



MCE Board of Directors Meeting
Thursday, July 18, 2024
6:30 p.m.

Public comments may be made in person or remotely via the details below.

1125 Tamalpais Avenue, San Rafael, CA 94901 (MCE)
2300 Clayton Road, Suite 1150, Concord, CA 94920 (MCE)
11780 San Pablo Ave. Ste. D, El Cerrito, CA 94530 (Contra Costa County)
1126 Chemin St Colombe, Vence, 06140, France (Belvedere)
City of Napa, City Hall Committee Room, 955 School Street, Napa, CA 94559 (Napa)
Moraga Town Hall, 329 Rheem Blvd., Moraga, CA 94556, Walnut Conference Room, 2nd Floor (Moraga)
Fairfield Community Center, 1000 Kentucky Street, Vista Conference Room, Fairfield, CA 94533 (Fairfield)

Remote Public Meeting Participation

Join Zoom Meeting:

<https://us02web.zoom.us/j/83288245349?pwd=UU2PDyYyfJxaKLWTDC6jb0urC64PrH.1>

Phone: Dial (669) 900-9128, Meeting ID: 832 8824 5349, Passcode: 417462

The Board may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the items are described.

DISABLED ACCOMMODATION: If you are a person with a disability who requires an accommodation or an alternative format, please contact MCE at (888) 632-3674 or ada-coordinator@mceCleanEnergy.org at least 72 hours before the meeting start time to ensure arrangements are made.

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1. Roll Call/Quorum
2. Public Open Time
3. Begin Closed Session

CLOSED SESSION

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1125 Tamalpais Avenue, San Rafael, California, 94901
Agency negotiator: Dawn Weisz, MCE CEO, and Vicken Kasarjian, MCE COO
Negotiating parties: 700 Fifth Avenue, LLC
Under negotiation: Price and Terms of Payment

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4. Return to Open Session - Roll Call
5. Board Announcements (Discussion)
6. Public Open Time (Discussion)
7. Report from Chief Executive Officer (Discussion)
8. Consent Calendar (Discussion/Action)
 - C.1. Approval of 6.20.24 Meeting Minutes
 - C.2. Approved Contracts for Energy Update
9. Proposed Resolution No. 2024-04 Approving the Purchase and Sale Agreement and Joint Escrow Instructions Concerning the Acquisition of Real Property at 1125 Tamalpais Avenue, San Rafael, California, and Authorizing its CEO to Execute and Record a Certificate of Acceptance and Take Further Necessary and Appropriate Actions to Implement this Resolution (Discussion/Action)
10. Renewable Energy Development Community Benefit Funds Guidelines (Discussion)
11. PG&E Transfer of Diablo Canyon GHG-Free Attributes (Discussion)
12. Board & Staff Matters (Discussion)
13. Adjourn

DRAFT
MCE BOARD MEETING MINUTES
Thursday, June 20, 2024
6:30 P.M.

Present: Bruce Ackerman, Alternate, Town of Fairfax
Eli Beckman, Town of Corte Madera
Monica Brown, County of Solano
Tom Campbell, Alternate, City of Benicia
Cindy Darling, City of Walnut Creek
Alexis Fineman, Town of San Anselmo
David Fong, Town of Danville
Ryan Gregory, The County of Napa and Four Napa Cities/Town
(American Canyon, Calistoga, St. Helena, and Town of Yountville)
Kerry Hillis, Town of Moraga
Janelle Kellman, City of Sausalito
Satinder Malhi, Alternate, City of Martinez
Gayle McLaughlin, Alternate, City of Richmond
Lisa Motoyama, Alternate, City of El Cerrito
Aaron Meadows, City of Oakley
John McCormick, Alternate, City of Lafayette
Laura Nakamura, City of Concord
Elizabeth Pabon-Alvarado, City of San Pablo
Beth Painter, City of Napa
Gabe Paulson, City of Larkspur
Scott Perkins, City of San Ramon
Max Perrey, City of Mill Valley
Shanelle Scales-Preston, City of Pittsburg
Katie Rice, County of Marin
Matt Rinn, City of Pleasant Hill
Mathew Salter, Town of Ross
Susan Wernick, City of Novato
K. Patrice Williams, City of Fairfield

Absent: Dion Bailey, City of Hercules
John Gioia, Contra Costa County
Maika Llorens Gulati, City of San Rafael
Devin Murphy, City of Pinole
Charles Palmares, City of Vallejo
Holli Thier, Town of Tiburon
Sally Wilkinson, City of Belvedere

Staff
& Others: Jessica Brooks, Lead Board Clerk
Stephanie Chen, Director of Legislative Affairs

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Tanya Lomas, Internal Operations Coordinator
Alexandra McGee, Director of Strategic Initiatives
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Coordinator
Efren Oxlaj, Finance Manager
Justine Parmelee, Director of Internal Operations
Enyonam Senyo-Mensah, Office Manager
Daniel Settlemyer, Internal Operations Coordinator
Sabrinna Soldavini, Manager of Policy
Maira Strauss, Director of Finance
Jamie Tuckey, Chief of Staff
Alex Valenti, Manager of Customer Programs
Qua Vallery, Manager of Regulatory
Dawn Weisz, CEO

1. Roll Call

Chair Scales-Preston called the regular meeting to order at 6:37 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were none.

3. Public Open Time (Discussion)

Chair Scales-Preston opened the public comment period and there were no comments.

4. Report from Chief Executive Officer (Discussion)

CEO Dawn Weisz introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

5. Consent Calendar (Discussion/Action)

- C.1 Approval of 5.16.24 Meeting Minutes
- C.2 Approved Contracts for Energy Update
- C.3 Resolution 2024-02 Amending MCE's Conflict of Interest Code
- C.4 Resolution 2024-03 Appointing COO as Treasurer, as amended by Board motion and vote.
- C.5 Proposed Amendment to MCE Policy 013: Reserve Policy

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Chair Scales-Preston opened the public comment period and there were no comments.

Action 1: It was M/S/C (Perkins/Nakamura) to **approve Consent Calendar items C.1-C.3, and C.5.** Motion carried by unanimous roll call vote. (Absent: Directors Bailey, Gioia, Gulati, Murphy, Palmares, Thier, and Wilkinson).

Action 2: It was M/S/C (Beckman/Coler) to **approve Consent Calendar item C.4.** Motion carried by unanimous roll call vote. (Absent: Directors Bailey, Gioia, Gulati, Murphy, Palmares, Thier, and Wilkinson).

6. Board Member Additions to Committees (Discussion/Action)

Chief of Staff Jamie Tuckey introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Darling/Meadows) to **approve addition of Board Members to Committees. Director Coler to the Technical Committee. Directors Perrey and Salter to the Ad Hoc Capital Projects Committee. Motion carried by unanimous roll call vote.** (Absent: Directors Bailey, Gioia, Gulati, Murphy, Palmares, Thier, and Wilkinson).

7. Proposed Fiscal Year 2023/24 Deferral to MCE's Operating Reserve Fund (Discussion/Action)

Maira Strauss, Director of Finance, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Coler/Paulson) to **approval of a deferral of \$40 million in Fiscal Year 2023/24 revenues into the ORF.** Motion carried by unanimous roll call vote. (Absent: Directors Bailey, Gioia, Gulati, Murphy, Palmares, Thier, and Wilkinson).

8. Annual Energy Efficiency Report Out (Discussion)

Qua Vallery, Manager of Regulatory and Reporting, and Alex Valenti, Manager of Customer Programs, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

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Action: No action required.

9. Review of External Funding Pursuits (Discussion)

Alexandra McGee, Director of Strategic Initiatives, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: No action required.

10. Office Investment Opportunity (Discussion)

Justine Parmelee, Director of Internal Operations, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: No action required.

11. Board Matters & Staff Matters (Discussion)

There were comments made by Director Perkins.

12. Adjournment

Chair Scales-Preston adjourned the meeting at 8:42 p.m. to the next scheduled Board Meeting on July 18, 2024.

Shanelle Scales-Preston, Chair

Attest:

Dawn Weisz, Secretary



July 18, 2024

TO: MCE Board of Directors
FROM: Stephen Mariani, Senior Power Procurement Manager
RE: Approved Contracts for Energy Update (Agenda Item #08 C.2)

Dear Board Members:

Summary:

This report summarizes contracts for energy procurement entered into by the Chief Executive Officer or her delegate and, if applicable, the Chair of the Technical Committee, since the last report was prepared for the regular Board meeting in June. This summary is provided to your Board for information purposes only and no action is needed.

Review of Procurement Authorities:

In November 2020, your Board adopted Resolution 2020-04 which included the following provisions:

The CEO and Technical Committee Chair, jointly, are hereby authorized, after consultation with the appropriate Committee of the Board of Directors, to approve and execute contracts for Energy Procurement for terms of less than or equal to five years. The CEO shall timely report to the Board of Directors all such executed contracts.

The CEO is authorized to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board of Directors.

The CEO is required to report all such contracts and agreements to the MCE Board of Directors on a regular basis.

Item #	Month of Execution	Purpose	Average Annual Contract Amount	Contract Term
1	June 2024	Purchase of Carbon Free Energy	\$2,977,000	1-5 Years
2	June 2024	Purchase of System Energy (Hedge)	\$3,413,334	Under 1 Year
3	July 2024	Purchase of Renewable Energy	\$24,500,000	Under 1 Year

Contract Approval Process:

Contract Approval Process: Energy procurement is governed by MCE’s Energy Risk Management Policy as well as Board Resolutions 2020-04 and 2018-08. The Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to its procurement policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations. The Board Resolutions direct the CEO to sign energy contracts up to and including 12 months in length.

The evaluation of every new energy contract is based upon how to best fill MCE’s open position. Factors such as volume, notional value, type of product, price, term, collateral threshold and posting, and payment are all considered before execution of the agreement.

After evaluation and prior to finalizing any energy contract for execution, an approval matrix is implemented whereby the draft contract is routed to key support staff and consultants for review, input, and approval. Typically, contracts are routed for commercial, technical, legal, and financial approval, and are then typically routed through the Chief Operating Officer for approval prior to execution. The table below is an example of MCE staff and consultants who may be assigned to review and consider approval prior to the execution of a new energy contract or agreement.

Review Owner	Review Category
Vidhi Chawla (MCE, Vice President of Power Resources)	Procurement/Commercial
John Dalessi (Pacific Energy Advisors)	Technical Review
Steve Hall (Hall Energy Law)	Legal
Nathaniel Malcolm (MCE, Senior Policy Counsel)	Legal/CPUC Compliance
Maira Strauss (MCE, Director of Finance)	Credit/Financial
Vicken Kasarjian (MCE, Chief Operating Officer)	Executive

Fiscal Impacts:

Expenses and revenue associated with these Contracts and Agreements that are expected to occur during FY 2024/25 are within the FY 2024/25 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation:

Information only. No action required.



July 18, 2024

TO: MCE Board of Directors

FROM: Jenna Tenney, Manager of Communications and Community Engagement

RE: Renewable Energy Development Community Benefit Funds Guidelines (Agenda Item #10)

ATTACHMENTS: A. Draft Community Benefit Funds Guidelines
B. Calpine Geysers 2024 Community Beneficiaries

Dear Board Members:

Summary:

Each year, MCE hosts an Open Season procurement solicitation to provide a competitive opportunity for energy suppliers to fulfill MCE's open resource requirements. MCE's Open Season solicitations prioritize suppliers that offer community benefit funds as part of their submission. The community benefit funds are intended to support projects and initiatives that align with MCE's mission to eliminate fossil fuel greenhouse gas emissions while fostering equity and creating equitable community benefits.

To help guide the transparent, equitable, and effective allocation of these funds while maximizing benefits for both local and broader regional communities, the attached Renewable Energy Development Community Benefit Fund Guidelines have been drafted for discussion.

Background:

Community benefit funds are financial mechanisms included in some Power Purchase Agreements (PPAs) to support local communities. These funds provide direct benefits to areas impacted by the associated energy projects, or support broader regional initiatives aligned with MCE's vision and mission. PPA sellers are encouraged to pledge community benefit funds for initiatives such as workforce training, environmental stewardship, education, and small-scale renewable energy projects. These contributions are negotiated by MCE staff and incorporated into the PPAs.

MCE's ability to determine how the funds are spent varies by contract. In some cases, MCE has total control over the allocation of these funds and will use the Renewable Energy Development Community Benefit Fund Guidelines to make those determinations. In other cases, the seller

specifies their right to decide how the funds are spent and allocated, with MCE providing input and final sign-off. An example of this is outlined in the attached Calpine Geysers 2024 Community Beneficiaries document. MCE anticipates receiving community benefit funds starting at the end of 2024 from the following agreements:

MCE Community Benefit Funds, as of July 2024

Commercial Operation Date (COD)	Project	Size	Resource	Location	Community Benefit	Fund Allocation Status
2025	Calpine - Geysers	7 MW	Geothermal	Lake and Sonoma Counties	\$50,000	Funds allocated by seller in consultation with MCE (Attachment B)
2025	Clearway - Golden Fields	100 MW Solar 92 MW (4 hr) Storage	Solar + Storage	Kern County	\$100,000	Funds due to MCE within 60 days of COD
2025	NextEra - Wind Power Partners	33 MW	Wind	Riverside County	\$100,000	Funds due to MCE within 60 days of COD
2027	NextEra - Corby	100 MW (4 hr)	Storage	Solano County	\$100,000	Funds due to MCE (no PPA timeline specified)
2026	Arevon - Cormorant	188 MW (4 hr)	Storage	San Mateo County	\$200,000/ \$500,000	Option 1: \$200,000 due to MCE within 60 days of COD. Option 2: \$500,000 allocated by seller in consultation with MCE.
2027	Calpine - Geysers	100 MW	Geothermal	Lake and Sonoma Counties	\$50,000	Funds to be allocated by seller in consultation with MCE.
2027	NextEra - Key	35 MW (8 hr)	Storage	Fresno County	\$100,000	Funds due to MCE (no PPA timeline specified)

Fiscal Impacts:

MCE's current PPAs are anticipated to generate over \$700,000 in community benefit funds over four years starting in Fiscal Year 2024/25.

Recommendation:

Discussion only.



Draft Renewable Energy Development Community Benefit Funds Guidelines

Each year, MCE hosts an Open Season procurement to provide a competitive opportunity for energy suppliers to fulfill MCE's resource requirements. MCE prioritizes suppliers who offer community benefit funds as part of their submission. Community benefit funds are intended to support projects and initiatives that align with MCE's mission to eliminate fossil fuel greenhouse gas emissions while creating equitable community benefits.

These Renewable Energy Development Community Benefit Fund Guidelines help guide the transparent, equitable, and effective allocation of funds to maximize benefits for both local and broader regional communities involved in or impacted by MCE's energy projects. Objectives include:

- Supporting low-income and traditionally disadvantaged and underserved communities.
- Boosting workforce development in the clean energy sector.
- Improving community resilience and sustainability.
- Enhancing local fossil-free energy generation.
- Promoting energy efficiency.

1. Geographic Prioritization

Funds may be used within the community where the energy project is located (community of origin) or within MCE's service area.

MCE Service Area

Investing funds within MCE's service area can support broader initiatives and promote regional benefits.

Community of Origin

Investing funds within the community where the energy project is located ensures that the community directly impacted by the physical construction and ongoing presence of the project receives benefits.

Funds will be used within the community of origin if any of the following criteria apply:

- **Priority Populations:** If a project site is in a CalEnviroScreen-designated Disadvantaged Community (DAC), Low-Income Community, as established by Assembly Bill 1550 (or its replacement), or a tribal community, MCE will select the community of origin. These communities face interlocking socio-economic and environmental vulnerabilities largely created by modernization and industrialization, so this decision would help MCE address historical injustices and generate equitable outcomes.

- **Direct Impact:** If a project is anticipated to generate ongoing negative impacts, such as increased wastewater, MCE will aim to direct funds into projects that address them (i.e., workforce training for the subsequent business needs for increased waste processing). MCE will assess the impact of MCE's energy project and the potential benefit that community benefit funds would generate within the community, such as creating local jobs, improving local infrastructure, supporting nonprofit organizations, or increasing local renewable energy capacity.
- **Increased Funds:** If a developer commits to significantly increase the benefit funds if the funds are invested in the community of origin, MCE will select the higher amount to maximize community benefits.

2. Project Types

When determining how to allocate funds, MCE will prioritize projects that support and advance:

- **Energy Equity:** Projects that address unequal access to clean and efficient energy technologies, including those that support the diverse needs of historically underserved communities.
- **Workforce Development:** Training programs, pre-apprenticeships, and educational partnerships to build a skilled local workforce in the renewable energy, energy efficiency, and/or electrification sector.
- **Fossil-Free Energy:** Small-scale solar, storage, or other distributed energy resource (DER) projects that benefit the community.
- **Energy Efficiency and Load Shifting:** Initiatives that help residents and businesses reduce their energy consumption, energy costs, and shift energy use out of peak times.
- **Community Resilience:** Projects that enhance the ability of communities to withstand and recover from power outages, including supporting critical facilities for emergency preparedness.
- **Local infrastructure improvements:** Enhancements to local infrastructure to support sustainable development.
- **Education:** Initiatives that support youth and community education, especially in relation to renewable energy, energy efficiency, and environmental justice.

3. Evaluation Criteria

MCE will utilize the following criteria to evaluate and select specific projects:

- **Environmental Impact:** Prioritize projects that contribute to local environmental sustainability, such as reducing carbon emissions, improving air quality, or enhancing local biodiversity.
- **Community Feedback:** Seek investments that align with feedback from local stakeholders around specific community priorities, needs, and expectations.
- **Socioeconomic Benefits:** Prioritize projects that provide solutions for specific economic or health challenges, particularly for lower-income and disadvantaged communities.
- **Leverage and Partnership:** Prioritize opportunities to leverage additional funding or form partnerships with local organizations, governments, or businesses to maximize impact.

- **Feasibility and Readiness:** Prioritize projects that are ready for implementation and can demonstrate feasibility and a clear plan for achieving objectives.

4. Transparency and Community Engagement

MCE values transparency and community involvement in our decision-making processes. We aim to achieve this through the following actions:

- **Public and Community Meetings:** MCE will provide updates on community benefit funding decisions at publicly noticed Board or Committee meetings and Community Power Coalition meetings to engage with community members and, when possible, incorporate their feedback into our planning and implementation processes.
- **Stakeholder Consultation:** Maintain ongoing engagement with key stakeholders, including local organizations, community leaders, and advocacy groups, to help our initiatives align with community needs and priorities.
- **Information Dissemination:** Provide regular updates through MCE's website and other communication channels, including newsletters and social media, to keep the public informed about funding allocations and project outcomes.



Calpine Geysers 2024 Community Beneficiaries

MCE's contract with Calpine for 7 megawatts of electricity through the Geysers project located in Lake and Sonoma Counties provided \$50,000 in community benefit funds. These funds were allocated by Calpine in consultation with MCE. The primary focus of this funding will be community improvement, through the funding of third-party organization(s) that are located in and around the Geysers community or doing work that impacts neighboring communities. Calpine and MCE will work collaboratively to develop a specific plan, timeline, and public announcement in connection with this funding.

The following organizations have been approved for GPC to fund:

- **Friends of Boggs Mountain - \$15,000.00:** Environmental education for youth in an area heavily damaged by wildfires.

With a history deeply rooted in forest management, conservation and recreational development, Boggs Mountain Demonstration State Forest is a nearly 3,500-acre forest located in southern Lake County, seven miles northwest of Middletown and eight miles south of Clear Lake. 30 years of trail work was destroyed by the 2015 Valley Fire. That fire burned through 99% of the property killing a majority of the mature trees and understory regeneration. Ongoing reforestation efforts have been active since 2015. Through continued collaboration locally and with oversight from CalFire, the all-volunteer board of this non-profit organization has made impressive progress. Funding is urgently needed for new restoration and trail work on the Hoberg Loop Trail. In addition to stunning views, camping, hiking, mountain biking and tourism, Boggs Mountain Demonstration State Forest serves youth mountain bike teams for students sixth grade and up to compete while learning to be good stewards of the land.

- **Middletown Rancheria Boys & Girls Club - \$25,000:** Supports tribal youth in a low-income area.

Recently formed, the Middletown Rancheria Boys & Girls Club is dedicated to providing programs and services that promote the cultural academic, social, and physical development of local youth. Offering a variety of activities such as sports, arts and crafts, as well educational programs, programs are offered to help develop skills and build self-esteem. Located in rural south Lake County, this organization is providing a safe and positive environment for tribal youth with aspirations to expand their services.

- **Luther Burbank Center for the Arts - \$10,000:** Supports youth education in the arts with a focus on building resilience for students.

Through two impactful programs, the Luther Burbank Center's free beginning mariachi summer camp and dance camp in Cloverdale, located in northern Sonoma County, focuses on building resilience for students. These are three-week free Summer Camps provide a

safe place, all necessary materials and equipment for youth to engage in culturally relevant music and dance activities during critical out-of-school hours. No prior experience is required and instruments, materials, meals, and lessons are provided at no cost to campers or their families. Youth work closely in small groups with mentors who are professional musicians and dancers, educators, and college students to learn the elements of music and the cultural history of Mariachi or Ballet Folklórico. They also learn music literacy, technique, and the rudiments of stage presence or movement. In tandem, they learn to give and accept group feedback and are encouraged to communicate respectfully. The culmination of their time together will be a closing celebration with an empowering performance by the youth for their families and community.



July 18, 2024

TO: MCE Board of Directors

FROM: Sabrina Soldavini, Manager of Policy

RE: Policy Update of Regulatory and Legislative Items

ATTACHMENT: Regulatory Packet with Filings since the June Board Meeting

Dear Board Members:

Below is a summary of the key activities at the state and federal legislatures and the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and the California Independent System Operator (CAISO) impacting Community Choice Aggregation (CCA) and MCE.

I. Legislative Advocacy

a. State Legislative Advocacy

The state legislature is in recess for the month of July but staff are continuing to work in preparation for the whirlwind month of August, when all active bills will be heard in Appropriations committees and on the floor of their second houses. In recent years, we have also seen significant late-session policymaking in the energy and climate space and we expect this year will be no different.

Since the last Policy Update, MCE has taken two additional support positions:

1. SB 1142 (Menjivar) - This bill helps to ensure that customers whose utility service has been disconnected are reconnected in a timely manner, and directs the CPUC to determine whether utilities should consider a customer's ability to pay before disconnecting or reconnecting service.
2. SB 59 (Skinner) - This bill authorizes the California Air Resources Board (CARB) to require battery EVs to be bidirectional capable if it finds a compelling beneficial use case for both vehicle operators and the grid. Bidirectional capable vehicles are able to draw power from the grid to charge their batteries, and also discharge power to the grid when called to do so.

The full list of MCE bill positions this session is shown in the table below:

Bill Number and Author	Subject	MCE Position	Status
SB 1130 (Bradford)	Family Electric Rate Assistance (FERA) eligibility and reporting	Support	Active
SB 1095 (Becker)	Mobile and manufactured home electrification	Support	Held in Senate Appropriations
AB 3062 (Bauer-Kahan)	Advance notice for controlled/prescribed burns	Support	Active
SB 1221 (Min)	Neighborhood electrification pilots	Support	Active
SB 1014 (Dodd)	California Wildfire Mitigation Strategic Planning Act	Support	Active
SB 1142 (Menjivar)	Electric and gas disconnection protections	Support	Active
SB 59 (Skinner)	Bidirectional capable vehicles	Support	Active

II. California Public Utilities Commissioner (CPUC)

a. Resource Adequacy (RA)

In June, the CPUC approved a Final Decision addressing near-term reform to the current RA program. Most importantly, the Final Decision confirms that the new RA Slice-of-Day (SOD) framework will be implemented for Compliance Year 2025. This means that starting with the year-ahead RA compliance filings in Q4 2024, an LSE will need to demonstrate it has procured enough resources to meet its demand on an hourly basis plus an additional 17%. This is intended to ensure sufficient capacity is available every hour to meet demand and grid needs. The PD also addresses a series of implementation and compliance issues, including accounting methodologies for solar+storage resources, rules for imported capacity, and opportunities to remedy RA deficiencies caused by short-term delays, but that ultimately are available to support reliability by the target RA month.

The Final Decision rejects key issues that MCE and CalCCA have advocated for to enhance SOD implementation and protect affordability. In particular, the Final Decision ultimately denies CalCCA's proposal to allow LSEs to trade hourly compliance obligations to optimize hourly RA portfolios and increase the opportunities for all LSEs to meet RA obligations given demonstrated market scarcity. The Final Decision also rejects CalCCA's and other

LSEs' request for limited waivers for RA procurement deficiencies that are due to market scarcity, despite good-faith LSE procurement efforts.

Fiscal Impacts: There are no direct financial impacts to MCE, but MCE will incur procurement costs to accommodate the changed RA framework and meet compliance requirements.

b. Energy Efficiency (EE)

In June, MCE filed an advice letter to launch its Small Business Energy Advantage (SBEA) program. MCE's SBEA program plans to provide small businesses located in underserved communities with access to bill-reducing energy efficiency upgrades that also offer health, comfort, and safety benefits. MCE received funding and CPUC approval for its energy efficiency portfolio including this commercial focused equity program in July 2023. In May 2024, MCE hosted a public webinar to notify stakeholders of its request to launch the SBEA program and seek feedback from stakeholders on its proposals. In the advice letter, MCE submitted a program description, discussion of stakeholder feedback, program budget and its draft implementation plan. MCE requested July 24, 2024 as the date for program approval.

Fiscal Impacts: There is no direct fiscal impact to MCE. The CPUC has already approved the proposed budget for this program of approximately \$3.6 million in its EE portfolio decision.

III. California Energy Commission (CEC)

a. Power Source Disclosure (PSD)

In June, the CEC held a stakeholder meeting addressing its proposed near-term and long-term changes to the PSD rules. The CEC clarified that near-term rule changes to annual emissions accounting will include requiring LSEs to calculate portfolio emissions based on loss-adjusted load (i.e. load after accounting for transmission and distribution lines losses) rather than the current basis which only looks at retail sales. To the extent an LSE's loss-adjusted load exceeds its procurement of specified renewable or emissions-free purchases, that LSE's total portfolio will be assigned emissions based on system power emissions factors. The long-term changes address the CEC's addition of hourly emissions accounting rules which are expected to go into effect in 2028.

MCE worked with CalCCA to develop comments largely focused on delaying the near-term changes to the PSD rules. CalCCA argued that implementation of the loss-adjusted load requirement at this time is improper as the rule changes would be implemented and applied mid-way through a reporting year. CalCCA requested the CEC delay implementation of the loss-adjusted load requirement until at least 2026 to allow LSEs time to adjust procurement to reflect the rule change.

The CEC is expected to adopt PSD rule changes by August 2024.

Fiscal Impacts: There are no direct fiscal impacts to MCE. However, to the extent MCE adjusts its procurement to account for lost-adjusted load, additional procurement costs may be incurred.