Empowering Our Clean Energy Future

MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY
UNINCORPORATED SOLANO COUNTY | BENICIA | CONCORD | DANVILLE | EL CERRITO
FAIRFIELD | HERCULES | LAFAYETTE | MARTINEZ | MORAGA | OAKLEY | PINOLE
PITTSBURG | PLEASANT HILL | RICHMOND | SAN PABLO | SAN RAMON | WALNUT CREEK

MCE Board of Directors Meeting
Thursday, February 20, 2025
6:30 p.m.

2300 Clayton Road, Suite 1150, Concord, CA 94520

Remote Public Meeting Participation

Video Conference: https://zoomto.me/F6Ogt
Phone: Dial (669) 900-9128, Meeting ID: 890 0487 7785, Passcode: 525690

Materials related to this agenda are available for physical inspection at MCE's offices in San Rafael at 1125 Tamalpais Ave, San Rafael, CA 94901 and in Concord at 2300 Clayton Road Suite 1150, Concord, CA 94920.

The Board of Directors 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.

1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)

   C.1. Approval of 11.21.24 Meeting Minutes

   C.2. Approved Contracts for Energy Update

6. Board Introductions (Discussion)

7. Selection of Chair & Vice Chair (Discussion/Action)

8. Proposed Resolution No. 2025-01 Accepting Award GFO-23-309 From the California Energy Commission (VPP-FLEX) (Discussion/Action)

9. MCE 2025 Priorities (Discussion)

10. Fiscal Year 2025/26 Budget Introduction on Power Supply and Staffing (Discussion)

11. Board & Staff Matters (Discussion)

12. Adjourn

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MCE BOARD MEETING MINUTES
Thursday, November 21, 2024
6:30 P.M.

Present:	Bruce Ackerman, Alternate, Town of Fairfax Eli Beckman, Town of Corte Madera Kari Birdseye, City of Benicia Monica Brown, County of Solano Cindy Darling, City of Walnut Creek Gina Dawson, City of Lafayette 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 Yountville) Maika Llorens Gulati, City of San Rafael Kerry Hillis, Town of Moraga Eduardo Martinez, City of Richmond Aaron Meadows, City of Oakley Gabe Quinto, City of El Cerrito Devin Murphy, City of Pinole Laura Nakamura, City of Concord Beth Painter, City of Napa Charles Palmares, City of Vallejo Scott Perkins, City of San Ramon Max Perrey, City of Mill Valley Katie Rice, County of Marin Matt Rinn, City of Pleasant Hill Jack Ryan, Alternate, Town of Tiburon Mathew Salter, Town of Ross Shanelle Scales-Preston, City of Pittsburg, Chair Alexander Walker-Griffin, Alternate, City of Hercules Susan Wernick, City of Novato Sally Wilkinson, City of Belvedere K. Patrice Williams, City of Fairfield
Absent:	John Gioia, Contra Costa County Janelle Kellman, City of Sausalito Elizabeth Pabon-Alvarado, City of San Pablo Gabe Paulson, City of Larkspur Brianne Zorn, City of Martinez

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Staff & Others:

Jesica Brooks, Lead Board Clerk and Executive Assistant
Alejandro Castelan, Customer Programs Manager, Energy Efficiency Residential
Jessamyn da Cunha, Strategic Initiatives Intern
Alice Havenar-Daughton, Vice President of Customer Programs
Vicken Kasarjian, Chief Operating Officer
Jonnie Kipyator, Power Analysis Senior Manager
Chris Kubik, Senior Business Development Manager
Tanya Lomas, Internal Operations Coordinator
Itzel Martinez, Internal Operations Intern
Stephen Mariani, Senior Power Procurement Manager
Alexandra McGee, Vice President of Strategic Initiatives
Zena Meyer, Finance Analyst
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Coordinator
Justine Parmelee, Vice President of Internal Operations
Zae Perrin, Vice President of Customer Operations
Enyonam Senyo-Mensah, Internal Operations Manager
Sabrinna Soldavini, Director of Policy
Maira Strauss, Director of Finance
Jenna Tenney, Manager of Communications and Community Engagement
Greg Tillman, Associate Director of Rates
Jamie Tuckey, Chief Customer Officer
Dawn Weisz, Chief Executive Officer

1. **Roll Call**
   Chair Scales-Preston called the regular meeting to order at 6:32 p.m. with quorum established by roll call.

2. **Board Announcements (Discussion)**
   Chair Scales-Preston opened the floor for board announcements, and there were no comments.

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 Weisz introduced this item and addressed questions from Board members.

5. **Consent Calendar (Discussion/Action)**
   - C.1 Approval of 9.19.24 Meeting Minutes
   - C.2 Approval of 10.24.24 Meeting Minutes
   - C.3 Approved Contracts for Energy Update
   - C.4 Resolution No. 2024-06 Appointing Director of Finance as Treasurer

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

Action: It was M/S/C (Perkins/Darling) to **approve Consent Calendar items C.1 through C.4.** Motion carried by unanimous roll call vote. (Absent: Gioia, Kellman, Pabon-Alvarado, Paulson, and Zorn).

6. **Resolution No. 2024-07 Honoring Director Scott Perkins (Discussion/Action)**
   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.

Action: It was M/S/C (Quinto/Nakamura) to **adopt Resolution No. 2024-07 Honoring Director Scott Perkins.** Motion carried by unanimous roll call vote. (Absent: Gioia, Kellman, Pabon-Alvarado, Paulson, and Zorn).

7. **Resolution No. 2024-08 Accepting Award Number B-24-CP-CA-0168 From The Congressional Grants Division Of The U.S. Department Of Housing And Urban Development (Discussion/Action)**
   Catalina Murphy, General Counsel, 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 (Meadows/Murphy) to **adopt Resolution No. 2024-08 Accepting Award Number B-24-CP-CA-0168 From the Congressional Grants Division of The U.S. Department Of Housing And Urban Development.** Motion carried by unanimous roll call vote. (Absent: Gioia, Kellman, Pabon-Alvarado, Paulson, and Zorn).

8. **Proposed Vehicle to Grid Tariff (Discussion/Action)**
   Jared Sherwood, Senior Customer Account Analyst, Zae Perrin, VP of Customer Operations, and Greg Tillman, Associate Director of Rates, 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 (Nakamura/Bailey) to **approve the Bidirectional Vehicle Tariff Pilot.** Motion carried by unanimous roll call vote. (Absent: Gioia, Kellman, Pabon-Alvarado, Paulson, and Zorn).

9. **Board & Staff Matters (Discussion)**
   Comments were made by Directors Fineman and Rice.

10. **Adjournment**
    Chair Scales-Preston adjourned the meeting at 8:23 p.m. to the next scheduled Board Meeting on December 18, 2025.

_____
Shanelle Scales-Preston, Chair

Attest:

_____
Dawn Weisz, Secretary

Empowering Our Clean Energy Future
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February 20, 2025

TO:	MCE Board of Directors
FROM:	Adita Farahiyah, Power Resources Analyst
RE:	Approved Contracts for Energy Update (Agenda Item #05 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 November. 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	November 2024	Purchase of Resource Adequacy and Carbon Free Energy	$11,203,080	1 Year or less
2	November 2024	Purchase of Carbon Free Energy	$4,500,000	1 Year or less

3	November 2024	Purchase of Renewable Energy	$8,200,000	1 Year or less
4	November 2024	Purchase of Renewable Energy	$11,183,333	1-5 Years
5	November 2024	Purchase of Import Allocation Rights	$29,000	1 Year or less
6	December 2024	Purchase of Import Allocation Rights	$71,750	1 Year or less
7	December 2024	Purchase of Resource Adequacy	$2,625,000	1 Year or less
8	December 2024	Purchase of Renewable Energy	$8,700,000	1-5 Years
9	December 2024	Sale of Resource Adequacy	$300,000	1 Year or less
10	December 2024	Purchase of Renewable Energy	$8,616,667 - $12,233,333	1-5 Years
11	December 2024	Sale of Import Allocation Rights	$157,500	1 Year or less
12	December 2024	Sale of Import Allocation Rights	$117,555	1 Year or less
13	December 2024	Purchase of Renewable Energy	$8,500,000	1 Year or less
14	December 2024	Purchase of Resource Adequacy	$4,200,000	1 Year or less
15	December 2024	Purchase of Carbon Free Energy	$0	1 Year or less
16	December 2024	Purchase of Carbon Free Energy	$0	1 Year or less

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 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 Commercial 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.

2025 MCE Board Offices and Committee Rosters

BOARD OFFICES

Chair:	Shanelle Scales-Preston, County of Contra Costa
Vice Chair:	Gabe Quinto, City of El Cerrito
Treasurer:	Maira Strauss, MCE Vice President of Finance
Secretary:	Dawn Weisz, MCE Chief Executive Officer

BOARD OFFICES SELECTION PROCESS

The Chair and Vice Chair offices are held for 1 year and there are no limits on the number of terms held by either Chair or Vice Chair.[1] The selection of these offices shall take place on or near December of each year.[2] The office of Treasurer is appointed by the Board via an approved resolution and may be a non-board member. The Treasurer appointment, along with the delegated authority, is held for 1 year and there are no limits on the number of terms held.[3] Deputy Treasurers are appointed directly by the Treasurer each year. Once appointed by the Board, the Secretary shall continue to hold the office each year until the Secretary chooses to resign from the role or the Board decides to remove the individual from the Secretary position.[4] The Secretary does not need to be a member of the Board. All officer appointments/selections by the Board require a majority vote of the full membership of the Board.[5]

EXECUTIVE COMMITTEE *(Updated 2.3.25)*

1. Max Perrey, Chair	City of Mill Valley
2. Eli Beckman	Town of Corte Madera
3. Cindy Darling	City of Walnut Creek
4. Maika Llorens Gulati	City of San Rafael
5. Devin Murphy	City of Pinole
6. Laura Nakamura	City of Concord
7. Gabe Quinto	City of El Cerrito
8. Mathew Salter	Town of Ross
9. Shanelle Scales-Preston	County of Contra Costa
10. Sally Wilkinson	City of Belvedere

[1] Section 4.13.1 of MCE Joint Powers Agreement.
[2] Article V, Section 1 of MCE's Operating Rules and Regulations.
[3] Article V, Section 1 of MCE's Operating Rules and Regulations; California Government Code § 53607.
[4] Article IV, Section 1(c) of MCE's Operating Rules and Regulations.
[5] Article VI, Section 2 of MCE's Operating Rules and Regulations. At MCE's current membership of 37 communities with appointed Directors, the vote needed is 19.

TECHNICAL COMMITTEE *(Updated 2.5.25)*

1. Devin Murphy, Chair	City of Pinole
2. Dion Bailey	City of Hercules
3. Gina Dawson	City of Lafayette
4. Charles Palmares	City of Vallejo
5. Gabe Quinto	City of El Cerrito

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February 20, 2025

TO:	MCE Board of Directors
FROM:	Alexandra McGee, Vice President of Strategic Initiatives
RE:	Proposed Resolution No. 2025-01 Accepting Award GFO-23-309 From the California Energy Commission (Agenda Item #08)
ATTACHMENTS:	A. Resolution No. 2025-01 Accepting Award GFO-23-309 From the California Energy Commission B. VPP FLEX Executive Summary C. VPP FLEX Overview Presentation

Dear Board Members:

Summary:
In May 2022, MCE joined the implementation of a $4,998,555 Electric Program Investment Charge (EPIC) grant from the California Energy Commission (CEC) to develop an Advanced Energy Community in the City of Richmond. With MCE's participation, the project scope was augmented to develop a Virtual Power Plant (VPP) pilot.

In October 2024, MCE was awarded a $5,000,000 grant from the CEC to advance a broader VPP initiative aimed at creating a cleaner, more reliable electric grid. While this effort builds on some elements of the Richmond VPP pilot, it integrates MCE's existing customer programs – including new and current participants across its service area - into a cohesive VPP ecosystem. This grant, which requires $5,000,000 in matching funds from MCE, will unlock new value streams for customers, enhance grid reliability, and maximize equitable community benefits.

Background:
Instead of being sited in one place like a physical power plant, a VPP harnesses energy resources that are distributed across a participating community. By coordinating these devices – like rooftop solar, heat pump water heaters, smart thermostats, smart plugs, electric vehicles, and batteries - VPPs can quickly supply power to the grid, take power from the grid, or lower energy consumption during critical times to reduce grid-strain. With enough grid-smart homes and businesses, a load serving entity like MCE can reduce costs and pass savings on to customers in the form of direct payment, credits, or reduced rates.

The VPP's bidirectional power flow capabilities provide a unique ability to participate in the California Independent System Operator (CAISO) markets and capture value from those markets in a way previously unexplored by Community Choice Aggregators. MCE's approach to the VPP pilot is

deeply rooted in equity, ensuring that grid-smart technologies are accessible and actively deployed in low-income and historically underserved communities. This strategy democratizes access to clean energy technology, addresses energy insecurity, and provides stable, affordable energy solutions to those most in need.

The VPP pilot phase included the creation of a customized Distributed Energy Resources Management System to communicate with, and dispatch power to and from, the installed grid-smart devices as well as a first-of-its-kind VPP rate schedule to pay customers for the flexibility of these devices. In the summer of 2024, MCE leveraged this experience to pursue a new CEC funding grant opportunity titled "Virtual Power Plant Approaches for Demand Flexibility (VPP-FLEX)." A high-level summary of this proposal is included in Attachment B.

On October 4, 2024, MCE was notified that this proposal won the VPP FLEX award, receiving an exceptional score of 95.98 out of 100. Anecdotally, this is one of the highest scores staff and partner vendors have ever seen for a winning CEC proposal, emphasizing the alignment that this work has with the goals of the CEC and MCE's strong position to move this work forward as one of the CCAs at the forefront of this novel technology. The award includes $5,000,000 from the CEC in exchange for a $5,000,000 match from MCE.

Grant Budget:

Category	CEC Share	MCE Match Share	Total
Direct Labor	$ 1,286,909	$ 280,200	$ 1,567,109
Fringe Benefits	$ 321,727	$ 70,050	$ 391,777
Total Labor	**$ 1,608,636**	**$ 350,250**	**$ 1,958,886**
Equipment	$ 540,000	$ -	$ 540,000
Materials/Miscellaneous	$ 1,007,000	$ 50,000	$ 1,057,000
Subrecipients/Vendors	$ 1,488,000	$ 4,436,725	$ 5,924,725
Total Other Direct Costs	**$ 3,035,000**	**$ 4,486,725**	**$ 7,521,725**
Indirect Costs	$ 356,364	$ 163,025	$ 519,389
Total Indirect and Profit	**$ 356,364**	**$ 163,025**	**$ 519,389**
Grand Totals	***$ 5,000,000***	***$ 5,000,000***	***$ 10,000,000***

Since then, staff has worked with the CEC to complete the necessary contracting steps, simultaneously working with the grant partners on their subcontracts including: Lawrence Berkeley National Laboratory, Serious Controls, Community Energy Equity Resources (CEER) as well as CEER's three minor subcontractors - Zero Net Energy Alliance (ZNEA), OpenADR Alliance, and GPT.

In preparation for the final contract with the CEC, the Proposed Resolution No. 2025-01 Accepting Award GFO-23-309 from the California Energy Commission ("Proposed Resolution") seeks to have your Board approve the receipt of funds from this pending award. The Proposed Resolution would allow MCE to accept the Awarded Funds and enter into the necessary agreements with CEC to use the funding for the applicable projects.

Fiscal Impacts:
If approved, between FY 2025/26 and FY 2030/31, MCE will receive $5,000,000 to fund the MCE Virtual Power Plant. MCE would be required Expenses and revenue associated with this grant that are expected to occur during FY 2025/26 are proposed within the FY 2025/26 Operating Fund Budget. Expenses and revenue associated with this grant that are expected to occur during FY 2025/26 are proposed within the FY 2025/26 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation:
Approve proposed Resolution No. 2025-01 Accepting Award GFO-23-309 from the California Energy Commission.

RESOLUTION NO. 2025-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY ACCEPTING AWARD GFO-23-309 FROM THE CALIFORNIA ENERGY COMMISSION

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

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Fairfield, the City of Hercules, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, MCE and project partners submitted a project proposal to the California Energy Commission ("CEC") to expand the Virtual Power Plant (VPP) pilot from the City of Richmond to all MCE member communities; and

WHEREAS, MCE has been awarded a grant in the amount for $5,000,000 ("MCE Awarded Funds") with a required cost share by MCE in the amount of $5,000,000 ("MCE Match Funds"), for a project total of $10,000,000, to perform the work required to expand the Virtual Power Plant to all MCE member communities; and

WHEREAS, CEC may approve funding allocations for the MCE Awarded Funds, subject to the terms and conditions of the Grant Agreement.

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

1. If MCE receives the MCE Awarded Funds from CEC, it represents and certifies that it will use all such funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, as well as the Grant Agreement with the CEC.

2. The Chief Executive Officer of MCE ("CEO") is hereby authorized and directed to receive the MCE Awarded Funds, in an amount not to exceed $5,000,000 from CEC, and provide Match Funds of $5,000,000 by MCE, in accordance with all applicable rules and laws.

3. The CEO hereby agrees to use the MCE Match Funds and MCE Awarded Funds for eligible activities as approved by the CEC and in accordance with all program

requirements, and other rules and laws, as well as in a manner consistent and in compliance with the Grant Agreement.

4. The CEO is authorized to execute the Grant Agreement and any subsequent or modifications thereto, as well as any other document necessary to complete the receipt of the MCE Awarded Funds, as CEC may deem appropriate.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 20th day of February 2025, by the following vote:

	AYES	**NOES**	**ABSTAIN**	**ABSENT**
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Fairfield				
City of Hercules				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				

Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

_____
CHAIR, MCE

Attest:

_____
SECRETARY, MCE

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VPP FLEX Executive Summary

1. Project description: In response to CEC GFO-23-309: Group 1- Virtual Power Plants, Marin Clean Energy (MCE) collaborates with Community Energy & Equity Resources (CEER), Serious Controls, Lawrence Berkeley National Laboratory (LBNL), the OpenADR Alliance, GPT, and Zero Net Energy Alliance (ZNEA) – collectively known as the project team – to launch MCE's Virtual Power Plant: Valuing People Power (VPP 2X) project. This initiative aims to transform the traditional concept of Virtual Power Plants (VPPs) by creating an open, accessible, and equitable market for flexible load and related services that address critical grid needs, maximize community benefit, and create meaningful new opportunities for industry partners and trade allies. CEC funding will support the expansion of MCE's in-house, bidirectional, OpenADR-based Distributed Energy Management System (DERMS) platform that was purpose-built for California Community Choice Aggregation (CCA) applications under the CEC's Advanced Energy Communities (AEC) grant. The proposal's use of this open-market alternative challenges the prevailing market's proprietary tendency to pursue exclusive approaches like software-as-a-service (SaaS) DERMs platforms. VPP FLEX funding would expand MCE's VPP programming from the AEC Pilot in the City of Richmond to MCE's 37 jurisdictions, with a special focus on disadvantaged communities (DACs) and Low-Income Communities (LICs). An emphasis on inclusive innovation and tariff designs propels its distributed energy resources (DER) deployment, generating operational autonomy and interoperability for MCE while democratizing energy asset ownership, reducing energy costs, and providing enhanced incentive levels for disadvantaged, low-income, and frontline communities.

2. Project goals and objectives: As the first CCA in California, MCE is the first adopter of many innovative programs, technologies, and business models that in turn, have scaled statewide. Due to MCE's position in the industry, it sees the expansion of its existing VPP pilot and DERMS technology as an opportunity to demonstrate the significant value of the approach to the other CCAs for potential adoption. Goals include:

- Demonstrate optimized DER value in automated VPP flexible load applications
- Develop predictive control based, multi-objective optimization of heterogeneous resources and DERMS capabilities to best integrate DERs in automated VPP applications
- Create an equitable model to incentivize customer and trade ally participation
- Provide equitable access to beneficial VPP programming for customers and trade allies
- Expand participant eligibility to increase access and prioritize disadvantaged, low-income, and underserved customer segments

MCE has developed 5 objectives to complete to successfully demonstrate the VPP 2X approach.

- Objective 1 - Deploy an updated DERMS package that is OpenADR 3.0 certified
- Objective 2 - Implement a new value sharing plan, inclusive of pay-for-performance
- Objective 3 - Expand VPP participant eligibility to all MCE communities
- Objective 4 - Adapt MCE Programs to be VPP-Ready and expand list of contracted trade allies
- Objective 5 - Integrate the VPP with the CAISO markets to demonstrate new CCA revenues

3. How project goals and objectives will be achieved, quantified, and measured:

Objective 1: MCE will design improvements to the DERMS infrastructure that is OpenADR compliant. The expanded capacities will enable MCE to deploy a low-cost, open-source DERMS platform capable of seamless market participation and CAISO market integration. Success will be measured by confirming the DERMs deployment, its ability to perform OpenADR functions, and generate cost savings and new revenues for MCE.

Objective 2: MCE will develop a value sharing plan that includes an equity-focused tariff structure to incentivize customer participation, as well as pay-for-performance contracting structures that attract trade allies. Success is measured by confirming the implementation of the new value sharing plan, as well as documenting and comparing the shared value delivered to typical third-party offerings.

Objective 3: Once the DERMS capabilities are expanded and customer offerings are adapted, the program will be made available for customer enrollment throughout MCE's four-county service territory, providing savings and grid reliability benefits to over 500,000 customers. Success will be measured by the number of MCE's customers which are made eligible for VPP enrollment.

Objective 4: MCE will adapt a subset of its almost 30 customer programs to create streamlined pathways to VPP participation and integrate up to 15 new DER providers with the in-house DERMS. Success will be measured by the deployment of a streamlined enrollment program and the subsequent enrollment of at least 3 MW of flexible load into the VPP.

Objective 5: MCE will dispatch aggregated flexible customer load and resources in response to CAISO signals and critical market indicators to generate financial savings and additional value while providing bidirectional load-balancing resources to the grid operator. Success will be measured by monetization and load-shifting outcomes achieved.

4. Project task descriptions:

5. Agreement management description: The project will be administered by MCE, with technical leadership provided by the project team. Core members of the project team have already successfully worked together to deliver the CEC-funded Richmond AEC pilot project, including MCE, CEER, Serious Controls, and ZNEA. This proposal builds on the AEC pilot with new resources from new partners, including the intense academic rigor and energy market knowledge and analytics capabilities represented by LBNL, the deep knowledge of OpenADR systems and communication protocols by the OpenADR Alliance and the extensive utility data analytical capabilities of GPT. The team has successfully managed many grants, as outlined in Attachment 8.

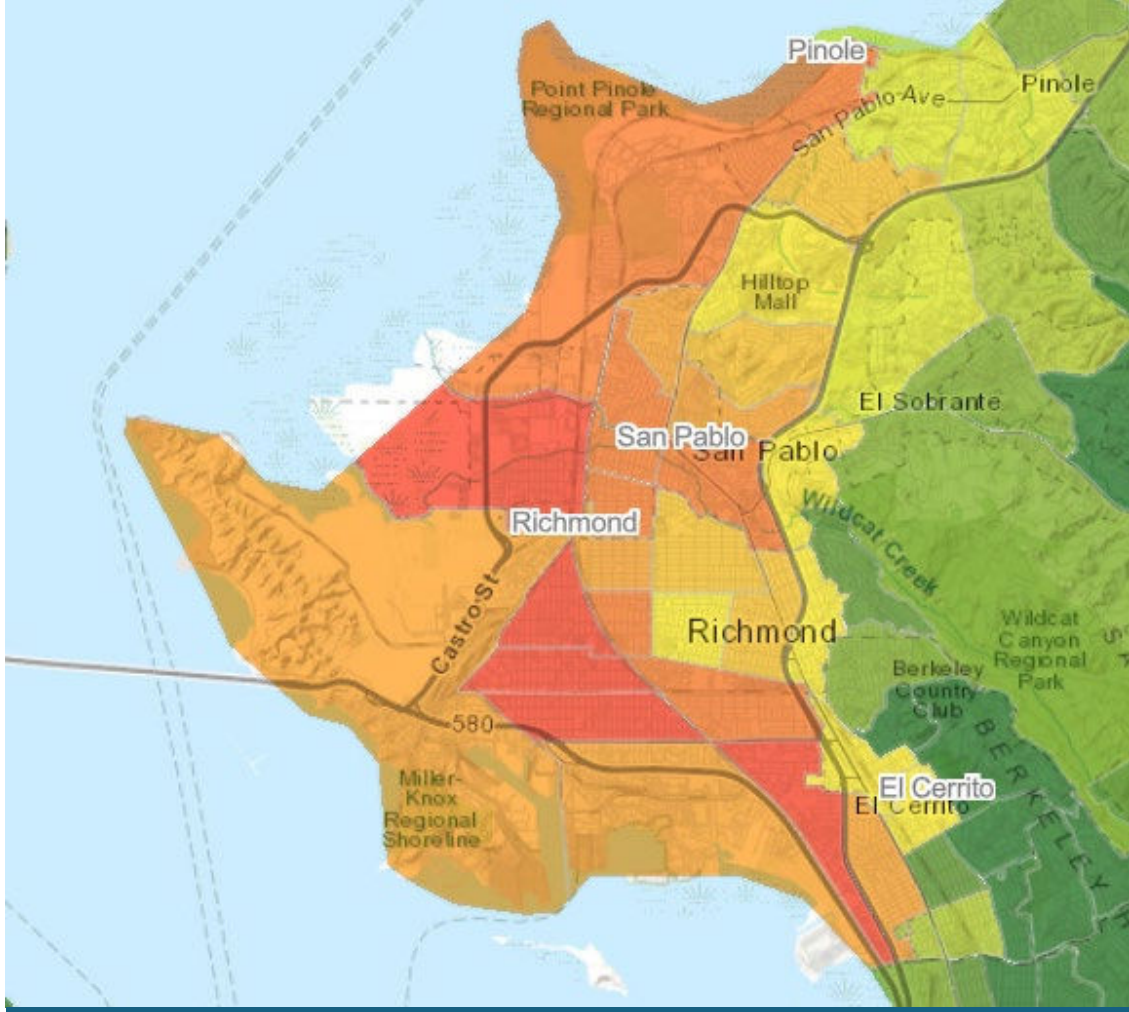
VPP FLEX

MCE Board Meeting

2.20.25

History

- **May 2022, MCE joined a $5M California Energy Commission (CEC) grant in Richmond**
- Provide a suite of *customer-owned* distributed energy resources (DERs) by 2025 to build a quiet, invisible, clean pockets of power to develop a Virtual Power Plant (VPP)
  - Rooftop solar, heat pump water heaters, smart thermostats, smart plugs, EV Chargers, batteries
- **VPP FLEX adds $5M from CEC and $5M from MCE to integrate MCE's existing Customer Programs into the VPP across our service area**



- Refinery built before city incorporated in 1905
- WWII temporary housing still in use today; 71% built before 1980
- 99th percentile for asthma & CARB designated AB 617 community - high air pollution

Benefits of a Virtual Power Plant

Better Air Quality

- Replace need for peaker plants or diesel generators with decentralized green technology

Energy Equity

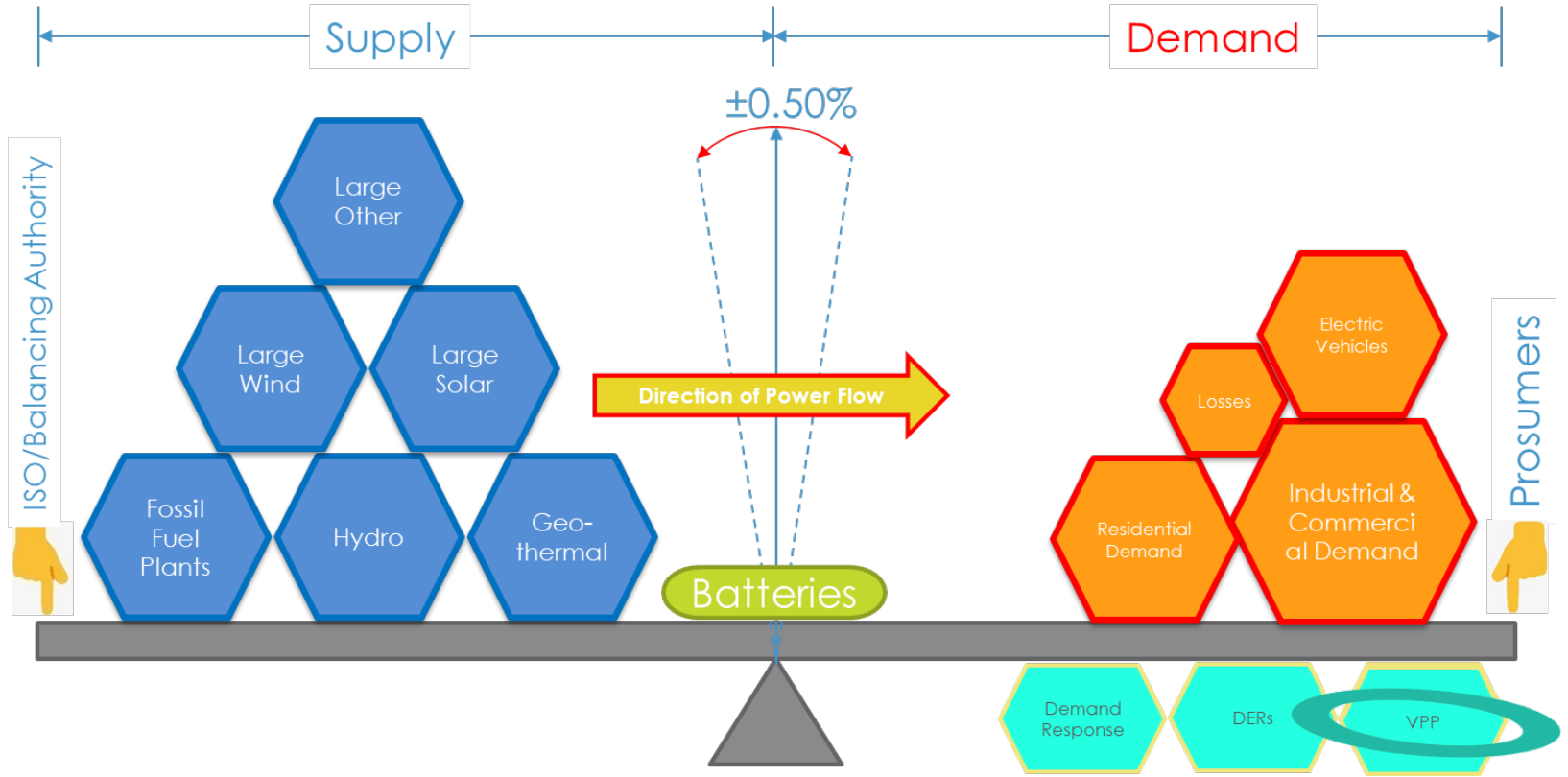
- Wealth creation and increased property values in a disadvantaged community, for owners and renters alike

Real-Time Innovation

- Directly receive device data, bypassing meter-data bottlenecks

Workflow across MCE Teams

- Work with what works, improve information flow



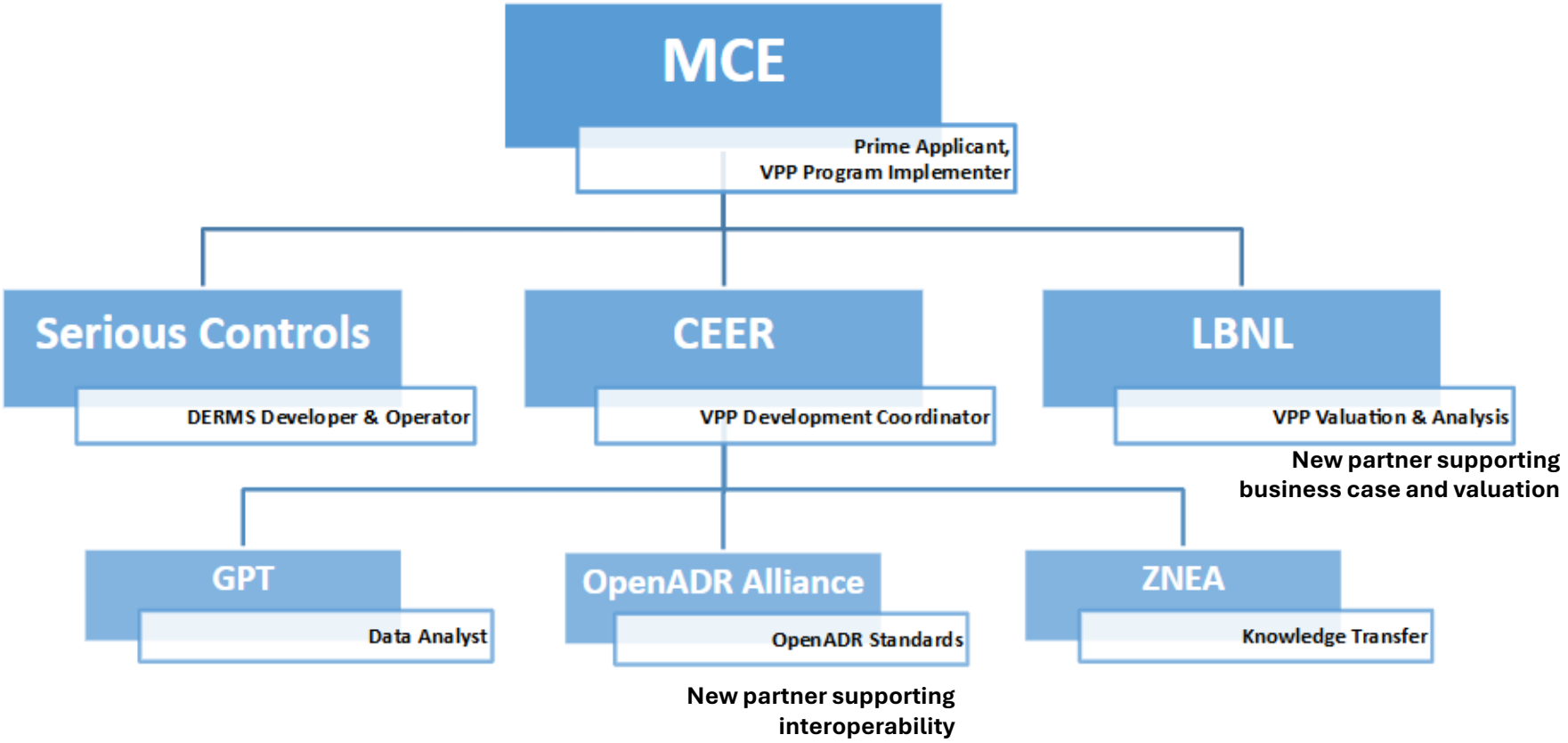
Key VPP FLEX Details

- Opens VPP to full MCE service area
- Develops value sharing rules for revenue generated from California Independent System Operator (CAISO) market integration
- Focus on Return on Investment of MCE + CEC investment = emphasis on quantitative outcomes
- Focus on adapting existing programs over deploying new assets (though some new equipment will be installed)
- Targeting 3MW load shift

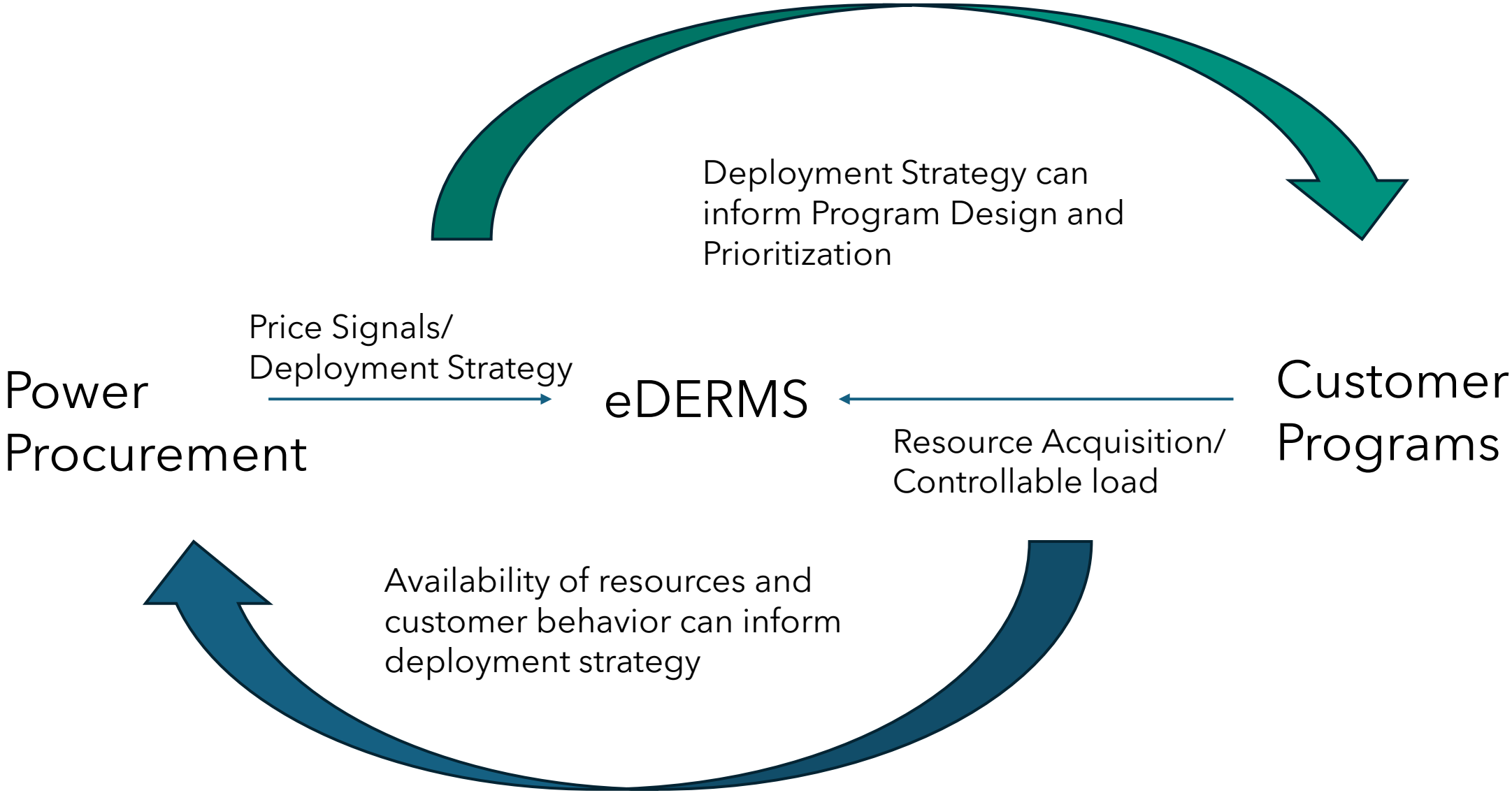
Internal Team

- **Customer Programs**: Support integration of existing programs into VPP. Inform priorities and workplan. New data from Distributed Energy Resource Management System (DERMs). Compliance support.
- **Finance**: Invoicing and budget reporting.
- **Legal:** Support contracts and trade-ally requirements + customer agreements.
- **Public Affairs:** Public awareness and input on marketing and customer messaging.
- **Customer Operations:** Process VPP credits, support CRM, respond to customer inquiries.

External Team



Technical Feedback Cycle



"Climbing Mount VPP"

Grant Term 04/1/2025 to 3/30/2029

- **April 2025** Kickoff
- **2025** Planning and Needs Assessment
- **2026** Engagement & outreach, first enrollments, first CAISI bid. DERMS data management + interoperability.
- **2027** – Additional enrollments
- **June 2028** – Final report
- **March 2029** – Grant completed

Thank you!

mceCleanEnergy.org
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MCE 2025 Priorities

February 20, 2025
Board Meeting

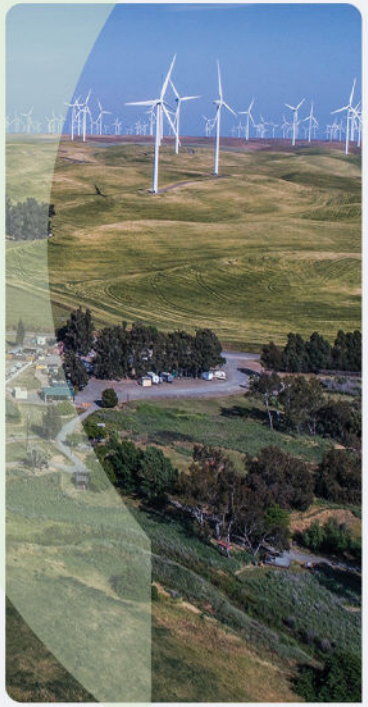
Our Vision

Lead CA to an equitable, clean, affordable, and reliable energy economy by serving as a model for community-based renewable energy, energy efficiency, and cutting-edge clean-tech products and programs.

Our Mission

Confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating equitable community benefits.

Strategic Plan for Energy Services



Strategic Plan

Purpose

- Aligns MCE's mission with the needs of our communities and prepares us for future challenges.
- Roadmap guiding MCE's efforts toward a clean, equitable, and reliable energy future.

Focus Areas

- Energy Services
- Customer Programs
- Equity
- Community Engagement
- Risk Mitigation

2025 Strategic Goals

1. **Advance renewable energy and equity-informed policies** to ensure the clean energy transition doesn't leave historically underrepresented communities behind.

2. **Be a leader for energy equity and affordability** in California by expanding cost-saving programs, advocating for fair rates, and supporting communities most impacted by fossil-based generation.

3. **Innovate with new technologies** and provide thought leadership to California to boost electrification, improve grid resiliency, and reduce customer costs (i.e.: VPP, localized energy storage, EVs, renewable hydrogen).

4. **Prioritize programs that shift load away from 4-9pm** to better align MCE's load and generation, minimize cost exposure, and maximize renewable energy use.

5. **Strengthen the grid and the western energy market** to get energy where it is needed most, avoid waste, and reduce costs.

6. **Amplify MCE's impact and successes** by increasing recognition from regulators, decision-makers and customers.

7. **Attract and retain staff** at all levels with competitive market-based compensation, robust benefits, retention incentives, and growth opportunities.

Affordability

A Defining Issue for 2025

As California grapples with rising energy costs driven by wildfires, infrastructure upgrades, and market pressures, affordability remains a top priority for policymakers, regulators, and energy providers.

MCE is committed to ensuring that clean energy remains accessible and cost-effective. By leveraging innovative technologies, financial strategies, and policy advocacy, we are working to keep rates stable.

How MCE Reduces Electricity Costs

- **Green bonds**
  - $1.6 billion issued in prepayment bonds estimated to save customers approx. $10 million/year in renewable energy costs during the first 6 years
- **Strong credit and financial health** for competitive power purchase agreements
- **Customer programs**
  - $18.5 million in energy efficiency bill savings and rebates since 2016
- **Customer discounts and bill savings**
  - $100 million saved since 2010

Ramar Foods, Pittsburg

Strategic Energy Management Participant

MCE Cares Credit

- Monthly bill credits of $20-25
- Lower income homes (CARE and FERA) and small businesses
  - Homes with past due amounts of $500 or more are automatically enrolled
- 29,000 customers received credits this fiscal year
- $10.8 million invested to date
  - 5.8 million in FY 2020/21
  - $5 million in FY 2024/25

7

Making 100% Renewable Affordable & Accessible

14,000+ customers saving money with 100% renewable energy—advancing equity and access

	Deep Green	Green Access	Local Sol
Eligibility	Low-income homes	Low-income homes in Disadvantaged Communities	Any customer
Customer Count	8,000+	5,805	338
Savings	$849,799 since January 1, 2023	$2.26+ million since September 2021, $3.3 million projected in 2025	Lowest cost service option since 2023

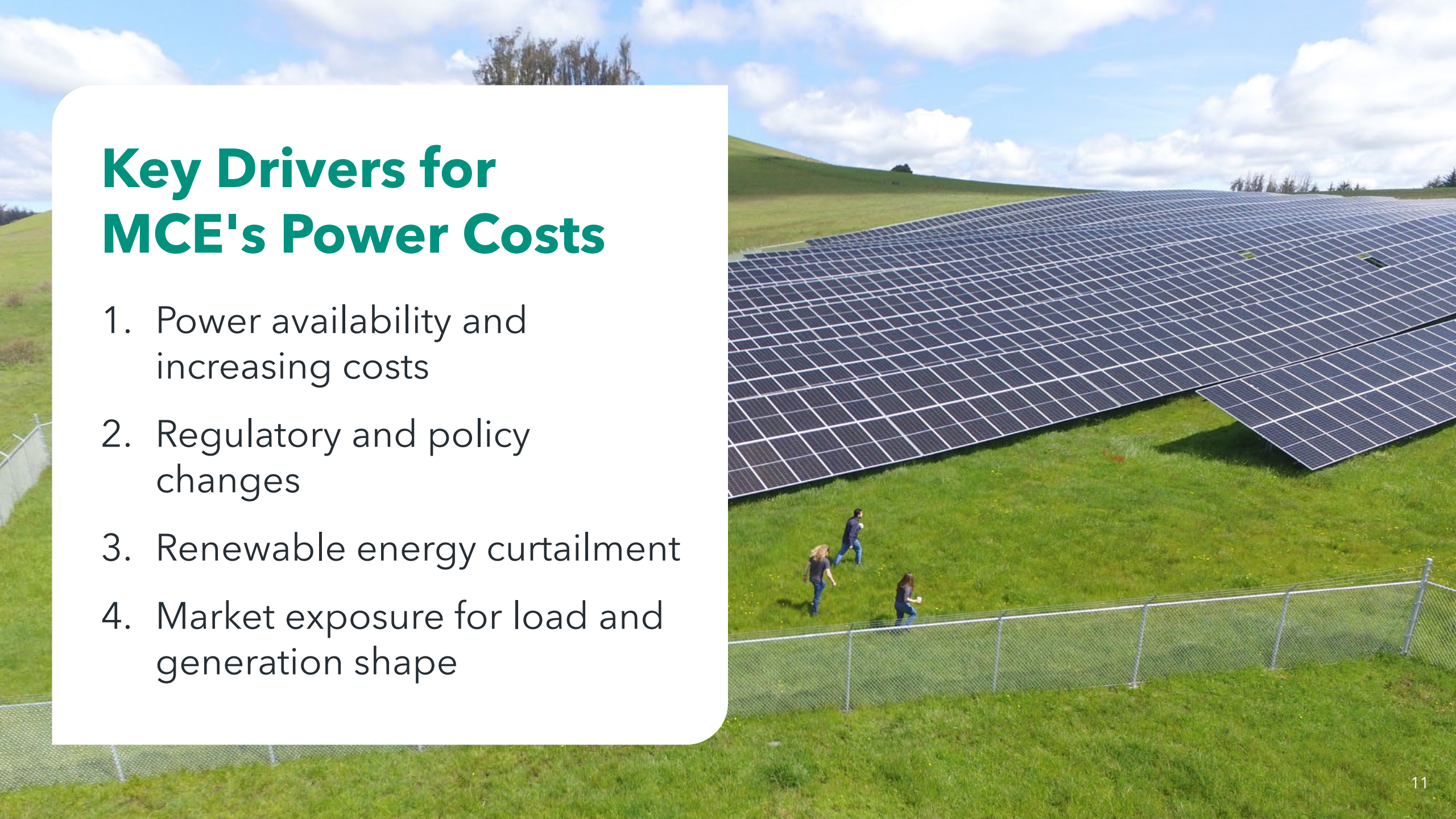
Financial Initiatives

- Diversifying MCE's investment portfolio while adhering to the Investment Policy's tenets of **safety**, **liquidity**, and **return on investment**
- Securing strong investment grade credit ratings from S&P Global ratings and Fitch Ratings and leveraging our credit strength
- Ensuring fiscal strength through effective rate setting and program evaluation
- Creating and funding an Operating Reserve Fund
- Negotiating intermediated tax-advantaged agreements to reduce power supply costs
- Securing a $60 million credit line with Royal Bank of Canada

Power Resources

Key Drivers for MCE's Power Costs

1. Power availability and increasing costs
2. Regulatory and policy changes
3. Renewable energy curtailment
4. Market exposure for load and generation shape



Power Availability & Prices

- Statewide electricity demand is expected to increase by 40% in 2040*.
- Interconnection delays, limited transmission deliverability, procurement mandates, tariff threats, and supply chain shortages reduce supply and increase prices.
- Labor shortages for engineering, procurement and construction contractors due to AI and Data Center growth is pushing up prices as the demand for gas fired generation is exaserbating the broader demand for skilled labor

These market-wide challenges cannot be mitigated by MCE's actions.

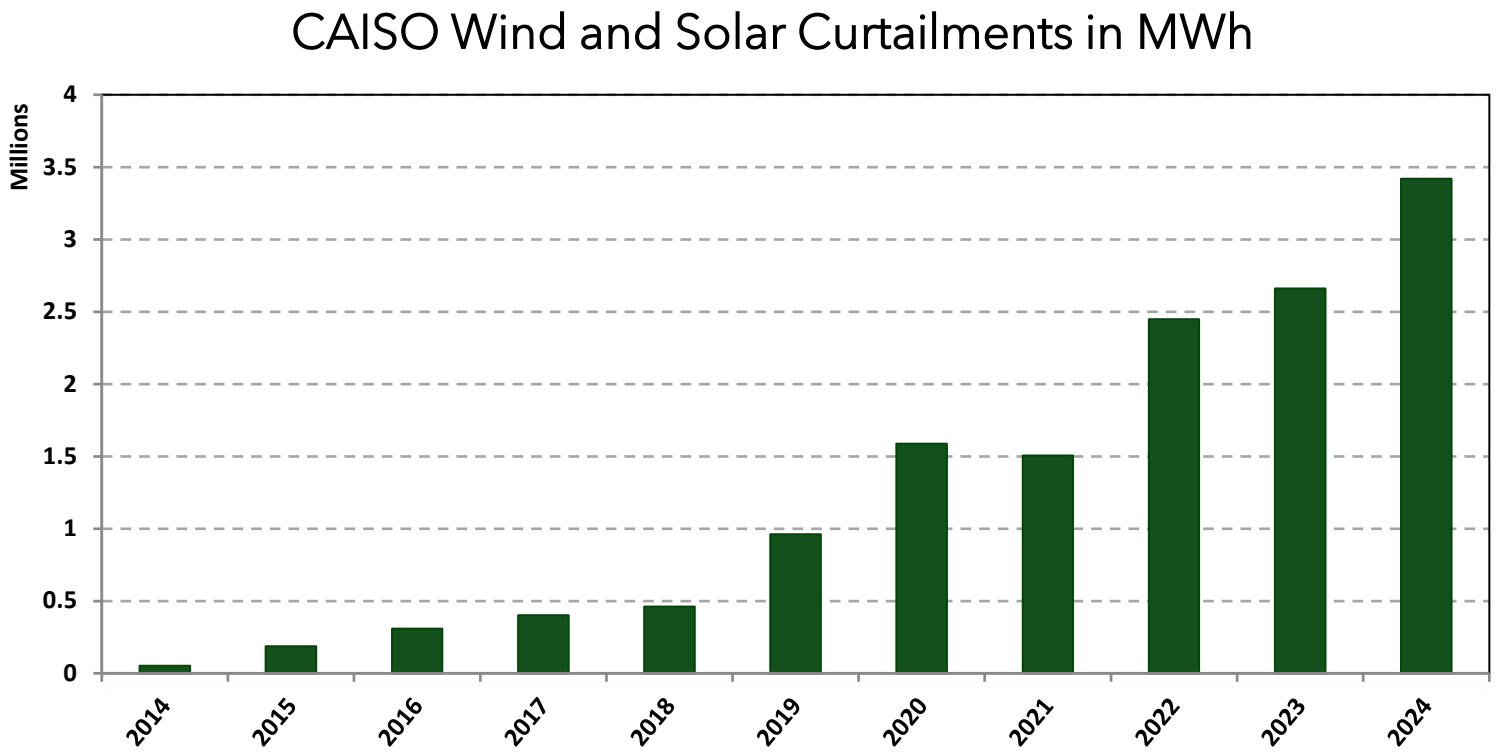
*Based on 2024 IEPR baseline forecast:
https://efiling.energy.ca.gov/GetDocument.aspx?tn=260931&DocumentContentId=97364

MCE's Solicitation Results

- MCE received offers for significantly fewer viable projects through Open Season 2024 compared to past years.
    - Limited availability due to permitting, interconnection and supply chain challenges
    - Limited options for aligning MCE's supply portfolio to meet hourly demand
- MCE's requests for short-term renewable energy and carbon-free supply also yielded significantly fewer offers for limited quantities.

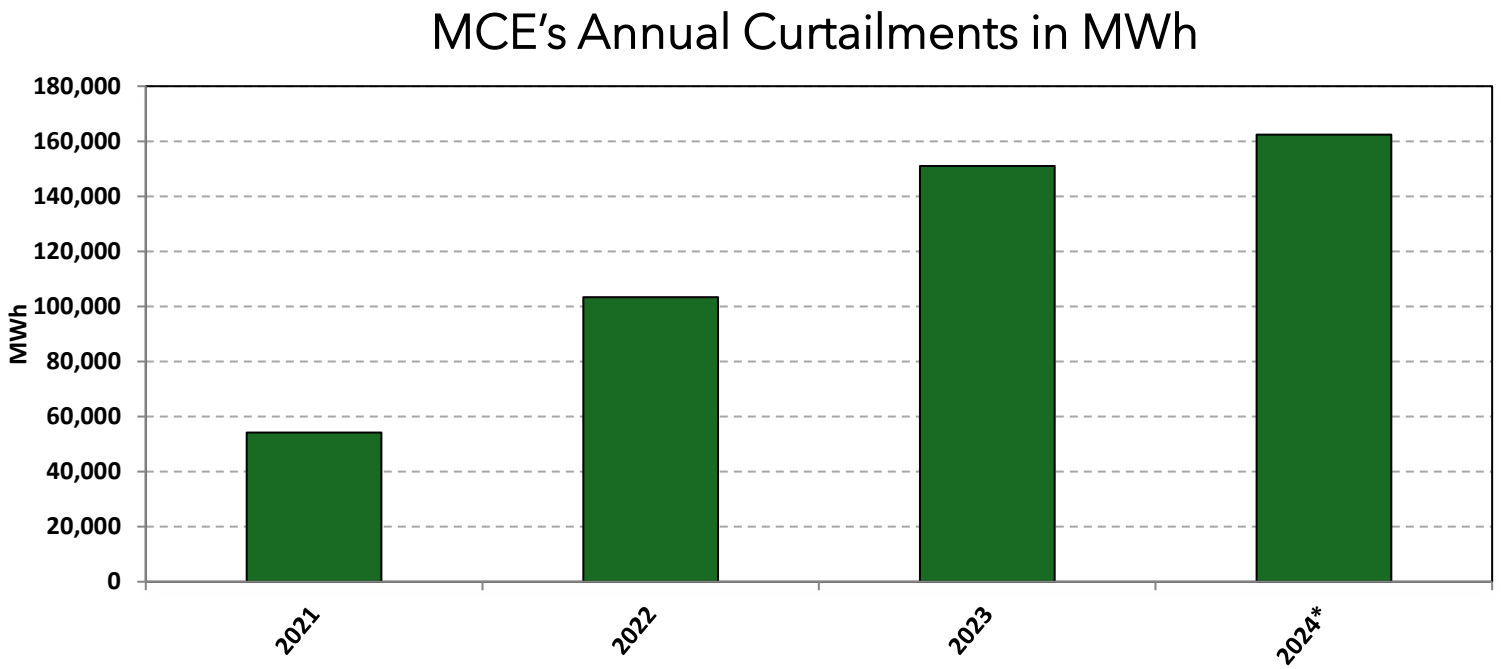
Renewable Energy Curtailment

Curtailment happens when there's more clean energy available than the grid can handle, so some of it gets turned off instead of being used.



- Increased dramatically over last 10 years
- When a resource gets curtailed, MCE still pays for the curtailed energy and buys replacement renewable energy

MCE Curtailment Cost Impact

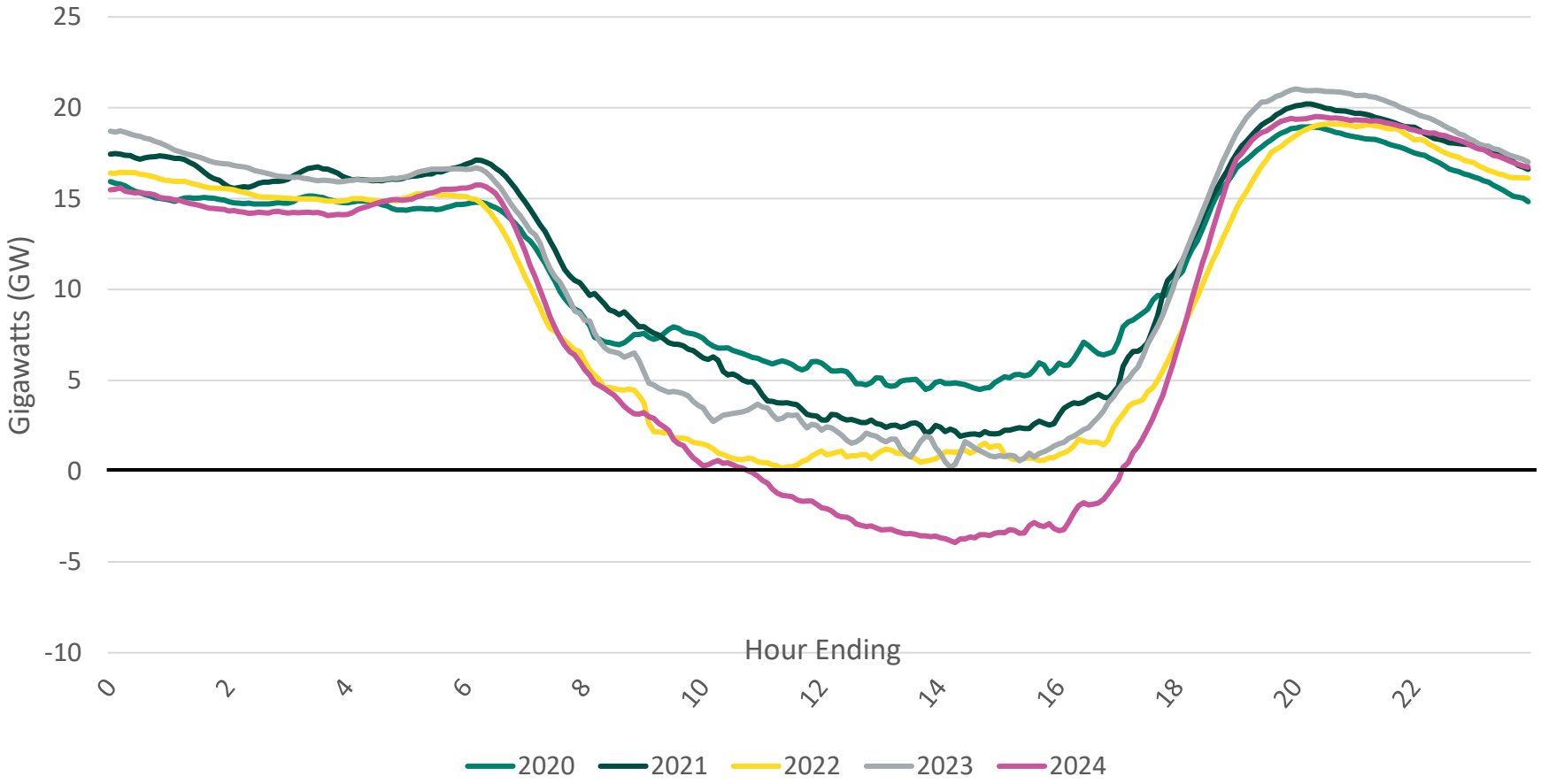


** 2024 numbers are estimated and may increase once finalized*

- MCE's resource curtailments have increased 200% in four years
- These curtailments have cost MCE ratepayers over $43 million in total, with more than $19 million in 2024 alone
    - Actual cost impacts are even higher due to negative pricing charged in CAISO markets

Market Exposure: Morning & Evening Hours

CAISO lowest net load day each spring (March-May, 2020-2024)



- California's duck curve is getting deeper
- Resources that generate during morning and evening peak hours are becoming increasingly important
- Low prices during the middle of the day reduce the overall value of MCE's solar resources

Source: CAISO Production and Curtailment Reports

How are we Mitigating the Risks?

Mitigate Cost Impacts

- Build Operating Reserve Fund to help stabilize rates and protect customers from market volatility.
- Offer discounts and programs to help customers, especially lower-income, reduce bills.
- Prepay renewable Power Purchase Agreements to reduce costs.
- Participate in regulatory proceedings that have the potential to impact procurement.

Mitigate Curtailments

- Use bidding strategies that minimize curtailments and MCE's cost of replacement energy.
- Explore transmission solutions to minimize curtailments.
- Exploring strategies to create load on-site, possibly by producing green hydrogen.

Aligning Demand and Supply

- Prioritize Power Purchase Agreements that can deliver in evening peak hours and are dispatchable.
- Offer customer programs to align demand with supply.

How are we Mitigating the Risks?

Considering asset ownership to mitigate risk

- Direct control over project configuration and location
- Operational flexibility to optimize market revenue and adapt to changing circumstances
- Ability to add generation/storage capacity
- Long term cost certainty
- Lower costs through our bonding capability

Regulatory & Legislative

Erosion of CCA Autonomy

Risks

- Increasing legislative and regulatory oversight threatens the independence and autonomy of CCAs.

Examples

- Procurement mandates with time or technology limitations.
- CPUC interference with CCA expansion plans based on Resource Adequacy (RA) compliance.
- Increased oversight and scrutiny of CCA-funded demand-side programs.
- Increased efforts to utilize centralized procurement may reduce CCAs' procurement autonomy and developer interest.

Mitigation Strategies

- Legislative advocacy to increase awareness of impacts.
- Maintain active engagement in regulatory proceedings.
- Stakeholder partnerships.

Regulatory Complexity and Expanding Scope

Risks

- Increasing scope of state regulations create market uncertainty and operational challenges that may affect compliance, increase costs, and stifle innovation.
  - ***CEC Power Source Disclosure and CPUC Resource Adequacy (RA) Slice-of-Day*:** Efforts to track energy, capacity, and emissions at the hourly level increase procurement amounts and costs due to limited supplies of clean dispatchable or baseload resources.
  - ***CPUC Integrated Resource Planning*:** Requirements for new resources conflicts with available transmission capacity & development timelines, raising costs & compliance risk.
  - ***CEC Load Management Standards*:** Complex standards and rigid implementation of load flexibility goals and ratesetting can limit innovation & increase costs for customers.

Mitigation Strategies

- Advocate in regulatory proceedings for more flexible solutions, build internal capacity for compliance, and invest in technology to streamline regulatory reporting.
- Legislative advocacy to increase awareness of impacts.

2025 Regulatory Risk Horizon

Venue	Issue	Potential Impacts
CPUC	Resource Adequacy (RA)	Increased compliance difficulty with Slice of Day implementation and expected increases to planning reserve margin may increase costs. Opportunities to advocate for increased options for transactability that can reduce RA compliance costs.
	Integrated Resource Planning (IRP)	Potential changes to IRP framework. Uncertainty surrounding new mechanism to order and/or enforce procurement may impact procurement planning and procurement costs as it can require MCE to continuously monitor and make changes to our portfolio.
	Power Charge Indifference Adjustment (PCIA)	Potential reopening of PCIA methodology could impact MCE competitiveness in either direction dependent on scope and outcome.
CEC	Load Management Standards (LMS)	Potential challenges to CCA LMS plans and increased costs due to inflexible implementation of standards.
	Power Source Disclosure	Hourly reporting requirements for 2025 procurement beginning with 2026 reporting likely to lead to increased procurement amounts and costs due to limited supplies of clean dispatchable or baseload resources.
CAISO	Interconnection Process Enhancements	Continue improvements to interconnection process to reduce cost pressures and increase reliability.
	Transmission Planning Process	Transmission needs and costs impacted by IRP requirements and meeting state policies.
Other	Pathways - Regional Markets	Increased access to energy throughout west; future cost savings; potential for split markets/inefficiency if legislation does not pass in 2025.

Federal Policy Changes

Risks

- Tariffs will increase procurement costs and new potential future tariffs creates uncertainty
- Potential Inflation Reduction Act (IRA) rollback
  - Tax credits for renewable projects
  - Eliminating direct pay would make project ownership infeasible
- Potential revocation of tax exemption for municipal bonds would diminish their potential to reduce costs

Mitigation strategy

- Federal policy advocacy
- Stakeholder partnerships and coalition support

Customer Programs

Virtual Power Plant

Program	Plan Highlights	Funding Source
MCE Sync	• 66% increase in enrollments by 2026 • 100 free smart home EV chargers to income-qualified customers	• MCE Local Programs Fund • California Energy Commission grant
Peak Flex	• 10x increase in peak hour reductions during demand response events in 2025	• MCE Resiliency Fund
Energy Storage	• 56% increase in MWh of storage installed	• MCE Resiliency Fund • Marin Community Foundation grant • DOE Federal Earmark Funding*
VPP Flex Grant	By 2029: • Up to 30 resource types integrated in the Distributed Energy Resource Management System (DERMS) • 3 MW load shift • 20% cost recovery	• MCE Resiliency Fund • California Energy Commission grant *Possibly impacted by recent Executive Orders

Virtual Power Plant

Impact to date	Goals
3,000 + vehicles enrolled in Managed Charging; 300+ on a Dynamic Price Pilot	5,000 vehicles enrolled by March 2026; Distribute 100 free smart home EV chargers
3MW peak load reduction during 2022 heat events from the Peak Flex Program	500 MWh peak hours savings during up to 30 DR events in 2025
2.5 MWh of storage installed at 76 homes and 13 critical facilities.	Additional 1.4 MWh storage installed at critical facilities by 2028.
1,200+ customers enrolled in the Solar Storage Credit	Maintain 20% of customers with storage enrolled in the Solar Storage Credit (1,330 in 2025)
3 homes fully rebuilt and sold to first-time lower-income homebuyers; 9 resource types integrated in the Distributed Energy Resources Management System (DERMS)	VPP FLEX: up to 30 resource types integrated in the DERMS; 3 MW load shift and 20% cost recovery by 2029

Building Electrification

Program	Plan Highlights	Funding Source
Green Workforce Pathways	• To date engaged 15 local contractors, job placement support for 154 trainees, placed 41 trainees with paid experience	• CPUC Energy Efficiency Funds • Marin Community Foundation grant
Heat Pump Water Heaters	• In 2025, 360+ installations, including at least 60 at no cost to low/moderate income homes • To date over 900 installations; 123 provided at no cost to low/moderate income homes	• MCE's Local Programs Fund • CPUC Energy Efficiency Funds • Strategic Growth Council grant
Emergency Water Heater Replacement Program	• 90 heat pump water heater installations by April 2026	• MCE's Local Programs Fund

Electric Vehicles

Program	Plan Highlights	Funding Source
EV Charging	• 900 new charging ports installed by April 2026 • Funded over 1,200 charging ports at 70 locations	• MCE Local Programs Fund • California Energy Commission Grant • Marin Community Foundation grant • U.S. Department of Energy grant*
EV Instant Rebate	• 915 additional rebates by April 2026 • Over 1,000 rebates to low-income customers	• MCE Local Programs Fund
Bidirectional Vehicle Tariff	• Will begin enrollment in 2025	• MCE Operational Fund

*Possibly impacted by recent Executive Orders

Energy Efficiency

Energy Efficiency programs for non-equity customers have saved over 10.4 GWh and 400,000 therms annually	→	5 GWh and 250,000 therms savings in 2025
1,780 low- and moderate-income homes have received free energy efficiency upgrades since 2019	→	325 additional home upgrades in 2025
5,300 multifamily units received energy efficiency upgrades through MCE's programs since 2013	→	4 additional properties (150 units) upgraded in 2025
New program for small businesses in priority communities – Small Business Energy Advantage	→	900 projects by December 2026

Grants and Federal Funding

- 11 customer programs fully or partially externally funded
- **$220 million awarded by the California Public Utilities Commission** (2013-2031)
- **$14.5 million of awarded in grants and federal funding** (2019-2024)
- 4 pending grant applications totaling $22.5 million (3 federal, 1 state)
- Due to recent federal actions, some funding is at risk
- Funding reviewed for potential risk levels
  - Level 1: Low risk, unlikely to be impacted
  - Level 2: Medium risk, uncertain
  - Level 3: High risk, likely paused

Low Risk Funding Sources

Funding Source	Amount	Risk	Purpose
Marin Community Foundation	$750,000	1	Solar + storage for critical facilities
Marin Community Foundation	$380,000	1	Green workforce development
Marin Community Foundation	$180,000	1	EV Charging for multifamily sites in Marin
California Energy Commission Advanced Energy Community	$99,999	1	Richmond VPP pilot in Richmond, MCE is subrecipient
TOTAL	**$1,409,999**		

Medium Risk Funding Sources

Funding Source	Amount	Risk	Purpose
California Energy Commission VPP Flex	$5,000,000	2	Expand MCE's Virtual Power Plant
Strategic Growth Council Transformative Climate Communities	$3,000,000	2	Expand Home Energy Savings in Richmond, MCE is subrecipient
TOTAL	**$8,000,000**		

High Risk Funding Sources

Funding Source	Amount	Risk	Purpose
2022 Earmark	$2,000,000	3	EV charging stations
2023 Earmark	$850,000	3	Electrical panel upgrades & ancillary services
2022 Earmark	$750,000	3	Expand Healthy Homes
2022 Earmark	$500,000	3	Energy storage for critical facilities
Department of Energy "Charged by Public Power"	$1,000,000	3	Community focus groups for EV programs, EV charging station installs
TOTAL	**$5,100,000**		

Other Customer-Facing Priorities

- **Hercules service start** – April 2025
- **Language accessibility study and Spanish outreach**
- **New Customer Programs:** VPP expansion, Heat Pump Water Heater Loaner Program, Bidirectional EV Tariff
- **Customer education**
  - Brand advertising campaign
  - Community events
  - Because of Youth
  - Community Power Coalition

Summary of MCE's 2025 Priorities

Affordability – Keeping clean energy affordable through financial and procurement strategies, customer discounts, and customer programs that prioritize those most in need.

Power Resources – Strengthening procurement strategies, mitigating renewable curtailment, and ensuring resource adequacy to support reliability.

Legislative & Regulatory Advocacy – Protecting CCA autonomy, securing fair policies, and navigating evolving regulatory challenges to maintain flexibility and innovation.

Financial Strength – Maintaining reserves, leveraging prepayment transactions, and securing external funding to buffer against market volatility.

Customer Programs – Expanding Virtual Power Plant, EV, energy efficiency, and building electrification programs.

Service Area Expansion – Launching Hercules service in April 2025.

Key Board Actions & Engagement

Topic	Preliminary Timing	Priority
Fiscal Year 2025/26 Budget Approval	March	Affordability, Financial Strength, Customer Programs
Legislative Session Preview	March	Legislative & Regulatory Advocacy
Clean Energy Bond Issuance	March	Affordability, Financial Strength, Power Resources
Policy Update	April	Legislative & Regulatory Advocacy
Prepay Contract Approval	April	Financial Strength
Customer Programs Update	May	Customer Programs
Public Affairs Update	May	Service Area Expansion
Attracting and Retaining Staff	July	Staff Retention
Customer Operations Update	July	Affordability, Customer Programs
Power Content Label Attestation	September	Power Resources
10-Year Integrated Resource Plan Approval	September	Power Resources

Questions and Feedback

MCE

mceCleanEnergy.org
info@mceCleanEnergy.org

Initial Preliminary Schedule of 2025 Meeting Topics

	Board

March	**March 20, 2025**
	
	→ CEO Report
	→ Consent
	  ○ Approval of Meeting Minutes
	  ○ Approved Contracts for Energy Update
	→ Charles F. McGlashan Award Presentation
	→ Proposed Fiscal Year 2025/26 Budget
	→ 2025 Legislative Session Preview
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

April	**April 17, 2025**
	
	→ CEO Report
	→ Consent
	  ○ Approval of Meeting Minutes
	  ○ Approved Contracts for Energy Update
	  ○ Addition of Board Members to Committees
	→ Voting Shares Update
	→ Policy Update
	→ Prepay Contract Approval
	→ Proposed Governance Recommendations from the Executive Committee
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

May	**May 15, 2025: Single Location - San Rafael**
	
	→ CEO Report
	→ Consent
	  ○ Approval of Meeting Minutes
	  ○ Approved Contracts for Energy Update
	→ Customer Programs Update
	→ Public Affairs Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

June	**June 19, 2025**
	
	(We will skip or reschedule the June meeting in observance of Juneteenth)
	
	→ CEO Report
	→ Consent
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

July	**July 17, 2025**
	
	→ CEO Report
	→ Consent
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Attracting and Retaining a Strong MCE Team
	→ Customer Operations Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

August	**August 21, 2025**
	
	(May skip meeting for summer recess)
	
	→ CEO Report
	→ Consent
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

September	**September 18, 2025**
	
	→ CEO Report
	→ Consent
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Climate Action Leadership Award
	→ Power Content Label Attestation
	→ Integrated Resource Plan
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

October	**Annual Board Retreat: Date and Location TBD**
	
	→ CEO Report
	→ Consent
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Board and Staff Matters

November	**November 20, 2025**
	
	→ CEO Report
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Appoint Treasurer
	→ Policy Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

December	**December 18, 2025**
	
	→ CEO Report
	  o Approval of Meeting Minutes
	  o Approved Contracts for Energy Update
	→ Legislative and Regulatory Updates (written only)
	→ Board and Staff Matters

Strategic Plan for Energy Services

MCE

Strategic Plan for Energy Services

February 2025

1125 Tamalpais Avenue, San Rafael, CA 94901
2300 Clayton Road, Suite 1150, Concord, CA 94520
(888) 632-3674
info@mcecleanenergy.org
www.mcecleanenergy.org

Leading California to an equitable, clean, affordable, and reliable energy future.

Cover photos, clockwise: *3 MW Silveira Ranch solar in Novato;*

MCE customers and Marina Bay HOA Board Members Afsar Ali (left) and Mike Mahoney (right) flank Joy Massey, MCE Senior Customer Program Manager, celebrating installation of their new EV charging station;

MCE and partners Claire Trombadore, U.S. EPA Pacific Southwest Region Division Director, Dawn Weisz, MCE CEO, Jim Becker, RCF Connects CEO, Eduardo Martinez, City of Richmond Mayor, and MCE Board Director, Shanelle Scales-Preston, Contra Costa County Supervisor and MCE Board Chair, and Patty Monahan, California Energy Commissioner, unveil a newly renovated home, part of MCE's Virtual Power Plant project in Richmond.

Table of Contents

Section 1: Overview

Introduction

MCE's Strategic Plan for Energy Services is a roadmap outlining our continued commitment to sustainable, innovative energy solutions and equitable community engagement. At MCE, we recognize that the success and impact of our work is not confined to any single department or team. Instead, it's a collective effort that spans from our Board of Directors and across all MCE departments, with each staff member playing a crucial role in bringing our mission to life and helping achieve our strategic goals.

As we navigate challenges and opportunities ahead, this plan serves as both a guide and a reminder of the important work we all contribute to at MCE. Together, we are shaping a sustainable future for our communities and setting a benchmark for responsible, community-focused energy management.

MCE's Strategic Plan for Energy Services is an evolving document and staff aims to update it annually, at minimum. Where applicable, the plan includes goals, key performance indicators (KPIs), metrics, impacts, and results.

Vision & Mission

MCE's vision is to lead California to an equitable, clean, affordable, and reliable energy economy by serving as a model for community-based renewable energy, energy efficiency, and cutting-edge clean-tech products and programs.

MCE's mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating equitable community benefits.

Values

- **Innovation:** We fight climate change with leading edge, community-centered programs and policies.
- **Equity:** We prioritize environmental and economic justice for communities of concern.
- **Accessibility:** We serve our communities and customers through open and transparent engagement.
- **Inclusivity:** We celebrate diverse identities at work and in our communities.
- **Sustainability:** We strive for a sustainable workplace, community, and planet.
- **Fiscal Responsibility:** We invest in financial strength to deliver stable rates and programs.

Agency Priorities

MCE's agency priorities are firmly rooted in our vision, mission, and core values, steering us toward an equitable, clean, affordable, and reliable energy economy as we confront the climate crisis.

1. **Reduce greenhouse gas emissions** through strategic programs and fossil-free energy, maximizing both renewable and carbon-free sources.
2. **Foster equity** by focusing on inclusive participation and equitable access to clean energy, programs, and benefits.
3. **Strengthen energy affordability** by expanding access to cost-saving programs and advocating for fair rates to lower customer costs.
4. **Amplify our impact** by using our funds wisely, providing competitively priced energy to our customers, and pursuing diverse funding, innovative finance strategies, and prudently diversified investments.
5. **Inspire others to take action**, by telling our story, to confront the climate crisis and create energy equity.
6. **Achieve operational excellence** and sustain an engaging employee experience by leveraging advanced technology, enhancing cross-team coordination, and refining processes for peak efficiency and effectiveness.

Our Impact

The community choice model is a commitment to locally led efforts for a sustainable future. From individual lifestyle adjustments to large-scale industrial changes, our communities are building a cleaner, greener, and more resilient environment that works for everyone.

In 2010, local advocates launched MCE as California's first Community Choice Aggregation (CCA) electricity provider to give their communities a true, renewable alternative that was not-for-profit and governed at the local level.

Today, MCE serves over 1.5 million people with clean energy service and cutting-edge energy programs across 38 communities. Discover what we've accomplished in our 2024 Impact Report.

- 585,000 customer accounts
- 500,000 metric tons of greenhouse gas emissions reduced since 2010
- $97.5 million in customer bill savings since 2010
- 48 MW new renewable projects built locally
- 6,500 California jobs supported

Section 2: Member Communities

As a Joint Powers Authority, MCE's Board of Directors is composed of locally-elected public officials representing each of the communities we serve, united in decarbonization and electrification goals. Recognizing each community's unique challenges, MCE tailors programs, services, and projects to meet their specific needs.

Current Members

There are 38 member communities across four Bay Area counties - Contra Costa, Marin, Napa, and Solano.

- **Contra Costa County**, Concord, Danville, El Cerrito, Hercules, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, San Ramon, Walnut Creek
- **Marin County**, Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito, Tiburon
- **Napa County**, American Canyon, Calistoga, Napa, St. Helena, Yountville
- **Solano County**, Benicia, Fairfield, Vallejo

Hercules Enrollment

In November 2023, MCE's Board voted to approve the **City of Hercules** as the newest member. A revised Implementation Plan to serve over 26,000 people and 10,060 new accounts in Hercules was submitted to and approved by the California Public Utilities Commission (CPUC), and service is scheduled to start in April 2025.

Outlined within MCE's Community Outreach Plan for the City of Hercules are the marketing, education, and outreach initiatives that will be implemented to engage the general customer base, spanning residential, commercial, industrial, and municipal account holders. The plan combines successful strategies used for previous new community enrollments and incorporates the unique characteristics and different information channels available in the City of Hercules.

As part of our community outreach efforts, we will measure success by holding a minimum of 2 in-person workshops and 4 online workshops in partnership with City staff, with an enrollment target of at least 85%.

Future Member Potential

Eight communities in Contra Costa and Solano counties, listed below, are eligible for MCE membership but have not applied. Due to current renewable energy market challenges, MCE will not prioritize new requests in 2025 but is open to future discussions on inclusion.

Communities Eligible for MCE Service

County	Community	Population	Household Count
Contra Costa	Brentwood	64,000	21,000
Contra Costa	Clayton	11,000	4,000
Contra Costa	Orinda	19,000	7,700
Contra Costa	Antioch	115,000	36,000
Solano	Dixon	19,000	6,700
Solano	Rio Vista	8,000	5,200
Solano	Suisun City	29,000	9,800
Solano	Vacaville	95,000	35,000

Section 3: Energy Equity

At MCE equity means ensuring all communities, especially those historically underserved or affected by environmental and economic injustices, have fair access to clean, affordable, and reliable energy. MCE actively addresses disparities by working to make renewable energy and clean technologies accessible to everyone, regardless of socio-economic status, race, ethnicity, or location.

MCE fosters equity by tailoring programs, policies, outreach, and decision-making processes to meet the diverse needs of our communities. This ensures equitable participation and benefits, particularly addressing historical injustices that have created “sacrifice zones” in frontline and fenceline communities. It means actively working to:

- **Advocate for and implement policies and programs** that reduce environmental and health impacts of energy production and consumption, especially in disproportionately pollution-affected communities.
- **Identify and address disparities** in energy access and costs, especially in underserved and industrially-impacted communities.
- **Ensure equitable distribution of benefits** from clean energy, such as reductions in air pollution and greenhouse gas emissions, cleaner renewable electricity, increased access to energy efficiency programs, cost savings, and benefits from new technologies.
- **Proactively incorporate diverse community voices and needs** in decision-making processes, ensuring that energy solutions are tailored to the unique contexts of all served communities.
- **Foster economic opportunities** by prioritizing job creation, training, and workforce development in underrepresented groups and partnering with organized union labor on utility scale projects.

These commitments are aligned with decades of activism and environmental justice work throughout the country. Of particular importance is MCE’s alignment with the 17 Principles of Environmental Justice (1991). Among them are the declarations that with our programs, policies, and power purchase we:

- protect our ecological environment,
- write public policy based on mutual respect and justice for all people,
- invest in ethical, balanced and responsible uses of land and renewable resources;
- protect from nuclear;
- allow for equal partners in every level of decision making;
- allow for workers in a safe and healthy work environment;
- educate generations on social and environmental issues with appreciation of diverse cultural perspectives and
- be careful with how we consume resources, reduce waste, and reprioritize our lifestyles to ensure the health of the natural world for present and future generations.

Other recent examples of how MCE is centering equity in programs and energy services are detailed in MCE’s 2024 Impact Report.

Language Access

In 2025, MCE will conduct a language study across its service area to better understand customer needs, communication preferences, and effective outreach channels for individuals with limited English proficiency, particularly Spanish-speaking customers. The results will inform MCE's communications and community engagement strategies to ensure more equitable access to clean energy programs and services. This effort underscores MCE's commitment to tailoring solutions to meet the diverse needs of its customers, particularly those facing language barriers.

Supplier Diversity

MCE submits an annual Supplier Diversity Report to the CPUC that outlines our voluntary work. Our supplier diversity efforts help businesses whose owners are women, minority, LGBTQ, and/or disabled veterans to access opportunities in California's energy sector. By leading our supplier diversity workshops and training sessions over several years, MCE has helped many businesses receive certification in the state's Supplier Diversity Clearinghouse to access utility contracts and more easily grow their local businesses. In 2023, MCE spent more than $40 million on small local and diverse businesses.

Community Power Coalition

MCE's Community Power Coalition is a network of 115 community-based organizations (CBOs) that advise MCE on areas including environmental, social, and racial justice issues as they intersect with the work of delivering renewable energy to our communities. These organizations also help MCE to raise awareness and reach new audiences.

In 2024, MCE hosted 6 Community Power Coalitions meetings. Cumulatively, 198 people were engaged to discuss topics including rates, MCE's budget, MCE's greenhouse gas emissions reductions by program area, Diablo Canyon nuclear power, and language accessibility.

- **Goal:** Create bi-directional pathways for community partners to engage in climate crisis conversations and partnerships.
    - **KPI:** Increase environmental justice CBO engagement by 15% in cumulative attendance.
- **Goal:** Facilitate engagement and education opportunities for existing and new partners to build energy-adjacent partnerships (between MCE, CBOs, policymakers, and local municipalities) to advance climate equity goals.
    - **KPI:** Identify and engage 2-3 new organizations (or re-engage non active partners) per county.
- **Goal:** Ensure MCE's Community Power Coalition membership reflects the diversity of our service area by amplifying the voices of underrepresented groups and better understanding the needs of all communities.
    - **KPI:** Analyze the demographics and focus areas of Com Pow member organizations to identify gaps in representation, such as farmworkers, youth,

BIPOC communities, workforce development, and environmental justice groups. Use findings to guide outreach and recruitment of new members.

- **Goal:** Strengthen MCE brand and create engagement touchpoints in our service area.
    - **KPI:** Measure brand familiarity increase of meeting attendees in post-survey participation following the annual listening sessions and annual symposium.

Priority Populations

MCE identifies and serves communities and groups with specific challenges or energy needs through inclusive program and service offerings. State-designated Disadvantaged Communities (CalEnviroScreen) and Low-Income Communities (AB 1550) are identified based on specific criteria that reflect economic, health, and environmental challenges. These areas often face higher pollution levels, limited access to clean energy, and socioeconomic barriers that exacerbate health and environmental risks.

Prioritizing these communities and customer groups ensures targeted support to those most in need, aiming to reduce disparities, improve health outcomes, and enhance access to clean, affordable energy.

Priority Communities
Richmond, Pittsburg, Concord, and Vallejo are the greatest areas of concern within MCE's service area, based on state designations as disadvantaged and/or low-income communities. The following communities have the greatest area of concern by member county:

- **Richmond, Pittsburg**, and **Concord** in Contra Costa County;
- **Vallejo and Fairfield** in Solano County;
- **San Rafael** and **Novato** in Marin County; and
- **Napa** in Napa County

A complete list of member communities with designations from CalEnviroScreen, AB 1550, and the Climate and Economic Justice Screen Tool, is in Appendix A.

Vulnerable Populations

- People with lower income including those that qualify for discount and assistance programs
- People dependent on electrically-powered medical devices
- Non-English speakers
- Multifamily properties, which frequently provide housing for lower-income individuals, families, and multigenerational families.
- Tribal communities: MCE's service area includes unceded lands of Indigenous groups including Me-Wuk (Coast Miwok and Bay Miwok), Muwekma Ohlone, Wappo, Karkin, Lisjan, Wintun and South Patwin peoples.
- Older adults
- Youth
- Customers in High Fire Threat Districts

Critical Facilities
Critical facilities help maintain community safety, health, and welfare, especially during emergencies or power outages. These facilities include, but are not limited to:

- Emergency Services: Fire stations, police stations, emergency operations centers, and other facilities for public safety and emergency response.
- Healthcare Facilities: Hospitals, clinics, and other medical centers.
- Public Transportation Hubs: Key transportation infrastructure like bus depots and train stations.
- Shelters and Community Centers: Locations that serve as emergency shelters or aid distribution centers, including schools, community centers, and senior care facilities.
- Utilities and Infrastructure: Water treatment plants, sewage facilities, telecommunications centers, and other utilities for public health and safety.

Section 4: Electric Supply Options

Through the CCA model, MCE is the primary and default electricity provider within our service area, aggregating the electricity needs of more than 585,000 customer accounts - 87% of the eligible residents, businesses, and municipal facilities. This collective approach is not just about negotiating and buying power, it's about reshaping the energy landscape in line with our community's values and need to champion sustainability, competitive rates, and local empowerment.

MCE's energy procurement hinges on three pillars:

1. **Consumer Choice and Stable, Competitive Rates:** By pooling the energy needs of our customers, MCE engages in strategic negotiations with power generators. This collective bargaining strength enables us to secure electricity at competitive and stable rates, often surpassing the offerings of traditional utilities in both cost and quality.
2. **Commitment to Carbon-Free and Renewable Energy:** MCE is steadfast in our commitment to procuring electricity from cleaner sources like solar and storage, wind, geothermal, biogas, and hydropower.
3. **Enhanced Local Control and Benefits:** MCE's model embodies local empowerment in energy decision-making. By choosing where and how our electricity is produced, MCE fosters local economic growth and job creation, while also contributing to the reduction of greenhouse gas emissions. Our approach ensures that the community's voice is central in shaping an energy future that is equitable, sustainable, and resilient.

MCE's energy procurement objectives are detailed in MCE's Integrated Resource Plan and are considered with a ten year planning period that takes into account numerous dimensions:

- Load forecasts based on the number and types of customers, potential service territory expansions, opt-out rates, electrification trends, demand-side resources, and weather;
- Renewables and emissions targets;
- Agency-wide budgetary considerations and customer rate implications;
- Long-term contracting requirements and goals for new steel in the ground;
- Grid reliability needs and capacity requirements, including regulatory mandates;
- Goals for local resources, local resiliency, and local workforce development; and
- Goals for more equitable communities.

Renewable Energy Prepayment Transactions

MCE has been a leader in 100% renewable energy prepayment transactions completing its first in 2021. By prepaying for renewable energy Power Purchase Agreements (PPAs) through non-recourse tax-exempt bonds, MCE reduces the cost of energy from these fixed-price contracts by 10-13%. MCE's $600 million inaugural issue in 2021 and a subsequent $1 billion issue in late 2023 will save customers an estimated $10 million/year in renewable energy costs during the first 6 years.

MCE was the impetus behind the creation of the California Community Choice Financing Authority (CCCFA), the Joint Power Authority established to be the conduit issuer of the tax-exempt bonds. Almost $17 billion in prepayment transactions have been issued by CCCFA

since 2021 saving CCA customers over $113 million annually. The popularity of prepayment transactions has resulted in CCCFA being the third largest issuer of tax-exempt bonds in the US in 2023 - behind only the State of California and City of New York.

This leadership in renewable energy prepayment transactions exemplifies MCE's commitment to driving California towards an equitable, clean, affordable, and reliable energy economy, leveraging innovative financial strategies.

State and Regional Goals and Policies

California's Renewable and Carbon-Free Energy Goals

California is aiming for 100% renewable and/or carbon-free energy by 2045, guided by SB 100 (2018) and SB 1020 (2022). While some renewables such as geothermal and bioenergy may emit minimal carbon, the state aims to balance environmental goals with affordability. The following table details the renewable energy milestones set to achieve California's ambitious objectives.

Target Year	Power Supply Target[1]	Established By	MCE Status
2029	85% renewable	MCE	On track
2030	60% renewable	California Renewable Portfolio Standard/SB 100 (2018)	Achieved since 2017
2035	90% renewable and carbon-free	California SB 1020 (2022)	Achieved since 2017
2035	100% renewable and carbon-free for all state agencies by 2035	California SB 1020 (2022)	N/A
2040	95% renewable and carbon-free	California SB 1020 (2022)	Achieved since 2022
2045	100% renewable and carbon-free	California SB 100 (2018)	On track

Resource Adequacy

The CPUC established the Resource Adequacy (RA) policy framework in 2004, aimed at ensuring the safe and reliable operation of the grid in real-time. This policy mandates electricity providers, like MCE, to procure resources amounting to 117% of their forecasted peak demand. This extra 17% acts as a reserve, ensuring that even during unexpected demand surges or resource

[1] Targets are for all retail electricity sales unless otherwise indicated. Any targets that include renewable and carbon-free refer to power supply from a combination of renewable and carbon-free sources.

shortfalls, there's always sufficient power available to meet customer needs, and may increase in 2026.

In 2025, the CPUC's RA framework is expected to undergo significant changes, requiring MCE to secure RA capacity hourly, moving away from the current peak-hour for any given month.

Hourly Emissions Reporting

In 2028, the CEC plans to reform the Power Source Disclosure Program, requiring MCE to report emissions on an hourly basis, in addition to annually. The CEC is also proposing more near-term changes affecting annual reporting as early as 2026, and procurement changes in 2025. The changes will account for line losses and attempt to accurately reflect the extent to which a Load Serving Entity has procured sufficient energy on both an annual and hourly basis to meet its energy needs. This granular approach to emissions reporting aligns with the state's move towards more precise and transparent environmental accountability.

Strategic Implications for MCE

With the more granular emissions and RA accounting frameworks, MCE will need to focus procurement strategy on securing resources that align closely with our hourly energy and capacity needs, including procuring sufficient excess energy to account for line losses and possibly even battery charging. In instances where MCE's procurement does not align with these hourly needs, a higher attribution of emissions to our energy portfolio is expected.

The increased demand for carbon-free renewables within California and the broader western region may lead to a rise in costs for these resources, including new builds.

To maintain consistency and clarity in reporting and messaging regarding emissions, MCE will align its internal goals with the regulatory changes. This may involve developing parallel reporting metrics to reconcile MCE's internal targets and objectives with the new external regulatory requirements.

Current Offerings

MCE offers four electricity service options: Light Green, Deep Green, Local Sol, and Green Access. To ensure transparency, each year MCE provides the Power Content Label, required by the California Energy Commission, with a breakdown of energy sources and a comparison to California's "grid average" power mix. The Power Content Label is released each fall or winter for the previous calendar year.

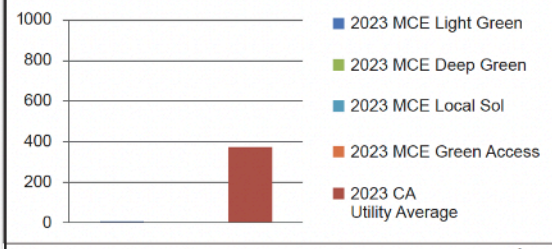
2023 POWER CONTENT LABEL

MCE

mceCleanEnergy.org/energy-sources

Greenhouse Gas Emissions Intensity (lbs CO_2e/MWh)

2023 MCE Light Green Power Mix	2023 MCE Deep Green Power Mix	2023 MCE Local Sol Power Mix	2023 MCE Green Access Power Mix	2023 CA Utility Average
4	0	0	0	373



Energy Resources	2023 MCE Light Green	2023 MCE Deep Green	2023 MCE Local Sol	2023 MCE Green Access	2023 CA Power Mix
Eligible Renewable[1]	**59.6%**	**100.0%**	**100.0%**	**100.0%**	**36.9%**
Biomass & Biowaste	2.2%	0.0%	0.0%	0.0%	2.1%
Geothermal	1.0%	0.0%	0.0%	0.0%	4.8%
Eligible Hydroelectric	7.7%	0.0%	0.0%	0.0%	1.8%
Solar	33.3%	50.0%	100.0%	100.0%	17.0%
Wind	15.3%	50.0%	0.0%	0.0%	11.2%
Coal	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**1.8%**
Large Hydroelectric	**40.1%**	**0.0%**	**0.0%**	**0.0%**	**11.7%**
Natural Gas	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**36.6%**
Nuclear	**0.2%**	**0.0%**	**0.0%**	**0.0%**	**9.3%**
Other	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**
Unspecified Power[2]	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**3.7%**
TOTAL	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Percentage of Retail Sales Covered by Retired Unbundled RECs[3]	**2%**	**0%**	**0%**	**0%**	

[1]The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.

[2]Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.

[3]Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.

For specific information about this electricity portfolio, contact:	**MCE (888) 632-3674**
For general information about the Power Content Label, visit:	https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program

Light Green

Established in 2010, Light Green is MCE's primary service option. Customers initiating new electricity service within MCE's service area or starting MCE service as part of a new member community enrollment are automatically enrolled in Light Green unless they choose a different plan.

Light Green has maintained at least 60% renewable energy content since 2017, surpassing the state goal 13 years ahead of schedule, and 95% carbon-free since 2022, almost two decades ahead of state goals. Light Green is on track to achieve 85% renewable energy by 2029.

As of December 2024, approximately 564,760 accounts are enrolled in Light Green.

Deep Green Equity Focus

Established in 2010, Deep Green is MCE's most popular 100% renewable energy service option. Deep Green costs $0.01 per kWh more than MCE's Light Green service. Half of the premium is allocated to a Local Development Fund to support new programs and renewable projects within our service area. In Fiscal Year 2024/25, $1 million was added to the Local Development Fund. To promote equitable access to renewable energy, CARE and FERA customers, who have lower income, are not charged the premium.

From January to August 2023, MCE implemented a pilot to make Deep Green the default service (instead of Light Green) for customers starting new electricity service. This pilot resulted in an increase of more than 400% in Deep Green accounts, peaking at 71,000 accounts.

As of December 2024, 42,727 customers are enrolled in Deep Green and just over 7,700 of those are CARE or FERA customers.

Local Sol Equity Focus

Established in 2017, Local Sol is 100% solar energy sourced from a 1 MW solar farm in Novato. Local Sol guarantees stable rates directly tied to a 20-year Feed-In Tariff contract, initially costing about 30% more than Deep Green. By 2023, Local Sol became the most affordable service option, aside from Green Access, which is limited to specific customer groups. The Feed-In Tariff contract for Local Sol expires in 2037, prompting MCE to assess Local Sol's future as the date approaches.

As of December 2024, Local Sol was at full capacity, serving nearly 350 residential customers.

Green Access Equity Focus

Established in 2021, Green Access is 100% renewable energy at a 20% discount available to households who meet the income eligibility requirements for the CARE and FERA programs and are in one of the top 25% most disadvantaged communities statewide or the census tracts in the highest 5% of CalEnviroScreen's Pollution Burden. This includes Pittsburg, Richmond, and Vallejo in MCE's service area. Green Access is sourced from a 23 MW Cottonwood Solar project in Kern and Kings County. Green Access is funded through the CPUC Disadvantaged Communities-Green Tariff program.

As of December 2024, there were more than 3,100 customers enrolled in Green Access who had received $2.44 million in discounts.

Future Endeavors

100% Fossil-Free 24/7 Load Matching Pilot

MCE will be exploring a pilot program to offer a 100% fossil-free product with hourly load matching. If successful, it may become part of MCE's electricity service offerings in the future.

Asset Ownership

In response to volatile pricing and supply chain challenges that impact the reliability and efficiency of traditional contract-based resource acquisition, MCE is strategically considering direct ownership of renewable energy generation, storage, resource adequacy, and potentially grid enhancing technologies that optimize the efficiency, capacity, and reliability of electricity transmission networks.

MCE's steps toward asset ownership include:

- Securing **Investment Grade Credit Ratings** (Fitch "A-" and S&P "A" both with Stable Outlooks);

- Increasing and exceeding our **Reserve Policy Goals** – achieved 108% of our Reserve target and 276 days of our 240 “days-cash-on-hand” target;
- Funding the **Operating Reserve Fund** (rate stabilization fund) with a current balance of $70 million;
- Adopting a **Bond Resolution** allowing MCE to quickly access the bond market if needed to finance an acquisition;
- Establishing a **Debt Policy** to guide the situations where MCE may issue tax-exempt or taxable bonds to finance capital projects;
- Establishing and funding of an **Asset Acquisition Account** for equity contributions toward the purchase of a capital asset in the 2025/26 Fiscal Year.

Asset ownership, in part or in whole, can introduce additional risks that MCE would not be exposed to normally through purchase contracts with third parties. However, these risks are offset by operational contracts, and the incremental value and savings gained through asset dispatch and control, lower operational and financing costs and project life cycle benefits. Asset ownership is the next logical step for MCE in our journey to lead California to an equitable, clean, affordable, and reliable energy economy.

Green Hydrogen

MCE is interested in green hydrogen as a long-duration storage resource to diversify beyond lithium-ion batteries and utilize excess solar energy that may otherwise be curtailed. Given the state-wide push for hydrogen development, staff is engaging in regional coordination efforts to secure funding, assess partnerships, and ensure community engagement and concerns are proactively addressed. MCE’s Responsible Green Hydrogen Principles outline the green hydrogen projects MCE seeks partners for - including guidance regarding community, environment, and safety.

The Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) is the State of California’s initiative to accelerate renewable hydrogen projects and the necessary infrastructure. Alongside over 400 other groups, MCE is a founding member and a participant in the Power Working Group to develop a strategy to adopt responsible green hydrogen projects.

Section 5: Customer Programs

The purpose of MCE's Customer Programs is to reduce greenhouse gas (GHG) emissions, create more equitable communities, promote grid reliability, and deepen customer engagement. Customer Programs are directly funded by MCE, the California Public Utilities Commission, grants, and federal funding.

Grants and Federal Funding Awarded Since 2019

California Energy Commission (CEC) Virtual Power Plant Approaches for Demand Flexibility (prime)	$5,000,000	Expand the Virtual Power Plant
Strategic Growth Council Transformative Climate Communities – (sub to City of Richmond)	$3,000,000	Expand Home Energy Savings Program in Richmond
2022 Earmark (prime)	$2,000,000	EV Charging Stations
Department of Energy (DOE) "Charged by Public Power" (prime)	$1,000,000	Community focus groups for EV programs
2023 Earmark (prime)	$850,000	Panel upgrades & ancillary services
Marin Community Foundation (MCF) Resiliency Grant (prime)	$750,000	Solar + Storage for critical facilities in Marin
2022 Earmark (prime)	$750,000	Expand Healthy Homes Program
2022 Earmark (prime)	$500,000	Expand Energy Storage
MCF Climate Justice Initiative (prime)	$380,000	Build green workforce in Marin
MCF EV Grant (prime)	$180,000	EV Charging for multifamily sites in Marin
CEC Advanced Energy Community (sub to Zero Net Energy Alliance)	$99,999	Virtual Power Plant (VPP) pilot in Richmond
TOTAL	**$14,509,999**	

Reduce GHG Emissions

MCE's programs reduce GHG emissions and minimize grid strain by helping customers lower the amount of energy used in their homes and businesses. By reducing energy use during target peak hours, we help balance supply and demand, mitigating the need for more polluting energy sources (ie, "gas-fired peaker plants"). Additionally, MCE's programs support clean transportation electrification, transitioning us away from fossil fuel dependency, which is a vital step in reducing our carbon footprint.

Foster Equity

MCE's programs address the disproportionate burden of environmental pollution and the unequal access to climate-smart technology by prioritizing customers who may not otherwise have the opportunity to participate in the Just Transition to a clean energy economy.

Promote Grid Reliability

With the growing impacts of climate change, such as more frequent and intense climate events from heatwaves, droughts, and wildfires, and the resulting power outages, customer programs are crucial in helping promote grid reliability by reducing overall energy consumption and shifting energy use out of peak hours.

Deepen Customer Engagement & Relationships

MCE's programs promote MCE as a trusted advisor to serve customers as a partner and resource in managing their energy needs, one that offers support and solutions beyond the role of

electricity provider. This relationship-building is essential for creating a sense of community and shared purpose in tackling energy and environmental challenges.

Virtual Power Plant Strategies

MCE's Virtual Power Plant (VPP) strategy exemplifies our commitment to delivering efficient, sustainable, and equitable energy solutions. A VPP is a network of decentralized energy resources (DERs) that work together as a single power plant, orchestrated through advanced technology to optimize energy production, storage, and consumption. By integrating resources such as rooftop solar, batteries, smart thermostats, heat pumps, and EV chargers, VPPs enhance electricity distribution for efficient and sustainable energy use, especially during peak hours.

MCE's VPP initiatives vary from fully dispatchable systems, allowing MCE direct control for precise management, to non-dispatchable systems that use price signals to encourage customers to reduce their energy use. These strategies, coupled with performance-based incentives and automated EV charging tools, contribute significantly to stabilizing the grid to prevent power outages and promoting sustainable energy use.

Our approach to the VPP is deeply rooted in equity, ensuring that advanced energy technologies are not only accessible but are also actively deployed in low-income and historically underserved communities. This strategy democratizes access to clean energy technology, addresses energy insecurity, and provides stable, affordable energy solutions to those most in need.

State and Regional Efforts

Grid reliability has been a priority focus of the CA legislature, regulators and the Governor's office since the rolling blackouts in August 2020. To enhance grid stability, the CPUC has authorized several new programs intended to reduce customer energy use during high-demand periods.

One such initiative, the investor-owned utility's (IOU) Emergency Load Reduction Program, was established as an additional measure to decrease energy consumption on days when the grid is under strain, beyond existing efforts of the IOU's Demand Response (DR) programs.

MCE's advocacy at the CPUC on DR has largely been to ensure that CCAs can use load-modifying programs and rates to reduce their peak demand without being limited by dual enrollment provisions established by the CPUC for event-based DR programs.

The CEC and CPUC are exploring the adoption of real-time *rates* as an alternative way to manage peak loads (Load Management Standards proceeding and Demand Flexibility proceeding, respectively).

Current offerings

MCE Sync Equity Focus

MCE Sync, launched in 2021, is an app–based load shifting program that helps customers automate EV charging at home using the least expensive and cleanest energy. In 2024, MCE launched a Dynamic Pricing Pilot aimed at saving drivers money while scheduling charging based on hourly dynamic grid signals. The program is expanding to enable more EV households to benefit from VGI (Vehicle to Grid Integration) functionality and incentives that

reduce the cost of EV charging at home, with a marketing focus on low- to moderate-income populations.

In 2025, MCE will launch a pilot under MCE Sync to offer free smart home EV chargers to income qualified customers for whom vehicle compatibility is a barrier to enrolling in MCE Sync.

Category	Details
Goals	- Enroll 5,000 EVs by March 2026 - Distribute 100 smart home EV chargers by March 2026 - Enroll 225 vehicles in the Dynamic Pricing Pilot by the end of 2024
Progress to Date	- 3,014 enrolled EVs (as of 12/2024) - Average monthly customer savings: $17.11 - Total customer incentives: $191,059 - 299 vehicles participating in the Dynamic Pricing Pilot
Funding	MCE
Implementer	EV.energy

Peak FLEXmarket

Peak FLEXmarket, launched June 2021, is designed to help balance electrical supply and demand and support grid reliability by encouraging program participants to reduce demand during summer peak hours (4 - 9 p.m. from June 1-September 30). Rather than predetermining technologies or partners to deliver results, the program works with an open market of qualified aggregators, each with a portfolio of projects delivering their own demand flexibility solutions.

The program pays aggregators and customers for shifting energy usage out of peak periods and during demand response events, with energy savings calculated using meter data. The program offers both a daily load shifting rate and a higher event-based rate for Flex Alert days. This structure blends load shifting and demand response into a cohesive value proposition for aggregators and end use customers, with an added focus on grid reliability.

Category	Details
Goals	500,000 kWh peak hours savings over up to 30 DR events in 2025
Progress to Date	As of 2022: - 2,192 sites participated - 6 participating aggregators - 11 demand response events called - $76,000 in customer incentives - 38,980 kWh saved during 4-9pm peak - Max hourly reduction: 3MW
Funding	- $500,000 MCE

	- $4,000,000 CPUC through 2027
Implementer	Alternative Energy Systems Consulting (AESC)

Energy Storage Equity Focus

MCE's Energy Storage Program, launched in 2020, provides rebates, monthly bill credits and financing to support our customers to install battery energy storage systems paired with solar, in exchange for allowing MCE to discharge the battery daily from 4-9pm to manage peak loads and mitigate high energy costs. Non-residential customers may also qualify for annual performance-based payments. The program is currently closed to new residential customers but will be recruiting new critical facilities in 2025.

Category	Details
Goals	- Recruit at least four new non-residential energy storage projects to be funded with the Federal Earmark Funds and completed by 2028
Progress to Date	- Over 2.5 MWhs of storage installed at 76 homes and 13 critical facilities
Funding	- $9,000,000 MCE Resiliency Fund - $750,000 Marin Community Foundation grant - $500,000 Federal Earmark
Implementer	MCE

Solar Storage Credit

MCE offers customers with solar and storage at their home a monthly bill credit ($10-$20) in exchange for automating battery discharge down to a 20% reserve margin daily from 4-9 p.m.

Category	Details
Goals	Enroll 1,330 solar + storage residential customers (20% of those identified) by the end of 2025
Progress to Date	1,210 customers enrolled as of December 2024
Funding	MCE
Implementer	MCE

Richmond VPP Pilot Equity Focus

MCE was asked to join a collaborative effort to develop a Virtual Power Plant pilot in the City of Richmond, one of California's environmental justice communities, in 2022. The pilot uses a variety of networked DERs like rooftop solar, batteries, EV chargers, smart thermostats, and heat pumps to shift participant demand in real time. MCE uses a first of its kind custom-built

Distributed Energy Resources Management System (DERMS), licensed in perpetuity to MCE, to shift and shape customer load to times of day when the energy is cleanest and least expensive for participants. Customers are compensated for their load shifting based on MCE's VPP Tariff.

Participants include the previously abandoned, blighted homes that are being acquired by RCF Connects and then fully rehabbed into 21st century all-electric homes (Zero Net Carbon Ready, ZNCR). These ZNCR homes are sold for less-then-market rates to first-time, lower-income homeowners to simultaneously support grid reliability while aiding in community revitalization - showcasing how technology and equity can work hand in hand. Other participants include homes MCE has previously subsidized the cost of solar for lower income residents, where we return to optimize their solar systems with flexible grid-smart devices. Local businesses and public buildings are also eligible to participate and offer a larger opportunity to shift load for grid-strength.

Category	Details
Goals	Up to 100 residential and 20 commercial participants by January 2026
Progress to Date	- 3 Zero Net Carbon Ready homes fully rebuilt and sold to first-time lower-income homebuyers - 9 DER types successfully integrated with the DERMS - $382,826 invested in DER technologies and incentives invested in Richmond, a state-identified Disadvantaged and Low-income community - 33 residential participants and 1 multifamily (with 144 units) in the pipeline, 12 DERs installed
Funding	MCE & CEC ($5,000,000 total grant funding, $99,999 for MCE)
Implementer	MCE, Serious Controls, Zero Net Energy Alliance, Community Energy & Equity Resources (CEER) LLC

Future offerings

VPP FLEX Equity Focus

The California Energy Commission awarded MCE a $5,000,000 VPP FLEX grant to expand the VPP pilot to the full service area. This will allow MCE to weave together all eligible customer programs under a singular umbrella under the VPP.

MCE will update the DERMS to be OpenADR 3.0 certified, integrate the VPP with CAISO markets to capture CCA revenues, and implement a value sharing plan between MCE and participants.

Importantly, there is no "one size fits all" for DER installation. Collectively, we will schedule the VPP in the California Independent System Operator's (CAISO) markets, just as we do today with traditional power plants. Residents will be paid for their participation, and their load-shifting and reduction will help reduce MCE's power costs, which benefits all customers. MCE will begin enrolling new participants beginning in 2026.

Category	Details
Goals	- Adapt eligible MCE Programs to be VPP-ready by expanding from 9 DERMS-integrated DERs to 15 (low target) or up to 30 (high target) by 2029 - Coordinate a 3 MW load shift by 2029 - Demonstrate a 20% cost recovery within by 2029
Funding	MCE (requesting Board approval for $5,000,000) and CEC ($5,000,000)
Implementer	- MCE - Major Partners: Serious Controls, CEER, Lawrence Berkeley National Labs - Minor partners: GPT, ZNEA, OpenADR Alliance

Building Electrification

MCE is at the forefront of promoting building electrification as a key strategy to reduce greenhouse gas emissions and transition to a cleaner energy future. Our programs support the adoption of electric heat pumps, water heating solutions, and other electric technologies that enhance energy efficiency and reduce reliance on fossil fuels.

MCE developed a “Reach Code Toolkit” and webpage in partnership with Marin County. The toolkit is designed to help municipalities interested in adopting building codes that go beyond the California Building Standards Code in terms of supporting the adoption of electric equipment. Staff has served in an advisory role to the County of Marin’s all-electric reach code steering committee since 2022.

The Bay Area Regional Network (BayREN) also has a program to promote reach code development.

State & regional goals & policies

BAAQMD NOx Appliance Ban
On March 15, 2023, the Bay Area Air Quality Management District (BAAQMD) adopted rules that regionally prohibits the sale of new natural gas water heaters, furnaces and large commercial water heaters starting in 2027, 2029, and 2031 respectively.

Self Generation Incentive Program Heat Pump Water Heater Program
In 2022, the California Public Utilities Commission adopted additional incentives and guidance to promote the distribution of electric heat pump water heaters in broader support of the state’s decarbonization goals. MCE’s programs will apply for these funds to complement our rebates.

CPUC Energy Efficiency Motion to Eliminate Natural Gas Incentives
In April 2023, the California Public Utilities Commission adopted a decision to eliminate incentives for natural gas energy efficiency measures.

Current offerings

Green Workforce Pathways Equity Focus

To meet California's climate goals and realize a just and equitable transition from fossil fuels to a low-carbon energy economy, contractors need education and support to expand their businesses to electric technologies, scale their workforce, and create sustainable green jobs. MCE's Green Workforce Pathways program supports both residential service contractors and job seekers. For contractors, MCE offers free long-term education and training opportunities on cutting- edge clean technologies as well as connections to vetted job seekers. For job seekers, MCE creates pathways into sustainable, long-term careers.

Green Workforce Pathways provides:

- Industry roundtables and ongoing outreach to energy efficiency industry professionals, workforce development groups, community-based organizations, and local governments
- Education and technical support to upskill the workforce
- Matching for job seekers with local contractors for short-term workforce experience placements
- Recruitment and mentorship support
- Stipends for new hires
- Career development support for job seekers, including interview and resume skills

Category	Details
Goals	In 2024: - 4 new contractors enrolled - 5 contractors awarded training stipends - 13 job seekers placed in pad on the job training - 60 job seekers provided with supporting job placement services 2025 goals in development
Progress to Date	- 5 online electrification workshops with 340 registrants - 2 in-person electrification trainings - 15 local contractors completed individualized field meetings to build electrification skills and get support growing their business - 11 local contractors enrolled and available to provide on-the-job experience to local job-seekers - 5 contractors received stipends to attend manufacturer training - 154 trainees received supportive job placement services - 80 potential trainees identified and vetted - 41 trainees passed to contractors - 50% of trainees placed with local contractors were hired into permanent jobs
Funding	CPUC Energy Efficiency Funds ($948,945 for 2025), Marin Community Foundation ($380,000)

Implementer	Strategic Energy Innovation, Association for Energy Affordability, Lime Foundation

Home Energy Savings Equity Focus

MCE's Home Energy Savings Program delivers energy savings, improves comfort, enhances indoor air quality, and contributes to the reduction of greenhouse gas emissions. This program offers assessments and home upgrades at no cost to eligible homeowners and tenants residing in single-family dwellings within MCE's service area. To ensure equitable reach, the program focuses on homeowners and renters in specific neighborhoods with a higher concentration of lower-middle-income customers.

The program specifically targets moderate-income customers whose household income falls between 200% and 400% of the Federal Poverty Guidelines. These customers typically exceed the income limit for services provided by programs like the Energy Savings Assistance program and Low-Income Families and Tenants program. However, their income constraints still prevent them from participating in market rate programs, placing them in the lower-middle income bracket. MCE is also waiting for approval from the CPUC to lower Home Energy Savings program eligibility to any customer earning less than 400% FPL.

The program offers the following services: initial energy assessment and education with single point of contact customer service, and energy-efficient and electrification measures installed in single-family homes.

In 2024, HES will be leveraging TECH/SGIP funding by compensating the program implementer, Franklin Energy, for applying for these rebates on behalf of our customers.

Additionally, HES has been selected as a quick start grant recipient under the Equitable Building Decarbonization Program. Created by Assembly Bill 205 (2022), the goals of the Equitable Building Decarbonization Program are to reduce greenhouse gas emissions in homes and advance energy equity statewide by serving historically underserved communities.

Category	Details
Goals	- 325 home upgrades in 2025 - 60 customers enrolled in the statewide TECH program for additional HPWH rebates in 2025
Progress to Date	- 1,780 single family homes upgraded with energy efficiency and/or electrification from 2019-2024 - 123 homes received no-cost electrification measures

Funding	CPUC ($2,000,000 annually), California Strategic Growth Council grant[2] ($3,000,000), MCE Local Programs Fund ($230,000)
Implementer	Franklin Energy

Multifamily Energy Savings Equity Focus

The Multifamily Energy Savings program provides no-cost comprehensive energy efficiency assessments, assists with contractor solicitations and project planning to ensure quality work, disburses rebates for individual unit and whole-building upgrades, installs energy and water efficiency upgrades that reduce energy costs, and improves home comfort. The program addresses many social and economic challenges that can hinder energy improvements in multifamily buildings, including both common areas and individual tenant units. Typical barriers include costs, coordinating numerous stakeholders, and lack of technical knowledge needed to assess needs and evaluate options.

Category	Details
Goals	- 4 properties and 150 units upgraded in 2025
Progress to Date	- 5,300 multifamily units received energy efficiency improvements (2013-2023) - 123 homes received no-cost electrification measures
Funding	CPUC ($765,000 annually), MCE Local Programs Fund ($230,000)
Implementer	Association for Energy Affordability

Heat Pump Water Heater

To help increase adoption, MCE offers $1,000 rebates to contractors for each energy-efficient heat pump water heater (HPWH) unit they install in the home of an MCE market-rate customer and slightly higher incentives for equipment installed in low/moderate income homes or multifamily properties. This can be combined with other energy efficiency rebates to further reduce costs.

Category	Details
Goals	273 homes and 4 multifamily properties by April 2026
Progress to Date	300 HPWHs installed

[2] The City of Richmond was awarded $35M by the California Strategic Growth Council to support 10 disadvantaged, unincorporated and tribal communities with capital improvement projects to reduce emissions, improve public health and expand economic activity. GRID Alternatives will provide solar installs and MCE will provide energy efficiency through Home Energy Savings.

Funding	MCE ($540,000 in 2025)
Implementer	AEA, Franklin Energy, AESC, MCE

Emergency Water Heater Loaner Program

Approximately 90 percent of water heater replacements are emergency replacements. The urgency of restoring hot water to a home compresses a customer's timeframe in deciding whether to switch to a heat pump water heater or continue burning fossil fuels. Customers are often unwilling to go without hot water during the time it takes to complete the retrofit requirements. The ability to provide an emergency replacement heat pump water heater solution that doesn't inconvenience the customer is essential to moving California toward its carbon-neutral goals.

MCE's Emergency Water Heater Incentive, launched in September 2024, provides contractors $1,500 to help cover the cost of installing and maintaining a temporary loaner water heater (gas or electric) as part of the customer's permanent heat pump water heater (HPWH) installation.

Category	Details
Goals	90 heat pump water heaters installed by April 2026
Progress to Date	- 11 contractors vetted and approved to participate - 4 installations completed
Funding	MCE Local Programs Fund ($145,000)
Implementer	MCE

Electric Vehicles

State & regional goals & policies

In alignment with state and regional goals, MCE is actively supporting the transition to zero-emission vehicles. This aligns with Governor's Executive Order N-79-20, targeting 100% zero-emission new vehicle sales by 2035, with medium- and heavy- duty vehicles to follow in 2045. MCE's initiatives complement the CPUC's statewide incentive program for EVSE, set to launch in 2024, focusing on multi-unit dwellings and the medium-duty, heavy duty sector.

MCE must ensure that our EV charging program is complementary to this new statewide program. Furthermore, MCE must coordinate with PG&E on technical assistance provided to program participants which focuses on enrollment of customers in load modifying programs and rates.

Under the CARB's Low-Carbon Fuel Standard (LCFS) program, CCAs, including MCE, are working towards a fair distribution of LCFS credits, striving for parity with electric distribution utilities in

both incremental and base credit allocations. However, given the LCFS market's volatility and decreasing value, as well as the recent cancellation of MCE's LCFS pilot program, our focus on LCFS policy engagement has been reduced.

Current offerings

EV Charging Equity Focus

To reach California's goal of 5 million EVs on the road by 2030, we'll need 250,000 charging stations by 2025. Approximately 80% of EV charging is done at home and MCE is focused on installing EV chargers at multifamily properties and workplaces, which are lagging behind in EV adoption. Installation of charging equipment is typically much more expensive at multifamily homes compared to single-family homes, deterring residents and property managers from installing them.

MCE's EV Charging program provides EV charging station rebates, with bonus incentives for stations connected to 100% renewable energy service, free technical assistance to support the property manager, and tenant education and engagement to speed up EV adoption.

The program offers:

- Up to $3,500 per networked Level 2 charging port
- Up to $5,500 in DACs and low-income communities in Contra Costa County through a CEC-funded grant with the Contra Costa Transportation Authority
- Free Level 2 charging ports at affordable multifamily properties in Marin through a Marin Community Foundation grant
- Up to $875 per networked Level 1 charging port
- Support to align and combine with other incentives

Category	Details
Goals	900 new charging ports in 2025
Progress to Date	1,200 new charging ports at 70 locations
Funding	- MCE Local Programs Fund $5.7M from 2019-2026 - Marin Community Foundation $180,000 - California Energy Commission grant $1,500,000 - Department of Energy grant $986,461 - California Energy Commission Reliable, Equitable, and Accessible Charging for multi-family Housing (REACH) program $86,000
Implementer	CLEAResult

MCE Sync Equity Focus

This program is described under the Virtual Power Plant section above (link).

EV Instant Rebate Equity Focus

MCE's service area density of electric vehicle ownership is among the highest in the nation at 4%, making us a prime testbed for innovation. Switching to an EV saves the average household $1,000 annually. However, the higher upfront cost of an EV keeps them out of reach for lower-income households, who could greatly benefit from lower fuel and maintenance costs. MCE's EV Instant Rebate program lowers the cost of purchasing or leasing EVs for income-qualified customers.

The program offers up to $3,500 in savings ($3,500 for new and $2,000 for used) on the purchase or lease of an EV at participating dealerships. MCE's EV Instant Rebate can be combined with other available incentives to reduce the final vehicle cost by up to $20,500 depending on vehicle and customer eligibility.

Category	Details
Goals	1,200 Participants by March 2025
Progress to Date	1,071 Low Income Customers purchased or leased an EV with an MCE rebate
Funding	MCE $6.2M
Implementer	Energy Solutions

Bidirectional Vehicle Tariff Pilot

MCE's Bidirectional Vehicle tariff is a three year pilot, launched in 2025, that provides customers a credit for energy exported from a compatible EV to their property (Vehicle-to-Home) or directly to the grid (Vehicle-to-Grid) during peak time periods of the day. As a pilot, MCE reserves the right to limit the amount of customers enrolled in the tariff.

The pilot tariff offers to following incentives:

- 2025 Incentive Rates
    - Summer: $0.26/kWh
    - Winter: $0.20/kWh
- Maximum Monthly Bill Credits
    - Residential: $70 ($90 if located in a state-designated disadvantaged community)
    - Commercial: $300 ($400 if located in a state-designated disadvantaged community)

Future offerings

Fleets (as early as 2025)

MCE has developed a two-pronged approach to support the electrification of medium-duty (MD) and heavy-duty (HD) vehicles for local governments in MCE's service area. The first approach is focused on incentive funding and "concierge services" for the deployment of EV fleets at municipal facilities. Fleets are envisioned to have vehicle to load (V2L) capabilities. The second approach is focused on developing EV transition roadmaps to support local governments in

meeting proposed Advanced Clean Fleet compliance requirements. We are currently seeking grant funding to allow us to launch this program.

E-bike Rebates

MCE customers are eligible for e-bike rebates from several sources, including a statewide rebate program. The participatory budgeting exercise under the Charged by Public Power Grant will collect feedback as to whether an MCE E-bike program is needed.

Energy Efficiency

State & regional goals & policies

Equity Segment Programs

In 2021, the California Public Utilities Commission created an Equity Segment within its ratepayer funded energy efficiency portfolio programs. The goal of the Equity Segment is to provide the benefits of energy efficiency programs, beyond energy savings, to communities and customers historically underserved by similar programs. Equity Segment programs are exempt from traditional CPUC cost-effectiveness requirements.

Layering Program Funding

In June 2023, the California Public Utilities Commission adopted a Decision allowing and encouraging ratepayer funded program administrators of energy efficiency programs to supplement program funds with outside funding sources to the greatest extent possible. The CPUC allows program administrators to layer in additional funds without including them in cost-effectiveness calculations.

Meter-Based Savings

Assembly Bill 802 (2015)

Requires the California Public Utilities Commission to incorporate meter-based performance into its determinations of goals, energy efficiency portfolio cost-effectiveness, and authorized budgets.

Normalized Metered Energy Consumption

Since 2015, the California Public Utilities Commission has consistently reaffirmed its preference for continuing to expand the deployment of energy efficiency programs that use normalized metered energy consumption (NMEC) to measure energy savings. This preference is included in the Commission's move to a Total Systems Benefit Metric.

Current offerings

Strategic Energy Management

MCE's Strategic Energy Management program offers a long-term approach to help businesses save money, earn financial incentives, and better manage their energy usage. Participants can access cohort-style training, onsite assessments, individual coaching, and peer-to-peer learning to build a stronger energy culture within their organization. The Strategic Energy Management program has a special focus on finding opportunities to change how existing equipment is used (as opposed to installing new equipment) that have little to no-upfront cost but result in significant

bill savings for the customer. The Strategic Energy Management program reports on annual savings with detailed energy models to capture changes made to equipment or operations from the previous year.

Category	Details
Goals	3 GWh and 140,000 Therms savings in 2025
Progress to Date	25 customers participating, saved over 4.3 GWh and over 300,000 therms
Funding	CPUC $1,500,000 annually
Implementer	CLEAResult

Flex Market

MCE's Commercial and Residential Efficiency Market Programs provide energy efficiency incentives directly to project developers or contractors known as aggregators. The incentives are based on metered energy savings, instead of traditional energy efficiency programs, which utilize deemed or custom models. As a result these programs do not limit the technology or energy saving strategies implemented, resulting in the opportunity to maximize energy efficiency and load-shifting projects.

As the incentive is paid directly to the aggregator, the value is passed along to the customer in the way that best drives the success of the project, either by buying down up front costs or being paid out based on site performance.

Category	Details
Goals	23 GWh and 100,000 Therms savings by the end of 2025
Progress to Date	97 projects with over 5.5 GWh of savings
Funding	CPUC Energy Efficiency ($7,500,000 for 2025)
Implementer	Alternative Energy Systems Consulting (AESC)

Agricultural and Industrial Resources

Agricultural and industrial customers are among the most intensive energy users and incur some of the highest energy costs. These customers often prioritize production needs, quality, safety, and standard maintenance over utility and maintenance costs, overlooking the financial and safety benefits of energy efficient equipment and practices. These customers require specialized support to bring savings opportunities to fruition, and to drive confidence that the recommendations they receive are appropriate, accurate, and capable of delivering expected savings and incentives.

MCE's Agricultural and Industrial Resources (AIR) program helps customers reduce their energy consumption and costs while supporting core business objectives, including improvements in facility operations, reliability, and efficiency. AIR provides MCE's agricultural, industrial, and large commercial customers with the information and support they need to successfully pursue energy efficiency projects. The program provides customers with a tailored approach to energy efficiency with technical assistance, support sourcing appropriate equipment, incentive funding, and ongoing feedback on performance.

Category	Details
Goals	696,859 kWh and 102,363 Therms savings in 2025
Progress to Date	61 projects installed (as of December 2024) totalling over 600,000 kWh savings
Funding	CPUC Energy Efficiency ($400,000 annually)
Implementer	CLEAResult

Small Business Energy Advantage Equity Focus

MCE's Small Business Energy Advantage program serves MCE's small and medium businesses located in Disadvantaged Communities with the goal of delivering meaningful bill savings and other non-energy benefits. The program objectives include:

- Filling gaps in services that are not currently provided by other MCE programs;
- Providing solutions that compliment or leverage existing programs in MCE's service area;
- Sustained energy efficiency benefits, as well as those focused during the summer peak period of 4-9pm June - September.
- Creating value through behavioral modification or non-capital measures
- Providing on-going technical support, commissioning, and training;
- Reduced or no copays.
- Providing targeted marketing and direct networking within communities to reach Equity Commercial Customers; and
- Focusing on Non-Energy Benefits ("NEBs"), including a methodology to quantify its value.

Category	Details
Goals	900 Projects by December 2026
Progress to Date	11 projects completed (since Oct. 2024)
Funding	CPUC Energy Efficiency ($913,923 for 2025)
Implementer	Resource Innovations

Section 6: Risk Mitigation

MCE is committed to proactively addressing risks that could impact the success of our programs and initiatives.

MCE regularly reviews risks, updates mitigation strategies, and engages staff and stakeholders to ensure a proactive approach to challenges such as market volatility, supply barriers, and regulatory risks. MCE's Risk Oversight Committee includes MCE's Executive Team, leadership from the Finance, Power Resources, Legal and Policy Departments, and consultants. It meets quarterly to monitor key market indicators, agency performance, and compliance with the MCE Energy Risk Management Policy. By embedding risk management into our planning, we can continue delivering equitable, reliable, and sustainable energy solutions.

Erosion of CCA Autonomy
Increasing legislative and regulatory oversight threatens the independence of CCAs. Examples include:

- CPUC interference in service expansion plans based on Resource Adequacy (RA) compliance.
- Centralized procurement efforts reducing CCAs' procurement autonomy and risking over-procurement or misalignment with specific resource needs, increasing costs and reducing flexibility.
- Legislative mandates, such as AB 3264, requiring CPUC oversight of demand-side programs funded solely by CCAs, and judicial rulings expanding CPUC jurisdiction over CCAs.

- *Mitigation:* Advocate for CCA interests in regulatory and legislative arenas, engage stakeholders to highlight the value of local decision-making, and collaborate with industry groups to protect CCA autonomy.

Regulatory Complexity and Expanding Scope
Shifts in state or federal regulations may affect compliance, increase costs, and stifle innovation. The increasing scope of regulations, such as Load Management Standards (LMS) and stricter reporting requirements, creates operational and compliance challenges.

- *Mitigation:* Maintain active engagement in regulatory proceedings for more flexible solutions, build internal capacity for compliance, and invest in technology to streamline regulatory reporting.

Supply and Demand Imbalance
California expects to need to add over 100 GW of capacity by 2024 due to load growth and its mandate for 100% carbon-free and renewable electricity places pressure on resource adequacy and grid infrastructure. The "duck curve," caused by midday solar oversupply and evening demand peaks, challenges grid stability.

- *Mitigation:* Expand programs like Virtual Power Plants, promote demand-side flexibility, off-peak energy use and energy efficiency, and enhance storage and solar integration to match supply with demand.

Financial Constraints
Rising procurement costs, supply shortages, and increasing demand from electrification could strain resources. Changes to PG&E's Power Charge Indifferent Adjustment fees could increase MCE customer costs, reducing competitiveness.

- *Mitigation*: Build and maintain robust financial reserves, pursue diverse funding sources, and invest in cost-saving strategies like renewable energy prepayment transactions.
- *Mitigation:* Defer revenue ($70 million) to recognize in years where results may not be strong, work with rating agencies to continue MCE's investment grade credit ratings, and negotiate collateral thresholds with suppliers to reduce collateral postings.

Market Dynamics
Volatility in energy markets could impact procurement strategies.

- *Mitigation*: Diversify energy procurement, leverage long-term contracts, seek opportunities for asset ownership and monitor market trends.

Technology Risks
Emerging technologies may face adoption, scalability, or cost barriers.

- *Mitigation*: Pilot emerging technologies before scaling, collaborate with industry experts, and prioritize proven solutions while exploring new innovations.

Climate and Grid Resiliency
Climate events like wildfires and extreme weather may disrupt grid reliability and energy access.

- *Mitigation*: Expand DERs, enhance local resilience, and support customers with backup energy solution

Appendix A

State-Designated Disadvantaged & Low-Income Communities

County	Community	Designation & # of Census Tracks[3]
Contra Costa • 36 CalEnviroScreen census tracts • 92 AB 1550 census tracts • 36 CEJST census tracts • 31 Department of Water Resources (DWR) Disadvantaged Communities census tracts • 17 Federally Designated IRS Opportunity Zones census tracts	Richmond	CalEnviroScreen (10), AB 1550 (16), CEJST (11), DWR Disadvantaged Communities (8), IRS Opportunity Zones (1)
	North Richmond	CalEnviroScreen (1), AB 1550 (1), CEJST (1), DWR Disadvantaged Communities (1), IRS Opportunity Zones (1)
	Martinez	CalEnviroScreen (1), CEJST (1)
	Concord	CalEnviroScreen (2), AB 1550 (15), CEJST (6), DWR Disadvantaged Communities (3), IRS Opportunity Zones (4)
	Baypoint	CalEnviroScreen (4), AB 1550 (4), CEJST (3), DWR Disadvantaged Communities (2), IRS Opportunity Zones (2)
	Pittsburg	CalEnviroScreen (7), AB 1550 (12), CEJST (7), DWR Disadvantaged Communities (5), IRS Opportunity Zones (3)
	Antioch	CalEnviroScreen (5), AB 1550 (14), DWR Disadvantaged Communities (5), IRS Opportunity Zones (4)
	Oakley	CalEnviroScreen (1), AB 1550 (2), CEJST (1)
	San Pablo	CalEnviroScreen (5), CEJST (5), DWR Disadvantaged Communities (3), IRS Opportunity Zones (1)
	Crocket	AB 1550 (1)
	Pinole	AB 1550 (2)
	Tara Hills	AB 1550 (1)
	El Sobrante	AB 1550 (3)
	El Cerrito	AB 1550 (4), CEJST (1), DWR Disadvantaged Communities (1), IRS Opportunity Zones (1)
	Brentwood	AB 1550 (3)
	Bethel Island	AB 1550 (1)
	Byron	AB 1550 (1)

[3] Number of census tracks in California's top 25% most disadvantaged

	Martinez	CalEnviroScreen (1), AB 1550 (6), DWR Disadvantaged Communities (1)
	Walnut Creek	DWR Disadvantaged Communities (2)
Solano ● 13 CalEnviroScreen census tracts ● 31 AB 1550 census tracts ● 18 CEJST census tracts ● 20 Department of Water Resources (DWR) Disadvantaged Communities census tracts ● 9 Federally Designated IRS Opportunity Zones census tracts	Fairfield	CalEnviroScreen, AB 1550 (10), CEJST (8), DWR Disadvantaged Communities (8), IRS Opportunity Zones (3)
	East Solano County	CalEnviroScreen
	Vallejo	CalEnviroScreen, AB 1550 (18), CEJST (10), DWR Disadvantaged Communities (10), IRS Opportunity Zones (6)
	Vacaville	AB 1550 (3), DWR Disadvantaged Communities (2)
Marin ● 29 AB 1550 census tracts ● 3 CEJST census tracts ● 4 Department of Water Resources (DWR) Disadvantaged Communities census tracts ● 1 Federally Designated IRS Opportunity Zones census tracts	West Marin	AB 1550 (5)
	Fairfax	AB 1550 (1)
	San Anselmo	AB 1550 (1)
	Greenbrae	AB 1550 (1)
	San Rafael	AB 1550 (10), CEJST (2), DWR Disadvantaged Communities (3), IRS Opportunity Zones (1)
	Novato	AB 1550 (7)
	Marin City	CEJST (1), DWR Disadvantaged Communities (1)
	Mill Valley	AB 1550 (4)
Napa ● 14 AB 1550 census tracts ● 4 CEJST census tracts ● 3 Department of Water Resources (DWR) Disadvantaged Communities census tracts ● 2 Federally Designated IRS Opportunity Zones census tracts	Calistoga	AB 1550 (1)
	Yountville	AB 1550 (1)
	Napa	AB 1550 (11), CEJST (4), DWR Disadvantaged Communities (3), IRS Opportunity Zones (2)
	Lake Berryessa/Knoxville	AB 1550 (1)

Appendix B

Indigenous Communities on Unceded Territories and Indigenous Serving Organizations

MCE staff works to educate itself on indigenous communities on unceded territories and indigenous serving organizations in MCE Service Area: MCE's service area sits in the territory of the Miwok (Coast Miwok and Bay Miwok), Ohlone (including Lisjan, Karkin, Muwekma) and Wintun People (South Patwin).

Marin:

- Coast Miwok Tribal Council of Marin, Marin: council focused on cultivating the Miwok unique identity and heritage, rights protection, the sustainability and development of Miwok traditional culture, economic development, education, and workforce training
- Marin Coast Miwoks, Marin: small, local organization that is fundraising to build Miwok statues in Marin and cemetery repairs for their ancestors
- Marin American Indian Alliance is an inter-tribal cultural and educational organization based out of San Rafael

Napa:

- Suscol Intertribal Council, Napa County: develops a sustainable open space that will serve as a prototype to preserve and protect Native American culture and traditions. Council promotes communication between indigenous peoples and the general public and preserve human rights for indigenous people with other NGOs globally

Contra Costa:

- Federated Indians Graton Rancheria, San Pablo: governs and supports the Coast Miwok and Southern Pomo people in the Graton Rancheria reservation area
- California Indian Environmental Alliance, El Cerrito: Promotes tribal sovereignty and self advocacy, youth leadership, tribal health
- Confederated Villages of Lisjan: provide cultural consultations
- Lytton Band of Pomo Indians owns and operates the Lytton Casino in San Pablo and has recently re-acquired land in Sonoma County for housing
- American Indian Cultural and Education Program is run out of Martinez and is focused on education of Native students and their families in Contra Costa County

Solano:

- Tribal TANF Solano – resources for Indian children, office located in Fairfield
- Yocha Dehe Wintun Nation – mostly in Yolo County and Colusa County (Capay Valley), but ancestral lands include present-day Solano County and have programs here. Have also partnered with Solano County Resources Conservation District.

More Resources:

- California Tribal Groups Map
- Indigenous Voices and Reading Circle: Chapter Events — Climate Reality Bay Area

- U.S. Native History & Building Relationships with Native Communities for Effective Climate Work Video
- Native Land Resource on Territory Acknowledgement

Empowering Our Clean Energy Future
CONTRA COSTA | MARIN | NAPA | SOLANO

February 20, 2025

TO: MCE Board of Directors

FROM: Sabrinna Soldavini, Director of Policy

RE: Policy Update of Legislative and Regulatory Items

ATTACHMENT: Regulatory Packet with Filings since the November 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 Update

The California Legislature reconvened for the 2025 session on January 6th. There are three new members in MCE's legislative delegation: Senator Jesse Arreguín (western Contra Costa County), Assembly member Anamarie Ávila Farías (northern and eastern Contra Costa County), and Senator Chris Cabaldon (Napa and Solano Counties). Former Assemblymember Tim Grayson has been elected to the state Senate, representing central Contra Costa County.

The bill introduction deadline is February 21st, though many bills introduced by this date will be placeholder vehicles with little substantive content. Top priorities for this legislative session, according to legislative leadership and the Governor's office, include responding and adapting to federal policy changes, the Los Angeles fires, and lowering the cost of living across multiple issue areas including housing, insurance, electricity, and gasoline.

The Governor's January draft budget projects a modest $16.5 billion state budget surplus, but the Governor as well as legislative leadership are cautioning against any proposals for additional spending due to the small surplus and because costs associated with federal policy changes and the Los Angeles fires are uncertain but will be significant.

b. Federal Legislative Update

In response to recent federal policy changes, MCE has distributed a letter to our Congressional delegation and key committee staff advocating in support of 1) preserving IRA tax credits, and 2) maintaining the federal tax exemption for municipal bonds. Staff expect that MCE's delegation is already in agreement on these policies but may not be aware of MCE's use of municipal bonds to support prepayment of long-term renewable power purchase agreements.

II. California Public Utilities Commission (CPUC)

a. Resource Adequacy (RA)

In November 2024, the CPUC adopted a Final Decision (Decision) in Track 2 of the RA proceeding. Track 2 addressed a number of issues including: 1) the Planning Reserve Margin (PRM) for 2026 – the amount of additional RA procurement required above the forecast need to ensure load can be served under extreme conditions; 2) local RA Central Procurement Entity (CPE) procedural changes; and 3) adoption of a new capacity methodology for the RA program.

The Track 2 Decision declined to adopt the CPUC Staff's (Energy Division or ED) originally proposed 26 percent PRM for 2026. The CPUC accepted the California Community Choice Association's (CalCCA) and other stakeholders' position that more work is required before a new PRM is adopted to ensure proper alignment with the RA program's transition to the slice-of-day (SOD) framework. In accordance with this finding, the Decision directed ED to further revise and correct its 2026 PRM analysis and conduct workshops in December 2024 and early 2025 as part of Track 3 of the RA proceeding. Additionally, the Decision declined to dismantle the CPE framework or eliminate the local RA requirements, agreeing with CalCCA that such a drastic change would be disruptive to the RA program at this time. The Decision, however, adopted certain procedural changes to remove ineffective aspects of the CPE process and authorized ED to collect additional data from Load Serving Entities (LSE) regarding local RA capacity under contract to inform CPE procurement.

In December 2024, pursuant to the Track 2 Decision, ED issued a revised PRM analysis proposing a 22.5 percent PRM for peak months in 2026. Although lower than the

initially proposed 26 percent PRM, given affordability concerns as they relate to RA program, ED also issued 2 mitigation proposals intended to soften the impact of the PRM increase: (1) retain the current 17 percent PRM, but authorize the Investor Owned Utilities (IOU) to procure up to 22.5 percent and pass those procurement costs on to LSEs; or (2) adopt a 22.5 percent PRM, but allow LSE to seek a System RA waiver demonstrating that despite all commercial efforts to procure RA, capacity could not be procured below a certain, to be determined, price threshold. Comments on the PRM changes will be due to the Commission in early March, and MCE will work with CalCCA to file Opening and Reply comments.

Separately, CalCCA also submitted proposals to be considered within Track 3 of the RA proceeding, which will be considered during a series of workshops and comment periods along with the PRM discussions. Included within CalCCA's proposals is continued advocacy for the CPUC to adopt an enhancement to the SOD framework that would allow LSEs to trade hourly load obligations to incentivize LSEs to optimize their SOD portfolios and bring cost savings to the RA program.

A Final Decision in Track 3 of the RA proceeding is expected in June 2025.

Fiscal Impacts: There are no immediate fiscal impacts to MCE, but a future change to the PRM will ultimately impact procurement costs as the PRM affects the amount of RA MCE will be required to purchase to meet its compliance needs and support reliability.

b. Energy Efficiency (EE)

    i. Integrated Demand Side Management (IDSM)

In October 2024, the CPUC issued a draft resolution to approve MCE's advice letter to launch an IDSM program within its EE portfolio. MCE submitted the advice letter in March 2024 and previously received approval to allocate $4 million of its EE funding ($1 million annually) in 2024-2027 to an IDSM program. In its advice letter, MCE submitted program details on its Peak Flex Market program to improve grid reliability consistent with Commission guidance. MCE proposed to adapt its existing single season Peak Flex Market program to implement a year-round load-shifting IDSM program designed as a comprehensive strategy that offers demand response (DR) and load shifting for both residential and commercial customers. The Peak Flex Market program will leverage new and existing distributed energy resources (DERs) including, but not limited to batteries, vehicle grid integration, and heat pump water heaters for daily load-shifting during peak hours.

The draft resolution approves MCE's proposed updates to its Peak Flex Market program in its entirety and allows MCE to begin program implementation immediately upon adoption of the Resolution. MCE submitted comments on the draft resolution in

November 2024 to clarify some reporting requirements. The Draft Resolution appeared on the December 2024 CPUC Voting Meeting agenda. CPUC staff held the item and re-agenized the Draft Resolution for the January 2025 CPUC Voting Meeting. The CPUC unexpectedly revoked the Draft Resolution in January 2025 and indicated its intention to require an additional public comment period. This updated timeline delays approval of MCE's updated Peak Flex Market program to Quarter 2 of 2025 at the earliest. MCE Staff will continue to provide updates as they become available.

Fiscal Impacts: There is no direct fiscal impact to MCE as the CPUC has already approved the proposed budget for this program of approximately $4 million in its EE portfolio decision.

c. 2025 ERRA Forecast Application

MCE engaged in Pacific Gas and Electric's (PG&E) 2025 Energy Resource Recovery Account (ERRA) Forecast Proceeding with CalCCA. The annual ERRA forecast proceeding sets PG&E bundled generation rates and the Power Cost Indifference Adjustment (PCIA) rates that all bundled and unbundled customers pay to PG&E for 2025.

In November 2024, CalCCA filed Reply Comments and a Motion to Strike PG&E's proposals to change approved ratemaking methodology, which would have resulted in a higher PCIA for MCE customers, from the record of the proceeding. These filings were aimed at ensuring equitable and reasonable cost recovery for both PG&E and CCA customers.

In December 2024, the CPUC issued a Proposed Decision (PD) in the proceeding that was subsequently approved at the CPUC's December voting meeting. CalCCA filed supportive comments on the PD urging the CPUC to reject PG&E's ratemaking proposals. The Final Decision adopted PG&E's bundled generation and PCIA rates that went into effect on January 1, 2025. The Decision rejected PG&E's proposal to change PCIA methodology in this proceeding, saving customers approximately $1 billion in total costs to the PCIA throughout PG&E's service territory in 2025.

In response to concerns regarding the PCIA methodology raised in the proceeding, the Decision indicated that the CPUC may open a new proceeding in 2025 to evaluate changes to the PCIA methodology. If a new PCIA proceeding is opened, MCE will work with CalCCA to ensure any changes to the PCIA methodology prevent cost shifting between unbundled and bundled customers.

Fiscal Impacts: There is no direct fiscal impact to MCE. However, MCE customers pay PCIA rates to PG&E. The system average PCIA rate paid by all MCE customers has decreased for 2025.

d. Provider of Last Resort (POLR)

MCE is currently engaging in Phase 2 of the POLR proceeding to implement relevant provisions of SB 520 (2019). SB 520 required the CPUC to determine the requirements and regulatory framework for a POLR (the entity required to serve customers if an LSE fails and can no longer serve their customers) and designated the Investor-Owned Utilities (IOUs) as the POLRs for their respective service territories. The statute further required the CPUC to determine the conditions and process for the transfer of POLR responsibilities from an IOU to a non-IOU LSE, including a CCA.

In October 2024, the CPUC issued a ruling seeking responses to a set of threshold questions focused on the level of interest of either an IOU or non-IOU LSE to transfer or accept POLR responsibilities and their ability to do so, and the scope of the CPUC's jurisdiction on a non-IOU POLR's operations. In January 2025, CalCCA filed Opening and Reply Comments in response to the threshold questions. CalCCA: (1) emphasized that the CPUC's oversight, per the statute, is limited to only POLR-service related operations and does not extend beyond that, (2) clarified the voluntary nature of the transfer of POLR responsibilities, and (3) advocated for similar cost recovery mechanisms to be put in place for both an IOU and a non-IOU POLR.

As indicated in their comments, none of the IOUs currently appear interested in transferring their POLR responsibilities. MCE will continue to work with CalCCA to ensure that reasonable terms are established for any CCAs interested in assuming POLR responsibilities in the future.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.

e. Renewables Portfolio Standard (RPS) Procurement Plan

In December 2024, the CPUC issued a final decision regarding LSEs 2024 Renewables Portfolio Standards (RPS) Procurement Plans. MCE filed its Draft 2024 RPS Procurement Plan in July 2024. In the RPS Procurement Plan, MCE provides information and updates regarding its progress in meeting applicable renewable energy planning and procurement targets. Upon review, the CPUC determined there were no modifications or changes needed for MCE's Draft 2024 RPS Procurement Plan, accepting the plan as is and deeming it as final.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.

f. Self Generation Incentive Program (SGIP)

In January, MCE collaborated with Pacific Gas & Electric (PG&E) to submit its Peak Flex Market program to the SGIP Qualified Demand Response (DR) programs list. SGIP requires participants to enroll in a qualified DR program in order to receive a rebate. The current list of qualifying programs is presently unavailable or inaccessible to CCA customers including MCE customers. MCE worked closely with PG&E to draft and submit an advice letter to the CPUC to add its Peak Flex Market program to the list of qualified DR programs. Upon approval, MCE customers will be eligible to enroll in an SGIP qualified DR program and subsequently receive an SGIP rebate. PG&E requested effective approval of MCE's program in February 2025.

Also in January, MCE submitted a response to a PG&E advice letter proposing to update its Capacity Bidding program (CBP) which is an SGIP qualified demand response program, to allow CCA customers seeking SGIP enrollment to participate and enroll. MCE supported PG&E's proposal for a viable pathway for customers, including MCE customers, to access SGIP rebates and satisfy the qualified demand response program requirement. PG&E requested approval of this update from the Commission in January 2025.

MCE awaits dispositions from the Commission on both SGIP matters and Staff will provide updates as they become available.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.

g. Future Grid Study Report - High DER Proceeding

In October 2024, the CPUC issued a ruling seeking comments on the Future Grid Study (FGS) Report prepared by Gridworks in Track 2 of the High DER Proceeding. CalCCA filed opening and reply comments in December 2024 and January 2025, respectively, offering several recommendations in response to the FGS Report.

CalCCA's comments focused on emphasizing the importance of open access to the distribution grid, ensuring that dispatchability/control applies to both IOUs and non-IOU LSEs, and prioritizing the need for CAISO visibility to unlock the economic value of DERs and ensure accurate load forecasting and reliable grid planning. CalCCA agreed with the Joint IOUs' position that the grid orchestration and open access frameworks are complementary, and both necessary to support a high DER future. CalCCA disagreed however with the Joint IOUs' recommendation that the CPUC not consider a statewide DER registry or distribution marketplace in the near term. Lastly,

CalCCA also recommended rejecting SDG&E's suggestion of forgoing the development of a roadmap for flexible load energization.

The next step in Track 2 will be a PD addressing the scoping questions and the FGS report findings. MCE will work with CalCCA to analyze the PD when released and will continue to provide updates to the Board.

Fiscal Impact: There is no direct fiscal impact to MCE.

III. California Energy Commission (CEC)

a. New Power Source Disclosure (PSD) Regulations

In December 2024, the CEC issued further updates to the draft regulations proposing changes to the PSD program. The updates clarified that the new reporting rules will take effect starting with the 2026 PSD reports to require retail suppliers, such as MCE, to take into account loss-adjusted load. Additionally, starting with the 2028 PSD reports, retail suppliers will have to report on how hourly procured generation aligns with their hourly loads.

Under the current rules, retail suppliers report the fuel mix and GHG emissions for each of its programmatic offerings on an annual basis according to a comparison between a retail supplier's clean specified electricity purchases and its retail sales. To the extent a retail supplier has not procured specified clean electricity at least matching its retail sales, that retail supplier's procurement portfolio would be attributed system power emissions (power that has a higher GHG-intensity than any clean specified purchases).

Under the proposed regulations, a retail supplier would be required to report its "total power content" in addition to its individual programmatic offerings. The "total power content" will reflect the total fuel mix and associated GHG emissions used to serve total loss-adjusted load. This means that transmission and distribution line losses will be factored into a retail supplier's procurement needs and thus increase the amount of clean specified electricity the retail supplier will need to procure to not be assigned system power emissions for its "total power content".

Additionally, the proposed regulations will implement SB 1158 (2022). SB 1158 requires retail suppliers to account for emissions from electricity resources on an hourly basis using a retail supplier's hourly loss-adjusted load. Under this new hourly framework, to avoid being assigned system power emissions in specific hours, a retail supplier would need to optimize its clean specified electricity purchases to match or exceed its assigned hourly loss-adjusted load. To the extent a retail supplier's clean

specified electricity purchases in a particular hour, including purchases necessary to charge any stand-alone battery storage resources, are less than the retail supplier's loss adjusted load in that hour, the retail supplier will be attributed system power emissions for that hour.

The proposed regulations also adjust how the system power GHG-intensity is calculated and reported on the Power Content Label. In the near-term, the draft regulations would consider the annual system resource mix and adjust the GHG-intensity for system power based on the amount of renewable and clean generation versus fossil fuel generation serving load on an annual basis. This annual framework will shift to an hourly accounting of system power GHG-intensity in the 2028 reporting year. The hourly framework would consider the hourly system resource mix and adjust the hourly GHG-intensity based on the amount of renewable and clean generation serving load in a particular hour.

The CEC is expected to adopt the new regulations at its February Business Meeting.

Fiscal Impacts: There are no direct fiscal impacts as a result of these proposed draft regulations. However, MCE can expect to see increased procurement costs to the extent procurement and portfolio optimization is adjusted to meet internal MCE targets under the new CEC reporting frameworks at both the annual and hourly levels.

b. Home Equipment and Appliance Rebates (HEEHRA) Phase II

In December 2024, the CEC issued a request for information on Phase II of its plans for the HEEHRA Phase II rebates funded by the Inflation Reduction Act (IRA). HEEHRA offers rebates to low- and moderate-income households for efficient heat pumps, heating and cooling, electric stoves, insulation, panel and related measures. Phase II of HEEHRA is an approved $152 million dollars in home electrification rebates available through retailers or contractors. MCE collaborated with Joint CCAs including Sonoma Clean Power, Silicon Valley Clean Energy, and Peninsula Clean Energy on program design recommendations to ensure CCA customers may participate and benefit from HEEHRA. Joint CCAs provided lessons learned and information from their related CCA administered energy efficiency and decarbonization focused programs. Joint CCAs provided recommendations on stacking with other complementary programs and rebates, streamlining the participation experience for customers, eligible equipment, contractor engagement and support, and effective community engagement. MCE and Joint CCAs await information from the CEC on the next steps. Following federal actions in January to pause IRA spending, implementation timelines are presently unknown.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.

c. Load Management Standards (LMS)

In October 2024, in conjunction with the other LSEs named under the LMS (IOUs, Publicly Owned Utilities, and Large CCAs), MCE submitted a proposal to the CEC for a single statewide tool concept. The tool is one of several components of the LMS intended to encourage customer load shifting based on programs or hourly or sub-hourly signals. Per the LMS, the Joint LSEs are to develop and maintain a single statewide tool to enable authorized third parties to: a) access customer rate information; and b) change a customer's rate schedules.

In January, CalCCA filed comments in response to the CEC's request for comment on the Joint LSEs' proposal for a single statewide rate access tool. The CEC's request for comments on the joint LSEs' concept included 20 questions largely focused on the tool's design, usage, and costs. CalCCA filed comments addressing these important questions and ultimately suggested that the CEC pause and reassess the current trajectory of LMS implementation. CalCCA recommended the CEC take a step back and determine if the current regulatory path should be reconfigured to more effectively and affordably reach load-shifting goals.

MCE is working with CalCCA to determine next steps and will continue to provide updates to the Board regarding implementation of the LMS.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.

IV. California Independent System Operator (CAISO)

a. Interconnection Process Enhancements (IPE)

In January, CalCCA submitted comments on Track 3 of the CAISO's IPE initiative. This is a continuing CAISO initiative looking at ways to enhance processes to interconnect new resources and better align new resource interconnection studies with existing transmission availability and planned transmission. Track 3 specifically focuses on allocation of Transmission Plan Deliverability (TPD), which a resource must obtain to be eligible to count as an RA resource. CalCCA's comments largely supported the CAISO's proposals on how to prioritize which projects get studied and ultimately allocated TDP, but urged the CAISO to take steps to maximize the amount of TPD allocated, prioritize resources with Power Purchase Agreements, and confirm that there can be a process for resources that are online, but with no TPD, to apply for TDP given the need to maximize RA-eligible capacity.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time.