors and technicians; and other local offerings. MCE recognizes its proximity to customers as its core strength, allowing MCE to provide tailored, relevant solutions in each of the key segments in its territory.

² California Public Utilities Code Section 381.1 (a-f); California Public Utilities Commission Decision 14-01-033.



MCE supports its role as program hub with two customer relationship features: Single Point of Contact staff and sophisticated Customer Relationship Management software.

Single Point of Contact. MCE makes navigating energy savings opportunities simple by providing customers with a Single Point of Contact (SPOC). Across customer segments, the SPOC serves as a facilitator and participant advocate, helping to guide the property owner through the process from initial contact to project completion. The SPOC develops an integrated assessment process streamlining multiple program offerings into one customer report.

MCE is able to effectively remove barriers for residents that face implementation challenges with the aid of the SPOC. The SPOC helps customers take maximum advantage of MCE's energy efficiency program by providing the following:

- **Uniform and Bundled Presentation of Opportunities.** Projects are more attractive to customers and easier to accomplish when all savings opportunities are bundled together and follow a clear, uniform presentation. Moving incentives toward a point-based system allows customers to easily calculate the possible incentive from a bundled measure project and combine points to qualify for bigger incentives. The SPOC also helps complete applications for multiple programs, eliminating extra work and information redundancies as well as streamlining the process for the customer.
- **Personalized Attention and Follow-Through.** A SPOC delivery model provides more personalized attention and more follow through to reduce customer confusion and increase project completion rate.
- **Project Phasing.** MCE remains in contact with participating properties over time and encourages property owners to implement projects in phases. This allows customers to take advantage of large project incentives without having to implement improvements all at once.
- **Reduce Finance Barriers.** MCE partners with local banks to serve building owners who have limited access to private or low-cost financing for retrofits and are underserved by the existing marketplace.

Coordinating a full service solution provides huge value to MCE's ratepayers and helps ensure that customers stick with energy efficiency solutions all the way to the end of MCE's value chain. At the conclusion of each energy efficiency project, the SPOC conducts a satisfaction survey and develops a case study that serves as a learning tool for MCE and a communications tool with potential customers.

Customer Relationship Management System. Sophisticated Customer Relationship Management (CRM) allows for an ongoing relationship between the property and the program. MCE aims to provide solutions across customer segments that meet customers' needs, budgets, and levels of readiness for change. By providing resource conservation solutions for customers at any level at which they are ready to invest, MCE helps ensure a good customer experience. This increases the likelihood that customers who are not early adopters will consider efficient equipment at future key trigger points, such as at times of equipment failure or refinancing.

Evolving customer relationships supported by CRM will be key to moving MCE's customers toward ZNE. Sophisticated CRM software allows for an ongoing relationship between the customer and the program by providing a "menu of nudges" based on previous interactions and property knowledge to ultimately move the customer toward ZNE buildings.

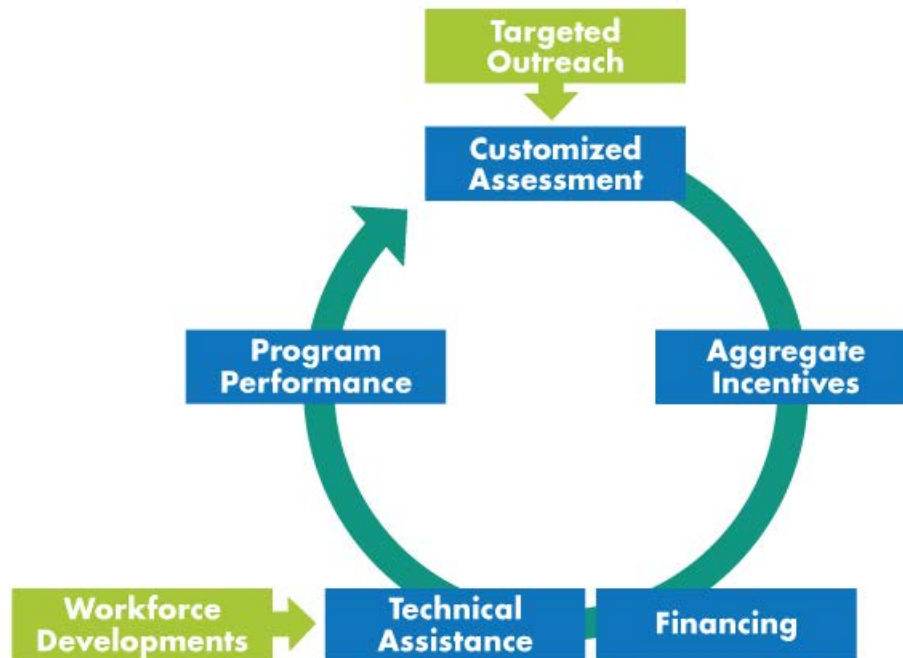
Opportunities for future improvements are recorded every time a customer receives an integrated efficiency assessment. If, for example, a customer decides not to take action on a home improvement or replace an inefficient appliance, the energy professional will collect information to support future follow-up when the appliance is closer to end-of-life or when a new incentive or technology arises. This allows MCE to rollout new opportunities and programs to "warm" targeted audiences, resulting in stronger customer relationships and increased energy efficiency adoption.

Customer Value Chain

Excellent customer service is one of the keys to MCE's energy efficiency program. MCE is piloting innovative ways to decrease customer barriers to participation, such as large project scopes and long timelines. While MCE is committed to addressing pressing customer needs within their current budget, recording whole building assessments captures a "menu of nudges"—opportunities to address further, deeper improvements in the future, especially as new technologies or incentives become available. A single point of contact manages the process and provides clear pathways and integrated solutions for customers. The program leverages SmartMeter technology, customer satisfaction surveys, and program performance metrics, creating an instantaneous feedback loop for monitoring success and addressing program issues.

MCE aims to provide multiple on-ramps for energy efficiency at each step of MCE's value chain for homeowners, multifamily building managers, as well as industrial, agricultural, and commercial business owners. MCE's energy efficiency activities are tailored for each customer segment, but a common underlying value chain describes MCE's key program strategy. MCE's energy efficiency program takes ratepayers from a customized assessment to an implemented solution that informs ongoing program improvement.

MCE's Customer Value Chain



- **Targeted Outreach:** Reach ratepayers through tested channels and in partnerships with local governments' organizations. A sophisticated CRM system identifies follow-up opportunities with customers.
- **Customized Assessment:** Supervise building and property assessments with certified partners and capture specific opportunities for future improvements in CRM.
- **Aggregate Incentives:** Provide a one-stop shop for local, regional, statewide, and national rebates and incentives. A SPOC coordinates partner programs to deliver a complete, tailored solution for the customer.
- **Financing:** Remove barriers to investment in energy efficiency through low-cost financing with local banks.
- **Technical Assistance:** Enlist trusted organizations and contractors to implement solutions.
- **Workforce Development:** Partner with local workforce development organizations to provide articulated career pathways with on- and off-ramps based on the participant.
- **Program Performance:** Evaluate each subprogram for actual energy savings, program performance metrics, market transformation indicators, and participant satisfaction surveys. Advanced Metering Infrastructure (AMI) data informs continuous program improvement. Rebate levels reduce over time, following market trends indicating that customers no longer need financial incentives as motivation to implement specific energy efficiency measures and upgrades.

Energy Efficiency Guiding Principle: Integrate Resource Conservation Solutions

At every assessment opportunity, MCE presents efficiency solutions that integrate energy, water, and GHG reductions. This makes it easy for customers to adopt integrated resource conservation programs rather than have to cull together piecemeal solutions from different partners.

Across the organization, MCE takes a systems-thinking approach to reducing GHG emissions. Energy efficiency programs are considered alongside distributed generation and emerging technologies. Where it can, MCE leverages partnerships to address all operational aspects that affect energy consumption, including water and waste management. The program leverages SmartMeter technology, customer satisfaction surveys, and program performance metrics, creating an instantaneous feedback loop for monitoring success and addressing program issues. MCE partners with local water utility providers, leveraging water utility rebates for hot water and other water conservation energy measures.

MCE's CRM solution supports long-term engagement with its ratepayers. While MCE is committed to addressing pressing customer needs within customers' budgets, recording whole building assessments and audits in a CRM system captures opportunities to address further, deeper improvements in the future, especially as new technologies and incentives become available.

MCE's Business Model

Key Partnerships <ul style="list-style-type: none"> • BayREN • PG & E • MMWD • Local Governments • Assessment Technical/partners • Finance partners • Workforce DEV partners 	Key Activities <ul style="list-style-type: none"> • Solutions for every customer • Customized assessment • Aggregate incentives/resources • Financing • Targeted Outreach • Technical Assistance • Workforce Development • Program assessment 	Value Propositions <ul style="list-style-type: none"> • Help customers create more efficient homes & businesses • Save \$\$ • Increase comfort • Take control of energy consumption • Easy access programs • Clear pathways/process • Provide integrated solutions • Provide jobs & workforce development 	Customer Relationships <ul style="list-style-type: none"> • Single point of contact • Solutions for every customer • Apply local knowledge • Connect to local organizations & contractors 	Customer Segments <ul style="list-style-type: none"> • Multi-Family • Single Family • Industrial • Agricultural • Commercial
Cost Structure <ul style="list-style-type: none"> • Fixed Costs • Single point of contact • Administration & Operations • Evaluation 	<ul style="list-style-type: none"> • Program Costs • Rebates & Incentives • Market Transformations • Participation trigger reductions 	Revenue Streams <ul style="list-style-type: none"> • Rate Systems • Grant Funds • Water Agency Funds • Test Pilot Funds (e.g.DSM) • Fuel Switching offset reduced consumptions 	Channels <ul style="list-style-type: none"> • Online assessment • Targeted Outreach • Workforce Development • Home Utility Reports • Contractor Engagements • One-Off Rebate 	

Key Activities

Programs by Sector

The following program descriptions demonstrate how MCE tailors its value chain to key customer segments, highlighting the areas where MCE can apply flexibility to reduce barriers to participation. Energy savings, sector characteristics, and key activities are summarized for each segment; more detail specific to each sector is found in the implementation plan. A flow chart provides an operational snapshot of how MCE's integrated programs, referral programs, SPOC, and rebates combine to create customer value. A logic model displays the outputs and short-, intermediate-, and long-term outcomes of MCE's activities in each customer sector. This broader program logic helps to illustrate how energy efficiency measures are integral to further MCE's mission to address climate change.

Complete program details, including details on energy efficiency measures and incentives, can be found in MCE's sector specific Implementation Plans.

Residential Program: Multifamily

Energy Savings Summary	Years 1-5	Years 6-10
TRC	1.0	2.2
Annualized Budget	\$\$ To Do / avg. yrs 1-5 & 6-10	
Lifetime Savings	MCE to decide lifetime vs. annualized	

Sector Opportunities

Multifamily buildings are distinct enough from single-family homes to warrant their own program approach. Multifamily programs are often characterized by split incentives because owners often bear the investment costs for energy consuming equipment or conservation upgrades while tenants reap the savings. Tenant turnover is also a factor; landlords may be reluctant to disrupt tenants for invasive upgrades, particularly in market rate buildings.

The multifamily program is an area where MCE's flexibility can greatly reduce participation barriers in tenant/owner situations. MCE takes a phased approach with multifamily upgrades, allowing owners to plan larger projects that take advantage of maximum incentive levels but are implemented over time as tenants turn over. A combination of light, bundled, and customized measures help accommodate the specialized needs of each multifamily building upgrade opportunity.

Core Activities

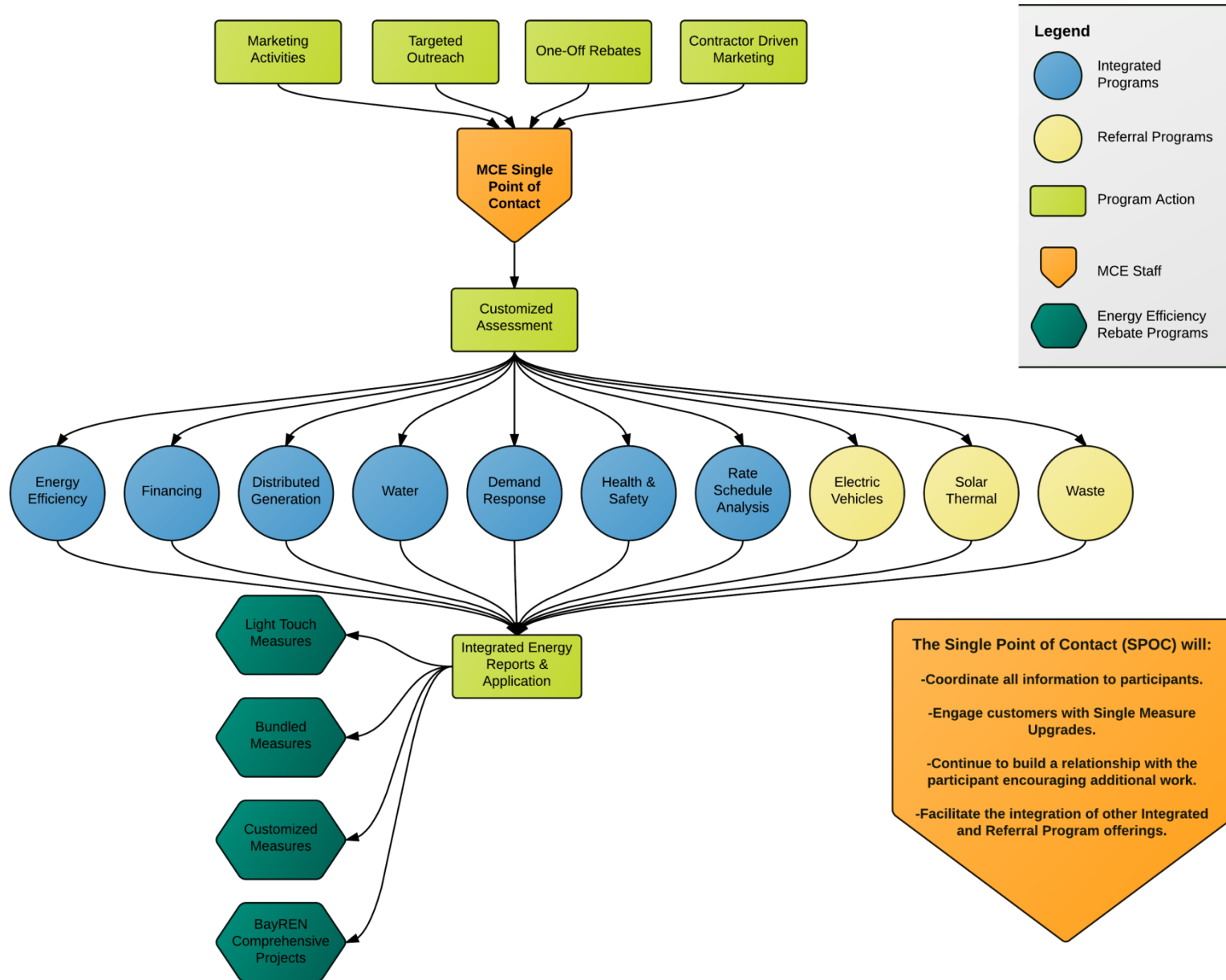
- Provide participants with a Multifamily SPOC to serve as a facilitator and participant advocate, helping to guide property owners through the process from initial contact to project completion.

- Develop an integrated assessment process streamlining multiple program offerings into one customer report.
- Deploy sophisticated CRM software allowing for an ongoing relationship between the property and the program.

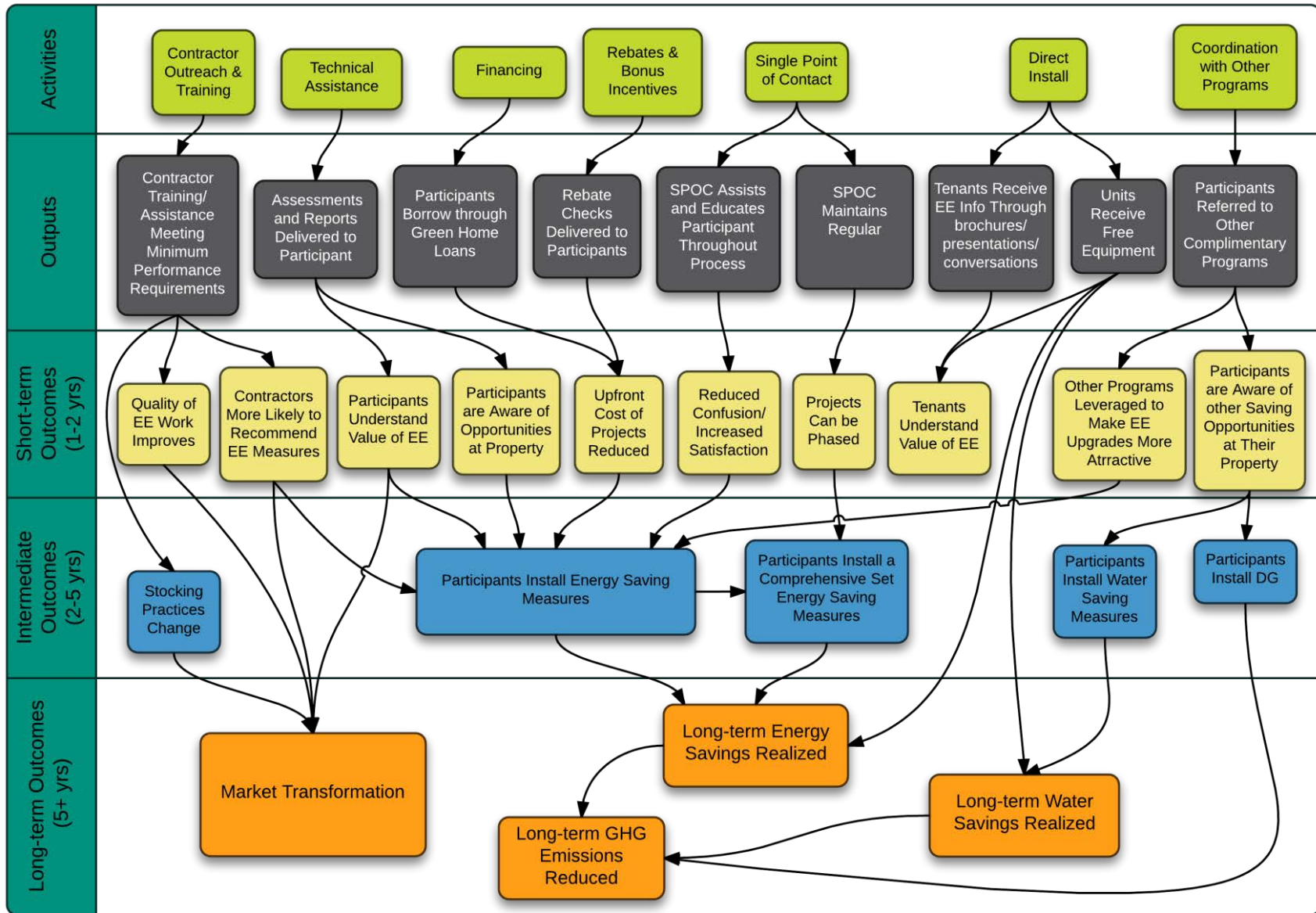
Key Innovations

- Integrates energy savings and on-site generation opportunities allowing property owners to see the full benefit of upgrade projects, rather than isolating opportunities by savings type.
- Project phasing allows building owners to capitalize on savings for large projects while completing improvements as tenants turn over.
- A point-based incentive structure encourages and rewards a more comprehensive scope of work and helps the owner easily identify the potential rebate based on planned improvements.

Multifamily Program Flow Chart



Multifamily Program Logic Model



Residential Program: Single Family

Energy Savings Summary	Years 1-5	Years 6-10
TRC	1.1	1.5
Annualized Budget	\$\$ To Do / avg. yrs 1-5 & 6-10	
Lifetime Savings	MCE to decide lifetime vs. annualized	

Sector Opportunities

Motivators for energy efficiency and reductions can differ greatly from family to family. Likewise, each household's budget and readiness for change will also vary. Providing bundled solutions that offer meaningful support for whichever project a homeowner is considering will increase customer satisfaction and result in continued energy improvements over time.

MCE's single family program offers one-off rebates to customers who have financial or structural barriers that prevent them from participating in the Energy Upgrade California: Home Upgrade Program, and incentives and technical assistance for customers who want to upgrade to ZNE. The program also aims to help the highest energy users reduce their consumption with energy management tools. On-line tools and real-time feedback on utility reports are emerging tactics that can help influence a family's interaction with energy use.

Core Activities

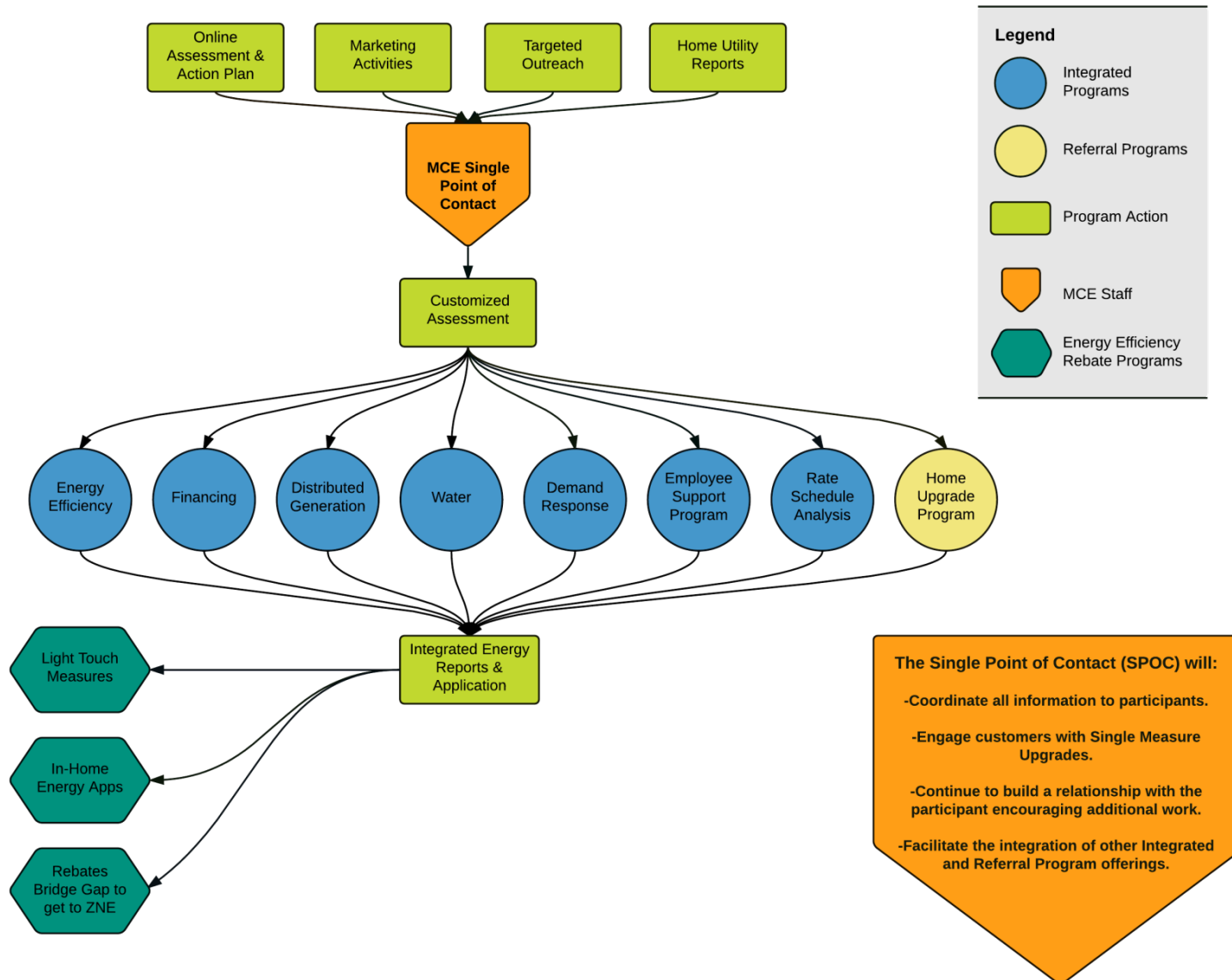
- Provide participants with a Single Family SPOC to serve as a facilitator and participant advocate, helping to guide homeowners through the process from initial contact to project completion.
- Offer financing and rebates to help overcome upfront cost barriers.
- Provide the highest consuming customers with information about how they use energy and advice for how to reduce consumption.

Key Innovations

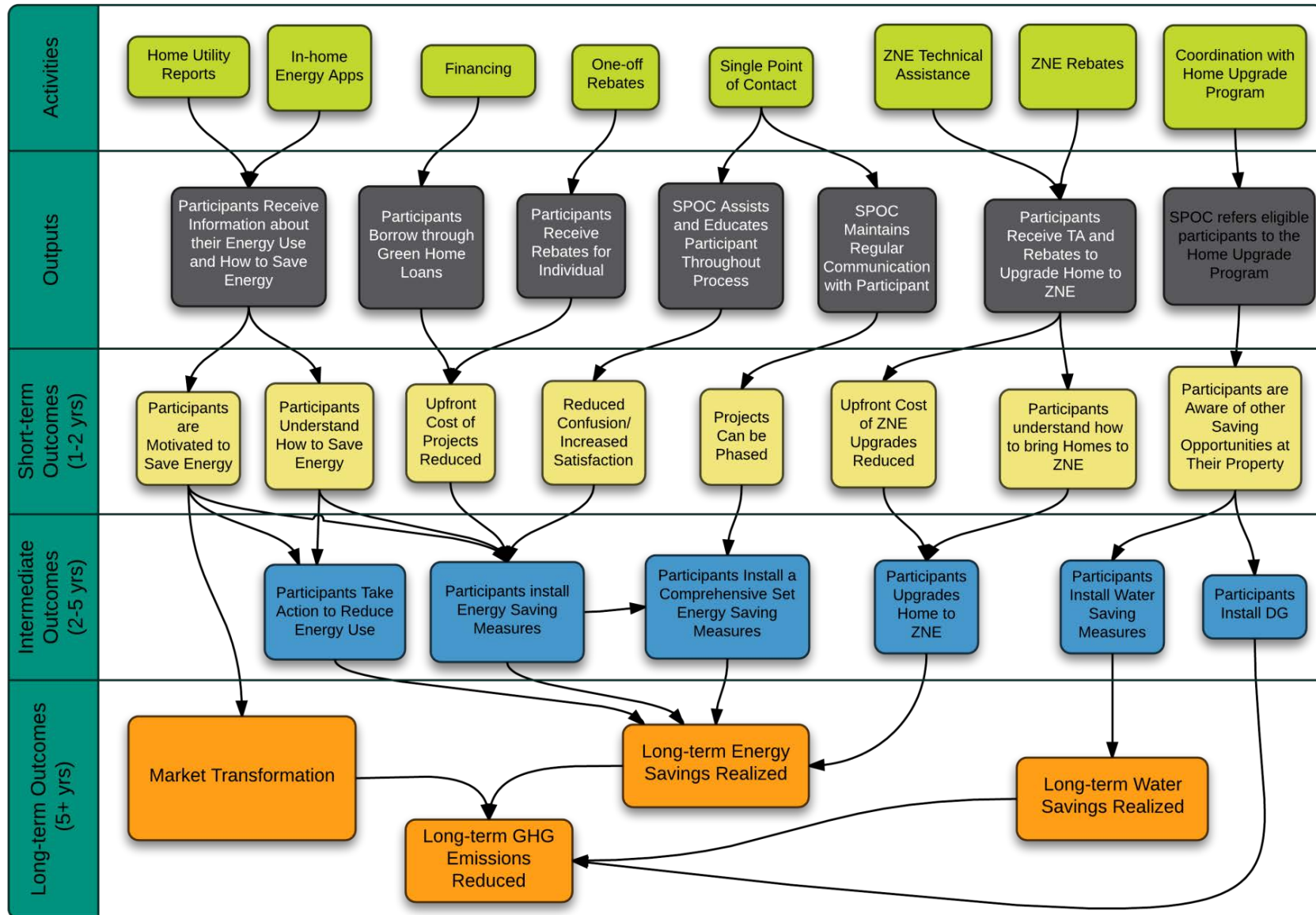
- Online portal provides a one-stop-shop to understand energy usage, identify upgrade opportunities, search available rebates, licensed contractors, and perform cost comparisons of energy efficiency appliances.
- One-off rebates create access to energy efficiency rebates for homeowners who have financial or structural barriers that prevent them from participating in the Energy Upgrade California: Home Upgrade Program.
- Additional incentives and technical assistance for ZNE customers educate and enable customers to improve their home's efficiency beyond code.
- Home Utility Reports help highest energy customers reduce their consumption by providing a comparison to similar homes nearby.

- Online social networking platforms stimulate behavior changes, utilizing tactics such as competitions and YouTube channel with DIY tutorials.

Single Family Program Flow Chart



Single Family Program Logic Model



Industrial Program

Industrial Summary	Years 1-5	Years 6-10
TRC	1.1	1.3
Annualized Budget	\$\$ To Do / avg. yrs 1-5 & 6-10	
Lifetime Savings	MCE to decide lifetime vs. annualized	

Sector Opportunities

Dollar savings from energy efficiency can be significant for some industrial customers. A key consideration for these customers is the need to ensure that reduced energy use does not affect the timing, quality, or workforce efficiency of creating their product. Industrial activities vary significantly by region within MCE's territory, though most offer major opportunities for energy use reduction, water conservation, and distributed generation.

The high-intensity energy demand of food production qualifies many of MCE's agricultural customers that process on-site (including wineries) as "industrial" ratepayers. Thus, in some cases MCE's Industrial Program is designed to serve both manufacturing and refinery facilities as well as some large agricultural producers.

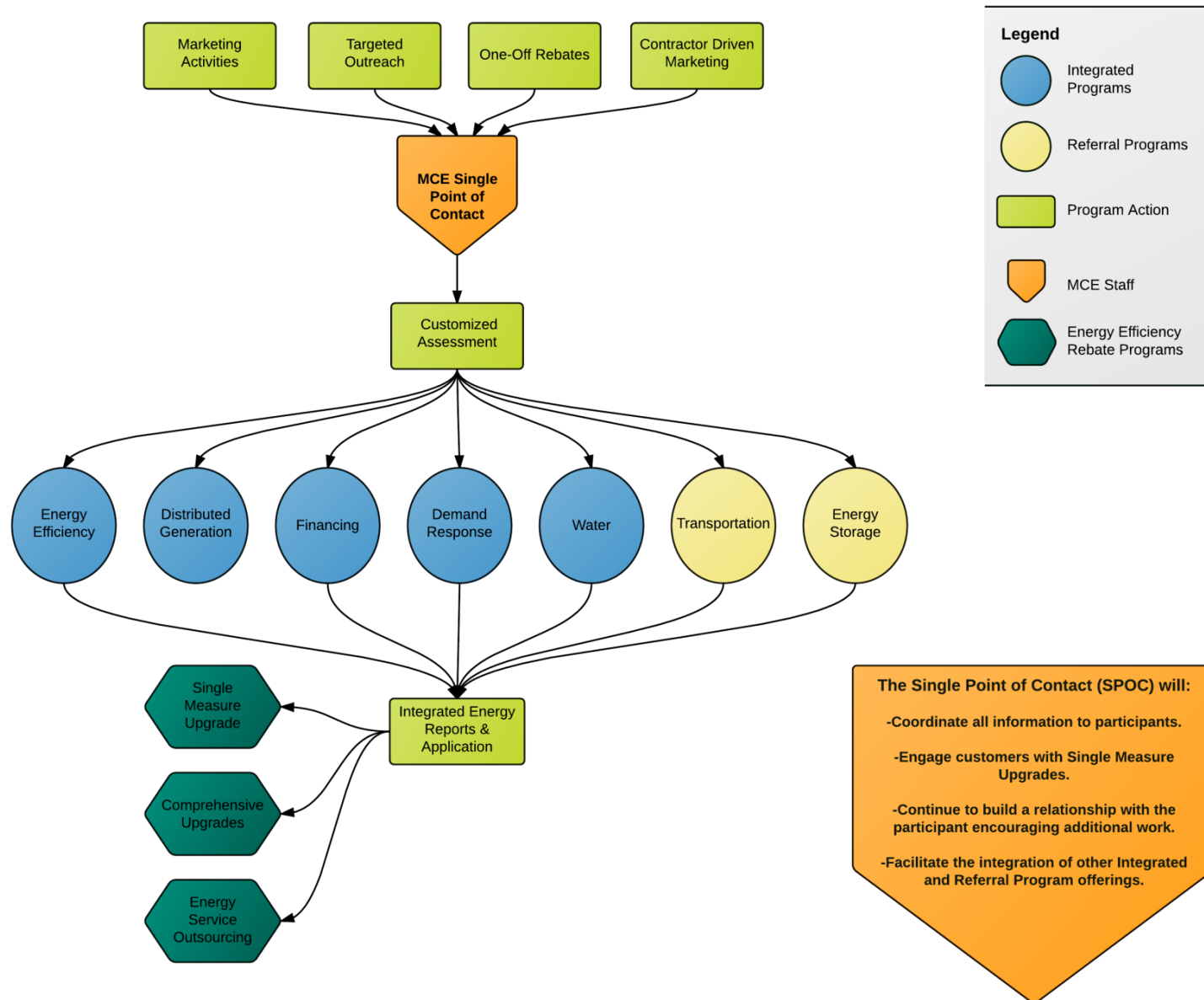
Core Activities

- Provide participants with an Industrial SPOC to serve as a facilitator and customer advocate, and to help guide business owners through the process from initial contact to project completion.
- Offer financing and rebates to help overcome upfront cost barriers.
- Offer technical assistance to help with measure selection, project planning, and project management.
- Incentivize energy service outsourcing (e.g., compressed air, steam, water treatment, etc.).

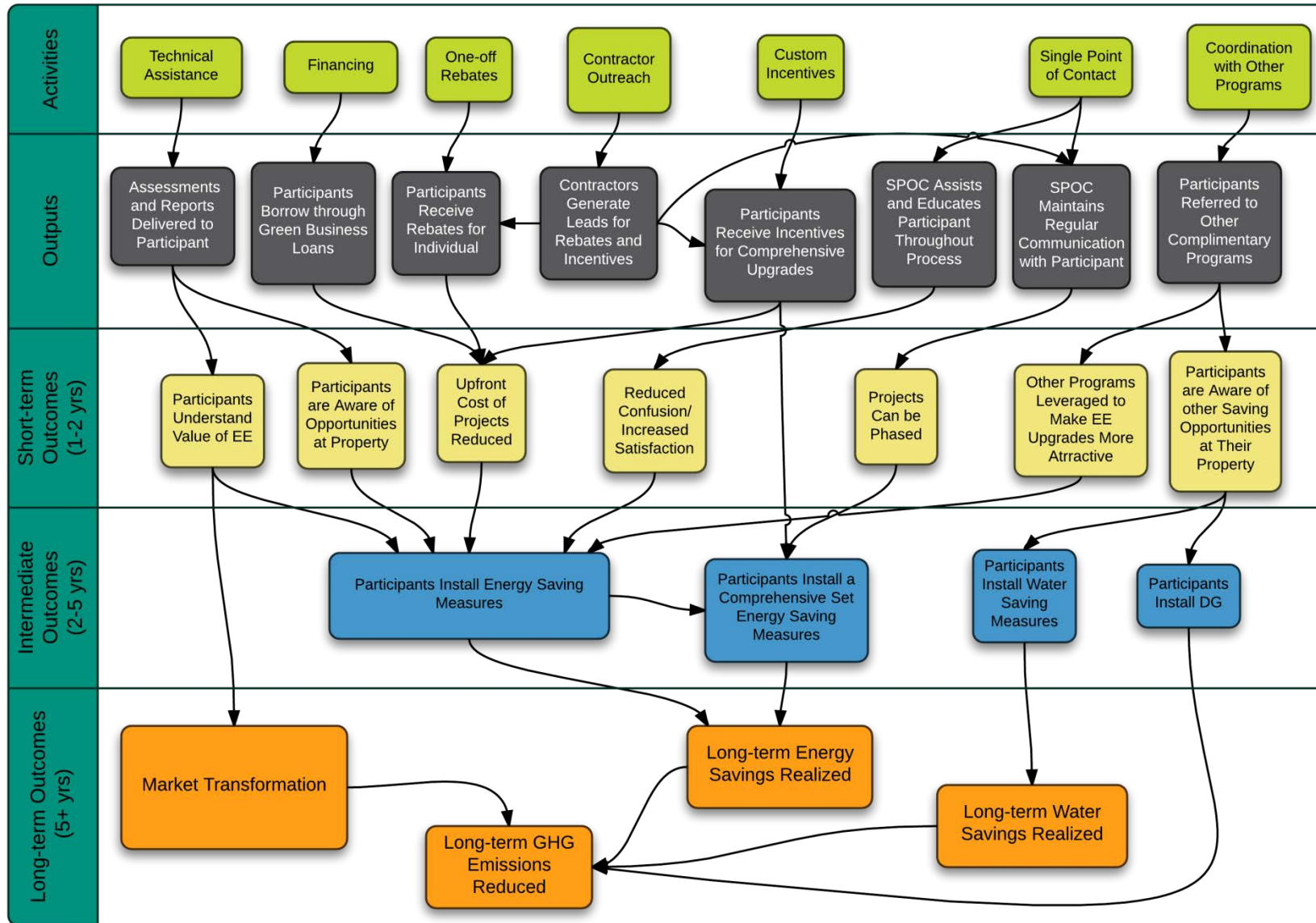
Key Innovations

- Promote energy efficient industries by partnering with existing Green Certification Programs.
- Use billing data and building characteristics to identify the highest energy users for targeted outreach.
- Utilize one-off or widget rebates as a marketing strategy to get customers in the door.

Industrial Program Flow Chart



Industrial Program Logic Model



Agricultural Program

Agricultural Summary	Years 1-5	Years 6-10
TRC	1.0	1.9
Annualized Budget	\$\$ To Do / avg. yrs 1-5 & 6-10	
Lifetime Savings	MCE to decide lifetime vs. annualized	

Sector Opportunities

MCE's Agricultural Program focuses on dairies and wineries, the region's largest agricultural users. The seasonal nature of agriculture operations affects the cash flow of these businesses as well as the timing of when equipment is available to be upgraded. MCE can ramp up the activity of its Agricultural Program during the slow production seasons. Integrated on-site generation solutions capitalize on feed-in tariffs or net energy meeting during the off-season and supplement customer energy needs during periods of high production.

The high-intensity energy demand of food production qualifies many of MCE's agricultural customers that process on-site (including wineries) as industrial or large commercial ratepayers. Thus, MCE's Agricultural Program is designed to serve customers whose primary activity is farming as well as to integrate with customers served under the Commercial or Industrial Program that can also benefit from energy reductions on their agricultural lands.

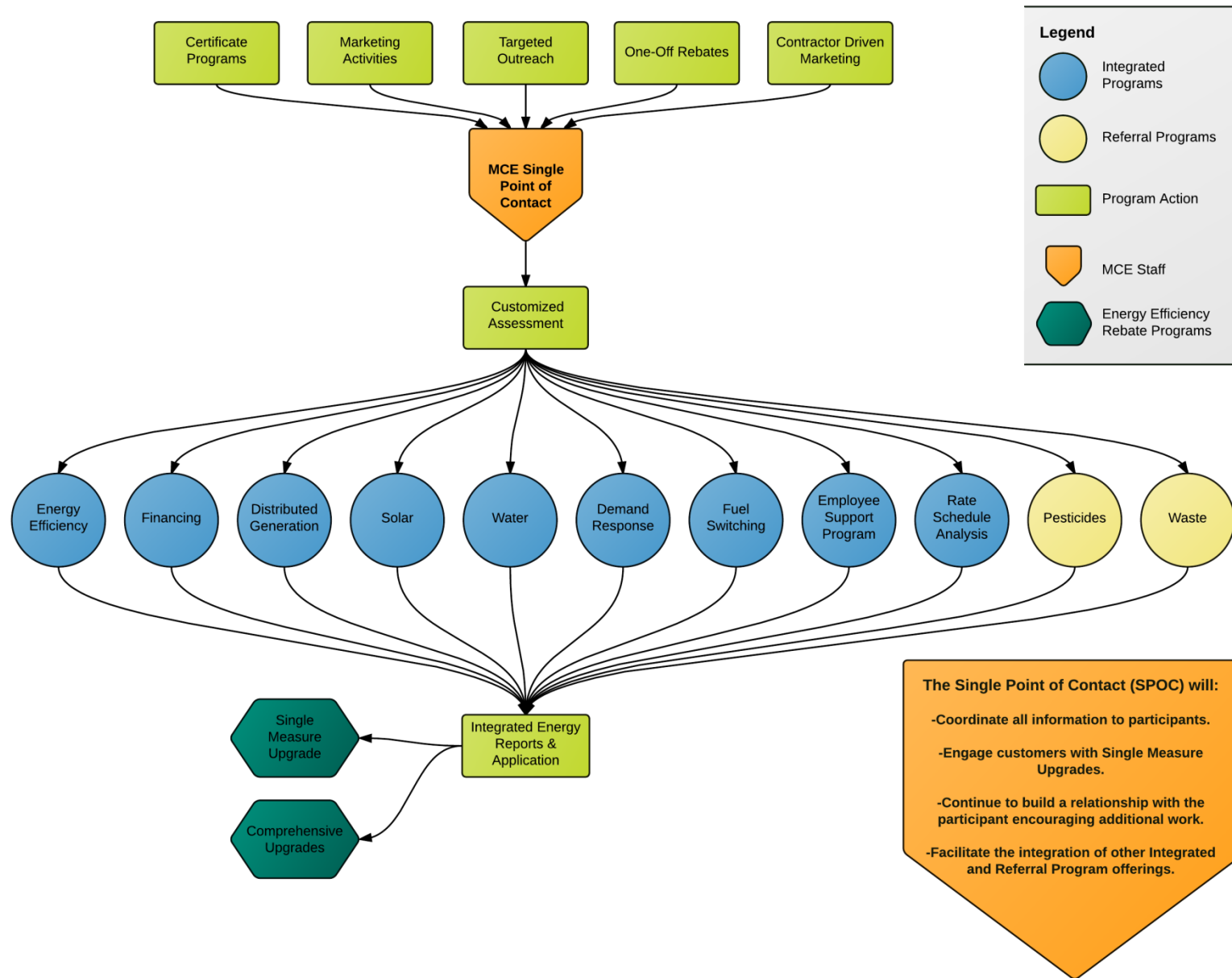
Core Activities

- Provide participants with an Agricultural SPOC to serve as a facilitator and customer advocate, and to help guide business owners through the process from initial contact to project completion.
- Develop an integrated assessment process that streamlines multiple program offerings into one customer report.

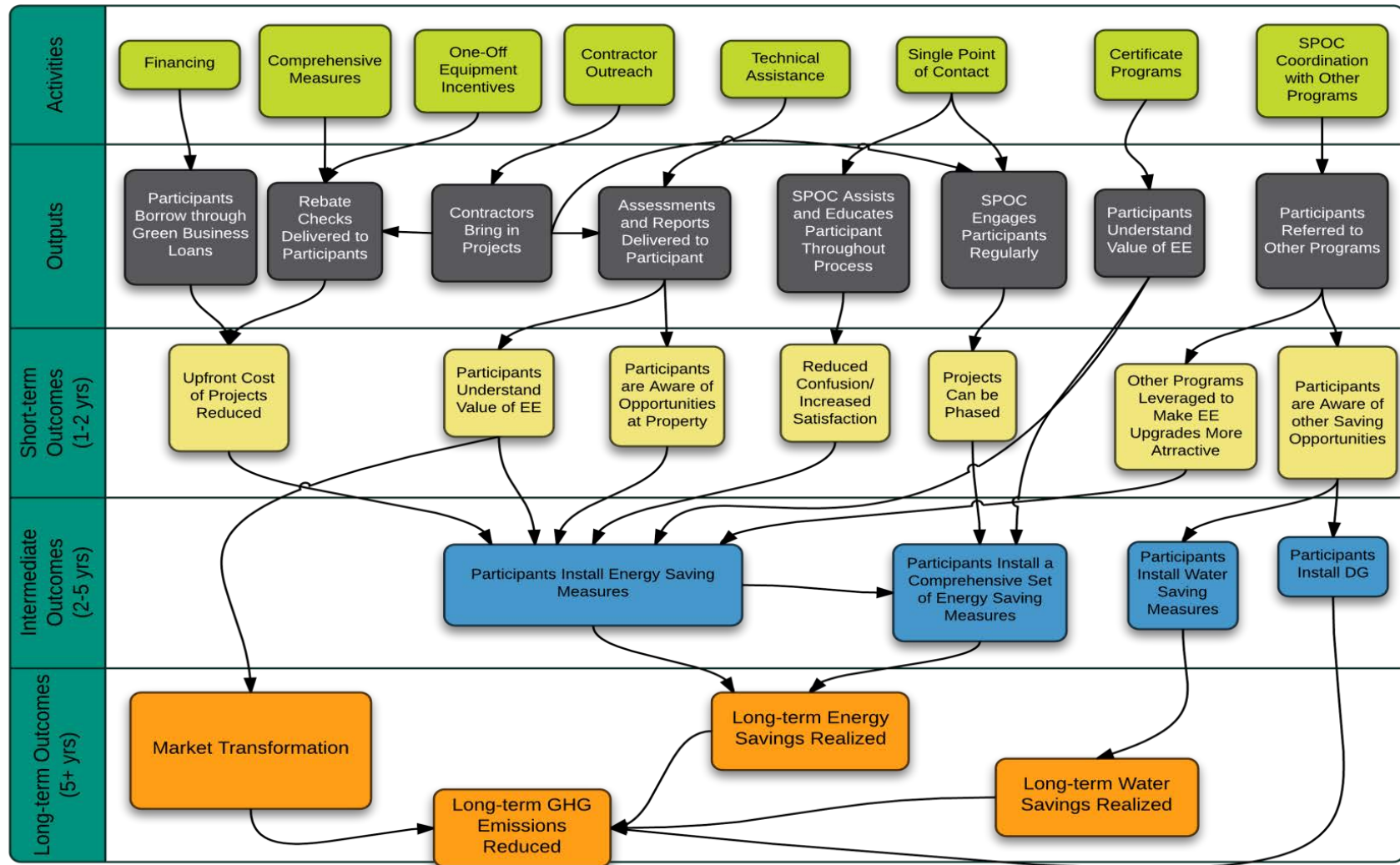
Key Innovations

- Provide technical assistance to develop customized energy upgrade projects that meet the needs of the customer.
- Leverage existing certification programs to increase demand for green agricultural practices.
- Develop rebates that incorporate seasonal work cycles, which impact cash flow and equipment use.
- Train operations and maintenance staff on efficient maintenance practices.
- Educate employees on how they can be more energy efficient in the workplace and at home.

Agricultural Program Flow Chart



Agricultural Program Logic Model



Commercial Program

Commercial Summary	Years 1-5	Years 6-10
TRC	1.0	1.4
Annualized Budget	\$\$ To Do / avg. yrs 1-5 & 6-10	
Lifetime Savings	MCE to decide lifetime vs. annualized	

Sector Opportunities

There are distinct differences in strategies for serving commercial properties based on the size of the business. Tenant/owner relationships similar to multifamily buildings affect the placement and effectiveness of incentives for small commercial customers. For larger commercial properties, energy costs are generally a small proportion of overall operating expenditures and dollar savings alone may not be enticing enough for these customers to take action. Energy improvements must appeal to other company objectives, such as corporate social responsibility and community visibility. Integrated solutions can provide an entry for energy efficiency programs when a company may be most interested in more visible improvements, such as solar panels.

MCE's Commercial Program is designed to serve both large and small commercial customers. The program acknowledges inherent differences in opportunities between small and large commercial properties, and emphasizes integrating diverse program offerings under one umbrella. The proposed program focuses on customer satisfaction with the energy upgrade experience. MCE hopes to entice customers back for repeated engagement with the program and to help spur healthy competition between local businesses to demonstrate GHG reduction impact, ultimately driving toward market transformation and less need for incentives.

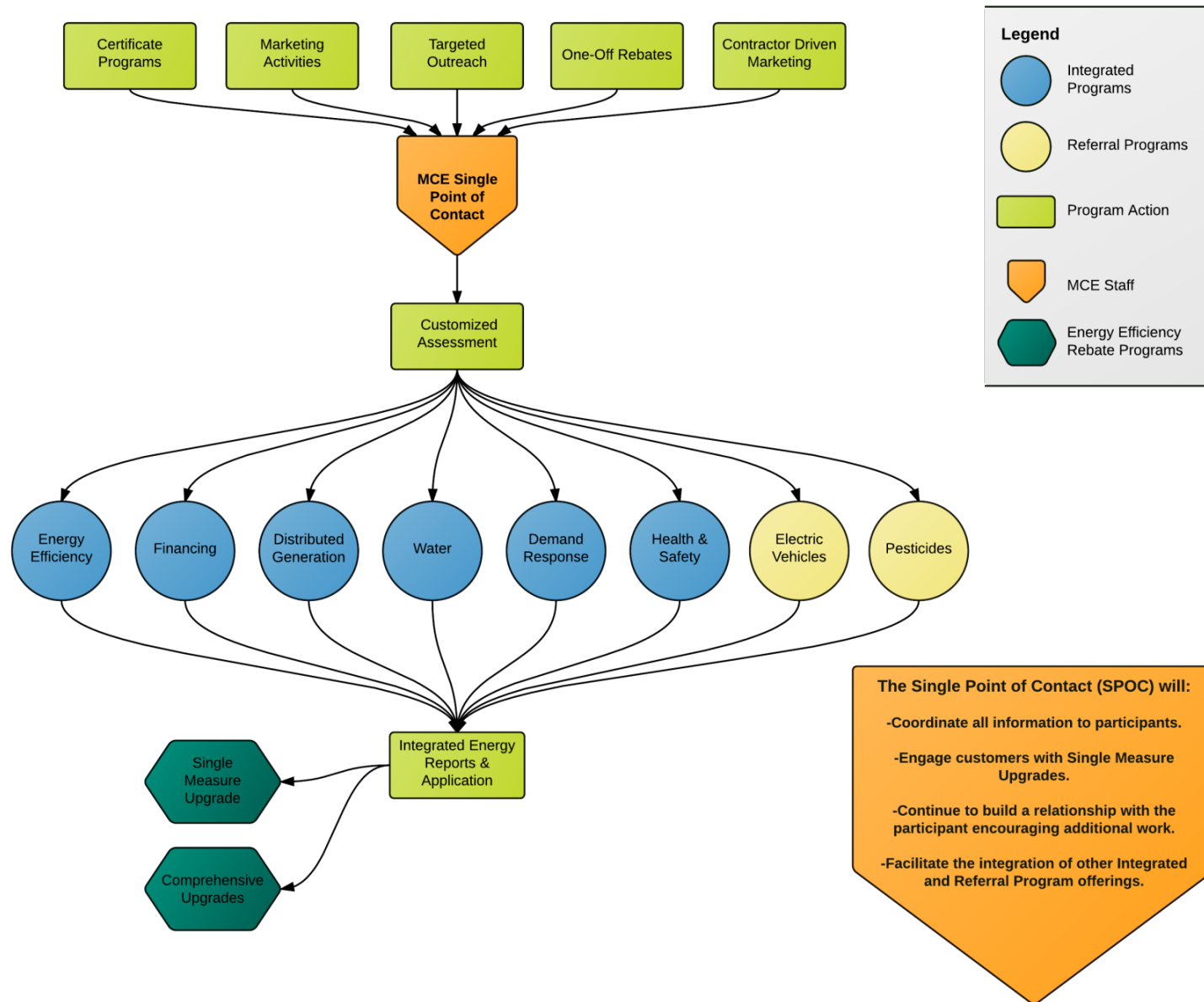
Core Activities

- Provide participants with a Commercial SPOC to serve as a facilitator and customer advocate, and help to guide business owners through the process from initial contact to project completion.
- Target buildings by using SmartMeter technology in order to focus opportunities and improve MCE's sales approach.
- Provide low or no cost audits for small commercial properties with limited opportunities.
- Provide extensive audits with customizable incentives for larger properties.
- Develop an integrated assessment process that streamlines multiple program offerings into one customer report.
- Deploy user-friendly CRM software that allows for an ongoing relationship between the business and the program.

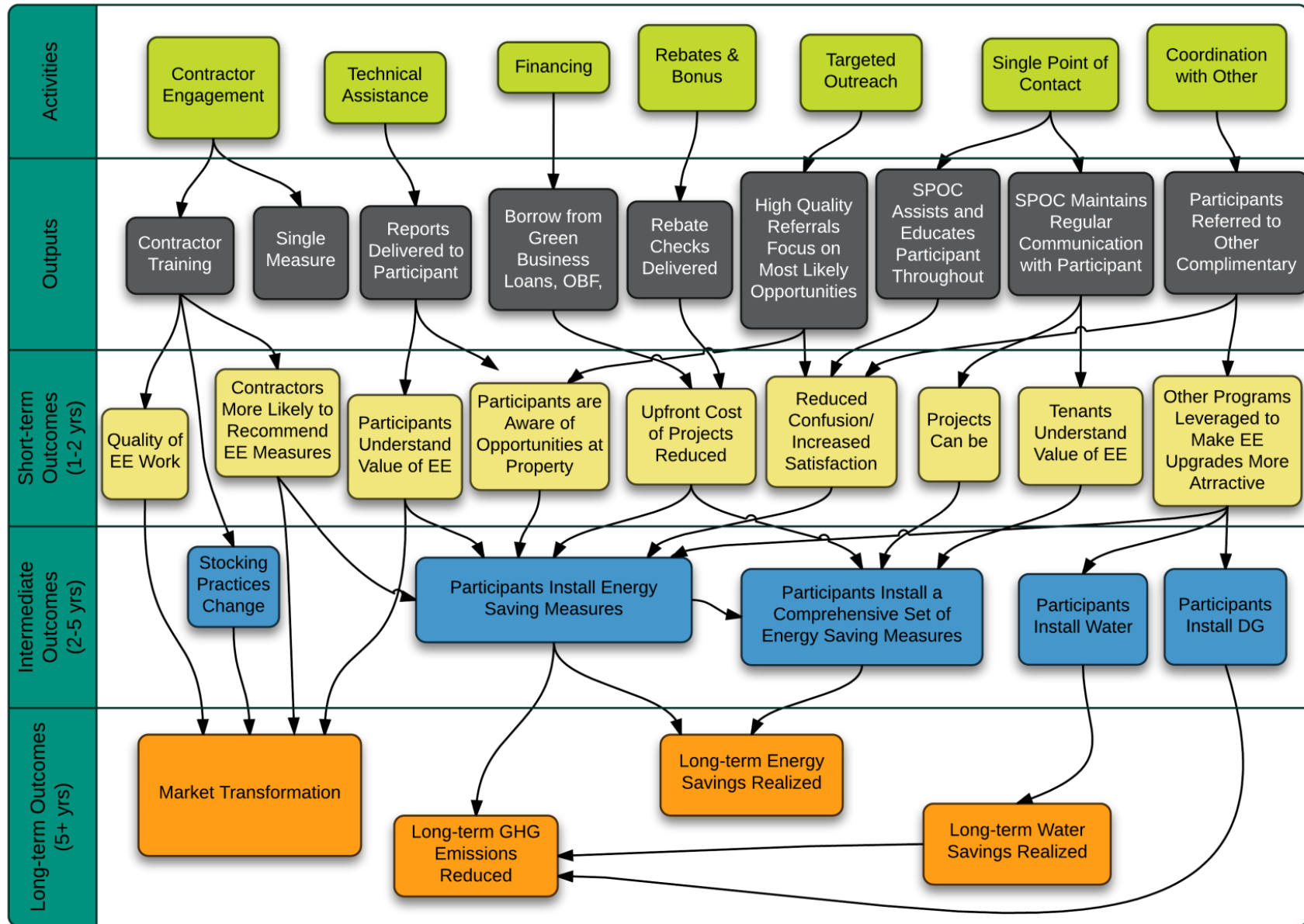
Key Innovations

- Reduce barriers to retrofits in small commercial spaces by providing technical assistance and incentives to building owners in the form of free walk-through energy assessments, free start-to-finish technical assistance and instant rebates to help defray the cost of upgrading and/or repairing existing equipment.
- Promote retrofits through targeted outreach and training to property owners and contractors and offer financing options through MCE on-bill repayment.
- Provide assistance obtaining Bay Area Green Business certification.

Commercial Program Flow Chart



Commercial Program Logic Model



Workforce Development

Community Benefit that Aids Market Transformation

MCE supports the success of its energy efficiency programs with complementary workforce development and training. MCE recognizes that contractors and workers must have the skills necessary to support program success, and a trained workforce is essential to accomplishing market transformation. MCE's growing network of trained local contractors can also help achieve deeper market penetration by identifying trigger events that could bring customers to the energy efficiency program.

MCE's goal is to create meaningful employment pathways for workers who are new or recently returning to the workforce, rather than creating one-off trainings that fail to guide participants toward future opportunities. MCE engages community partners to ensure the inclusion of workers from disadvantaged communities in pursuing careers in the energy sector. Working closely with community partners helps MCE to build on existing success in the region, fill gaps in service, and provide meaningful local workforce opportunities in connection to MCE's own renewable energy projects. To date, MCE has contracted more than \$1,829,816 with RichmondBUILD, the Marin City Community Development Corporation, Rising Sun Energy Center, and others to train and provide local workers to implement energy upgrades for our energy efficiency programs.

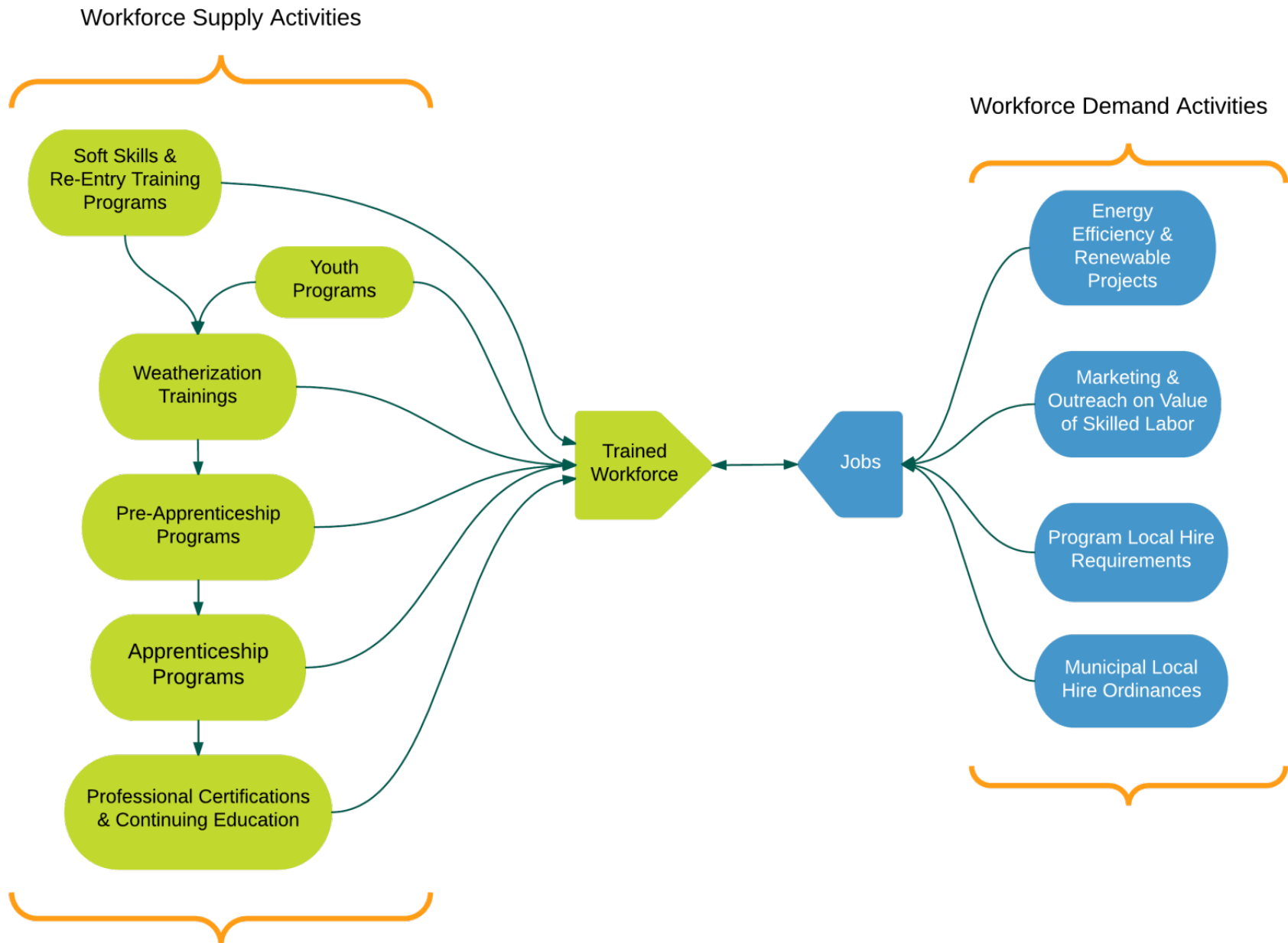
Core Activities

- Work with local experts to align, leverage, and influence existing training programs and markets in the MCE service territory.
- Offer stackable credential programs that provide workers with a broad spectrum of transferable skills that qualify them for a variety of green jobs.
- Design the program with "on-ramps" and "off-ramps" for workers of varying levels of experience and ambition.

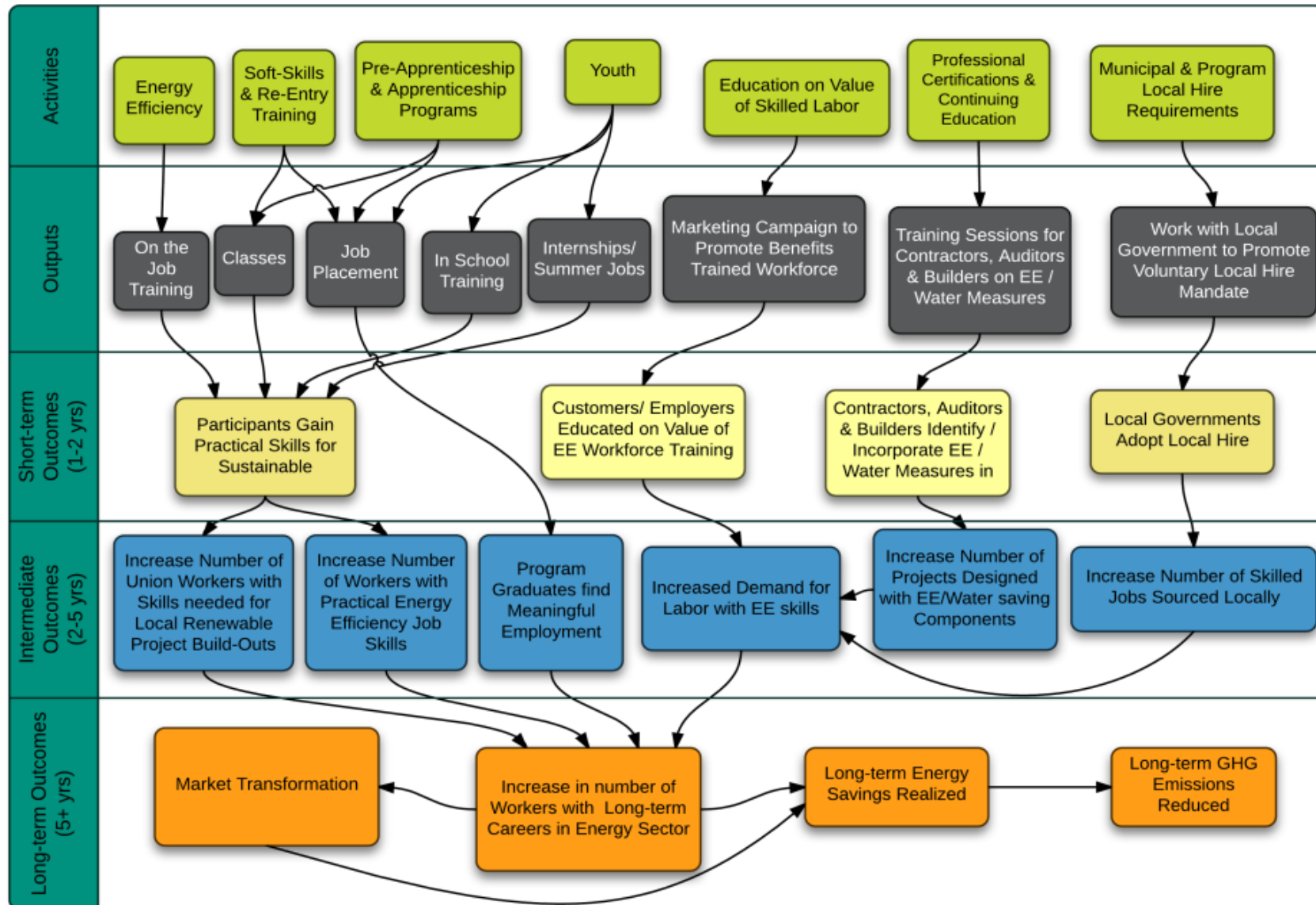
Community Benefits

- Skilled workers ensure that efficiency gains are met and that health and safety issues are addressed.
- Marketing, education, and outreach activities increase the demand for skilled labor in the region.
- Increase in skilled labor creates spillover benefit for whole community, not just program participants.

Workforce Program Flow Chart



Workforce Program Logic Model



Energy Savings: Logic and Assumptions

This section describes the methodology utilized by MCE to arrive at energy savings targets that are both realistic and achievable. Rather than relying on the E3 calculator to create savings targets that are cost effective, MCE first modeled likely participation rates to identify achievable savings targets within its service territory. MCE then developed a set of measures for inclusion into the portfolio based on the DEER database, the Commercial End-Use Survey (CEUS)³ and Residential Appliance Saturation Survey (RASS)⁴ data on appliances and energy use, the age and types of buildings in the service territory, and past program data on the most common measures.

Market transformation involves a future in which public subsidies are no longer necessary to influence consumers' energy efficiency behaviors. The new, 10-year rolling cycle provides an opportunity to consider how cost effectiveness can be achieved within a long-term vision. Flexibility in cost effectiveness over a longer program cycle could help program administrators to invest in innovations that achieve significant savings from measures not feasible under the current TRC structure. MCE's program is designed to promote market transformation over a 10-year period. It will begin with low participation and high incentives, which will reverse as the program matures. A schedule for declining incentives triggered by customer participation is also described in this section.

It is worth noting that opportunities for energy savings in the publicly managed outdoor and street lighting sector are included in MCE's energy efficiency portfolio, though not included in MCE's customer segments described above because of the seamless partnerships between municipalities and MCE.

Estimated Participation Rates. The level of ratepayer participation is an important assumption when predicting the energy savings from an energy efficiency portfolio. The following table describes MCE's anticipated market participation over the next 10 years. MCE estimated participation rates based on current energy efficiency program participation and past program data, and is confident in its ability to bring customers to the table at the rates described. These predictions are reinforced by the fact that MCE is close to the customer and has a strong sense of local conditions.

The table below describes the ratio of its entire accounts engaged in the energy efficiency program at key benchmarks: years 2, 5, and 10. MCE predicts deeper market penetration over time. Anticipated ZNE participation is estimated over the life of the energy efficiency program and is not cumulative.

³ CEUS is a comprehensive study of commercial sector energy use, primarily designed to support the state's energy demand forecasting activities. The data was published in 2006 and the study was funded by the California Energy Commission.

⁴ RASS is a residential mail survey that requested information on appliances, equipment, and general consumption patterns from California households. The most recent round of data collection was completed in 2010. The survey was funded and administered by the California Energy Commission.

Table 1. Assumed MCE Participation Rates (fraction of participants)

SECTOR	2-year interval	5-year interval	10-year interval	Zero Net Energy (ZNE) Program
Residential	0.25%	1.00%	3.00%	0.004%
Commercial	0.25%	1.00%	3.00%	0.01%
Industrial	0.50%	2.00%	6.00%	0.10%
Agriculture	0.50%	2.00%	6.00%	0.05%
Street & Outdoor Lighting	1.00%	5.00%	15.00%	0.10%

These participation ratios were applied to MCE's current account information to determine the number of customers the program will serve in each customer segment.

Table 2. Assumed MCE Participation Rates (number of participants)

SECTOR	2-year interval	5-year interval	10-year interval	Zero Net Energy (ZNE) Program ¹
Residential	586	2,344	7,032	9
Commercial	69	275	825	3
Industrial	4	17	50	1
Agriculture	10	42	125	1
Street & Outdoor Lighting	8	41	124	1

¹Anticipated ZNE participation is not cumulative for the whole 10-year interval.

Estimating Energy Savings Intensity. While customer participation is expected to rise over the 10-year interval as shown in Figure 1, MCE also anticipates mixed levels of actual energy savings from customers due to the varying intensity of their individual efficiency projects. For most participants, per participant savings estimates range from an estimated 5% savings (low) to 10% savings (medium). For participants reaching for ZNE, MCE estimates that savings range from 30% to 50%.

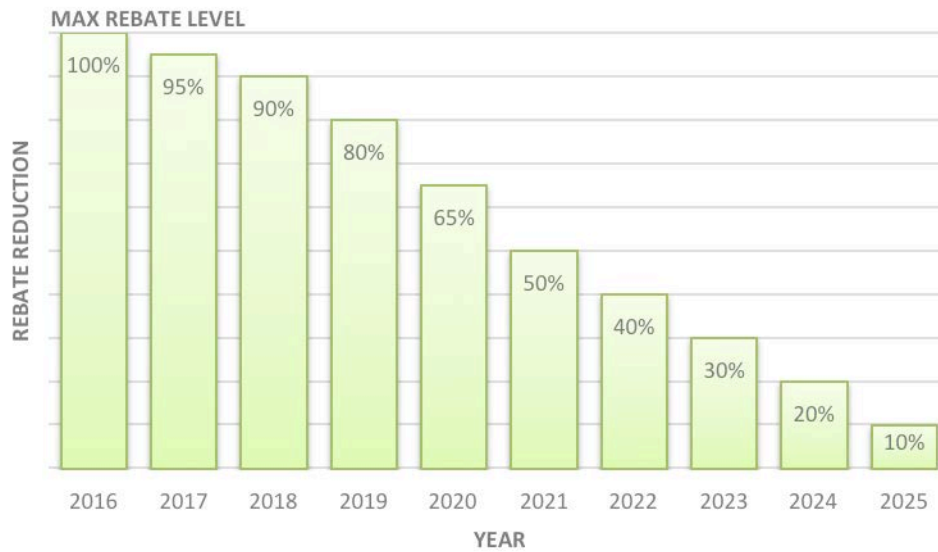
Energy Efficiency Measures List. MCE developed a set of measures for inclusion into the energy savings portfolio based on the DEER database, the CEUS and RASS data on appliances and energy use, the age and types of buildings in the MCE service territory, and past program data on the most common measures. See [Appendix](#) for a list of MCE's energy efficiency measures.

Declining Incentive Structure. MCE plans to reduce incentives over time, following market trends indicating that customers no longer need financial incentives as motivation to implement specific energy efficiency measures and upgrades. Program participation benchmarks will trigger reductions in rebates according to the schedule in Figure 1. MCE estimates that these triggers will take place over the timeline described in Figure 2.

Figure 1. Rebate Level Reductions by Program Goal Benchmark



Figure 2. Rebate Level Reductions over Time (Estimated)



Energy Savings: E3 Calculations Summary

The total savings potential for the program is determined by applying the percentage savings estimates to the average customer usage by sector at the assumed participation rates. Consumption estimates for MCE's accounts were based on historic utility account information by climate zone. These estimated savings are cumulative.

Table 3. Total Energy Saving Accumulated

SECTOR	kWh		Therms	
	Years 1-5	Years 6-10	Years 1-5	Years 6-10
Single Family	2,379,335	3,395,433	673,347	815,244
Multifamily	2,452,406	9,183,372	686,364	1,121,180
Commercial	8,814,809	12,694,356	181,048	134,978
Industrial	3,930,507	4,909,185	(29,698)	(35,324)
Agricultural	960,898	2,065,996	810	8,262
PORTFOLIO	18,551,940	32,276,311	1,511,870	2,044,340

MCE's E3 calculations⁵ for cost effectiveness utilize the assumed participation rates and types of measures to arrive at the energy savings targets that allow MCE to achieve a cost effective portfolio within the first 2 years. MCE expects an initial TRC close to 1.0 for the first years of implementation, with improving cost effectiveness over time as participation rates increase and rebates decrease.

Table 4. Cost Effectiveness: E3 Calculations

SECTOR	TOTAL PARTICIPANTS (Approx. # Accounts)		TRC (4/15/2015 versions)	
	Years 1-5	Years 6-10	Years 1-5	Years 6-10
Single Family	500	1000	1.1	1.5
Multifamily	1850	3700	1.0	2.2
Commercial	275	550	1.0	1.4
Industrial	17	33	1.1	1.3
Agricultural	42	83	1.0	1.9
PORTFOLIO	2684	5366	MCE calculates	MCE calculates

For MCE to include: what if we don't hit those targets?

⁵ The E3 calculator is a spreadsheet-based tool developed by the CPUC that calculates the cost effectiveness of energy efficiency program portfolios according to several cost effectiveness tests, including the TRC.

Energy Efficiency Program Budget

The following resources will be required to enact MCE's energy efficiency program.

Tables/context to be inserted by MCE These tables are placeholders.

Table 5. Energy Efficiency Program Budget Summary

FRACTION OF TOTAL BUDGET Excluding OH, by program			AMOUNT OF "GENERAL" APPORTIONED TO EACH	TOTAL BY PROGRAM
	GENERAL	\$1,785,000.00		
28%	MF	\$475,000.00	\$497,287.39	\$972,287.39
29%	COMMERCIAL	\$500,000.00	\$523,460.41	\$1,023,460.41
26%	SF RESIDENTIAL	\$450,000.00	\$471,114.37	\$921,114.37
3%	AGRICULTURAL	\$50,000.00	\$52,346.04	\$102,346.04
11%	INDUSTRIAL	\$180,000.00	\$188,445.75	\$368,445.75
3%	CODES AND STANDARDS	\$50,000.00	\$52,346.04	\$102,346.04
	TOTAL	\$3,490,000.00		\$3,490,000.00

Costs by Customer Segment

MCE to determine best way to show budget breakdown by sector and necessary text.

PG suggests putting the program sectors in the same order as their described in the previous pages (MF, SF, Commercial, etc, rather than Commercial coming between MF & SF)

Table 6. Energy Efficiency Budget by Sector

Staffing		
8-10 FTE		\$800,000.00
CRM	\$100,000	\$100,000.00
SUBTOTAL	\$100,000.00	\$900,000.00
Marketing and Outreach		
Ad buys		\$250,000.00
Ad design		\$80,000.00
Community outreach		\$100,000.00
AMI / HURs		\$100,000.00
YouTube DIY		\$5,000.00
"Slush / Party Fund"		\$100,000.00
Contractor Outreach		\$50,000.00
SUBTOTAL		\$685,000.00

Education and Technology

EE Demo	
Room	\$10,000.00
School	
Program	\$75,000.00
Pre-Apprenticeship	\$15,000.00
Ad Hocs	\$50,000.00
Misc	\$50,000.00
<i>SUBTOTAL</i>	\$200,000.00

TOTAL **\$1,785,000.00**

Multi-family

Program Implementer	\$250,000.00
Program Specific M&O	\$50,000.00
Direct Install	\$150,000.00
Incentives	
ZNE	
Assistance	\$25,000.00
<i>TOTAL</i>	\$475,000.00

Commercial

Program Implementer	\$400,000.00
Program Specific M&O	\$50,000.00
Incentives	
ZNE	
Assistance	\$50,000.00
<i>TOTAL</i>	\$500,000.00

Single Family

Program Implementer	
Program Specific M&O	\$50,000.00
Home Upgrade Advisor	\$40,000.00
Auditor	
Team	
Auditor Training	\$50,000.00
Web portal	\$140,000.00
HURs	\$120,000.00
Incentives	
ZNE	
Assistance	\$50,000.00
<i>TOTAL</i>	\$450,000.00

Agricultural	
Program Implementer	
Program Specific M&O	\$50,000.00
Incentives	
ZNE	
Assistance	
TOTAL	\$50,000.00

Industrial	
Program Implementer	\$100,000.00
Program Specific M&O	\$50,000.00
ME&O	\$30,000.00
Incentives	
ZNE	
Assistance	
TOTAL	\$180,000.00

Codes and Standards	
Program Implementer	
Program Specific M&O	\$50,000.00
Incentives	
ZNE	
Assistance	
TOTAL	\$50,000.00

	Start Up	TOTAL
Energy Efficiency Program	\$100,000	\$3,490,000.00

MCE's Strategic Advantages

From an energy efficiency perspective, MCE's key differentiators make it a strong choice to best deliver on key energy efficiency goals:

- Greenhouse gas reduction is MCE's top priority
- The customer is MCE's shareholder
- MCE leadership is local and responsive to community needs
- Local partnerships aid market penetration

Greenhouse gas reduction is MCE's top priority. Reducing greenhouse gases and mitigating the effects of climate change is MCE's central mission. MCE's carbon-reduction based orientation is in strong alignment with Governor Jerry Brown's executive order to establish greenhouse gas reductions 40% below 1990 levels by 2030, a necessary step to ultimately reaching 80% reductions by 2050. To support these goals, MCE evaluates and prioritizes activities across operations according to greenhouse reductions rather than energy savings per se. The energy world is rapidly changing; SmartMeter technology has enabled customers to be in control of how and when they use energy across their properties, integrating energy conservation, energy efficiency, distributed generation, and demand response strategies into simple, easy to understand dashboards. These new strategies are enabling customers to become a part of the renewable energy solution, turning homes and businesses into providers of grid services. The energy solutions of tomorrow will not be focused on a single end use or single conservation strategy. Achieving our carbon reduction goals as a state will require recognizing this changing landscape and utilizing these emerging integrated solutions as a key component of renewables integration and demand reduction.

MCE is developing an integrated demand-side tool that evaluates the marginal cost of carbon abatement across demand-side management programs to help prioritize investment on a portfolio level from a carbon perspective.

MCE's primary focus on greenhouse gas reductions enables their energy efficiency strategy to drive market transformation in unique ways. Aligning incentives with market transformation indicators will allow MCE to take a long-term approach to energy efficiency program planning. A TRC considered over a 10-year program cycle will allow for more innovation and flexibility in early years, compensated for by higher participation as the measure matures and as demand increases. Programs like the California Solar Initiative have demonstrated the success of this approach, and similar logic could be applied to penetrate harder to reach markets or to bring customers in the later stages of energy efficiency to full ZNE. Continuing to reach beyond the low-hanging fruit and toward these deep, sometimes difficult to achieve energy savings is a key component of meeting California's carbon reduction goals.

The customer is MCE's shareholder. California is the nation's most populous state, and its ratepayers are geographically, demographically, and politically diverse. Engaging these diverse ratepayers in energy efficiency efforts will be critical in reaching California's ambitious energy reduction goals.

While certain statewide programs are beneficial to customers, the size of these programs can inhibit PAs from taking a more proactive approach in reaching customers. A strength of the CCA model is that its designed purpose is to meet the needs of local customers. Not only are MCE's local constituents its customers as well as its shareholders, but deep market penetration is how MCE creates "shareholder return" in the form of greater GHG reductions. As a result, MCE strives to understand customers' specific needs and motivators, which in turn drive the design of MCE's energy efficiency program. The program is designed for ease of use with greater accessibility to program navigators that can provide integrated, streamlined solutions. It includes activities that increase MCE's customer knowledge, such as sophisticated use of CRM software, customer satisfaction feedback, and collaboration with organizations deeply seated in the local community.

MCE's customer-centered approach directly addresses the following barriers and missed opportunities:

- There are a myriad of resource conservation programs made available by a variety of administrators, and customers have a hard time navigating their options or accessing multiple offerings within the scope of one project.
- Because program offerings can be inflexible, many small- to medium-sized projects as well as projects that must happen in phases (as tenants move out, for example) have a hard time taking advantage of incentives.
- New technologies and incentives are often marketed broadly, rather than targeted to customers for whom the solution meets a clear need.
- Opportunities to follow up with past energy efficiency customers are rarely utilized, often due to poor household/building data collection at the time of assessment.
- Private interests often push IOUs to focus on opportunities that will offer the biggest shareholder incentives rather than toward integrated, customer-focused solutions that target overall GHG emissions.

MCE provides a competitive advantage over IOUs when it comes to addressing customer engagement and participation barriers. MCE's programs take a flexible approach to the uniquely local characteristics of commercial, residential, industrial, and agricultural customers in its territory. CRM systems use previous interactions with, and behaviors of, ratepayers to best anticipate their needs and to target new technologies and incentives that will best align with specific customers and their needs. MCE is able to leverage and include statewide programs in its customized solutions for each customer, thereby increasing the overall value provided.

Because MCE's shareholders are, in fact, its customers, an important alignment takes place because the need to make profits for external shareholders is removed. MCE can make decisions that are in the very best interests of those it serves. This means that MCE can optimize energy and efficiency without the burden of making profits for shareholders.

MCE leadership is local and responsive to community needs. As a CCA, MCE is governed by local elected officials and supported by community leaders and local institutions. Partnerships with community organizations and local banks, contractors, and technical assistants aggregate the opportunities available to MCE's ratepayers, while also fostering community connectedness and trust between parties. Ratepayer fees are invested in energy programs that directly benefit constituents without diverting funds to private investors. MCE's energy efficiency programs are discussed at publicly noticed board meetings; this provides transparency and allows for constituents to provide immediate feedback on program design and implementation.

MCE is governed by a board of directors comprised of elected officials from the communities it serves. Because these elected officials need to respond to their constituents, MCE also shares this responsibility for meeting the needs of the local community. This means that MCE can undertake local initiatives that would be unlikely to be led by IOUs.

Further, local governments are under strict mandates to manage carbon emissions. Because of MCE's strong connectivity to local governments, MCE is uniquely positioned to partner with communities in order to help them address their most pressing needs.

Local partnerships aid market penetration. MCE maximizes the strengths of a flexible, locally connected energy efficiency program by meeting ratepayers where they are. MCE collaborates with innovative partner companies to access community-based organizations, schools, local companies, religious institutions, and other organizations as drivers of energy efficient behaviors. Partnerships with place-based organizations that employ local residents as part of energy efficiency solutions engage customers not only as ratepayers, but also as contractors, employers, workers, and community leaders, resulting in behavior change across many important sectors. MCE's ability to deeply penetrate the local market helps to maximize program participation.

The program's local partnerships also allow MCE to serve hard to reach residents, including renters, low-moderate income households, and non-English speaking households, who often miss out on services due to language barriers. With workforce partners, MCE brings services directly to underserved households by using bilingual contractors and job trainees. Because program contractors are hired directly from the communities they serve, their language skills mirror the community itself and allow increased access to non-English speaking households. MCE connects with these segments by participating in over 100 public community events annually. This outreach empowers customers and local contractors to promote the program to their neighbors, friends, and family to help spread information about energy efficiency through trusted channels.

Conclusions

Moving from Niche to Primary Provider

Given the vast changes taking place in the energy delivery field, MCE is well poised to become the primary provider of energy efficiency services in its territory. The utility of the future needs to be much more nimble and locally responsive than utilities of the past, and MCE is this energy provider. Because MCE was created within the last 10 years specifically in response to urgent customer needs, it is uniquely positioned to address significant customer and societal needs moving forward. Its position as a CCA allows MCE to manage its programs and approach from a local community need position. This will ultimately provide the best results to all communities and customers. From managing distributed energy resources, to empowering the grid of the future, MCE has the local focus combined with operational agility to manage vastly and uniquely changing customer demands and needs. The focus of this document is on energy efficiency, but MCE's focus and outlook include much more than energy efficiency alone.

The Time is Now

We are living in an extraordinary time. While we currently face intimidating scenarios of climate disruption due to an over-reliance on carbon-based fuels, we are also seeing incredible advances in technologies that offer the potential to reverse the massive build-up of carbon that is taking place in our atmosphere. But rising to the challenge of climate change will require a rethinking and reworking of how we deliver and manage energy systems as a whole.

As Albert Einstein famously quipped, "We cannot solve our problems with the same thinking we used when we created them." Nowhere is this truer than with our energy systems. Most of the energy in America is generated, delivered, and managed by regulated monopolies that are more than 100 years old. These institutions were born in a completely different era, and they have served us well for many years. However, the world is completely different now, with unique challenges and extraordinary opportunities. MCE was born in this era and is built on a foundation that is focused on today's challenges, perspectives, and relevant issues. MCE was created to take advantage of and embrace the very best of energy efficiency research and practice. Unlike large IOUs and POUs, MCE can be nimble and focus on those areas of the greatest need and opportunity with the requirements of an aging energy generation and distribution system.

Appendix

MCE to take lead on determining appendices needs & populating

- Energy Savings: E3 Calculations
 - Program Measures
 - Other?

Retirement Plan Proposal Summary and Discussion Draft

Proposal Overview

MCE's retirement plans are currently being managed completely by Nationwide which is providing the plan administration and recordkeeping, and fund line up.

Early in 2015, MCE reached out to large retirement plan managers Schwab, Fidelity, and Vanguard to determine if given the growth of MCE since inception, these providers would agree to manage MCE's retirement plans on their retirement platforms. MCE's plans are currently too small for these larger providers to service. The large providers offer a number of potential advantages for MCE over Nationwide. These include more customization of investment selections, lower cost to plan participants by offering no load funds and negotiated institutional pricing, separate accounting for each plan and account, and more support for MCE as the plan sponsor in the event of plan audit or questions regarding plan design.

Two other options are available to provide in varying degrees some or all of these advantages:

- 1) Combine a third-party record keeper or administrator and a separate independent investment advisor
- 2) Renegotiated pricing and service offering from Nationwide

In order to explore these other options MCE solicited indicative proposals from: 1) two independent third party record keepers, 2) two independent investment advisors, and 3) the current bundled plan provider, Nationwide.

In comparing these proposals, there are a few items of note.

For Administrative Proposals:

- PenServ and Admin Partners third party administrators offer separate record-keeping and reporting as opposed to combining employee accounts for both plans. Nationwide is able to offer no cost administration by consolidating the 401(a) and 457(b) accounts by employee
- All third-party administrators offer SAS 16/FAS 70 certification of their control and record system
- PenServ indicates that its platform can accommodate funds from any fund family including Vanguard or other no/low load funds and that it will negotiate institutional pricing for these funds
- Nationwide will offer Schwab direct to provide a wider variety of investments and lower load funds as MCE requests.

For Fiduciary Proposals:

- Both Sage and Genovese third party fiduciary proposals include start up support in developing guidelines and documents around a formal retirement plan investment policy.
- Nationwide's updated proposal offers fiduciary services provided by Morningstar. It is unclear if these include the start-up for an investment policy.
- Nationwide offers Morningstar services free of direct charge (although it is likely that these costs are recovered through fund loads). Genovese quotes its investment services at 0.4% of

assets, so the costs are increasing as MCE's fund assets increase. Sage View is a larger scale investment advisor and for MCE's relatively small plans quotes a flat rate of \$10,000 per year for both plans with the potential to move to a percent of assets when the funds are larger. To put the flat fee in perspective, Genovese percent of asset charge would be \$8,000 per year when MCE's assets reached \$2 million total.

Proposal Discussion and Staff Recommendation:

Staff recommends adopting a separate fiduciary and administrator structure using Genovese as investment advisor/fiduciary and PenServ as administrator. We believe this allows for the greatest level of fund customization including use of Vanguard no load funds. The combination of Genovese and PenServ results in an estimated annual plan cost of approximately \$8,500 per year, roughly equivalent to the updated Nationwide proposal.

While both investment firms have local Northern California offices to support MCE, Sage View is a substantially larger national firm while Genovese is a local Sacramento business with strong ties to MCE's valued banking partner, River City Bank. It is important to carefully assess and balance the quality and responsiveness of service with the negotiating power of asset size when securing the best fund pricing for MCE from broker dealers. However, PenServ as administrator ensures that MCE will have access to the lowest cost institutional mutual fund shares for employees. This element of fund cost and fiduciary oversight may become increasingly important given the Supreme Court's recent (May 2015) decision in *Tibble vs. Edison International* (attached) in which the Court found that the employer had breached fiduciary duty of care and due diligence by including higher cost basic mutual fund offerings when lower cost institutional shares were available.

We recommend that MCE revisit its choice of plan provider periodically to make sure it is leveraging the best options for employees and the agency. In particular, when the individual plans have grown to \$1 million plus dollars, MCE should review the offerings of large providers like Fidelity or Schwab who package broker dealers' services with administration. The choice of Genovese as an investment advisor independent of any broker/dealer will provide future value in educating staff and management regarding plan options and will be helpful in vetting and negotiating the best options from Fidelity-like providers in the next iteration.

Staff recommends that MCE take on the administration costs for the plans, removing this burden from employees and enhancing the value of the overall employee benefit at minimal cost. Based on inquiries regarding mid-sized utilities as well small and mid-sized commercial and private companies, it is typical for the employer to pay the plan administration fees and offset these costs with monies from plan forfeitures. Since MCE uses 4-year plan vesting in the 401(a) plan, this should offset projected administrative costs.

Summary of Plan Provider Proposals

The proposals are summarized below along with a short description of the firms and their experience.

Retirement Plan Provider Proposal Summary

Key Plan Features	Bundled Management		Administrators		Investment Fiduciaries	
	Current Plan -Nationwide	Nationwide Proposal	PenServ	Admin Partners	Sage View	Genovese Burford
ERISA 3(21) fiduciary plan oversight and investment advice	N/A	✓			✓	✓
Retirement plan best practices and procedures	N/A	✓			✓	✓
Investment selection support	N/A	✓			✓	✓
Quarterly analysis of plan performance	✓	✓			✓	✓
Custom financial investment offerings	N/A	✓+			✓+	✓+
Investment Policy and Board Investment Committee design and implementation	N/A	?			✓+	✓+
Proactive on-going plan compliance consulting and legislative updates	N/A	✓	✓+	✓	✓	✓
Management reporting and analysis	✓	✓	✓+	✓	✓+	✓+
Participant notifications and collection of plan/account data[1]	✓-	✓-	✓	✓		
Hardship and Loan Processing	✓	✓	✓	✓		

Retirement Plan Provider Proposal Summary (cont.)

Provider Costs						
Key Plan Features	Current Plan - Nationwide	Nationwide Proposal	PenServ	Admin Partners	Sage View	Genovese Burford
Admin and Fiduciary Costs Billed to Plan Sponsor (MCE)	No	Yes	Yes	Yes	Yes	Yes
Fiduciary costs	\$ -	\$ -			\$ 10,000.00	0.4% on assets
Plan Transfer Fees	\$ -	\$ -	\$ 1,350.00	\$ 1,000.00		
Administrative charge on assets	0.80%	0%	0.10%	\$ -		
Administrative/Records charges	\$ -	\$ -	\$ 3,600.00	\$ 1,400.00		
Average Fund/Investment costs	1%	1%-2.5%			0%-2%	0%-2%
Total Estimated MCE Cost in First Year	\$15,354.000	\$8,530.00	\$ 4,950.00	\$ 2,400.00	\$ 10,000.00	\$3,412.00
Average cost per employee Account	\$697.91	\$387.73	\$ 286.36	\$ 109.09	\$ 454.55	\$ 155.09

Short Company Overviews

Provider Type	Company	Contact	Description
Fiduciary/ Advisor	Sage View Advisors	Bob Patton, Managing Director	Small national investment firm. California-based, founded in 1989. Offices in San Francisco and 17 other location nationwide. 650 clients/\$38 billion under management
	Genovese Burford	Kevin Thelen, Partner	Small regional firm. California based, founded in 1987. Offices in Sacramento, introduced by River City Bank. \$2.2 billion under management
Record-keeper	PenServ	Bill Fisher, Director Business Development	Small national administrator. Founded in 1986 and based in South Carolina, services all types of retirement plans. Services over 1,100 plan sponsors. Introduced by Vanguard Funds
	Admin Partners	Doug Baldino, Sales Manager	Large national administrator specializing in public education and non-profit employers including church and religious organizations. Services over 400 plan sponsors. Introduced by Vanguard Funds
Bundled All-in-One	Nationwide	Brent Flowers, Relationship Consultant	Large national plan manager. Thousands of clients serving all types of public and private plans.

GENOVESE BURFORD & BROTHERS

WEALTH & RETIREMENT PLAN MANAGEMENT

Retirement Plan Management: Our Firm, People, Qualifications, and Services



Your Best Interest. Always.



Our Firm



Independence

*Our firm was founded
with a vision to offer
independent high-quality
consulting services to
individuals & retirement
plans*

Participant Results

*We focus on increasing
the retirement incomes of
plan participants*

Fiduciary Protection

*Our services and solu-
tions are designed to help
protect plan fiduciaries*



Genovese Burford & Brothers (GGB) was formed in 1987 as a consolidation of financial advisory practices. The intent was to gather a team of dedicated professionals that could deliver a broad spectrum of comprehensive financial services. Our firm has focused on retirement consulting services, fee based asset management, and estate planning & insurance since our inception.

We serve as a trusted partner with companies in providing guidance and solutions based on a thorough understanding of each client's situation and goals. Whether performing investment advisory services, consulting on plan design, providing employee communications, or evaluating service providers to compare fees and services, our process-driven, documented approach can help protect employers from corporate and personal financial liability, while striving to increase the retirement income of your employees.



Our Team of Experts



Lon E. Burford, CFP®, AIF®

Lon is the firm's principal partner in charge of GBB Retirement Plan management services. He, along with Mike Genovese, was a founding partner of the firm in 1987 and has been a registered investment professional for 30 years.

Lon is a Certified Financial Planner and an Accredited Investment Fiduciary. He holds a Series 7, 63 and 65 securities registrations. He is also a Registered Investment Advisor Representative.



Michael T. Genovese, CFP®

Mike, also a founding partner of the firm, is the Chief Investment Officer of the Genovese Burford & Brothers Wealth Management Division. He has been registered investment professional for 31 years and he holds a Series 7, 24, 51 and 63 securities registrations. He is a Registered Investment Advisor Representative.

In his role as the CIO of the Genovese Burford & Brothers Wealth Management Division, Mike is responsible for the development and implementation of custom risk based asset allocation models for our retirement plan clients who wish to offer those vehicles to their participants. Genovese Burford and Brothers has managed this series of risk based models for over twenty years.



Kevin M. Thelen, CFA, CFP®

Kevin joined Genovese Burford and Brothers in 2007 and became partner in 2012. He holds the Certified Financial Planner and Chartered Financial Analyst designation, a Series 7 & 66 securities registration, and he is a Registered Investment Advisor Representative.

Kevin's responsibilities include the management of our retirement plan client relationships, serves as a member on GBB's investment committee, participates in our investment research and custom reporting, and engages heavily with retirement plan participants.



Alex G. Brown, CFP®, CPA

Alex joined Genovese Burford & Brothers in 2004 and was made a partner in 2008. He is a Certified Public Accountant, and worked for several years with Arthur Anderson and then as a financial analyst for Hewlett Packard. Alex also holds the Certified Financial Planner Designation, holds a Series 7 and 66 securities registration, and he is a Registered Investment Advisor Representative.

Alex occupies the lead role in a number of our retirement plan relationships and brings a significant level of tax, audit, and investment experience to those companies.



Our Team of Experts



Kelly T. Brothers

Kelly became a GBB partner in 2007. He's not only a specialist in asset management; he's also a well-known business reporter for KCRA and KFBK. In fact, he delivers all of his reports from a fully-functional news studio inside the GBB office. He holds an MBA in international business from Notre Dame and the London School of Business. Kelly, a dual citizen of the U.S. and Ireland, has been named Volunteer of the Year by the Mercy Foundation, Father of the Year by the Center for Fathers and Families and twice named News Anchor of the Year by the Sacramento Bee.



Kevin A. Chang, CPA, AIF®

Kevin joined Genovese Burford and Brothers in 2011. Before joining GBB, Kevin gained valuable experience as a client relationship manager with Smart Investor and a senior auditor with KPMG. He is a Certified Public Accountant and an Accredited Investment Fiduciary. Kevin holds a Series 7 & 66 security registrations and is a Registered Investment Advisor Representative.

Kevin's responsibilities include the management of retirement plan client relationships, investment research, employee education, and assisting individuals with their personal financial planning and investment management needs.



Jonathan L. Deering, CFA

Jonathan recently joined Genovese Burford & Brothers from Capital Research and Management, manager of the American Funds, where he served as an investment analyst and manager of client assets for the last ten years. Prior to Capital Research, Jonathan held investment positions with Franklin Templeton Investments and Caxton Associates, and he brings over fifteen years of investment experience to Genovese Burford & Brothers. Jonathan holds an M.B.A. from The Wharton School of the University of Pennsylvania and a Chartered Financial Analyst designation.

Jonathan's responsibilities include assisting with investment strategy, including asset allocation and manager selection, and advising clients with respect to wealth management and retirement planning objectives.



Our Designations

Our team holds the flagship designations in our industry. Genovese Burford & Brothers' has developed a team with diverse expertise with focuses in individual financial planning, institutional investment knowledge, tax planning, and fiduciary practice standards. Below we have highlighted what each of our designations means to you.

Certified Financial Planner (CFP®):

The CFP® exam is a rigorous exam which covers general principles of financial planning, insurance planning, investment planning, income tax planning, retirement planning, estate planning, interpersonal communications, professional conduct, and fiduciary responsibility.

Chartered Financial Analyst (CFA):

The Chartered Financial Analyst (CFA) charter is an investment credential that, for more than 60 years, has been the global standard for embodying the integrity, dedication, and advanced skills needed to build a stronger, more accountable financial industry. No credential is as widely respected for its focus on current investment expertise and performing in the client's best interest. None is harder to obtain.

Certified Public Accountant (CPA):

Certified Public Accountant (CPA) is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA. The CPA designation provides a technical background in corporate and individual tax issues.

Accredited Investment Fiduciary (AIF®)

The Accredited Investment Fiduciary® (AIF®) designation represents a thorough knowledge of and ability to apply the fiduciary practices. AIF® designees learn fiduciary practices and the legal and best practice framework they are built upon.



Overview of Services

Investment Services

ERISA states that plan fiduciaries must act “with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims”. In other words, fiduciaries are expected to behave as an expert would in making investment decisions. Genovese Burford & Brothers can accept the highest fiduciary standard for the management of plan investments.

Our investment services include:

♦ **Investment Fiduciary Services**

◊ Discretionary Investment Fiduciary Service (ERISA 3(38) investment manager)

◊ Non-Discretionary Investment Fiduciary Service (ERISA 3(21) investment advisor)

♦ **Investment Manager Evaluation**

♦ **Investment Manager Monitoring**

♦ **Investment Policy Statement Design**

♦ **Participant Asset Allocation Strategies**

Plan Design

Plan design decisions are among the most important decisions plan fiduciaries will make. A well designed plan can help protect fiduciaries, improve retirement income for employees, and provide a valued benefit to your employees.

Our plan design consulting helps to ensure your goals are met:

- ♦ **Improve participant saving and investment decisions**
- ♦ **Benefit executives and key employees**
- ♦ **Reduce administrative burden**



Overview of Services

Service Provider Evaluation, Selection and Monitoring Assistance

Selecting service providers, like a financial advisor, third party administrator, plan auditor, record-keeper, or attorney to help manage your plan is an important decision, and if that service provider is paid from plan assets it is a fiduciary decision. Service providers paid from plan assets must have both the contract or arrangement and the compensation be “reasonable”. As ERISA, the Department of Labor, nor the court system has defined reasonable, it is the duty of plan fiduciaries to use their judgment in determining the reasonableness of fees paid out of plan assets; with this perspective, the “judgment” used by a plan sponsor must be defensible if scrutinized. We have a documented process to facilitate both a quality decision and a means to protect fiduciaries if scrutinized.

♦ Service Provider Evaluation Assistance

- ◇ Identify appropriate service providers for plan
- ◇ Evaluate their services and fees

♦ Service Provider Selection Assistance

- ◇ Review findings from evaluation analysis
- ◇ Help plan sponsor match needs with most appropriate provider.

♦ Monitoring Assistance

- ◇ Share market knowledge with plan sponsor
- ◇ Benchmark service providers
 - * Compare fees and services of competing providers
 - * Compare fees and services with market data



Overview of Services

Participant Education

Participants in a company retirement plan typically have two decisions, how much to save and how to invest that money. The impact of those decisions on their retirement income is significant, but we find that most are not prepared to make those decisions effectively. We design our engagement programs with the goals of improved decisions, increased participant confidence, and promoting the retirement plan as a key company benefit.

♦ Group Seminars

- ◇ Enrollment
- ◇ Popular Seminars
 - * **Investing 101 - Stocks & Bonds:** Their risks, historical returns, and building a retirement portfolio.
 - * **Saving In Your 20s & 30s:** Buying Retirement While It's Cheap!
 - * **Preparing for Retirement in Your 40s & 50s:** Aligning Retirement Expenses with Social Security, Investment Income, and Other Sources.
 - * **Investing in Your 50s & 60s:** Managing Risk and Preparing to Generate Income from Your Portfolio.
 - * **Social Security:** Strategies to Maximize Your Retirement Income.

*** One-on-One Meeting**

- ◇ Investment selection guidance
- ◇ Savings rate guidance

♦ Ongoing Access to Advisors

- ◇ Provide all employees email and phone number of advisors



GENOVESE
BURFORD &
BROTHERS

WEALTH AND RETIREMENT
PLAN MANAGEMENT

YOUR BEST INTEREST. ALWAYS.

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Tel 916.924.7527 Tel 888.924.9350 Fax 916.646.3287 Web www.gbbwealth.com

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Genovese Burford & Brothers - 2015-2017 Service Plan Marin Clean Energy

<p style="text-align: center;"><u>Q2 2015</u></p> <p>Record-Keeper Request for Proposal Analysis: Review the fees, services, and investment opportunities at multiple record-keepers based on “Retirement Plan Service Needs Data Gather Questionnaire”.</p> <p>Record-Keeper Selection: GGB to provide recommendation to MCE.</p>	<p style="text-align: center;"><u>Q3 2015</u></p> <p>Record-Keeper Transition: There will be weekly phone calls with record-keeper to facilitate a smooth transfer.</p>
<p style="text-align: center;"><u>Q4 2015</u></p> <p>Record-Keeper Implementation: Assets from current record-keeper to new record-keeper.</p> <p>Employee Education (GGB): Group seminar to educate on change, who GGB is, and resources available to them. One-on-one meetings to follow focusing on investment decision with new record-keeper.</p> <p>Investment Services: Email quarterly investment performance report.</p>	<p style="text-align: center;"><u>Q1 2016</u></p> <p>Investment Services:</p> <ul style="list-style-type: none"> - Email quarterly investment performance report. - Meet with plan fiduciaries to review investment plan.
<p style="text-align: center;"><u>Q2 2016</u></p> <p>Investment Services:</p> <ul style="list-style-type: none"> - Email quarterly investment performance report. 	<p style="text-align: center;"><u>Q3 2016</u></p> <p>Investment Services: Email quarterly investment performance report.</p>
<p style="text-align: center;"><u>Q4 2016</u></p> <p>Investment Services: Email quarterly investment performance report.</p>	<p style="text-align: center;"><u>Q1 2017</u></p> <p>Investment Services:</p> <ul style="list-style-type: none"> - Email quarterly investment performance report. - Meet with committee to review investments plan. <p>Employee Education:</p> <ul style="list-style-type: none"> - Group seminar & one-on-one meetings .

Genovese Burford & Brothers Service and Fee Summary Marin Clean Energy

Below we have summarized our fee and services to manage the retirement plans at Marin Clean Energy. We welcome the opportunity to work with you on further customizing our services and pricing based on your needs.

FEE: 0.40%

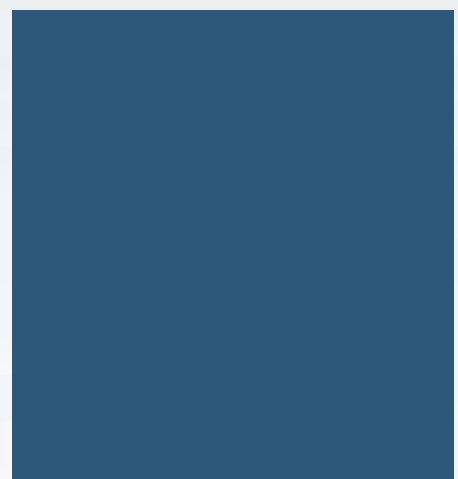
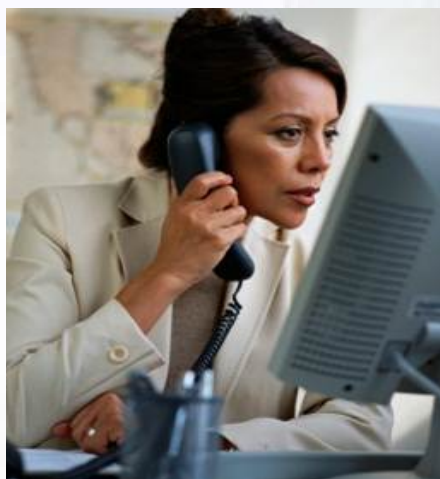
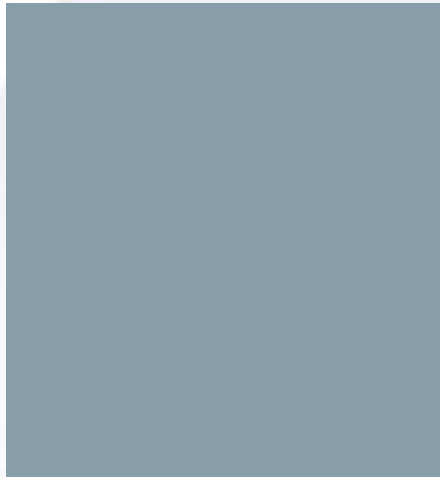
Summary of Services	
<u>Service</u>	<u>Details</u>
Discretionary Investment Fiduciary Service (ERISA 3(38)) or Non-Discretionary Investment Fiduciary Services (ERISA 3(21))	<ul style="list-style-type: none"> - Annual fiduciary meeting: GBB to review investment plan and communicate potential changes. - Quarterly performance reporting: plan fiduciaries will receive a quarterly performance update. - Provide in-depth manager evaluation analysis - Investment policy statement - Asset allocation strategies
Service Provider Evaluation, Selection and Monitoring Assistance	<ul style="list-style-type: none"> - Service Provider Evaluation Assistance <ul style="list-style-type: none"> o Identify appropriate service providers for plan o Evaluate their services and fees - Service Provider Selection Assistance <ul style="list-style-type: none"> o Review findings from evaluation analysis o Help plan sponsor match needs with most appropriate provider. - Monitoring Assistance <ul style="list-style-type: none"> o Share market knowledge with plan sponsor o Benchmark service providers <ul style="list-style-type: none"> ▪ Compare fees and services of competing providers ▪ Compare fees and services with market data
Employee Education	<ul style="list-style-type: none"> - GBB to provide annual group and one-on-one meetings. - Focus efforts on increasing the financial security of employees.

Prepared for:

MCE Energy



401(a) Retirement Plan and Recordkeeping Services





Selecting a Recordkeeper/Administrator

Selecting a recordkeeper/administrator for your 401(k) plan is one of the most important decisions you'll make when designing a program for your employees.

In today's marketplace, many firms offer plans with standard provisions that may result in increased costs to maintain the program or result in reduced allocations to higher-paid employees. At PenServ, we focus on the needs and goals of the employer, to ensure there are no surprises. With information on your firm and your employee base, our experienced Consulting Group can design a plan tailored to your specific needs.

As a PenServ client, you will be guided by a trained relationship team that will oversee the day-to-day operations of the Plan. Utilizing the latest in technology, this group will focus on compliance with IRS and DOL regulations to ensure contributions, distributions and general operations are managed according to your plan document.

Services Include:

- ✓ Compliance Monitoring and Reporting to Plan Sponsor
- ✓ Annual Review of the Plan Design
- ✓ Monitoring of Plan and Loan Limits, Hardship Withdrawals and Permitted Distributions for compliance purposes
- ✓ Operational Procedures that ensure IRS Audit Requirements are implemented and documented



Industry Best Practices Standards

Managing Change

Regulations define how qualified retirement plans are managed. The PenServ Relationship Teams guide employers through these complex rules to ensure that transactions are documented and applied on a timely basis. Beginning with the document design, through the processing of payroll files, employers are provided guidance to establish the proper oversight of administrative activities.

As regulatory changes impact the design and operational aspects of the plan, the Relationship Team assists the plan sponsor with document changes and employee communication materials.

Conversion Analysis

As part of the takeover process, PenServ will conduct a due-diligence analysis of the procedures currently in place for managing the program. This process identifies any options that may improve the efficiency of the administrative process. The Conversion Team assigned to the plan coordinates the project and directs the activities based on a timeline designed to ensure all records are captured and applied properly.

Upon completion of the conversion process, the account detail is reviewed by a senior plan specialist and the plan is transitioned to the Relationship Group.





On-going Plan Administration

It Takes a Team

When your plan is managed by PenServ Administration, a team of qualified individuals will be responsible for all aspects of the program. The PenServ Benefits Group is responsible for consulting with individual participants requesting assistance with a loan, a in-service distribution or other qualified payment of benefits. With *PenStation*SM all activities and communication are connected to ensure documentation and continuity for follow-up on pending matters. The focus of this Group is to assist employees and beneficiaries with the complex rules that now apply to their accounts.

The Relationship Team also works with the plan's investment providers to ensure best industry practices are applied to the operation of the program, relieving the employer of coordinating the day-to-day administrative functions.

Standard Annual Activities:

- ✓ Plan Document Review
- ✓ Management Summary Analysis
- ✓ Required Notifications
- ✓ Collection of Plan Data
- ✓ Eligibility Projections
- ✓ Hardship and Loan Processing
- ✓ Non-Discrimination Testing
- ✓ Legislative Updates



Audited Controls Ensure Accuracy

Controls are Audited Annually

The PenServ Operations Group maintains controls and procedures that are audited each year by an independent CPA firm. This process ensures that plan activities are handled and maintained according to AICPA standards. If the plan requires an independent audit, the SSAE-16 report on internal controls may permit the employer's CPA to conduct a limited-scope audit and reduce the cost for the plan.

Security Measures Protect Sensitive Records

Controls also ensure participant data is secured within our system. Individual access to the PenServ Operations Center is controlled by electronic identification and entry is captured in permanent electronic media. Data is duplicated and stored in a backup location that can be activated in case of a natural disaster.



Security and Control Measures

- | | |
|-----------------------------------|--------------------------------------|
| ✓ Secure File Transfer of Data | ✓ System Access Tracking |
| ✓ Full Backup System/Data Storage | ✓ Monitoring of Workstation Security |
| ✓ On-Site Power Backup Testing | ✓ Limited Employee Access Levels |
| ✓ 24/7 Intrusion Monitoring | ✓ 24/7 Physical Location Security |



Innovative Technology

Periodic System Enhancements

As new advances in technology becomes available, the Product Development and Marketing Group collaborates to review concepts that could improve the delivery of plan information to participants and plan sponsors.

New tools to analyze plan data, communicate plan information and changes within the industry allow plan sponsors to view investment performance, program demographics and trends that may be developing in the plan. Reports can be defined by the user and downloaded electronically in simple text or delimited files.

Electronic Communication

In addition to improved access to plan data, technology improvements now allow participants 24/7 access to enrollment and educational systems, information on investment providers and sophisticated tools to manage retirement accounts. Amounts available for participant loans are captured and displayed in the system and employees can receive immediate approval through the web site.

Sample Electronic Communications:

- ✓ Payroll Due Notification
- ✓ Hardship Suspension Notice
- ✓ Late Payroll Notification
- ✓ Expiration of Suspension Notice
- ✓ Payroll Confirmation
- ✓ Late Loan Payment Review
- ✓ Electronic Transfer of Funds
- ✓ Notification of Information Due
- ✓ Reconciliation with Vendors
- ✓ Legislative Updates

401(a) Plan Administration Services

Administration of a 401(a) program requires assistance with the many complex rules that govern qualified retirement plans. As a PenServ client, the activities needed to meet IRS and DOL regulations are provided on an annual basis:

- ✓ Plan Design and Initial Qualification Testing
- ✓ Plan Document and Administrative Forms
- ✓ Open-Architecture Investment Option
- ✓ Limitation Testing
- ✓ Quarterly Participant Statements
- ✓ 24/7 Automated Response Systems
- ✓ Automated Loan Processing
- ✓ Monitoring Coverage and Non-discrimination
- ✓ Compliance Rules
- ✓ Annual Management Review of Plan
- ✓ Compliance Reporting
- ✓ Monitoring and Reporting of Plan Expenses
- ✓ Preparation of Audit Reports
- ✓ Periodic Legislative Updates





Estimated Annual Plan Fees

MCE Energy 401(a) Plan

25 Participants and \$750,000 (Combined with 457b)

Service Description	Cost
ONE-TIME FEES	
Plan Take-Over Fee (Includes Takeover of 457b Plan)	\$ 1,350
Includes due-diligence review of Plan records and plan design, testing options, review of SPD, administrative policies and forms for compliance purposes, design, build and test of participant/plan sponsor web site, enrollment and participant training video for new and existing participants, management of conversion project and implementation timeline	
ANNUAL FEES	
Base Fee	\$ 1,800
Maintain Plan Sponsor web portal, process and reconcile periodic contributions with limitation monitoring, Plan specification vs. document analysis, 410(b), 401(a)(4), 401(k)/401(m), 414(s) and 415 contribution testing, preliminary and final testing reports, calculation and tracking of excesses, annual compliance audit report	
Participant Fees @ \$40	
Provide customized Participant website, Participant telephone and on-line support in Spanish and English, quarterly statements, allocation of contributions, trade/investment transaction capture and transmission, account maintenance	\$ 200
Preparation of Form 5500 and Financial Reports	\$ 500
Preparation of Trust transactions and financial reports, signature-ready Form 5500, Summary Annual Report, annual compliance notices, testing reports and management review	
OTHER FEES	
Benefit Payments	\$ 70/each
Calculation of benefits due, track cash-out distributions, location service for lost participants, calculation, processing and communication of required minimum distributions, qualification and processing of hardship payments, employee and employer suspension notifications	
Initial Participant Loan	\$ 70/each
Calculation and set-up of loan, amortization schedule, participant loan guide	
Loan Administration	\$ 12.50/qtr
Processing and tracking of loan repayments, loan default processing, monitoring special loan of military and leave of absence, confirmation of payroll deductions	



Contact Information

The Marketing and Business Development Group from PenServ can assist you with information relating to our services. A qualified marketing representative can provide recommendations or solutions to your specific questions.

To speak with a marketing representative, please contact our office:

PenServ Marketing Group

Phone	(800) 849-4001 or (803) 791-4923
Fax	(803) 791-5925
Web Site	www.penserv.com
Email:	marketing@penserv.com



(Slip Opinion)

OCTOBER TERM, 2014

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Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States v. Detroit Timber & Lumber Co.*, 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

TIBBLE ET AL. *v.* EDISON INTERNATIONAL ET AL.CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR
THE NINTH CIRCUIT

No. 13–550. Argued February 24, 2015—Decided May 18, 2015

In 2007, petitioners, beneficiaries of the Edison 401(k) Savings Plan (Plan), sued Plan fiduciaries, respondents Edison International and others, to recover damages for alleged losses suffered by the Plan from alleged breaches of respondents’ fiduciary duties. As relevant here, petitioners argued that respondents violated their fiduciary duties with respect to three mutual funds added to the Plan in 1999 and three mutual funds added to the Plan in 2002. Petitioners argued that respondents acted imprudently by offering six higher priced retail-class mutual funds as Plan investments when materially identical lower priced institutional-class mutual funds were available. Because ERISA requires a breach of fiduciary duty complaint to be filed no more than six years after “the date of the last action which constitutes a part of the breach or violation” or “in the case of an omission the latest date on which the fiduciary could have cured the breach or violation,” 29 U. S. C. §1113, the District Court held that petitioners’ complaint as to the 1999 funds was untimely because they were included in the Plan more than six years before the complaint was filed, and the circumstances had not changed enough within the 6-year statutory period to place respondents under an obligation to review the mutual funds and to convert them to lower priced institutional-class funds. The Ninth Circuit affirmed, concluding that petitioners had not established a change in circumstances that might trigger an obligation to conduct a full due diligence review of the 1999 funds within the 6-year statutory period.

Held: The Ninth Circuit erred by applying §1113’s statutory bar to a breach of fiduciary duty claim based on the initial selection of the investments without considering the contours of the alleged breach of fiduciary duty. ERISA’s fiduciary duty is “derived from the common

Syllabus

law of trusts,” *Central States, Southeast & Southwest Areas Pension Fund v. Central Transport, Inc.*, 472 U. S. 559, 570, which provides that a trustee has a continuing duty—separate and apart from the duty to exercise prudence in selecting investments at the outset—to monitor, and remove imprudent, trust investments. So long as a plaintiff’s claim alleging breach of the continuing duty of prudence occurred within six years of suit, the claim is timely. This Court expresses no view on the scope of respondents’ fiduciary duty in this case, *e.g.*, whether a review of the contested mutual funds is required, and, if so, just what kind of review. A fiduciary must discharge his responsibilities “with the care, skill, prudence, and diligence” that a prudent person “acting in a like capacity and familiar with such matters” would use. §1104(a)(1). The case is remanded for the Ninth Circuit to consider petitioners’ claims that respondents breached their duties within the relevant 6-year statutory period under §1113, recognizing the importance of analogous trust law. Pp. 4–8.

729 F. 3d 1110, vacated and remanded.

BREYER, J., delivered the opinion for a unanimous Court.

Cite as: 575 U. S. ____ (2015)

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Opinion of the Court

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

SUPREME COURT OF THE UNITED STATES

No. 13–550

GLENN TIBBLE, ET AL., PETITIONERS *v.*
EDISON INTERNATIONAL ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

[May 18, 2015]

JUSTICE BREYER delivered the opinion of the Court.

Under the Employee Retirement Income Security Act of 1974 (ERISA), 88 Stat. 829 *et seq.*, as amended, a breach of fiduciary duty complaint is timely if filed no more than six years after “the date of the last action which constituted a part of the breach or violation” or “in the case of an omission the latest date on which the fiduciary could have cured the breach or violation.” 29 U. S. C. §1113. The question before us concerns application of this provision to the timeliness of a fiduciary duty complaint. It requires us to consider whether a fiduciary’s allegedly imprudent retention of an investment is an “action” or “omission” that triggers the running of the 6-year limitations period.

In 2007, several individual beneficiaries of the Edison 401(k) Savings Plan (Plan) filed a lawsuit on behalf of the Plan and all similarly situated beneficiaries (collectively, petitioners) against Edison International and others (collectively, respondents). Petitioners sought to recover damages for alleged losses suffered by the Plan, in addition to injunctive and other equitable relief based on al-

Opinion of the Court

leged breaches of respondents' fiduciary duties.

The Plan is a defined-contribution plan, meaning that participants' retirement benefits are limited to the value of their own individual investment accounts, which is determined by the market performance of employee and employer contributions, less expenses. Expenses, such as management or administrative fees, can sometimes significantly reduce the value of an account in a defined-contribution plan.

As relevant here, petitioners argued that respondents violated their fiduciary duties with respect to three mutual funds added to the Plan in 1999 and three mutual funds added to the Plan in 2002. Petitioners argued that respondents acted imprudently by offering six higher priced retail-class mutual funds as Plan investments when materially identical lower priced institutional-class mutual funds were available (the lower price reflects lower administrative costs). Specifically, petitioners claimed that a large institutional investor with billions of dollars, like the Plan, can obtain materially identical lower priced institutional-class mutual funds that are not available to a retail investor. Petitioners asked, how could respondents have acted prudently in offering the six higher priced retail-class mutual funds when respondents could have offered them effectively the same six mutual funds at the lower price offered to institutional investors like the Plan?

As to the three funds added to the Plan in 2002, the District Court agreed. It wrote that respondents had "not offered any credible explanation" for offering retail-class, *i.e.*, higher priced mutual funds that "cost the Plan participants wholly unnecessary [administrative] fees," and it concluded that, with respect to those mutual funds, respondents had failed to exercise "the care, skill, prudence and diligence under the circumstances" that ERISA demands of fiduciaries. No. CV 07-5359 (CD Cal., July 8, 2010), App. to Pet. for Cert. 65, 130, 142, 109.

Cite as: 575 U. S. ____ (2015)

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Opinion of the Court

As to the three funds added to the Plan in 1999, however, the District Court held that petitioners' claims were untimely because, unlike the other contested mutual funds, these mutual funds were included in the Plan more than six years before the complaint was filed in 2007. 639 F. Supp. 2d 1074, 1119–1120 (CD Cal. 2009). As a result, the 6-year statutory period had run.

The District Court allowed petitioners to argue that, despite the 1999 selection of the three mutual funds, their complaint was nevertheless timely because these funds underwent significant changes *within* the 6-year statutory period that should have prompted respondents to undertake a full due-diligence review and convert the higher priced retail-class mutual funds to lower priced institutional-class mutual funds. App. to Pet. for Cert. 142–150.

The District Court concluded, however, that petitioners had not met their burden of showing that a prudent fiduciary would have undertaken a full due-diligence review of these funds as a result of the alleged changed circumstances. According to the District Court, the circumstances had not changed enough to place respondents under an obligation to review the mutual funds and to convert them to lower priced institutional-class mutual funds. *Ibid.*

The Ninth Circuit affirmed the District Court as to the six mutual funds. 729 F. 3d 1110 (2013). With respect to the three mutual funds added in 1999, the Ninth Circuit held that petitioners' claims were untimely because petitioners had not established a change in circumstances that might trigger an obligation to review and to change investments within the 6-year statutory period. Petitioners filed a petition for certiorari asking us to review this latter holding. We agreed to do so.

Section 1113 reads, in relevant part, that “[n]o action may be commenced with respect to a fiduciary’s breach of any responsibility, duty, or obligation” after the earlier of

Opinion of the Court

“six years after (A) the date of the last action which constituted a part of the breach or violation, or (B) in the case of an omission the latest date on which the fiduciary could have cured the breach or violation.” Both clauses of that provision require only a “breach or violation” to start the 6-year period. Petitioners contend that respondents breached the duty of prudence by offering higher priced retail-class mutual funds when the same investments were available as lower priced institutional-class mutual funds.

The Ninth Circuit, without considering the role of the fiduciary’s duty of prudence under trust law, rejected petitioners’ claims as untimely under §1113 on the basis that respondents had selected the three mutual funds more than six years before petitioners brought this action. The Ninth Circuit correctly asked whether the “last action which constituted a part of the breach or violation” of respondents’ duty of prudence occurred *within* the relevant 6-year period. It focused, however, upon the act of “designating an investment for inclusion” to start the 6-year period. 729 F. 3d, at 1119. The Ninth Circuit stated that “[c]haracterizing the mere continued offering of a plan option, without more, as a subsequent breach would render” the statute meaningless and could even expose present fiduciaries to liability for decisions made decades ago. *Id.*, at 1120. But the Ninth Circuit jumped from this observation to the conclusion that *only* a significant change in circumstances could engender a new breach of a fiduciary duty, stating that the District Court was “entirely correct” to have entertained the “possibility” that “significant changes” occurring “within the limitations period” might require “a full due diligence review of the funds,” equivalent to the diligence review that respondents conduct when adding new funds to the Plan. *Ibid.*

We believe the Ninth Circuit erred by applying a statu-

Cite as: 575 U. S. ____ (2015)

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Opinion of the Court

tory bar to a claim of a “breach or violation” of a fiduciary duty without considering the nature of the fiduciary duty. The Ninth Circuit did not recognize that under trust law a fiduciary is required to conduct a regular review of its investment with the nature and timing of the review contingent on the circumstances. Of course, after the Ninth Circuit considers trust-law principles, it is possible that it will conclude that respondents did indeed conduct the sort of review that a prudent fiduciary would have conducted absent a significant change in circumstances.

An ERISA fiduciary must discharge his responsibility “with the care, skill, prudence, and diligence” that a prudent person “acting in a like capacity and familiar with such matters” would use. §1104(a)(1); see also *Fifth Third Bancorp v. Dudenhoeffer*, 573 U. S. ____ (2014). We have often noted that an ERISA fiduciary’s duty is “derived from the common law of trusts.” *Central States, Southeast & Southwest Areas Pension Fund v. Central Transport, Inc.*, 472 U. S. 559, 570 (1985). In determining the contours of an ERISA fiduciary’s duty, courts often must look to the law of trusts. We are aware of no reason why the Ninth Circuit should not do so here.

Under trust law, a trustee has a continuing duty to monitor trust investments and remove imprudent ones. This continuing duty exists separate and apart from the trustee’s duty to exercise prudence in selecting investments at the outset. The Bogert treatise states that “[t]he trustee cannot assume that if investments are legal and proper for retention at the beginning of the trust, or when purchased, they will remain so indefinitely.” A. Hess, G. Bogert, & G. Bogert, *Law of Trusts and Trustees* §684, pp. 145–146 (3d ed. 2009) (Bogert 3d). Rather, the trustee must “systematic[ally] consid[e]r all the investments of the trust at regular intervals” to ensure that they are appropriate. Bogert 3d §684, at 147–148; see also *In re Stark’s Estate*, 15 N. Y. S. 729, 731 (Surr. Ct. 1891) (stating that a

Opinion of the Court

trustee must “exercis[e] a reasonable degree of diligence in looking after the security after the investment had been made”); *Johns v. Herbert*, 2 App. D. C. 485, 499 (1894) (holding trustee liable for failure to discharge his “duty to watch the investment with reasonable care and diligence”). The Restatement (Third) of Trusts states the following:

“[A] trustee’s duties apply not only in making investments but also in monitoring and reviewing investments, which is to be done in a manner that is reasonable and appropriate to the particular investments, courses of action, and strategies involved.” §90, Comment *b*, p. 295 (2007).

The Uniform Prudent Investor Act confirms that “[m]anaging embraces monitoring” and that a trustee has “continuing responsibility for oversight of the suitability of the investments already made.” §2, Comment, 7B U. L. A. 21 (1995) (internal quotation marks omitted). Scott on Trusts implies as much by stating that, “[w]hen the trust estate includes assets that are inappropriate as trust investments, the trustee is ordinarily under a duty to dispose of them within a reasonable time.” 4 A. Scott, W. Fratcher, & M. Ascher, *Scott and Ascher on Trusts* §19.3.1, p. 1439 (5th ed. 2007). Bogert says the same. Bogert 3d §685, at 156–157 (explaining that if an investment is determined to be imprudent, the trustee “must dispose of it within a reasonable time”); see, e.g., *State Street Trust Co. v. DeKalb*, 259 Mass. 578, 583, 157 N. E. 334, 336 (1927) (trustee was required to take action to “protect the rights of the beneficiaries” when the value of trust assets declined).

In short, under trust law, a fiduciary normally has a continuing duty of some kind to monitor investments and remove imprudent ones. A plaintiff may allege that a fiduciary breached the duty of prudence by failing to

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properly monitor investments and remove imprudent ones. In such a case, so long as the alleged breach of the continuing duty occurred within six years of suit, the claim is timely. The Ninth Circuit erred by applying a 6-year statutory bar based solely on the initial selection of the three funds without considering the contours of the alleged breach of fiduciary duty.

The parties now agree that the duty of prudence involves a continuing duty to monitor investments and remove imprudent ones under trust law. Brief for Petitioners 24 (“Trust law imposes a duty to examine the prudence of existing investments periodically and to remove imprudent investments”); Brief for Respondents 3 (“All agree that a fiduciary has an ongoing duty to monitor trust investments to ensure that they remain prudent”); Brief for United States as *Amicus Curiae* 7 (“The duty of prudence under ERISA, as under trust law, requires plan fiduciaries with investment responsibility to examine periodically the prudence of existing investments and to remove imprudent investments within a reasonable period of time”). The parties disagree, however, with respect to the scope of that responsibility. Did it require a review of the contested mutual funds here, and if so, just what kind of review did it require? A fiduciary must discharge his responsibilities “with the care, skill, prudence, and diligence” that a prudent person “acting in a like capacity and familiar with such matters” would use. §1104(a)(1). We express no view on the scope of respondents’ fiduciary duty in this case. We remand for the Ninth Circuit to consider petitioners’ claims that respondents breached their duties within the relevant 6-year period under §1113, recognizing the importance of analogous trust law.

A final point: Respondents argue that petitioners did not raise the claim below that respondents committed new breaches of the duty of prudence by failing to monitor their investments and remove imprudent ones absent a

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significant change in circumstances. We leave any questions of forfeiture for the Ninth Circuit on remand. The Ninth Circuit's judgment is vacated, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.



**Marin Clean Energy
Board of Directors Meeting
Thursday, June 18, 2015
7:00 P.M.**

Kathrin Sears, **Chair**
County of Marin

Tom Butt, **Vice Chair**
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Garry Lion
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
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Andrew McCullough
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Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

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San Rafael, CA 94901

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

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1. Approved Board Announcements (Discussion)
2. Public Open Time (Discussion)
3. Report from Executive Officer (Discussion)
4. Consent Calendar (Discussion/Action)
 - C.1 5.21.15 Meeting Minutes
 - C.2 Approved Contracts Update
 - C.3 Policy XXX: Dogs in the Workplace
5. Budget Reports (Discussion)
 - a. Monthly Budget Report for April 2015
 - b. Preliminary Year End Budget for Fiscal Year 14/15
6. East Bay Municipal Utility District Small Hydropower (Discussion/Action)





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7. Adjustment to Portfolio Contents of Deep Green Product (Discussion/Action)
8. Electric Schedule PTST: Pilot Battery Storage Tariff (Discussion/Action)
9. New MCE Staff Position (Discussion/Action)
10. Adjustment to MCE Retirement Plans (Discussion/Action)
11. Energy Efficiency Update and Business Plan (Discussion/Action)
12. Communications Update (Discussion)
13. Board Member & Staff Matters (Discussion)
14. Adjourn

