



MCE Board of Directors Meeting
Thursday, September 18, 2025
6:30 p.m.

1125 Tamalpais Avenue, San Rafael, CA 94901
2300 Clayton Road, Suite 1500, Concord, CA 94520
955 School Street, Napa, CA 94559, City Hall Committee Room **(City of Napa)**
675 Texas Street, Fairfield, CA 94533, First Floor Hearing Room **(County of Solano)**

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

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 1500, Concord, CA 94920.

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

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1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1. Approval of 7.17.25 Meeting Minutes

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- C.2. Approved Contracts for Energy Update
- C.3. Addition of Board Members to Committees
- C.4. Proposed Fourth Amendment to Second Agreement with
 Energy Solutions
- C.5. Legislative and Regulatory Updates
- 6. Budget Results and Comparison for Fiscal Year 2024/25 (Discussion)
- 7. MCE's Financial Audit Fiscal Year 2024/25 (Discussion)
- 8. Legislative Session Recap (Discussion)
- 9. Performance Evaluation Process Overview (Discussion)
- 10. Board & Staff Matters (Discussion)
- 11. Adjourn

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.

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MCE BOARD MEETING MINUTES
Thursday, July 17, 2025
6:30 P.M.

Present: Stephanie Andre, City of Larkspur
Dion Bailey, City of Hercules
Eli Beckman, Town of Corte Madera
Mark Belotz, Town of Danville
Monica Brown, County of Solano, joined at 6:36pm
Kevin Burke, Alternate, City of Belvedere
Barbara Coler, Town of Fairfax
Cindy Darling, City of Walnut Creek
Joelle Gallagher, Alternate, County of Napa and Four Napa
Cities/Town (American Canyon, Calistoga, St. Helena, and
Yountville)
Kevin Jacobs, City of Novato
C. William Kircher, Jr., Town of Ross
Arlene Kobata, City of Pittsburg
Trevor Macenski, Alternate, City of Benicia
Satinder S. Malhi, Alternate, City of Martinez, joined at 6:36pm
John McCormick, Alternate, City of Lafayette
Aaron Meadows, City of Oakley
Devin Murphy, City of Pinole, joined at 6:49pm
Beth Painter, City of Napa
Max Perrey, City of Mill Valley
Amanda Szakats, City of Pleasant Hill
Graham Thiel, Town of Moraga
Sridhar Verose, City of San Ramon

Absent: Tarrell Kullaway, Town of San Anselmo
Maika Llorens Gulati, City of San Rafael
Laura Nakamura, City of Concord
Elizabeth Pabon-Alvarado, City of San Pablo
Charles Palmares, City of Vallejo
Gabe Quinto, City of El Cerrito
Mary Sackett, County of Marin
Manveer Sandhu, City of Fairfield
Shanelle Scales-Preston, County of Contra Costa
Holli Thier, Town of Tiburon
Steven Woodside, City of Sausalito
Cesar Zepeda, City of Richmond

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Staff

& Others:

Jesica Brooks, Lead Board Clerk and Executive Assistant
Vidhi Chawla, VP of Power Resources
Vicken Kasarjian, Chief Operating Officer
Jonnie Kipyator, Power Analytics Senior Manager
Caroline Lavenue, Legal Counsel II
Tanya Lomas, Board Clerk Associate
Alexandra McGee, VP of Strategic Initiatives
Ashley Muth, Internal Operations Associate
Justine Parmelee, VP of Internal Operations
Zae Perrin, VP of Customer Operations
Mike Rodriguez-Vargas, Internal Operations Assistant
Enyonam Senyo-Mensah, Internal Operations Manager
Dan Settlemyer, Internal Operations Associate
Dawn Weisz, Chief Executive Officer

1. Roll Call

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

2. Board Announcements (Discussion)

Acting Chair Coler opened the floor for board announcements, and there were no comments.

3. Public Open Time (Discussion)

Acting Chair Coler 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.

Acting Chair Coler opened the public comment period and there were no comments.

5. Consent Calendar (Discussion/Action)

- C.1 Approval of 5.15.25 Meeting Minutes
- C.2 Approved Contracts for Energy Update
- C.3 Proposed Resolution No. 2025-03 Establishing the Date, Time, and Location of Regular Board Meetings
- C.4 Proposed MCE Policy 019 - Disposition of Surplus Property
- C.5 Adoption of Revised MCE Load Management Standards Plan
- C.6 Proposed Resolution 2025-04 Authorizing the CEO to Negotiate and Execute Vendor Services Agreements with Community Energy and

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Equity Resources LLC, Serious Controls LLC, and Lawrence Berkeley National Laboratory for MCE's Virtual Power Plant Program Supported by Funding from the California Energy Commission

Acting Chair Coler opened the public comment period and there were no comments.

Action: It was M/S/C (Beckman/Jacobs) **to approve Consent Calendar items C.1-C.6.** Motion carried by unanimous roll call vote. (Absent: Kullaway, Llorens Gulati, Nakamura, Pabon-Alvarado, Palmares, Quinto, Sackett, Sandhu, Scales-Preston, Thier, Woodside, Zepeda).

6. MCE 24x7 Renewable Energy Pilot Proposal (Discussion/Action)

Jonnie Kipyator, Power Analytics Senior Manager, introduced this item and addressed questions from Board members.

Acting Chair Coler opened the public comment period and comments were made by member of the public, Steven Rosenfeld.

Action: It was M/S/C (Bailey/Darling) to

- 1. Approve the 24/7 Pilot Proposal for up to 400 municipal accounts, with a usage of about 2000 MWh/year, starting on 1/1/2026 for 3 years with an initial premium of ¢5.40/KWh.**
- 2. Approve the rate-premium methodology for the 24/7 Pilot premium and direct staff to update the premium annually during MCE budget-setting.**

Motion carried by roll call vote. Yays-20; Nos- 6 (Nos: Gallagher and Painter. Absent: Kullaway, Llorens Gulati, Nakamura, Pabon-Alvarado, Palmares, Quinto, Sackett, Sandhu, Scales-Preston, Thier, Woodside, Zepeda).

7. Update of Deep Green Premium Proposed Effective Date October 1, 2025 (Discussion/Action)

Jonnie Kipyator, Power Analytics Senior Manager, introduced this item and several staff addressed questions from Board members.

Acting Chair Coler opened the public comment period and there were no comments.

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Action 1: It was M/S/C (Verose/Darling) **to approve Option B. Approve an increase to the Deep Green premium from € 1/kWh to € 1.25/kWh, effective October 1, 2025, for an overall bill increase of 0.6% for residential and commercial customers.**

Motion carried by roll call vote. Yays-17; Nos-9 (Nos: Andre, Bailey, Beckman, Belotz, Burke, Coler, Jacobs, Macenski, Perrey. Absent: Kullaway, Llorens Gulati, Nakamura, Pabon-Alvarado, Palmares, Quinto, Sackett, Sandhu, Scales-Preston, Thier, Woodside, Zepeda).

Action 2: It was M/S/C (Murphy/Verose) **to approve the rate-premium methodology for the Deep Green premium and direct staff to update the premium annually during MCE budget-setting.**

Motion carried by roll call vote. Yays-15; Nos-11 (Nos: Andre, Bailey, Beckman, Belotz, Burke, Coler, Kircher, Jr., Malhi, Macenski, McCormick, Perrey. Absent: Kullaway, Llorens Gulati, Nakamura, Pabon-Alvarado, Palmares, Quinto, Sackett, Sandhu, Scales-Preston, Thier, Woodside, Zepeda).

8. Customer Operations Update (Discussion)

Zae Perrin, VP of Customer Operations, introduced this item and addressed questions from Board members.

Acting Chair Coler opened the public comment period and there were no comments.

Action: No action required.

9. Board & Staff Matters (Discussion)

There were comments made by Director Jacobs.

10. Adjournment

Acting Chair Coler adjourned the meeting at 9:26 p.m. to the next scheduled Board Meeting on August 21, 2025.

Barbara Coler, Acting Chair

Attest:

Dawn Weisz, Secretary



September 18, 2025

TO: MCE Board of Directors

FROM: Stephen Mariani, Senior Power Procurement Manager

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 July 2025. This summary is provided to your Board for information purposes only and no action is needed.

Review of Procurement Authorities:

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

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

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

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

Item #	Month of Execution	Purpose	Average Annual Contract Amount	Contract Term
1	June 2025	Purchase of System Energy (Hedge)	\$4,586,298	1 Year or less
2	June 2025	Purchase of System Energy (Hedge)	\$19,647,827	1 Year or less
3	July 2025	Sale of Resource Adequacy	\$50,000	1 Year or less
4	July 2025	Sale of Resource Adequacy	\$478,500	1 Year or less

5	July 2025	Sale of Resource Adequacy	\$105,000	1 Year or less
6	July 2025	Purchase of Resource Adequacy	\$180,000	1 Year or less
7	July 2025	Purchase of Resource Adequacy	\$2,081,500	1 Year or less
8	August 2025	Sale of Resource Adequacy	\$40,000	1 Year or less
9	August 2025	Sale of Import Allocation Rights	\$2,924,640	1 Year or less
10	August 2025	Purchase of Carbon Free Energy	\$1,050,000	1 Year or less

Contract Approval Process:

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

The evaluation of every new energy contract is based upon an assessment of 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, Vice President 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 2025/26 are within the FY 2025/26 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation:

Information only. No action required.



September 18, 2025

TO: MCE Board of Directors

FROM: Jesica Brooks, Executive Assistant and Lead Board Clerk

RE: Addition of Board Members to Committees (Agenda Item #05 C.3)

ATTACHMENTS: A. MCE Board Offices and Committee Rosters
B. Executive Committee Overview
C. Technical Committee Overview

Dear MCE Board Members:

Summary:

MCE Board Director and City of Larkspur Councilmember, Stephanie Andre, is interested in joining the Executive Committee. MCE Board Director and City of Lafayette Councilmember, John McCormick, is interested in joining the Technical Committee.

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

The scope of the MCE Technical Committee is to explore, discuss and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, procurement risk management and other topics of a technical nature.

Fiscal Impacts: None.

Recommendation:

Approve the additions of:

- Director Stephanie Andre to the Executive Committee.
- Director John McCormick to the Technical Committee.



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 5.8.25)*

1. Max Perrey, Chair	City of Mill Valley
2. Stephanie Andre, <i>interested</i>	City of Larkspur
3. Eli Beckman	Town of Corte Madera
4. Barbara Coler	Town of Fairfax
5. Cindy Darling	City of Walnut Creek
6. Maika Llorens Gulati	City of San Rafael
7. Devin Murphy	City of Pinole
8. Laura Nakamura	City of Concord
9. Gabe Quinto	City of El Cerrito
10. Shanelle Scales-Preston	County of Contra Costa
11. 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 5.15.25)*

- | | |
|--------------------------------------|-----------------------|
| 1. Devin Murphy, Chair | City of Pinole |
| 2. Stephanie Andre, Vice Chair | City of Larkspur |
| 3. Dion Bailey | City of Hercules |
| 4. John McCormick, <i>interested</i> | City of Lafayette |
| 5. Charles Palmares | City of Vallejo |
| 6. Gabe Quinto | City of El Cerrito |
| 7. Amanda Szakats | City of Pleasant Hill |
| 8. Cesar Zepeda | City of Richmond |

AD HOC CONTRACTS *(Updated 4.17.25)*

- | | |
|-------------------|-------------------|
| 1. Barbara Coler | Town of Fairfax |
| 2. Aaron Meadows | City of Oakley |
| 3. Devin Murphy | City of Pinole |
| 4. Manveer Sandhu | City of Fairfield |



MCE Executive Committee Overview

Scope

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

Authority

Executive Committee is authorized to make decisions regarding:

- Legislative positions outside of the Board-approved legislative plan
- Procurement pursuant to Resolution 2018-04 or its successor
- Compensation and evaluation of the CEO
- Ad hoc committees
- Honorary awards

The Executive Committee also serves to make recommendations to the Board regarding:

- The annual budget and budget adjustments
- Rate setting
- Entering into debt
- MCE Policies (such as Policy 013: Reserve Policy and Policy 014: Investment Policy)

Committee Member Selection Process

MCE strives to assemble an Executive Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Executive Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city/town member. Interested members can be added at a meeting of the Board of Directors when it is included in the agenda. Any member interested in joining the Executive Committee is required to be a representative on the Board for six (6) months prior to serving on the Executive Committee.

Additionally, a member must be serving on the Executive Committee for one (1) year to be eligible for the Executive Committee Chair position.

The Executive Committee selects its own chair for a term of one year. The Executive Committee Chair is limited to two one-year terms.

Current Meeting Schedule

First Monday of each month at 12:00 pm. Two meetings per year will be designated as “in-person” only. For the other meetings of the year, a “Primary Location” will be designated for each meeting, and this will be the location of staff presentations along with a light lunch. The Primary Location will alternate between MCE’s San Rafael and Concord offices every meeting, and the non-primary location will be available, but with minimum support.

Removal of Committee Members

The Executive Committee may remove any member of the Committee if their community representative is absent for more than two (2) meetings annually. The Executive Committee may vote, with a majority vote being sufficient for removal, at the next scheduled Committee meeting after providing notice to the member proposed for removal.



MCE Technical Committee Overview

Scope

The scope of the MCE Technical Committee is to explore, discuss and provide direction or approval on issues related to electricity supply, distributed generation, greenhouse gas emissions, energy efficiency, procurement risk management and other topics of a technical nature.

Frequent topics include electricity generation technology and procurement, greenhouse gas accounting and reporting, energy efficiency programs and technology, energy storage technology, net energy metering tariff, local solar rebates, electric vehicle programs and technology, Feed-in Tariff activity and other local development, Light Green, Deep Green and Local Sol power content planning, long term integrated resource planning, regulatory compliance, MCE's Energy Risk Management Policy (ERMP), procurement risk oversight, and other activity related to the energy sector. The MCE Technical Committee reviews and discusses new technologies and potential application by MCE.

Authority

- Approval of and changes to MCE's Net Energy Metering Tariff
- Approval of and changes to MCE's Feed in Tariff
- Approval of annual greenhouse gas emissions level and related reporting
- Approval of MCE procurement pursuant to Resolution 2018-03 or its successor
- Approval of MCE procurement-related certifications and reporting, including the Power Content Label
- Approval of contracts with vendors for technical programs or services, energy efficiency program or services and procurement functions or services
- Approval of power purchase agreements
- Approval of adjustments to power supply product offerings
- Approval of the Integrated Resource Plan
- Receipt of reports from the Risk Oversight Committee (ROC) on at least a quarterly basis regarding the ROC's meetings, deliberations, and any other areas of concern
- Initiation of and oversight of a review of the implementation of the ERMP as necessary
- Approval of substantive changes to MCE's Energy Risk Management Policy (ERMP), including periodic review of the ERPM and periodic review of ERPM implementation

Committee Member Selection Process

MCE strives to assemble a Technical Committee comprised of at least one county representative and one city/town representative from each county in the MCE service area. Available seats on the Technical Committee are therefore first offered to any interested and applicable Board member whose county is not yet represented by one county and one city/town member. Interested members can be added at a meeting of the Board when it is included in the agenda.

The Technical Committee selects its own chair for a term of one year. The Technical Committee Chair is limited to two one-year terms.

Current Meeting Schedule

First Friday of each month at 10:00 am

Removal of Committee Members

The Technical Committee may remove any member of the Committee if their community representative is absent for more than two (2) meetings annually. The Technical Committee may vote, with a majority vote being sufficient for removal, at the next scheduled Committee meeting after providing notice to the member proposed for removal.



September 18, 2025

TO: MCE Board of Directors

FROM: Melanie Biesecker, Senior Customer Programs Manager

RE: Proposed Fourth Amendment to Second Agreement with Energy Solutions (Agenda Item #05 C.4)

ATTACHMENTS: A. Fourth Amendment to Second Agreement with Energy Solutions
B. Third Amendment to Second Agreement with Energy Solutions
C. Second Amendment to Second Agreement with Energy Solutions
D. First Amendment to Second Agreement with Energy Solutions
E. Second Agreement with Energy Solutions

Dear Board Members:

Summary:

The proposed Fourth Amendment to the Second Agreement with Energy Solutions ("Amendment") would continue to provide MCE the ability to scale up adoption of EVs and increase access to new and used EV ownership by providing income-qualified customers with educational resources and incentives. With the recent passing of legislation that terminates the federal tax credits for new and used EVs, these resources and savings will be even more vital to ensure continued access to upfront cost-savings for customers with the most barriers to EV adoption.

Background

Since Fall 2019, MCE has offered an EV incentive program that educates customers about EVs and charging and provides income-qualified customers up to \$3,500 toward the purchase or lease of an EV. Between 2019 and May 2023, the MCE EV Incentive program was managed largely in-house by MCE staff with a vendor supporting financial verification and application processing and provided 347 post-purchase EV rebates to income-qualified customers.

In May 2023, MCE launched the EV Instant Rebates program, in response to customer feedback about the continuing barriers to EV adoption. The EV Instant Rebates program is now largely managed by Energy Solutions, with oversight by MCE staff. The EV Instant Rebates program has allowed MCE to continue expanding EV adoption for income-qualified customers, while directly addressing some of the largest barriers for those customers to participate in the MCE EV Incentive program by:

- Changing the rebate process from a post-purchase payment managed by MCE into a point-of-sale instant rebate processed by designated car dealers and managed by Energy Solutions to reduce customers' upfront financial burden;
- Adding a \$2,000 incentive for used EVs in addition to the \$3,500 incentive for new EVs;
- Offering dealer incentives of \$200 and \$100 per new and used EV sold; and
- Outsourcing the marketing, education, & outreach to MCE customers, local dealers, and automakers to boost EV incentive program participation.

The EV Instant Rebates program continues to be successful in addressing key barriers to EV adoption for low-income customers and has provided more than 1,900 instant rebates in just over two years. The program is expected to fully utilize the 2025/26 budget before the end of the fiscal year.

In July 2025, with the passing of H.R. 1, federal EV tax credits have been prematurely set to expire on September 30th, 2025. Since the bill passed, customers have rushed to take advantage of the savings before they expire, resulting in an unexpected surge in EV sales and leases, exceeding rebate forecasts by more than 140%. Though MCE staff anticipate EV sales/leases to return to or dip below historic norms in October, there is potential for a budget shortfall of almost \$600,000.

The proposed Amendment would provide an additional 161 rebates for income-qualified customers in FY 2025/26, building on the success of MCE's point-of-sale EV incentive model in overcoming barriers, expanding the EV Incentive program's impacts, and deepening MCE's reach to priority communities. Additionally, the Amendment includes a customer income verification audit to support the assessment of program impacts and inform program budgeting and planning for FY 2026/27.

Fiscal Impacts:

The proposed amendment would increase the total cost of the Second Agreement with Energy Solutions by \$597,810 (from \$9,997,690 to \$10,595,500) which would provide sufficient funding for the EV Incentive program for the remainder of FY 2025/26. These funds would be reallocated from other items which are on track to underspend their fiscal year budget.

Recommendation:

Approve the proposed Fourth Amendment to Second Agreement with Energy Solutions.

**FOURTH AMENDMENT TO SECOND AGREEMENT
BY AND BETWEEN MARIN CLEAN ENERGY
AND COHEN VENTURES, INC., DBA Energy Solutions**

This FOURTH AMENDMENT is made and entered into on _____, by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and COHEN VENTURES, INC., DBA Energy Solutions (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on February 3, 2023, and amended on March 21, 2024, February 3, 2025, and September 10, 2025, to provide MCE Electric Vehicle (EV) Incentive Program management services ("Agreement"); and

WHEREAS, Section 3 and Exhibit B to the Agreement, as amended, provided for Contractor to be compensated in an amount not to exceed \$9,997,690 for the MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to increase the contract amount by \$597,810 for total consideration not to exceed \$10,595,500; and

WHEREAS, Exhibit A to the Agreement specified the tasks Contractor will complete for the MCE EV Incentive Program management services as described in the scope therein; and

WHEREAS, the parties desire to amend the Agreement to modify the scope of work of the Agreement; and

WHEREAS Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor for MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to remove and replace the fee and payment schedule therein.

NOW, THEREFORE, the parties agree to modify Section 3, Exhibit A and Exhibit B as set forth below.

AGREEMENT

1. Section 3 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$10,595,500**.

2. Section 10.7(f) is hereby amended to read as follows:

Contractor and Contractor Party's Pre-Existing Materials.

Contractor and each Contractor Party is, and shall remain the sole and exclusive owner of all respective right, title and interest in and to all documents, works, codebases, software, data, know-how, methodologies, and materials, including its intellectual property, provided, developed, acquired or used by Contractor prior to the Effective Date, including any and all modifications, improvements, extensions, and customizations thereto ("Contractor's Pre-Existing Materials"). To the extent any of Contractor's Pre-Existing Materials are used to create, develop, and prepare the Intellectual Property, Contractor and each Contractor Party hereby grants MCE on behalf of its customers and the CPUC for governmental and regulatory purposes an irrevocable, assignable, non-exclusive, perpetual, fully paid up, worldwide, royalty-free, unrestricted license to use and sublicense others to use, reproduce, display, prepare and develop derivative works, perform, distribute copies of any intellectual or proprietary property right of Contractor or any Contractor Party for the sole purpose of using such Intellectual Property for the conduct of MCE's business and for disclosure to the CPUC for governmental and regulatory purposes related thereto. Any and all claims to Contractor's or any Contractor Party's Pre-

Existing Materials to be furnished or used to prepare, create, develop or otherwise manifest the Intellectual Property must be expressly disclosed to MCE prior to performing any Services under this Agreement. Any such Pre-Existing Material that is modified by work under this Agreement is owned by Contractor and licensed to MCE.

3. The following Task 2.8 is hereby added to Exhibit A:

Task 2.8 Income Verification Audit

Contractor on its own, or through its authorized Subcontractor, will:

- Select for verification a percentage of past rebate recipients using a methodology mutually agreed upon in writing between MCE and Contractor
- Draft direct customer outreach email communications which will be subject to review and approval by MCE.
- Perform a minimum of two (2) outreach attempts (email and phone, as needed) to each selected customer notifying them of the audit and requesting participation.
- Collect documentation necessary to validate income eligibility for up to 750 rebate recipients.
- Provide customer support for issues related to documentation requirements, submission, or review.
- Provide bi-weekly status updates to MCE on income verification results.
- Create a summary report upon completion of the audit with an analysis of results and recommendations to MCE for potential program design changes to improve eligibility rates

4. The following bullets are hereby added to the list of Task 2 Deliverables in Exhibit A:

- Income Audit Verification Plan
- Bi-weekly updates of income audit results
- Income Audit Results Summary Report

5. The following row is hereby added to the Schedule table in Exhibit A:

2.8 Customer Income Verification Audit	1. Complete customer income verification audit	1. December 3, 2025
	2. Provide customer income verification audit summary report to MCE	2. December 17, 2025

6. The fee and payment schedule in Exhibit B is hereby removed and replaced in its entirety to read as follows:

**EXHIBIT B
FEES AND PAYMENT SCHEDULE**

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

The Program is intended to provide the following point-of-sale incentives: 1) 1,487 new EV incentives in the amount of \$3,500 per new EV; and 2) 1,008 used EV incentives in the amount of \$2,000 per used EV; for a total of \$7,220,500 (collectively the "Rebate Incentives") for the term of the Agreement.

Contractor invoiced \$250,000 in Rebate Incentives upon execution of the First Amendment to the Second Agreement and will continue to invoice MCE monthly to replenish the advanced Rebate Incentives to \$250,000 each month to cover: funds needed for distribution at the point-of-sale for EVs, and any funds needed to cover Rebate Incentives beyond the prior month's \$250,000 payment. This process shall repeat until MCE's funds for Rebate Incentives have been exhausted. Contractor shall ensure that all such Rebate Incentives are held in an FDIC-insured account.

Contractor shall draw against these Rebate Incentives to pay valid point-of-sale requests according to the amounts listed above (\$3,500 for new EV, \$2,000 for used EV). Contractor will return all undisbursed Rebate Incentives to MCE within 10 business days upon written request by MCE Customer Programs staff or the termination of the Agreement.

Task	Category	Units	Amount/Unit	Total Budget, Not to Exceed by Categories	Invoice Schedule
1	Startup Fee	1	\$66,250	\$66,250	Upon 4/30/23 Program Launch
1	Assess Viability of Customer Search API	1	\$5,000	\$5,000	Upon Contractor's Viability Determination
2	Income Audit	1	\$64,500	\$64,500	Upon Contractor's provision of the audit summary report, estimated for December 17, 2025
2	Implementation Fees	2,495	\$1,210	\$3,018,950	Per claim paid, invoiced monthly
2	Dealer Spiffs*	1,057	\$200 new \$100 used	\$190,300	Per claim paid until December 31, 2024, invoiced monthly
2	Vehicle Rebates**	2,495	\$3,500 new \$2,000 used	\$7,220,500***	Per claim paid beyond MCE's monthly \$250,000 incentive prepayment, invoiced monthly
3	Program Closeout	3	\$10,000	\$30,000	Monthly for 3 months after Program shutdown
Total				\$10,595,500	

*This amount will be passed through to the dealer to incentivize the stocking and upselling of EVs.

**This amount will be passed through to the dealer as a reimbursement for applying a discount in the amount of the rebate at the point of sale.

***Assuming 1,487 new EVs and 1,008 used EVs receiving incentives through the Program

Except for Startup Fee, Assess Viability of Customer Search API, and Income Audit which will be billed according to the invoice schedule listed above, Contractor shall bill monthly for Services rendered the month prior.

In no event shall the total cost to MCE for the Services provided herein exceed the maximum sum of \$10,595,500 for the term of the Agreement.

7. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment on the day first written above.

MARIN CLEAN ENERGY:

CONTRACTOR:

By:

By:

Date:

Date:

Chairperson:

By:

Date:

THIRD AMENDMENT TO SECOND AGREEMENT BY AND BETWEEN MARIN CLEAN ENERGY AND COHEN VENTURES, INC. dba ENERGY SOLUTIONS

This THIRD AMENDMENT is made and entered into on 9/10/2025, by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and COHEN VENTURES, INC. dba ENERGY SOLUTIONS (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on February 3, 2023, and amended on March 21, 2024, and February 3, 2025, to provide MCE Electric Vehicle (EV) Incentive Program management services ("Agreement"); and

WHEREAS, Section 3 and Exhibit B to the Agreement, as amended, provided for Contractor to be compensated in an amount not to exceed \$9,600,700 for the MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to increase the contract amount by \$396,990 for total consideration not to exceed \$9,997,690; and

WHEREAS Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor for the MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to remove and replace the fee and payment schedule therein.

NOW, THEREFORE, the parties agree to modify Section 3 and Exhibit B as set forth below.

AGREEMENT

1. Section 3 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$9,997,690**.

2. The fee and payment schedule in Exhibit B is hereby removed and replaced in its entirety to read as follows:

EXHIBIT B FEES AND PAYMENT SCHEDULE

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

The Program is intended to provide the following point-of-sale incentives: 1) 1,428 new EV incentives in the amount of \$3,500 per new EV; and 2) 906 used EV incentives in the amount of \$2,000 per used EV; for a total of \$6,810,000 (collectively the "Rebate Incentives") for the term of the Agreement.

Contractor invoiced \$250,000 in Rebate Incentives upon execution of the First Amendment to the Second Agreement and will continue to invoice MCE monthly to replenish the advanced Rebate Incentives to \$250,000 each month to cover: funds needed for distribution at the point-of-sale for EVs, and any funds needed to cover Rebate Incentives beyond the prior month's \$250,000 payment. This process shall repeat until MCE's funds for Rebate Incentives have been exhausted. Contractor shall ensure that all such Rebate Incentives are held in an FDIC-insured account. Contractor shall draw against these Rebate Incentives to pay valid point-of-sale requests according

to the amounts listed above (\$3,500 for new EV, \$2,000 for used EV). Contractor will return all undisbursed Rebate Incentives to MCE within 10 business days upon written request by MCE Customer Programs staff or the termination of the Agreement.

Task	Category	Units	Amount/Unit	Total Budget, Not to Exceed by Categories	Invoice Schedule
1	Startup Fee	1	\$66,250	\$66,250	Upon 4/30/23 Program Launch
1	Assess Viability of Customer Search API	1	\$5,000	\$5,000	Upon Contractor's Viability Determination
1	Customer Search API Integration	1	\$60,000	\$60,000	Upon API Launch
2	Implementation Fees	2,334	\$1,210	\$2,824,140	Per claim paid, invoiced monthly
2	Dealer Spiffs*	1,118	\$200 new \$100 used	\$202,300	Per claim paid until December 31, 2024, invoiced monthly
2	Vehicle Rebates**	2,334	\$3,500 new \$2,000 used	\$6,810,000***	Per claim paid beyond MCE's monthly \$250,000 incentive prepayment, invoiced monthly
3	Program Closeout	3	\$10,000	\$30,000	Monthly for 3 months after Program shutdown
Total				\$9,997,690	

*This amount will be passed through to the dealer to incentivize the stocking and upselling of EVs.

**This amount will be passed through to the dealer as a reimbursement for applying a discount in the amount of the rebate at the point of sale.

***Assuming 1,428 new EVs and 906 used EVs receiving incentives through the Program

Except for Startup Fee, Assess Viability of Customer Search API, and Customer Search API Integration which will be billed according to the invoice schedule listed above, Contractor shall bill monthly for Services rendered the month prior.

In no event shall the total cost to MCE for the Services provided herein exceed the maximum sum of \$9,997,690 for the term of the Agreement.

3. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this THIRD Amendment on the day first written above.

MARIN CLEAN ENERGY:

CONTRACTOR:

Signed by:
By: *Dawn Weisz*
A59878416EBC4F8...

Date: 9/10/2025

DocuSigned by:
By: *Samuel Cohen*
09BDEA6B8B024D8...

Date: 9/11/2025

SECOND AMENDMENT TO SECOND AGREEMENT BY AND BETWEEN MARIN CLEAN ENERGY AND ENERGY SOLUTIONS

This SECOND AMENDMENT is made and entered into on February 3, 2025 by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and COHEN VENTURES, INC. dba ENERGY SOLUTIONS (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on February 3, 2023, and amended on March 21, 2024, to provide MCE Electric Vehicle (EV) Incentive Program ("Program") management services ("Agreement"); and

WHEREAS, Section 3 and Exhibit B to the Agreement, as amended, provided for Contractor to be compensated in an amount not to exceed \$6,028,520 for the Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to increase the contract amount by \$3,572,180 for total consideration not to exceed \$9,600,700; and

WHEREAS, Section 4 of the Agreement, as amended, stated the Agreement shall terminate on May 31, 2025; and

WHEREAS, the parties desire to amend the Agreement to extend the time of the Agreement; and

WHEREAS, Exhibit A to the Agreement specified the tasks Contractor will complete for the Program services as described in the scope therein; and

WHEREAS, the parties desire to amend the Agreement to add to the scope of work of the Agreement; and

WHEREAS, Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor for the Program management services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to modify the fee and payment schedule therein.

NOW, THEREFORE, the parties agree to modify Section 3, Section 4, Exhibit A and Exhibit B as set forth below.

AGREEMENT

1. Section 3 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$9,600,700**.

2. Section 4 is hereby amended to read as follows:

TERM OF AGREEMENT:

This Agreement shall commence on **February 4, 2023** ("Effective Date"), and shall terminate on **March 31, 2026**, unless earlier terminated pursuant to the terms and conditions set forth in Section 12.

3. In Exhibit A, Task 2.4: Quality Assurance/Quality Control Procedures is hereby removed and replaced in its entirety to read as follows:

Task 2.4: Quality Assurance/Quality Control Procedures

Contractor will work with MCE to determine the data to be collected by the Program upon rebate claim submission. Claim review will occur daily on weekdays and Contractor will reach out to dealers to follow up on any claims that need edits or clarification.

- Contractor will develop a Quality Assurance/Quality Control Claim Processing Guide that will define Program claim processing requirements that confirm that the rebate recipient is an eligible MCE customer, the vehicle is on the QPL, the claim is not a duplicate, and that the rebate was provided to the customer via a line item discount on the customer's purchase or lease agreement.
 - After making a qualifying sale or lease, participating dealers have two weeks to submit a claim to Contractor.
 - Claims will be flagged by Contractor if they contain missing data, data discrepancies, possible errors, or unusual sales activity.
 - If claims are flagged, Contractor will reach out to the appropriate dealer contact within 2 business days to seek clarification or to make an edit/correction to a flagged claim.
 - If asked for clarification or to make an edit/correction to a flagged claim, Contractor will make two attempts to contact the participating dealer.
 - If no changes/responses have been made by the participating dealer within a month from the first contact attempt, the claim will be subject to rejection
 - Contractor will track participating dealers' rejected and flagged claims, provide additional training if needed, and work with participating dealers to identify potential solutions to improve claim approval rates while ensuring, as much as possible, that only accurate claims are processed. Contractor will review with MCE the specific metrics used for flagging claims during the Project Kickoff and ongoing check-ins. Additional flags can be programmed, and metrics can be modified as needed to meet MCE's preferences.
 - Contractor will review all submitted rebate claims and process claims that have not been rejected and/or flagged on the following schedule:
 - Claims submitted between Mondays at 8:00 am and Fridays at 12:00 pm that do not require revisions will be reviewed and approved within 48 hours of claim submittal or by Fridays at 5:00 pm, whichever comes first. For claims that require revisions, Program participants will be contacted via email within 48 hours of claim submittal or by Fridays at 5:00 pm, whichever comes first.
 - Claims submitted between Fridays at 12:00 pm and Mondays at 8:00 am that do not require revisions will be reviewed and approved by the following Tuesday at 5:00 pm. For claims that require revisions, Program participants will be contacted via email by the following Tuesday at 5:00 pm.
 - MCE Customer Programs staff may authorize Contractor in writing to grant an exception to the claims processing requirements listed above.
4. The fee and payment schedule in Exhibit B is hereby removed and replaced in its entirety to read as follows:

EXHIBIT B FEES AND PAYMENT SCHEDULE

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

The Program is intended to provide the following point-of-sale incentives: 1) 1,632 new EV incentives in the amount of \$3,500 per new EV; and 2) 483 used EV incentives in the amount of \$2,000 per used EV; for a total of \$6,678,000 (collectively the "Rebate Incentives") for the term of the Agreement.

Contractor will invoice \$250,000 in Rebate Incentives upon execution of the Second Amendment and will invoice MCE monthly to replenish the advanced Rebate Incentives to \$250,000 each month to cover:

funds needed for distribution at the point-of-sale for EVs, and any funds needed to cover Rebate Incentives beyond the prior month's \$250,000 payment. This process shall repeat until MCE's funds for Rebate Incentives have been exhausted. Contractor shall ensure that all such Rebate Incentives are held in an FDIC-insured account. Contractor shall draw against these Rebate Incentives to pay valid point-of-sale requests according to the amounts listed above (\$3,500 for new EV, \$2,000 for used EV). Contractor will return all undisbursed Rebate Incentives to MCE within 10 business days upon written request by MCE Customer Programs staff or the termination of the Agreement.

Task	Category	Units	Amount/Unit	Total Budget, Not to Exceed by Categories	Invoice Schedule
1	Startup Fee	1	\$66,250	\$66,250	Upon 4/30/23 Program Launch
1	Assess Viability of Customer Search API	1	\$5,000	\$5,000	Upon Contractor's Viability Determination
1	Customer Search API Integration	1	\$60,000	\$60,000	Upon API Launch
2	Implementation Fees	2,115	\$1,210	\$2,559,150	Per claim paid, invoiced monthly
2	Dealer Spiffs*	1,118	\$200 new \$100 used	\$202,300	Per claim paid until December 31, 2024, invoiced twice per month
2	Vehicle Rebates**	2,115	\$3,500 new \$2,000 used	\$6,678,000***	Per claim paid beyond MCE's monthly \$250,000 incentive prepayment, invoiced monthly
3	Program Closeout	3	\$10,000	\$30,000	Monthly for 3 months after Program shutdown
Total				\$9,600,700	

*Until December 31, 2024, this amount passed through to the participating dealer to incentivize the stocking and upselling of EVs.

**This amount will be passed through to the participating dealer as a reimbursement for applying a discount in the amount of the rebate at the point of sale for legitimate claims.

***Assuming 1,632 new EVs and 483 used EVs receiving incentives through the Program

Except for Assess Viability of Customer Search API and Customer Search API Integration which will be billed according to the invoice schedule listed above, Contractor shall bill for the deliverables in task 1, included within the Startup Fee, on 4/30/23. After the initial payment of the Start Up Fee, Contractor shall bill monthly for Services rendered the month prior.

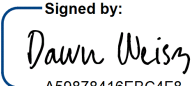
In no event shall the total cost to MCE for the services provided herein exceed the maximum sum of \$9,600,700 for the term of the Agreement.

5. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

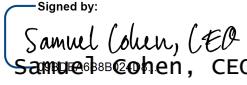
IN WITNESS WHEREOF, the parties hereto have executed this SECOND Amendment on the day first written above.

MARIN CLEAN ENERGY:

Signed by:
By: 
E29D04F5F73B483...
Date: 2/3/2025
Chairperson: Max Perrey

Signed by:
By: 
A59878416EBC4F8...
Date: 2/3/2025

CONTRACTOR:

Signed by:
By: 
Samuel Cohen, CEO
Date: 2/12/2025

FIRST AMENDMENT TO SECOND AGREEMENT BY AND BETWEEN MARIN CLEAN ENERGY AND ENERGY SOLUTIONS

This FIRST AMENDMENT is made and entered into on March 21, 2024 by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and COHEN VENTURES, INC., DBA Energy Solutions (hereinafter referred to as "Contractor") (each, a "Party," and, together, the "Parties").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on February 3, 2023 to provide MCE Electric Vehicle ("EV") Incentive Program ("Program") management services ("Agreement"); and

WHEREAS, Section 3 and Exhibit B to the Agreement provided for Contractor to be compensated in an amount not to exceed \$2,399,410 for the MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the Parties desire to amend the Agreement to increase the contract amount by \$3,629,110 for total consideration not to exceed \$6,028,520; and

WHEREAS, Section 4 of the Agreement stated the Agreement shall terminate on March 31, 2026; and

WHEREAS, the Parties desire to amend the Agreement to modify the term length of the Agreement; and

WHEREAS, Section 6 of the Agreement included the insurance coverages that are required by MCE; and

WHEREAS, the Parties desire to amend the Agreement to add to the insurance coverages that are required; and

WHEREAS, Section 17 of the Agreement included the indemnification protections Contractor would provide to MCE; and

WHEREAS, the Parties desire to amend the Agreement to add to the indemnification protections; and

WHEREAS, Exhibit A to the Agreement specified the tasks Contractor will complete for the MCE EV Incentive Program management services as described in the scope therein; and

WHEREAS, the Parties desire to amend the Agreement to modify the scope of work of the Agreement; and

WHEREAS Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor for the MCE EV Incentive Program management services described within the scope therein; and

WHEREAS, the Parties desire to amend the Agreement to modify the fee and payment schedule therein; and

WHEREAS, Exhibit C to the Agreement specified the protective measures Contractor must provide in order to access MCE's Customer Relationship Management software; and

WHEREAS, the Parties desire to amend the Agreement to update the Customer Relationship Management access protocols therein;

NOW, THEREFORE, the Parties agree to modify Section 3, Section 4, Section 6, Section 17, Exhibit A, Exhibit B, and Exhibit C as set forth below.

AGREEMENT

1. Section 3 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$6,028,520**.

2. Section 4 is hereby amended to read as follows:

TERM OF AGREEMENT:

This Agreement shall commence on **February 4, 2023** ("Effective Date"), and shall terminate on **May 31, 2025**, unless earlier terminated pursuant the terms and conditions set forth in Section 12.

3. Section 6 is hereby amended to include the following as 6.4:

6.4 PRIVACY AND CYBERSECURITY LIABILITY. Contractor shall maintain privacy and cybersecurity liability (including costs arising from data destruction, hacking or intentional breaches, crisis management activity related to data breaches, and legal claims for security breach, privacy violations, and notification costs) of at least \$1,000,000 US per occurrence.

4. Section 17 is hereby amended to read as follows:

17. INDEMNIFICATION. To the fullest extent permitted by Applicable Law, Contractor shall indemnify, defend, and hold MCE and its employees, officers, directors, representatives, and agents ("MCE Parties"), harmless from and against any and all actions, claims, liabilities, losses, costs, damages, and expenses (including, but not limited to, litigation costs, attorney's fees and costs, physical damage to or loss of tangible property, and injury or death of any person) (collectively, the "Losses") arising out of, resulting from, or caused by: a) the negligence, recklessness, intentional misconduct, or fraud of all Contractor Parties; b) the failure of a Contractor Party to comply with the provisions of this Agreement or Applicable Law; c) any defect in design, workmanship, or materials carried out or employed by any Contractor Party; or d) any unauthorized disclosure of, access to, or use of MCE Data processed or otherwise stored on hardware or software controlled by Contractor Party. The foregoing indemnity obligation does not apply to the extent such Losses are attributable to the gross negligence or willful misconduct of any MCE parties.

5. The following tasks in Exhibit A are hereby modified or added to read as follows:

- a. In Exhibit A Task 1: Startup & Administration, the following bullets are hereby added to 1:4 Systems Configuration:
 - Work with MCE to assess the viability of a customer search application programming interface ("API").
 - If deemed viable by Contractor, work with MCE to integrate with MCE's customer search API in order to transfer MCE Data to Iris.
- b. In Exhibit A Task 1, the following bullets are hereby added to Task 1 Deliverables:
 - Assess viability of customer search API
 - If viable, integrate API for customer search transfer
- c. In Exhibit A Task 2:1: Program Marketing, the second bullet is hereby modified to read as follows:
 - Contractor will engage CBOs, community leaders, and other groups that work with traditionally underserved, low-income, and disadvantaged populations to build trust, understand customer needs, and ultimately drive Program participation and EV uptake within these communities. Engagement will include

1-on-1s with CBOs or community leaders that serve the above mentioned customers and one co-hosted in-person or virtual listening/education session per quarter, after one quarter of ramp up, in partnership with one or more local community groups to build a trusting relationship, educate customers about EVs, and identify barriers and potential solutions for how the Program and Evs can benefit their lives.

- d. In Exhibit A, the following is added as a Task 3: Program Closeout to follow Task 2 Deliverables:

Task 3: Program Closeout

Task 3.1: Program Closeout

Contractor will work with MCE to closeout the Program, including transferring any relevant Program data to MCE, providing closeout messaging for the Program website and FAQs, outreach communications to dealer participants and customers, reporting, meeting with MCE bi-weekly, and supporting MCE in transferring the Program to a new implementer, if applicable.

Task 3 Deliverables:

- Closeout the Program
 - Provide MCE with any relevant Program data or reports
 - Provide closeout messaging for the Program website and FAQs
 - Support transfer to new contractor, if applicable
- e. In Exhibit A **Schedule**, the following cells are added below 2.7 Software Management

Tasks	Description	Timeline
3.1 Program Closeout	Program closeout activities	03/01/2025 – 05/31/2025

6. The fee and payment schedule in Exhibit B is hereby removed and replaced in its entirety to read as follows:

**EXHIBIT B
FEES AND PAYMENT SCHEDULE**

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

The Program is intended to provide the following point-of-sale incentives: 1) 1108 new EV incentives in the amount of \$3,500 per new EV; and 2) 129 used EV incentives in the amount of \$2,000 per used EV; for a total of \$4,136,000 (collectively the “Rebate Incentives”) for the term of the Agreement.

Contractor will invoice \$250,000 in Rebate Incentives upon execution of the First Amendment and will invoice MCE monthly to replenish the advanced Rebate Incentives to \$250,000 each month to cover: funds needed for distribution at the point-of-sale for EVs, and any funds needed to cover Rebate Incentives beyond the prior month’s

\$250,000 payment. This process shall repeat until MCE's funds for Rebate Incentives have been exhausted. Contractor shall ensure that all such Rebate Incentives are held in an FDIC-insured account. Contractor shall draw against these Rebate Incentives to pay valid point-of-sale requests according to the amounts listed above (\$3,500 for new EV, \$2,000 for used EV). Contractor will return all undisbursed Rebate Incentives to MCE within 10 business days upon written request by MCE Customer Programs staff or the termination of the Agreement.

Task	Category	Units	Amount/Unit	Total Budget, Not to Exceed by Categories	Invoice Schedule
1	Startup Fee	1	\$66,250	\$66,250	Upon 4/30/23 Program Launch
1	Assess Viability of Customer Search API	1	\$5,000	\$5,000	Upon Contractor's Viability Determination
1	Customer Search API Integration	1	\$60,000	\$60,000	Upon API Launch
2	Implementation Fees	1237	\$1,210	\$1,496,770	Per claim paid, invoiced monthly
2	Dealer Spiffs*	1237	\$200 new \$100 used	\$234,500***	Per claim paid, invoiced monthly
2	Vehicle Rebates**	1237	\$3,500 new \$2,000 used	\$4,136,000***	Per claim paid beyond MCE's monthly \$250,000 incentive prepayment, invoiced monthly
3	Program Closeout	3	\$10,000	\$30,000	Monthly for 3 months after Program shutdown
Total				\$6,028,520	

*This amount will be passed through to the dealer to incentivize the stocking and upselling of EVs.

**This amount will be passed through to the dealer as a reimbursement for applying a discount in the amount of the rebate at the point of sale.

***Assuming 1108 new EVs and 129 used EVs receiving incentives through the Program

Except for Assess Viability of Customer Search API and Customer Search API Integration which will be billed according to the invoice schedule listed above, Contractor shall bill for the deliverables in task 1, included within the Startup Fee, on 4/30/23. After the initial payment of the Start Up Fee, Contractor shall bill monthly for Services rendered the month prior.

In no event shall the total cost to MCE for the services provided herein exceed the **maximum sum of \$6,028,520** for the term of the Agreement.

7. Exhibit C is hereby removed and replaced in its entirety to read as follows:

EXHIBIT C
MCE CRM ACCESS PROTOCOLS

Contractor shall implement the following security measures as part of the Agreement according to program needs up to the time/fees allowed under the Agreement in order to gain access to MCE's Customer Relationship Management software ("MCE CRM"), whether through direct portal access or via application programming interface ("API") integration.

To access MCE CRM, Contractor must first agree to and comply with the following protocols, including, if applicable, those related to API integration:

1. MCE CRM access is subject to the NDA between the Parties dated January 20, 2023.
2. MCE CRM login information, passwords, and any information retrieved from MCE CRM shall be treated as Confidential Information.
 - A. Confidential Information shall have the same meaning as defined in the MCE NDA between the Parties dated January 30, 2023.
 - B. No Contractor employee is to give, tell, or hint at their login information or password to another person under any circumstance.
 - C. MCE CRM passwords are required to be changed every 90 days at least.
 - D. MCE encourages strong passwords (such as minimum character length, and use of special characters) that are not reused for other logins.
 - E. MCE CRM shall only be accessed from an Internet Protocol (IP) address in the United States.
 - Any suspicious or unauthorized IP access may be blocked without notice by MCE.
 - Contractor agrees that MCE is not liable for any interruption or restriction of access to the CRM resulting from the blocking of suspicious or unauthorized IP addresses.
 - F. MCE reserves the right to use approved public IP addresses to control and limit access to MCE's systems.
3. MCE CRM access shall be provided through MCE's selected Single Sign-On (SSO) provider, Okta, Inc. or another MCE-designated SSO provider.
4. Direct MCE CRM Portal Access Restrictions.
 - A. Direct MCE CRM portal access shall only be provided to those employees of Contractor who have a "need to access" such information in the course of their duties with respect to Contractor's Services ("Designated Employees").
 - Designated Employees who access MCE CRM shall only update or view fields related to the tasks assigned.
 - Contractor shall maintain a list of Designated Employees that have been authorized to access MCE CRM.
 - The list shall be updated and verified by Contractor quarterly and provided to MCE upon request.
 - In the event of an employment status change for a Designated Employee who had been granted access to MCE CRM, Contractor shall provide the following information to MCE:
 - Name and email of pertinent Contractor employee.
 - Notification to MCE within 3 days of employment status change.
 - B. Designated Employees who access MCE CRM shall first review and agree to be bound by these MCE CRM Access Protocols.
 - C. Designated Employees' use of MCE CRM is restricted to that which is necessary to provide the Services described in Exhibit A.
 - D. Designated Employees shall not copy, download, record or reproduce in any way any data existing within MCE CRM.
 - Any customer data that is utilized or uploaded must be removed from Designated Employees' computers and Contractor's systems within 24 hours of upload or utilization.

5. API Integration Restrictions

- A. Contractor shall only use an MCE-authorized API to the extent its use is necessary for the completion of contracted work as included in Exhibit A.
- B. Contractor shall use industry best standards and significant access control in a closed API system. This includes, but is not limited to:
 - If accessing Personal Identifiable Information (PII) data, only employees of Contractor who have a “need to access” such information in the course of their duties with respect to Contractor’s Services (“Designated Employees”) will be allowed to access information available through the API.
 - For an employee to become a Designated Employee, they must first successfully pass a background screening, which may include a screening of the individual’s educational background, employment history, valid driver’s license, and court record.
 - If a Designated Employee leaves Contractor’s employment or if a Designated Employee’s position changes such that they no longer need API access, Contractor will close the employee’s access within 24 hours and provide the following information to MCE:
 - Name and email of pertinent employee.
 - Notification to MCE within 3 days of employment status change.
 - Contractor must keep MCE informed of the names, positions, and data access levels of all Designated Employees with a Designated Employee List which shall be updated and verified by Contractor quarterly and provided to MCE upon request.
 - Designated Employees are prohibited from copying, downloading, recording, or reproducing any MCE data except through the approved API integration.

6. Contractor having any interaction with an MCE customer shall do the following:

- A. Contractor shall comply at all times during the Term with any MCE-provided MCE co-branding and/or customer engagement protocol that provides MCE’s expectations for customer interactions by Contractor. Failure of Contractor to comply at all times with this section will constitute a material breach pursuant to Agreement section 12 and may result in the discontinuation of work with MCE at MCE’s request.
- B. Contractor and any approved subcontractors responding to, or engaging directly with, MCE customers shall respond to direct customer inquiries within 3 business days after the inquiry is received. Unless otherwise agreed to, Contractor and subcontractors are to provide two options for customer contact (email and phone). Contractor shall provide MCE with a process to document any customer issues, escalations and resolutions.

8. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this FIRST Amendment on the day first written above.

MARIN CLEAN ENERGY:

DocuSigned by:
By: *Vicken Kasyan*
ACC4B8FA2E834F3...

Date: 3/26/2024

CONTRACTOR:

DocuSigned by:
By: *Chris Burmester, Chief Operating Officer*
32E2B2DEF043488...
Chris Burmester, Chief Operating Officer

Date: 3/28/2024

CHAIRPERSON:

DocuSigned by:
By: *And 2 to*
05EC4611497E45C...

Date: 3/25/2024

**MARIN CLEAN ENERGY
STANDARD SHORT FORM CONTRACT
SECOND AGREEMENT
BY AND BETWEEN
MARIN CLEAN ENERGY AND ENERGY SOLUTIONS**

THIS SECOND AGREEMENT ("Agreement") is made and entered into on February 3, 2023, by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and COHEN VENTURES, INC., DBA Energy Solutions, a California corporation with principal address at: 449 15th Street, Oakland, California 94612 (hereinafter referred to as "Contractor") (each, a "Party," and, together, the "Parties").

RECITALS:

WHEREAS, MCE desires to retain Contractor to provide the services described in **Exhibit A** attached hereto and by this reference made a part hereof ("Services");

WHEREAS, Contractor desires to provide the Services to MCE;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. SCOPE OF SERVICES:

Contractor agrees to provide all of the Services in accordance with the terms and conditions of this Agreement. "Services" shall also include any other work performed by Contractor pursuant to this Agreement.

2. FEES AND PAYMENT SCHEDULE; INVOICING:

The fees and payment schedule for furnishing Services under this Agreement shall be based on the rate schedule which is attached hereto as **Exhibit B** and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement ("Term"). Contractor shall provide MCE with Contractor's Federal Tax I.D. number prior to submitting the first invoice. Contractor is responsible for billing MCE in a timely and accurate manner. Contractor shall email invoices to MCE by the fifteenth (15th) calendar day of each month, on a monthly basis for any Services rendered or expenses incurred hereunder. Fees and expenses invoiced beyond ninety (90) days will not be reimbursable. The final invoice must be submitted within thirty (30) days of completion of the stated scope of services or termination of this Agreement. MCE will process payment for undisputed invoiced amounts within thirty (30) days of receipt of such invoice.

3. MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$2,399,410**.

4. TERM OF AGREEMENT:

This Agreement shall commence on **February 4, 2023** ("Effective Date") and shall terminate on **March 31, 2026**, unless earlier terminated pursuant to the terms and conditions set forth in Section 12.

5. REPRESENTATIONS; WARRANTIES; COVENANTS:

5.1. CONTRACTOR REPRESENTATIONS AND WARRANTIES. Contractor represents, warrants and covenants that (a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of **California**, (b) it has full power and authority and all regulatory authorizations required to execute, deliver and perform its obligations under this Agreement and all exhibits and addenda and to engage in the business it presently conducts and contemplates conducting, (c) it is and will be duly licensed or qualified to do business and in good standing under the laws of the State of California and each other jurisdiction wherein the nature of its business transacted by it makes such licensing or qualification necessary and where the failure to be licensed or qualified would have a material adverse effect on its ability to perform its obligations hereunder, (d) it is qualified and competent to render the Services and possesses the requisite expertise to perform its obligations hereunder, (e) the execution, delivery and performance of this Agreement and all exhibits and addenda hereto are within its powers and do not violate the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it, (f) this Agreement and each exhibit and addendum constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, and (g) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.

5.2. COMPLIANCE WITH APPLICABLE LAW. At all times during the Term and the performance of the Services, Contractor shall comply with all applicable federal, state and local laws, regulations, ordinances and resolutions ("Applicable Law")

- 5.3. LICENSING.** At all times during the performance of the Services, Contractor represents, warrants and covenants that it has and shall obtain and maintain, at its sole cost and expense, all required permits, licenses, certificates and registrations required for the operation of its business and the performance of the Services. Contractor shall promptly provide copies of such licenses and registrations to MCE at the request of MCE.
- 5.4. NONDISCRIMINATORY EMPLOYMENT.** Contractor shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, gender identity, age or condition of disability. Contractor understands and agrees that Contractor is bound by and shall comply with the nondiscrimination mandates of all federal, state, and local statutes, regulations, and ordinances.
- 5.5. PERFORMANCE ASSURANCE; BONDING.** At all times during the performance of the Services, Contractor represents, warrants and covenants that it has and shall obtain and maintain, at its sole cost and expense, all bonding requirements of the California Contractors State License Board ("CSLB"), as may be applicable. Regardless of the specific Services provided, Contractor shall also maintain any payment and/or performance assurances as may be requested by MCE during the performance of the Services.
- 5.6. SAFETY.** At all times during the performance of the Services, Contractor represents, warrants and covenants that it shall:
- abide by all applicable federal and state Occupational Safety and Health Administration requirements and other applicable federal, state, and local rules, regulations, codes and ordinances to safeguard persons and property from injury or damage;
 - abide by all applicable MCE security procedures, rules and regulations and cooperate with MCE security personnel whenever on MCE's property;
 - abide by MCE's standard safety program contract requirements as may be provided by MCE to Contractor from time to time;
 - provide all necessary training to its employees, and require Subcontractors to provide training to their employees, about the safety and health rules and standards required under this Agreement;
 - have in place an effective Injury and Illness Prevention Program that meets the requirements all applicable laws and regulations, including but not limited to Section 6401.7 of the California Labor Code. Additional safety requirements (including MCE's standard safety program contract requirements) are set forth elsewhere in the Agreement, as applicable, and in MCE's safety handbooks as may be provided by MCE to Contractor from time to time;
 - be responsible for initiating, maintaining, monitoring and supervising all safety precautions and programs in connection with the performance of the Agreement; and
 - monitor the safety of the job site(s), if applicable, during the performance of all Services to comply with all applicable federal, state, and local laws and to follow safe work practices.
- 5.7. BACKGROUND CHECKS.**
- Contractor hereby represents, warrants and covenants that any employees, members, officers, contractors, Subcontractors and agents of Contractor (each, a "Contractor Party," and, collectively, the "Contractor Parties") having or requiring access to MCE's assets, premises, customer property ("Covered Personnel") shall have successfully passed background screening on each such individual, prior to receiving access, which screening may include, among other things to the extent applicable to the Services, a screening of the individual's educational background, employment history, valid driver's license, and court record for the seven (7) year period prior to hiring.
 - Notwithstanding the foregoing and to the extent permitted by applicable law, in no event shall Contractor permit any Covered Personnel to have one or more convictions during the seven (7) year period immediately preceding the individual's date of assignment to perform the Services, or at any time after the individual's date of, assignment to perform the Services, for any of the following ("Serious Offense"): (i) a "serious felony," similar to those defined in California Penal Code Sections 1192.7(c) and 1192.8(a), or a successor statute, or (ii) any crime involving fraud (such as, but not limited to, crimes covered by California Penal Code Sections 476, 530.5, 550, and 2945, California Corporations Code 25540), embezzlement (such as, but not limited to, crimes covered by California Penal Code Sections 484 and 503 et seq.), or racketeering (such as, but not limited to, crimes covered by California Penal Code Section 186 or the Racketeer Influenced and Corrupt Organizations("RICO") Statute (18 U.S.C. Sections 1961-1968)).
 - To the maximum extent permitted by applicable law, Contractor shall maintain documentation related to such background and drug screening for all Covered Personnel and make it available to MCE for audit if required pursuant to the audit provisions of this Agreement.
 - To the extent permitted by applicable law, Contractor shall notify MCE if any of its Covered Personnel is charged with or convicted of a Serious Offense during the term of this Agreement. Contractor shall also immediately prevent that employee, representative, or agent from performing any Services.

5.8. FITNESS FOR DUTY. Contractor shall ensure that all Covered Personnel report to work fit for their job. Covered Personnel may not consume alcohol while on duty and/or be under the influence of drugs or controlled substances that impair their ability to perform the Services properly and safely. Contractor shall, and shall cause its Subcontractors to, have policies in place that require their employees, contractors, subcontractors and agents to report to work in a condition that allows them to perform the work safely. For example, employees should not be operating equipment under medication that creates drowsiness.

5.9. QUALITY ASSURANCE PROCEDURES. Contractor shall comply with the Quality Assurance Procedures identified in Exhibit A (if any) (the "Quality Assurance Procedures"). Additionally, Quality Assurance Procedures must include, but are not limited to: (i) industry standard best practices; (ii) procedures that ensure customer satisfaction; and (iii) any additional written direction from MCE.

5.10. ASSIGNMENT OF PERSONNEL. The Contractor shall not substitute any personnel for those specifically named in its proposal, if applicable, unless personnel with substantially equal or better qualifications and experience are provided, acceptable to MCE, as is evidenced in writing.

5.11. ACCESS TO CUSTOMER SITES. Contractor shall be responsible for obtaining any and all access rights for Contractor Parties, from customers and other third parties to the extent necessary to perform the Services. Contractor shall also procure any and all access rights from Contractor Parties, customers and other third parties in order for MCE and CPUC employees, representatives, agents, designees and contractors to inspect the Services.

6. INSURANCE:

At all times during the Term and the performance of the Services, Contractor shall maintain the insurance coverages set forth below. All such insurance coverage shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to MCE. The general liability policy shall be endorsed naming Marin Clean Energy and its employees, directors, officers, and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to MCE prior to commencement of Services. Certificate(s) of insurance must be current as of the Effective Date, and shall remain in full force and effect through the Term. If scheduled to lapse prior to termination date, certificate(s) of insurance must be automatically updated before final payment may be made to Contractor. Each certificate of insurance shall provide for thirty (30) days' advance written notice to MCE of any cancellation or reduction in coverage. Insurance coverages shall be payable on a per occurrence basis only.

Nothing in this Section 6 shall be construed as a limitation on Contractor's indemnification obligations in Section 17 of this Agreement.

Should Contractor fail to provide and maintain the insurance required by this Agreement, in addition to any other available remedies at law or in equity, MCE may suspend payment to the Contractor for any Services provided during any period of time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required insurance coverage.

6.1. GENERAL LIABILITY. The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than **one million dollars (\$1,000,000) with a two million dollar (\$2,000,000)** aggregate limit. "Marin Clean Energy" shall be named as an additional insured on the commercial general liability policy and the certificate of insurance shall include an additional endorsement page (see sample form: ISO - CG 20 10 11 85).

6.2. AUTO LIABILITY. Where the Services to be provided under this Agreement involve or require the use of any type of vehicle by Contractor in order to perform said Services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars combined single limit (\$1,000,000).

6.3. WORKERS' COMPENSATION. The Contractor acknowledges that the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, it shall comply with this requirement and a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to MCE prior to commencement of Services.

6.4. INTENTIONALLY OMITTED

7. FINANCIAL STATEMENTS:

Contractor shall deliver financial statements as may be reasonably requested by MCE within seven (7) days of MCE's request for the financial statements. Such financial statements or documents shall be for the most recently available audited or reviewed period and prepared in accordance with generally-accepted accounting principles.

8. SUBCONTRACTING:

The Contractor shall not subcontract nor assign any portion of the work required by this Agreement without prior, written approval of MCE, except for any subcontract work expressly identified herein in Exhibit A. If Contractor hires a subcontractor under this Agreement (a "Subcontractor"), Subcontractor shall be bound by all applicable terms and conditions of this Agreement, and Contractor shall ensure the following:

- 8.1.** Subcontractor shall comply with the following terms of this Agreement: Sections 9, 10, Exhibit A.
- 8.2.** Subcontractor shall provide, maintain and be bound by the representations, warranties and covenants of Contractor contained in Section 5 hereof (as may be modified to be applicable to Subcontractor with respect to Section 5.1(a) hereof) at all times during the Term of such subcontract and its provision of Services.
- 8.3.** Subcontractor shall comply with the terms of Section 6 above, including, but not limited to providing and maintaining insurance coverage(s) identical to what is required of Contractor under this Agreement, and shall name MCE as an additional insured under such policies. Contractor shall collect, maintain, and promptly forward to MCE current evidence of such insurance provided by its Subcontractor. Such evidence of insurance shall be included in the records and is therefore subject to audit as described in Section 9 hereof.
- 8.4.** Subcontractor shall be contractually obligated to indemnify the MCE Parties (as defined in Section 17 hereof) pursuant to the terms and conditions of Section 17 hereof.
- 8.5.** Subcontractors shall not be permitted to further subcontract any obligations under this Agreement.

Contractor shall be solely responsible for ensuring its Subcontractors' compliance with the terms and conditions of this Agreement made applicable above and to collect and maintain all documentation and current evidence of such compliance. Upon request by MCE, Contractor shall promptly forward to MCE evidence of same. Nothing contained in this Agreement or otherwise stated between the Parties shall create any legal or contractual relationship between MCE and any Subcontractor, and no subcontract shall relieve Contractor of any of its duties or obligations under this Agreement. Contractor's obligation to pay its Subcontractors is an independent obligation from MCE's obligation to make payments to Contractor. As a result, MCE shall have no obligation to pay or to enforce the payment of any monies to any Subcontractor.

9. RETENTION OF RECORDS AND AUDIT PROVISION:

Contractor shall keep and maintain on a current basis full and complete records and documentation pertaining to this Agreement and the Services, whether stored electronically or otherwise, including, but not limited to, valuation records, accounting records, documents supporting all invoices, employees' time sheets, receipts and expenses, and all customer documentation and correspondence (the "Records"). MCE shall have the right, during regular business hours, to review and audit all Records during the Term and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on Contractor's premises or, at MCE's option, Contractor shall provide all records within a maximum of fifteen (15) days upon receipt of written request from MCE. Contractor shall refund any monies erroneously charged. Contractor shall have an opportunity to review and respond to or refute any report or summary of audit findings, and shall promptly refund any overpayments made by MCE based on undisputed audit findings.

10. DATA, CONFIDENTIALITY AND INTELLECTUAL PROPERTY:

- 10.1. DEFINITION OF "MCE DATA".** "MCE Data" shall mean all data or information provided by or on behalf of MCE, including but not limited to, customer Personal Information; energy usage data relating to, of, or concerning, provided by or on behalf of any customers; all data or information input, information systems and technology, software, methods, forms, manuals, and designs, transferred, uploaded, migrated, or otherwise sent by or on behalf of MCE to Contractor as MCE may approve of in advance and in writing (in each instance); account numbers, forecasts, and other similar information disclosed to or otherwise made available to Contractor. MCE Data shall also include all data and materials provided by or made available to Contractor by MCE's licensors, including but not limited to, any and all survey responses, feedback, and reports subject to any limitations or restrictions set forth in the agreements between MCE and their licensors.

"Confidential Information" under this Agreement shall have the same meaning as defined in the Marin Clean Energy Non-Disclosure Agreement between the Parties dated **January 20, 2023**.

10.2. DEFINITION OF CONTRACTOR'S "IRIS PLATFORM". "Iris Platform" is defined as the Iris online software and associated data, owned and maintained by Contractor and provided as a part of the services to MCE under this Agreement, that functions as an incentive processing and program reporting platform for MCE's customers and other third parties.

10.3. DEFINITION OF "PERSONAL INFORMATION". "Personal Information" includes but is not limited to the following: personal and entity names, e-mail addresses, addresses, phone numbers, any other public or privately-issued identification numbers, IP addresses, MAC addresses, and any other digital identifiers associated with entities, geographic locations, users, persons, machines or networks. Contractor shall comply with all applicable federal, state and local laws, rules, and regulations related to the use, collection, storage, and transmission of Personal Information.

10.4. MCE DATA SECURITY MEASURES. Prior to Contractor receiving any MCE Data, Contractor shall comply, and at all times thereafter continue to comply, in compliance with MCE's Data security policies set forth in MCE Policy 009 (available upon request) and MCE's Advanced Metering Infrastructure (AMI) Data Security and Privacy Policy ("Security Measures") and pursuant to MCE's Confidentiality provisions in Section 5 of the Marin Clean Energy Non-Disclosure Agreement between the parties dated **January 20, 2023**, and as set forth in MCE Policy 001 - Confidentiality. MCE's Security Measures and Confidentiality provisions require Contractor to adhere to reasonable administrative, technical, and physical safeguard protocols to protect the MCE's Data from unauthorized handling, access, destruction, use, modification or disclosure.

10.5. CONTRACTOR DATA SECURITY MEASURES. Additionally, Contractor shall, at its own expense, adopt and continuously implement, maintain and enforce reasonable technical and organizational measures consistent with the sensitivity of Personal Information and Confidential Information including, but not limited to, measures designed to (1) prevent unauthorized access to, and otherwise physically and electronically protect, the Personal Information and Confidential Information, and (2) protect MCE content and MCE Data against unauthorized or unlawful access, disclosure, alteration, loss, or destruction.

10.6. RETURN OF MCE DATA. Promptly after this Agreement terminates, (i) Contractor shall securely destroy all MCE Data in its possession and certify the secure destruction in writing to MCE, and (ii) each Party shall return (or if requested by the disclosing Party, destroy) all other Confidential Information and property of the other (if any), provided that Contractor's attorney shall be permitted to retain a copy of such records or materials solely for legal purposes.

10.7. OWNERSHIP AND USE RIGHTS.

- a) **MCE Data.** Unless otherwise expressly agreed to in writing by the Parties, MCE shall retain all of its rights, title and interest in MCE's Data.
- b) **Intellectual Property.** Unless otherwise expressly agreed to in writing by the Parties, any and all materials, information, or other intellectual property created, prepared, accumulated or developed by Contractor or any Contractor Party under this Agreement ("Intellectual Property"), including finished and unfinished inventions, processes, templates, documents, drawings, computer programs, designs, calculations, valuations, maps, plans, workplans, text, filings, estimates, manifests, certificates, books, specifications, sketches, notes, reports, summaries, analyses, manuals, visual materials, data models and samples, including summaries, extracts, analyses and preliminary or draft materials developed in connection therewith, shall be owned by MCE. MCE shall have the exclusive right to use Intellectual Property in its sole discretion and without further compensation to Contractor or to any other party. Contractor shall, at MCE's expense, provide Intellectual Property to MCE or to any party MCE may designate upon written request. Contractor may keep one file reference copy of Intellectual Property prepared for MCE solely for legal purposes and if otherwise agreed to in writing by MCE. In addition, Contractor may keep one copy of Intellectual Property if otherwise agreed to in writing by MCE.
- c) **Intellectual Property Rights to the Iris Platform.** All right, title, and interest in and to the Iris Platform (including without limitation all intellectual property rights therein) and all modifications, improvements, extensions, customizations, scripts or other definitive works of the Iris Platform provided or developed by the Contractor, whether prior to or during the Term of this Agreement, are and shall remain at all times solely vested in the Contractor. The Iris Platform was developed in its entirety by Contractor prior to the term of this Agreement, is the sole and exclusive property of Contractor, and Contractor retains all intellectual property rights thereto, including but not limited to copyrights (including all registrations and applications therefor), trade secrets, service marks, trademarks, trade names, trade dress, trademark applications and registrations, internet domain names, and all other proprietary and intellectual property rights, including moral rights. Use of the Iris Platform by MCE, its customers or any third party as part of these Services shall not convey any rights of ownership to the Iris Platform, express or implied, including any intellectual property rights thereto, to any such party. During the term of this Agreement, Contractor grants to MCE a non-exclusive, non-assignable, royalty-free, worldwide limited right to access and use the Iris Platform in connection with the Services. Except as expressly provided herein, MCE agrees not to assign, sublicense, transfer, copy,

reproduce, distribute, republish, display, post or transmit in any form or by any means, any part of the Iris Platform to any third party. MCE agrees not to access the Iris Platform by any means other than through the interfaces that are provided by Contractor. The Iris Platform and any and all works, expressions, inventions, ideas, discoveries, improvements and developments made to the Iris Platform by any person during the term of this Agreement, are explicitly excluded as "Intellectual Property" pursuant to this Agreement. Any MCE Data provided by MCE to Contractor on the Iris Platform remains the property of MCE and, upon request, shall be exported and/or deleted from the Iris Platform.

- d) **Iris Platform Terms of Use.** All users of the Iris Platform shall be required to comply with the Iris Platform's standard Terms of Use, including MCE's employees who accesses the Iris Platform in connection with the Services; provided, however, that if any Terms of Use applicable to MCE's employees conflict with any provisions of this Agreement, with respect to MCE employee's use of the Iris Platform in connection with the Services, the provision of this Agreement shall control.
- e) **Intellectual Property shall be owned by MCE upon its creation.** Contractor agrees to execute any such other documents or take other actions as MCE may reasonably request to perfect MCE's ownership in the Intellectual Property.
- f) **Contractor's Pre-Existing Materials** Contractor is, and shall remain the sole and exclusive owner of all right, title and interest in and to all documents, works, codebases, software, data, know-how, methodologies, and materials provided, developed, acquired or used by Contractor prior to the Effective Date ("Contractor's Pre-Existing Materials"). To the extent any of Contractor's Pre-Existing Materials are used to create, develop, and prepare the Intellectual Property, Contractor hereby grants MCE on behalf of its customers and the CPUC for governmental and regulatory purposes an irrevocable, assignable, non-exclusive, perpetual, fully paid up, worldwide, royalty-free, unrestricted license to use and sublicense others to use, reproduce, display, prepare and develop derivative works, perform, distribute copies of any intellectual or proprietary property right of Contractor or any Contractor Party for the sole purpose of using such Intellectual Property for the conduct of MCE's business and for disclosure to the CPUC for governmental and regulatory purposes related thereto. Any and all claims to Contractor's Pre- Existing Materials to be furnished or used to prepare, create, develop or otherwise manifest the Intellectual Property must be expressly disclosed to MCE prior to performing any Services under this Agreement. Any such Pre-Existing Material that is modified by work under this Agreement is owned by Contractor and licensed to MCE.

10.8. EQUITABLE RELIEF. Each Party acknowledges that a breach of this Section 10 would cause irreparable harm and significant damages to the other Party, the degree of which may be difficult to ascertain. Accordingly, each Party agrees that MCE shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of MCE Data or Personal Information, in addition to any other rights and remedies that it may have at law or otherwise; and Contractor shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of Contractor's Pre-Existing Materials, in addition to any other rights and remedies that it may have at law or otherwise.

11. FORCE MAJEURE:

A Party shall be excused for failure to perform its obligations under this Agreement if such obligations are prevented by an event of Force Majeure (as defined below), but only for so long as and to the extent that the Party claiming Force Majeure ("Claiming Party") is actually so prevented from performing and provided that (a) the Claiming Party gives written notice and full particulars of such Force Majeure to the other Party (the "Affected Party") promptly after the occurrence of the event relied on, (b) such notice includes an estimate of the expected duration and probable impact on the performance of the Claiming Party's obligations under this Agreement, (c) the Claiming Party furnishes timely regular reports regarding the status of the Force Majeure, including updates with respect to the data included in Section 10 above during the continuation of the delay in the Claiming Party's performance, (d) the suspension of such obligations sought by Claiming Party is of no greater scope and of no longer duration than is required by the Force Majeure, (e) no obligation or liability of either Party which became due or arose before the occurrence of the event causing the suspension of performance shall be excused as a result of the Force Majeure; (f) the Claiming Party shall exercise commercially reasonable efforts to mitigate or limit the interference, impairment and losses to the Affected Party; (g) when the Claiming Party is able to resume performance of the affected obligations under this Agreement, the Claiming Party shall give the Affected Party written notice to that effect and promptly shall resume performance under this Agreement. "Force Majeure" shall mean acts of God such as floods, earthquakes, fires, orders or decrees by a governmental authority, civil or military disturbances, wars, riots, terrorism or threats of terrorism, utility power shutoffs, strikes, labor disputes, pandemic, or other forces over which the responsible Party has no control and which are not caused by an act or omission of such Party.

12. TERMINATION:

12.1. Either Party may terminate this contract, in whole or in part, immediately upon notice to the other Party if: (a) the non-breaching Party determines that the actions or inactions of the breaching Party, its agents, employees or subcontractors have caused, or reasonably could cause, jeopardy to health, safety, or property, or (b) If either party fails to fulfill any material

requirement of this contract, is in violation of a material provision of this contract, or either party determines that the other party lacks the financial resources to perform the contract, The non-breaching party shall give the breaching party fifteen (15) days prior written notice of the non-breaching party's intent to terminate, and the grounds therefor. Termination shall occur if the parties fail to agree on a plan for the breaching party to cure within fifteen (15) days of the breaching party's receipt of such notice.

12.2. Either Party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days' written notice to the other Party. Notice of termination shall be by written notice to the other Party and be sent by registered mail or by email to the email address listed in Section 19.

12.3. In the event of termination not the fault of the Contractor, the Contractor shall be paid for Services performed up to the date of termination in accordance with the terms of this Agreement so long as proof of required insurance is provided for the periods covered in the Agreement or Amendment(s). Notwithstanding anything contained in this Section 12, in no event shall MCE be liable for lost or anticipated profits or overhead on uncompleted portions of the Agreement. Contractor shall not enter into any agreement, commitments or subcontracts that would incur significant cancellation or termination costs without prior written approval of MCE, and such written approval shall be a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12. Also, as a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12, Contractor shall have delivered to MCE any and all Intellectual Property (as defined in Section 10.6(b)) prepared for MCE before the effective date of such termination.

12.4. MCE may terminate this Agreement if funding for this Agreement is reduced or eliminated by a third-party funding source.

12.5. Without limiting the foregoing, if either Party's activities hereunder become subject to law or regulation of any kind, which renders the activity illegal, unenforceable, or which imposes additional costs on such Party for which the parties cannot mutually agree upon an acceptable price modification, then such Party shall at such time have the right to terminate this Agreement upon written notice to the other Party with respect to the illegal, unenforceable, or uneconomic provisions only, and the remaining provisions will remain in full force and effect.

12.6. Upon termination of this Agreement for any reason, Contractor shall and shall cause each Contractor Party to bring the Services to an orderly conclusion as directed by MCE and shall return all MCE Data (as defined in Section 10.1 above) and Intellectual Property to MCE.

12.7. Notwithstanding the foregoing, this Agreement shall be subject to changes, modifications, or termination by order or directive of the California Public Utilities Commission ("CPUC"). The CPUC may from time to time issue an order or directive relating to or affecting any aspect of this Agreement, in which case MCE shall have the right to change, modify or terminate this Agreement in any manner to be consistent with such order or directive.

12.8. Notwithstanding any provision herein to the contrary, Sections 2, 3, 8.4, 9, 10, 12, 15, 16, 17, 18, 19, 20, 21, 22, 24 and Exhibit B of this Agreement shall survive the termination or expiration of this Agreement.

13. ASSIGNMENT:

The rights, responsibilities, and duties under this Agreement are personal to the Contractor and may not be transferred or assigned without the express prior written consent of MCE.

14. AMENDMENT; NO WAIVER:

This Agreement may be amended or modified only by written agreement of the Parties. Failure of either Party to enforce any provision or provisions of this Agreement will not waive any enforcement of any continuing breach of the same provision or provisions or any breach of any provision or provisions of this Agreement.

15. DISPUTES:

Either Party may give the other Party written notice of any dispute which has not been resolved at a working level. Any dispute that cannot be resolved between Contractor's contract representative and MCE's contract representative by good faith negotiation efforts shall be referred to Legal Counsel of MCE and an officer of Contractor for resolution. Within 20 calendar days after delivery of such notice, such persons shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If MCE and Contractor cannot reach an agreement within a reasonable period of time (but in no event more than 30 calendar days), MCE and Contractor shall have the right to pursue all rights and remedies that may be available at law or in equity. All negotiations and any mediation agreed to by the Parties are confidential and shall be treated as

compromise and settlement negotiations, to which Section 1119 of the California Evidence Code shall apply, and Section 1119 is incorporated herein by reference.

16. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California and the Parties hereto agree that venue shall be in Marin County, California.

17. INDEMNIFICATION:

To the fullest extent permitted by Applicable Law, Contractor shall indemnify, defend, and hold MCE and its employees, officers, directors, representatives, and agents ("MCE Parties"), harmless from and against any and all actions, claims, liabilities, losses, costs, damages, and expenses (including, but not limited to, litigation costs, attorney's fees and costs, physical damage to or loss of tangible property, and injury or death of any person) (collectively, the "Losses") arising out of, resulting from, or caused by: a) the negligence, recklessness, intentional misconduct, fraud of all Contractor Parties; b) the failure of a Contractor Party to comply with the provisions of this Agreement or Applicable Law; or c) any defect in design, workmanship, or materials carried out or employed by any Contractor Party. The foregoing indemnity obligation does not apply to the extent such Losses are attributable to the gross negligence or willful misconduct of any MCE parties.

18. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF MCE:

MCE is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.). Pursuant to MCE's Joint Powers Agreement, MCE is a public entity separate from its constituent members. MCE shall solely be responsible for all debts, obligations, and liabilities accruing and arising out of this Agreement. No Contractor Party shall have rights and nor shall any Contractor Party make any claims, take any actions, or assert any remedies against any of MCE's constituent members in connection with this Agreement.

19. INVOICES; NOTICES:

This Agreement shall be managed and administered on MCE's behalf by the Contract Manager named below. All invoices shall be submitted by email to:

Email Address:	invoices@mcecleanenergy.org
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All other notices shall be given to MCE at the following location:

Contract Manager:	Troy Nordquist
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MCE Address:	1125 Tamalpais Avenue
	San Rafael, CA 94901

Email Address:	contracts@mcecleanenergy.org
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Telephone No.:	(925) 378-6767
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Notices shall be given to Contractor at the following address:

Contractor:	Ryan Bird
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Address:	449 15th Street
	Oakland, California 94612

Email Address:	rbird@energy-solution.com
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Telephone No.:	510.482.4420 ext. 269
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20. ENTIRE AGREEMENT; ACKNOWLEDGMENT OF EXHIBITS:

This Agreement along with the attached Exhibits marked below constitutes the entire Agreement between the Parties. In the event of a conflict between the terms of this Agreement and the terms in any of the following Exhibits, the terms in this Agreement shall govern.

	<input checked="" type="checkbox"/>	<u>Check applicable Exhibits</u>	<u>CONTRACTOR'S INITIALS</u>	<u>MCE'S INITIALS</u>
<u>EXHIBIT A.</u>	X	Scope of Services		
<u>EXHIBIT B.</u>	X	Fees and Payment		
<u>EXHIBIT C.</u>	X	CRM Access Protocols		
<u>EXHIBIT D.</u>	X	Key Performance Indicators		
<u>EXHIBIT E.</u>	X	Service Level Agreement		

21. SEVERABILITY:

Should any provision of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, such invalidity will not invalidate the whole of this Agreement, but rather, the remainder of the Agreement which can be given effect without the invalid provision, will continue in full force and effect and will in no way be impaired or invalidated.

22. INDEPENDENT CONTRACTOR:

Contractor is an independent contractor to MCE hereunder. Nothing in this Agreement shall establish any relationship of partnership, joint venture, employment or franchise between MCE and any Contractor Party. Neither MCE nor any Contractor Party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent, except as otherwise expressly provided for herein.

23. TIME:

Time is of the essence in this Agreement and each and all of its provisions.

24. THIRD PARTY BENEFICIARIES:

The Parties agree that there are no third-party beneficiaries to this Agreement either express or implied.

25. FURTHER ACTIONS:

The Parties agree to take all such further actions and to execute such additional documents as may be reasonably necessary to effectuate the purposes of this Agreement.

26. PREPARATION OF AGREEMENT:

This Agreement was prepared jointly by the Parties, each Party having had access to advice of its own counsel, and not by either Party to the exclusion of the other Party, and this Agreement shall not be construed against either Party as a result of the manner in which this Agreement was prepared, negotiated or executed.

27. DIVERSITY SURVEY:

Pursuant to Senate Bill 255 which amends Section 366.2 of the California Public Utilities Code, MCE is required to submit to the California Public Utilities Commission an annual report regarding its procurement from women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises ("WMDVLGBTBE"). Consistent with these requirements, Contractor agrees to provide information to MCE regarding Contractor's status as a WMDVLGBTBE and any engagement of WMDVLGBTBEs in its provision of Services under this Agreement. Concurrently with the execution of this Agreement, Contractor agrees to complete and deliver MCE's Supplier Diversity Survey, found at the following link: <https://form.asana.com/?k=jSGYk4x3sf2dHfSzywc2fg&d=163567039999692> (the "Diversity Survey"). Because MCE is required to submit annual reports and/or because the Diversity Survey may be updated or revised during the term of this Agreement, Contractor agrees to complete and deliver the Diversity Survey, an updated or revised version of the Diversity Survey or

a similar survey at the reasonable request of MCE and to otherwise reasonably cooperate with MCE to provide the information described above. Contractor shall provide all such information in the timeframe reasonably requested by MCE.

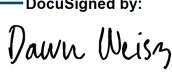
28. COUNTERPARTS:

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

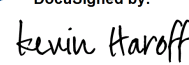
APPROVED BY

MARIN CLEAN ENERGY:

DocuSigned by:
By: 
A59878416EBC4F8...
Name: Dawn Weisz

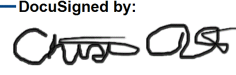
Title: CEO

Date: 2/7/2023

DocuSigned by:
By: 
F40838117816455...
Name: Kevin Haroff

Date: 2/7/2023

CONTRACTOR:

DocuSigned by:
By: 
F40838117816455...
Name: Christine Riker

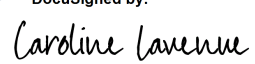
Title: Senior Director

Date: 2/8/2023

MODIFICATIONS TO STANDARD SHORT FORM

☐ Standard Short Form Content Has Been Modified

List sections affected: 2 (modified), 5.7 (modified), 7 (modified), 10.2 (added), 10.7(c) (added), 10.7(d) (added), 10.7(f) (modified), 12.1 (modified), 17 (modified)

DocuSigned by:
Approved by MCE Counsel: 
A90D5C36DBF141C...

Date: 2/7/2023

EXHIBIT A SCOPE OF SERVICES

Contractor shall provide the following Services under the Agreement as requested and directed by MCE Customer Programs staff, up to the maximum time/fees allowed under this Agreement:

Task 1: Startup & Administration

1.1: Program Kickoff

Contractor will schedule an on-site or virtual kickoff within two weeks of contract execution and include all relevant MCE stakeholders. Attendees at this meeting will discuss the MCE Electric Vehicle ("EV") Incentive Program ("Program") objectives and success metrics, MCE goals, roles and responsibilities, and specific Program design elements. Based on collaboration with MCE in the Program Kickoff Meeting, Contractor will create:

- A Program Implementation Plan ("PIP"), which will include the scope and schedule of activities, MCE reporting requirements, Data & Integration Requirements, Quality Assurance/Quality Control procedures and risk mitigation strategies, communication protocols for internal and external stakeholders, and project roles & responsibilities.
- A Marketing, Education & Outreach ("ME&O") Plan, subject to MCE Public Affairs team approval, which will include a recommended outreach strategy with messaging, marketing tools (such as digital materials and collateral), and timing. The ME&O Plan will include details about recruiting and enrolling Program participants. The ME&O Plan will leverage existing MCE collateral and establish a marketing tool kit for EV dealers. Deliverables to include, but not be limited to:
 - Email and direct mail¹ campaign to eligible MCE customers
 - At Program Kick-off
 - Throughout Program, frequency of which will be determined in ME&O Plan
 - Customer testimonials
 - A signed Customer Testimonial Waiver is required to be signed before a customer's testimonial can be used in marketing materials
 - Informational blog posts (top of funnel marketing to improve searchability)
 - Fliers (three types of fliers include: customer facing, dealer and partner/Community Based Organization ("CBO") facing, and referral materials)
 - The number of fliers required will be identified in the ME&O Plan
 - Frequently Asked Questions ("FAQs") handout available in print and on MCE's website.

1.2: MCE Support

Contractor will collaborate with MCE throughout the Program and meet MCE's goals. This collaboration will include:

- Regular virtual meetings with MCE Customer Programs staff to discuss Program status and action items. Check-in meetings will take place every other week during Program launch and then transition to monthly upon agreement by Contractor and MCE.
- Monthly Status Reports to MCE with relevant Program and participation data. The data elements, visualizations, and narrative for this report will be determined in the Program Kickoff Meeting.

1.3: Annual Reporting

Contractor will create an Annual Program Report for MCE each year of Program implementation which will include, but not be limited to, information on: Annual Highlights, Year Overview, Marketshare Report, Marketing Initiatives, Customer Equity based on information in KPIs, Dealer Outreach, and Program Influence (to be defined in PIP).

1.4: Systems Configuration

¹ If MCE stakeholders decide that a direct mail campaign should be utilized, the direct mail campaigns would be developed and designed by Contractor. MCE will pay an additional cost for this marketing tactic.

Contractor will configure its application processing software platform, Iris, to serve as a portal for Program participants. Contractor will:

- Create an MCE-branded landing page allowing dealers to log in with a username and password
- Configure an online incentive application (claim) form that allows participants to submit claims individually or in bulk, monitor the status of their claims, and view payment details
- Deploy reports for MCE to track Key Performance Indicators (preferences on format, graphic depictions, charts, and key data points for these dashboards will be determined at the Project Kickoff) and based on Exhibit D
- Import MCE customer data via flat file to Iris and set a recurring cadence for data import during Program Kickoff Meeting
- Establish Web-services based application programming interface (“API”) between Iris and MCE’s CRM system to share MCE Program participation data and establish a mechanism to push the relevant Program participation data continuously into the MCE CRM
- Utilize MCE’s CRM continuously to log Customer and Dealer/Original Equipment Manufacturer (“OEM”) Interaction Data
- Establish a Program Qualified Product List (“QPL”) of all vehicles that are eligible for Program rebates

Task 1 Deliverables:

- Project Kickoff Meeting
- Program Implementation Plan
- Regular Meetings
- ME&O Plan
- Email and direct mail² campaigns, to be determined in the ME&O Plan
- Customer testimonials
- Informational blog posts
- Fliers, to be determined in the ME&O Plan
- Frequently Asked Questions (“FAQs”)
- Status Reports
- Annual Program Report
- MCE branded customer portal
- Transfer of MCE customer data via flat file to Contractor
- Establish an API for transfer of Program Participation data into MCE CRM
- Access MCE’s CRM to log Customer and Dealer/OEM Data upon Program launch
- Establish a Program QPL

Contractor will work with MCE to finalize the data requirements and API specifications. Contractor will integrate with MCE CRM to publish the Program participation and customer related activities in real time using web services-based APIs, maintaining the MCE CRM data integrity. Contractor will import the ongoing Program participation data into Contractor’s applications and provide the updates on these imports to MCE as soon as the API is implemented.

Task 2: Implementation

Task 2.1: Program Marketing

In collaboration with MCE Customer Programs and Public Affairs staff and EV dealer participants, Contractor will develop new marketing materials for the Program. Contractor will develop drafts and coordinate approval with relevant MCE programmatic, marketing, branding, and communications staff on all marketing initiatives, including the development of campaigns or materials. Contractor will provide content to update the MCE website with Program information and links for customer and dealer resources, ensuring resources are up-to-date as the market changes during implementation, and will plan adequate time for MCE approvals.

- Contractor will develop Program marketing materials including, but not limited to, point-of-purchase (“POP”) collateral, EV dealer-facing materials, and congratulatory post-purchase customer-facing.

² Ibid.

- Contractor will engage CBOs and other groups that serve traditionally underserved, low-income, and disadvantaged populations to drive Program participation.

Contractor will collaborate with the implementers of complementary EV and EV Supply Equipment (“EVSE”) programs to include promotional material for the Program in with their existing ME&O efforts while also clearly noting in the promotional materials that the Program is independent of the complementary programs. These programs may include the MCE EV Charging Program, forthcoming PG&E Multifamily EVSE Direct Install Program, Clean Vehicle Assistance Program, Drive Clean Assistance Program, Clean Cars for All, Consumer Assistance Program Vehicle Retirement, and other EV, low-income, or multifamily Programs as appropriate.

Task 2.2: Dealer Outreach & Enrollment

Contractor will engage a variety of sales channels, including franchised dealers, online dealers, and OEMs that sell directly to customers, with the goal of reaching Program enrollment and participation targets. The primary engagement strategy will be via calls and in-person visits from the Contractor team at dealer locations.

- Contractor will provide MCE standard Dealer Participation Agreement (“DPA”) language and will work with MCE to determine specific dealer eligibility requirements, customer data requirements, participant compliance, and the impacts to non-compliant participants.
- Contractor will recruit dealers to the Program. In these visits and conversations, Contractor will promote the Program and its benefits, collect all required information for participation, and ensure all potential participants meet “Participating Dealer” criteria and are approved for enrollment prior to collecting signed DPAs.
- Once new dealer participants enroll, Contractor will train salespeople, management, and administrative staff on Program participation. These trainings will include how to submit claims to the online system and what is expected of staff during the sales process.

Task 2.3: Ongoing Dealer Engagement

Contractor will provide ongoing in-person and virtual outreach and support to dealers as needed to ensure they are promoting EV sales and applying rebates to eligible customers. The level of continuing outreach with individual EV dealer participants will depend on a variety of factors, including MCE priorities, participant capacity to deliver EV sales, participant level of engagement, and location, and will continue to be discussed between MCE and Contractor at regular meetings.

- Contractor will perform regular outreach to all enrolled dealers with the goal of increasing Program participation and increasing adoption of EVs.
- Contractor will distribute Program marketing materials and maintain POP collateral at dealer locations.
- Contractor will distribute a quarterly newsletter to dealers to alert them of Program updates, newly eligible vehicles, other MCE Programs, and additional customer incentive opportunities.
- On an annual basis, Contractor will create and distribute dealer performance reports which show each dealer how they are performing in the Program compared to their prior year’s performance and to other anonymized participants.

Task 2.4: Quality Assurance/Quality Control Procedures

Contractor will work with MCE to determine the data to be collected by the Program upon rebate claim submission. Claim processing will occur daily on weekdays and Contractor will reach out to dealers to follow up on any claims that need edits or clarification.

- Contractor will develop a Quality Assurance/Quality Control Claim Processing Guide that will define Program claim processing requirements that confirm that the rebate recipient is an eligible MCE customer, the vehicle is on the QPL, the claim is not a duplicate, and that the rebate was provided to the customer via a line item discount on the customer’s purchase or lease agreement.
- Contractor will process all submitted rebate claims on the following schedule. If claims require further action or revision from dealer participants, Contractor will reach out to the appropriate dealer contact to make any necessary edits or clarifications.

- Claims submitted between Mondays at 8:00 am and Fridays at 12:00 pm that do not require revisions will be reviewed and approved within 48 hours of claim submittal or by Fridays at 5:00 pm, whichever comes first. For claims that require revisions, Program participants will be contacted via email within 48 hours of claim submittal or by Fridays at 5:00 pm, whichever comes first.
- Claims submitted between Fridays at 12:00 pm and Mondays at 8:00 am that do not require revisions will be reviewed and approved by the following Tuesday at 5:00 pm. For claims that require revisions, Program participants will be contacted via email by the following Tuesday at 5:00 pm.

Contractor will track participants' rejected and flagged claims and will contact participants regularly to discuss the errors or omissions, request updates or edits to flagged claims, provide additional training if needed, and work with participants to identify potential solutions to improve claim approval rates. Contractor will review with MCE the specific metrics used for flagging data discrepancies, possible errors, or unusual sales activity during the Project Kickoff and ongoing check-ins. Additional flags can be programmed, and metrics can be modified as needed to meet MCE's preferences.

Task 2.5: Rebate Processing

Once a participating dealer's claims have been reviewed and approved, Contractor will provide secondary review to approve claims for payment.

- Contractor will approve claims for payment weekly, on Mondays, which will include all claims that have been reviewed and approved the week prior.
- Contractor will deliver rebate reimbursement payments and spiffs to Program participants according to payee information provided during enrollment weekly, on Thursdays, within 2 weeks of claim approval.

Contractor will work with MCE during Program kickoff to determine the best way to collaborate with the other relevant post-sale vehicle rebate Programs available to MCE customers. Through this collaboration, Contractor will collect submitted customer information and transmit that information securely to the implementers of the other Programs. It will be the responsibility of those Programs to follow up directly with customers for any additional income verification or documentation needed and pay the downstream rebate.

- Contractor will engage the implementation teams of the other EV rebate programs available to MCE customers to develop a collaboration plan. The collaboration plan will provide guidance on how the Program will transmit information to the other Programs and explore the potential for future Program modifications that would integrate those rebates at the point-of-sale.

Task 2.6: Customer Support

Contractor will

- Establish a Program support hotline and email to provide support to dealers and customers. The support number and email will answer questions on Program policies, claim submissions, customer and vehicle eligibility, additional incentives, access to Program materials, and general EV and EV charging topics. Phone and email contact information for the hotline will be listed prominently on the Program website and marketing materials.
- Provide MCE Customer Operations Team with ongoing and updated FAQs
- Operate the Program support hotline seven days a week from 8 AM to 9 PM Pacific Time. Contractor will respond to most inquiries immediately, but all inquiries will receive a response within 24 hours.
- Follow the MCE Service Level Agreements (SLAs) outlined in Attachment X

If a complaint is made regarding a participating dealer or the Program, Contractor will respond within 24 hours with a resolution plan and a timeline. MCE will be informed of any complaints and be kept informed of progress towards resolution.

Task 2.7 Software Management

Contractor's information systems maintain a SOC Type 2 Certification for data security, software development and hosting, and data management. This certification is audited annually by an accredited SOC2 auditor, Moss Adams. Contractor's SOC2 certification explicitly includes our systems and processes which support the transfer, storage, and handling of sensitive customer and market data.

- Contractor will operate and maintain the Program online system and will store all sales data and supporting documents collected from dealers in claims, as well as all data documenting completed validation checks, eligible vehicle specifications, and payments to dealers, for at least three years. Data stored in Iris will be available to support all automated and manual QA/QC and Evaluation, Measurement and Verification (EM&V) processes.

Contractor releases new code to the Iris production server on a bi-weekly basis on Tuesdays after business hours Pacific Time. This release process will not impact users' ability to access or use the system; if maintenance activities need to be scheduled, Contractor will notify MCE at least 48 hours in advance. Similarly, MCE will be promptly notified in the event of an emergency outage. The Iris team has a dedicated Quality Assurance and support team trained to respond quickly to unforeseen software problems, allowing Contractor to uphold the integrity of Iris and minimize the impacts such events may have on users.

Task 2 Deliverables:

- MCE branded Program Marketing Materials
- Program DPA
- Recruit and Enroll Program Participants
- In-person and/or virtual dealer trainings
- Regular Program outreach to enrolled dealers
- Distribute Program materials and maintain POP collateral
- Program Newsletter
- Delivery of Dealer Performance Reports
- Claim Processing Guide
- Rebate claim processing
- Approve claims for payment
- Rebate reimbursement and spiff payments
- Additional incentive Program collaboration plan
- Maintain and Provide support through the Program hotline and email address
- Hosting and maintenance of online claims portal

Schedule

Tasks	Description	Timeline
Task 1 — Startup & Administration		
1.1 Program Kickoff	Attend Program Kickoff Meeting to finalize Program design and implementation	2/6/2023 – 2/17/2023
	Draft and Finalize PIP <ol style="list-style-type: none"> PIP draft PIP semifinal 	<ol style="list-style-type: none"> By 3/1/23 (MCE reviews by 3/10) By 3/17 (MCE reviews by 3/24)

	3. Final PIP	3. By 3/31 (MCE approves by 4/7)
	Draft and Finalize ME&O Plan <ol style="list-style-type: none"> 1. ME&O Plan draft 2. ME&O Plan semifinal 3. Final ME&O Plan 	<ol style="list-style-type: none"> 1. By 3/1/23 (MCE reviews by 3/10) 2. By 3/17 (MCE reviews by 3/24) 3. By 3/31 (MCE approves by 4/7)
1.2 MCE Support	Regular check-ins	Every two weeks during Program launch, Monthly once agreed to by MCE and Contractor
	Status Reports	Monthly, by the 10th of the following month
1.3 Annual Reporting	Create and deliver Annual Program Report	Yearly, by January 31 each year
1.4 Systems Configuration	Launch of MCE branded Claim Portal	4/30/2023
	Transfer of MCE customer data via flat file to Contractor	3/31/2023, followed by a regular cadence set during Project Kickoff Meeting
	Establish an API for transfer of Program Participation data into MCE CRM	4/28/2023
	Utilize MCE's CRM for Customer and Dealer/OEM Data	4/28/2023
	Establish a Program QPL	4/28/2023
Task 2 — Implementation		

2.1 Program Marketing	<p>Develop MCE branded Program Marketing Materials</p> <ol style="list-style-type: none"> 1. Draft launch materials 2. Semifinal launch materials 3. Final launch materials 4. Draft supporting materials 5. Semifinal supporting materials 6. Final supporting materials 	<ol style="list-style-type: none"> 1. By 3/1/23 (MCE reviews by 3/10) 2. By 3/17/23 (MCE reviews by 3/24) 3. By 3/31/23 (MCE approves by 4/7) 4. By 5/5/23 (MCE reviews by 5/12) 5. By 5/19/23 (MCE reviews by 5/26) 6. By 6/2/23 (MCE reviews by 6/9)
2.2 Dealer Outreach & Enrollment	<p>Develop and Launch Dealer Participation Agreement (DPA)</p> <ol style="list-style-type: none"> 1. Draft DPA 2. Semifinal DPA 3. Final DPA 	<ol style="list-style-type: none"> 1. By 3/1/23 (MCE reviews by 3/10) 2. By 3/17/23 (MCE reviews by 3/24) 3. By 3/31/23 (MCE approves by 4/7)
	Recruit and Enroll Program Participants	March 2023, ongoing
	In-person and/or virtual dealer trainings	April 2023, ongoing
2.3 Ongoing Dealer Engagement	Regular Program outreach to enrolled dealers	April 2023, ongoing
	Distribute Program materials and maintain POP collateral	April 2023, Ongoing
	Send Program Newsletter	Quarterly, by the last day of each quarter
	Delivery of Dealer Performance Reports	Yearly, by February 28th each year
2.4 Rebate Processing	<p>Develop and Launch Claim Processing Guide</p> <ol style="list-style-type: none"> 1. Draft Guide 2. Semifinal Guide 	<ol style="list-style-type: none"> 1. By 3/31/23 (MCE reviews by 4/7)

	3. Final Guide	2. By 4/14/23 (MCE reviews by 4/21) 3. By 4/28/23 (MCE approves by 5/2)
	Rebate claim processing	Daily, on weekdays
2.5 Rebate Processing	Approve claims for payment	Weekly, on Mondays
	Rebate reimbursement and spiff payments	Weekly, on Thursdays
	Additional incentive program collaboration plan	July 28, 2023
2.6 Customer Support	Maintain and Provide support through the Program hotline and email address	5/1/2023 – ongoing (Daily)
2.7 Software Management	Hosting and maintenance of online claims portal	4/30/2023 - ongoing

All dates included in the above Schedule are estimates based on likely contract execution date and are subject to change upon mutual agreement of the Parties.

EXHIBIT B
FEES AND PAYMENT SCHEDULE

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

Task	Category	Units	Amount/Unit	Total Budget, Not to Exceed by Categories	Invoice Schedule
1	Startup Fee	1	\$66,250	\$66,250	Upon 4/30/23 Program Launch
2	Implementation Fees	556	\$1,210	\$672,760	Per claim paid, invoiced monthly
2	Dealer Spiffs*	556	\$200 new \$100 used	\$86,400***	Per claim paid, invoiced monthly
2	Vehicle Rebates**	556	\$3,500 new \$2,000 used	\$1,574,000***	Per claim paid, invoiced monthly
Total				\$2,399,410	

*This amount will be passed through to the dealer to incentivize the stocking and upselling of EVs.

**This amount will be passed through to the dealer as a reimbursement for applying a discount in the amount of the rebate at the point of sale.

***Assuming 308 new EVs and 248 used EVs receiving incentives through the Program

Contractor shall bill for the deliverables in task 1, included within the Startup Fee, on 4/30/23. After the initial payment of the Start Up Fee, Contractor shall bill monthly for Services rendered the month prior. In no event shall the total cost to MCE for the services provided herein exceed the **maximum sum of \$2,399,410** for the term of the Agreement.

EXHIBIT C

MCE CRM ACCESS PROTOCOLS

Contractor shall provide the following protective measures under the Agreement in order to access the MCE Customer Relationship Management software ("MCE CRM") according to program needs up to the time/fees allowed under this Agreement.

In order for Contractor to access MCE CRM, Contractor must first agree to and comply with the following protocols:

1. MCE CRM access is subject to the NDA between the Parties dated January 20, 2023.
2. MCE CRM login information, passwords, and any information retrieved from MCE CRM shall be treated as Confidential Information.
 - Confidential Information shall have the same meaning as defined in the MCE NDA between the Parties dated January 20, 2023.
 - No Contractor employee is to give, tell, or hint at their login information or password to another person under any circumstance.
 - MCE CRM passwords are required to be changed every 90 days.
 - MCE encourages strong passwords (such as minimum character length, and use of special characters) that are not reused for other logins.
 - MCE CRM shall only be accessed from an Internet Protocol (IP) address in the United States.
3. MCE CRM access shall be provided through MCE's selected Single Sign-On (SSO) provider, Okta, Inc. or any MCE-designated SSO provider.
4. MCE CRM access shall be restricted.
 - MCE CRM access shall only be provided to those employees of Contractor who have a "need to access" such information in the course of their duties with respect to Contractor's Services.
 - Contractor employees who access MCE CRM shall only update or view fields related to the tasks assigned.
 - Contractor shall maintain a list of Contractor employees that have been authorized to access MCE CRM.
 - The list shall be updated and verified by Contractor quarterly, upon Contractor employee turnover, and upon MCE's request.
 - Contractor employees who access MCE CRM shall first review and agree to be bound by these MCE CRM Access Protocols.
 - Contractor's use of the CRM is restricted to that which is necessary to provide the Services described in Exhibit A.
 - Contractor shall not copy, download, record or reproduce in any way any data existing within MCE's CRM.
5. In the event of an employment status change for a Contractor employee who had been granted access to MCE CRM, Contractor shall provide the following information to MCE:
 - Name and email of pertinent Contractor employee.
 - Notification to MCE within 3 days of employment status change.
6. Contractor having any interaction with an MCE customer shall do the following:
 - Contractor shall comply at all times during the Term with any MCE-provided MCE co-branding and/or customer engagement protocol that provides MCE's expectations for customer interactions by Contractor. Failure of Contractor to comply at all times with this section will constitute a material breach pursuant to Agreement section 12, and may result in the discontinuation of work with MCE at MCE's request.
 - Contractor and any approved subcontractors responding to, or engaging directly with, MCE customers shall respond to direct customer inquiries within 3 business days after the inquiry is received. Unless otherwise agreed to, Contractor and subcontractors are to provide two options for customer contact (email and phone). Contractor shall provide MCE with a process to document any customer issues, escalations and resolutions.

EXHIBIT D
Key Performance Indicators (KPIs)

EV Grant Goals	
Objective	How It's Measured
Expanding educational reach of EVs	Number of residents engaged by zip code
	Number of dealer employees engaged by zip code
	Percent of residents engaged by ME&O tactic
	Percent of dealers engaged by ME&O tactic
	Number of applications submitted and approved
Reducing administrative burden	Avg days between application submitted and approved/rejected
	Total additional funding that applicants are automatically qualified for and how much was received with a single application
Equitable attainment of incentive funds	Percent of incentive dollars spent by zip code, with a break out among low-income census tracts or Disadvantaged Communities (DACs)
	Avg household size and avg household income of applicants
	Percent of incentive dollars spent based on race of participants*

	Percent of incentive dollars spent on Hispanic and non-Hispanic participants*
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* This metric is used for data gathering only and is not a basis for incentive dollar distribution.

EXHIBIT E

Service Level Agreement (SLA)

Both Parties shall comply at all times during the Term with the following MCE SLA that provides MCE's expectations for customer interactions by Contractor:

- Contractor shall keep a 99% platform uptime.
- Contractor and all subcontractors responding to, or engaging directly with, MCE customers shall respond to direct customer inquiries no later than within 3 business days after the inquiry is received. Unless otherwise agreed to, Contractor and subcontractors are to provide two options for customer contact (email and phone). Unless otherwise agreed to, the Contractor shall provide MCE with a process to document customer issues, escalations and resolutions.
- MCE to review and approve the Outreach Plan.
- MCE to review and approve all branded customer facing materials (digital and physical content) before Contractor and/or subcontractor uses and distributes them.
- Contractor will provide the following customer information ("Customer Information") to MCE: when and how the Pilot participants and potential Pilot participants will be contacted, what data will be collected, how that information will be stored, how that information will be shared with MCE, the process for handling customer complaint escalation, and identification of key individuals associated with Contractor or subcontractor who have been specifically assigned to work with MCE customers and the key individuals' subsequent outreach and response activities throughout the X Phases.
- Contractor to provide to MCE monthly reports which will include lead generation, outreach status, Customer Information updates and any customer complaints, feedback and escalations.

a) Availability Service Level.

1) Definitions.

(a) "Maintenance Window" shall mean the total minutes in the reporting month represented by the mutually agreed day(s) and time(s) during which Service Provider shall maintain the Services.

(b) "Scheduled Downtime" shall mean the total minutes in the reporting months represented by the Maintenance Window.

(c) "Scheduled Uptime" shall mean the total minutes in the reporting month less the total minutes represented by the Scheduled Downtime.

2) Service Level Standard. Services will be available to Authorized Users for normal use 99% of the Scheduled Uptime.

b) Technical Support Problem Response and Resolution Service Level.

1) Service Level Standard. The Service Provider will respond to two categories of problems associated with delivery of the Services:

- i) Problems that shall be investigated and resolved within 3 working days if the problem prevents >25% of Authorized Users from accessing the Services to MCE residential customers as required; and
- ii) Problems that shall be investigated and resolved within 15 working days if >25% of Authorized Users are able to access the Services to MCE residential customers as required but are unable to access a specific functionality delivered by the Service Provider.



September 18, 2025

TO: MCE Board of Directors

FROM: Sabrina Soldavini, Vice President of Policy

RE: Legislative and Regulatory Updates (Agenda Item #05 C.5)

ATTACHMENT: Regulatory Packet with Filings since the July 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. California

By the time of this board meeting, all remaining active bills will have been heard in second house policy committees unless a rule waiver has been negotiated. As usual, many large and/or controversial issues will be granted exceptions to bypass the normal process and be addressed in the weeks just before the end of session on September 12th. Staff expect that among energy and climate issues, regional markets, electric affordability, and cap and trade reauthorization are likely to be included in the late summer sprint to the finish. As was the case last year, the state budget deficit as well as the forecasts of future deficits are providing context for policy bills under consideration, as there is little to no money the state can spend on new or expanded initiatives.

Since the last staff report, MCE initially registered an Oppose Unless Amended position on AB 825 (Petrie-Norris). While the bill contained several provisions designed to deliver meaningful affordability benefits to electric customers by reducing transmission and distribution costs, it contained a section that would infringe upon CCA autonomy and the authority of our governing boards to make decisions about the programs CCAs offer our customers. However, just before this staff report was issued, all of the original content of the bill was removed, and the Pathways regional energy markets proposal is now housed in AB 825 (and is no longer in

SB 540). Several of the positive provisions of the original AB 825 have been added to SB 254, which is now the omnibus electric affordability package, and the section that would have infringed on CCA autonomy over our programs has been removed.

The below table lists the positions MCE has registered to date.

Bill Number and Author	Subject	MCE Position
SB 540 (Becker, Stern) now AB 825 (Petrie-Norris)	Pathways Initiative, regional energy markets	Support
SB 330 (Padilla)	Alternative financing for transmission	Support
SB 302 (Padilla)	Renewable tax conformity	Support
AB 443 (Bennett)	Green hydrogen, curtailed renewables	Support
SB 326 (Becker)	Wildfire mitigation strategic planning	Support
AB 1280 (Garcia)	IBank Climate Catalyst funding eligibility for industrial decarbonization projects	Support
AB 806 (Connolly)	Supporting installation of cooling units in mobile homes	Support
SB 541 (Becker)	Load-shifting and rates requirements	Oppose Unless Amended
AB 825 (Petrie-Norris)	Electric affordability (multiple topics)	Oppose Unless Amended (previous version)

b. Federal

In the wake of H.R. 1, which was signed into law in July, federal agencies have been adopting rule changes and guidance at the direction of the White House to implement the bill. These measures include adjustments to the Treasury Department's definition of "start of construction," which is key to implementation of the new timelines for solar and wind projects to receive the Investment Tax Credit or Production Tax Credit before they expire. As of the drafting of this staff report, staff anticipate additional guidance on H.R. 1's new restrictions on project components sourced from "foreign entities of concern" including but not limited to China and Chinese-affiliated companies.

Staff continue to monitor federal developments to assess their impact on MCE's renewable procurement strategy and projects under contract. It remains too early to know what the broader impacts of H.R. 1 will be on the renewable energy sector and consequently on the cost of new renewable projects.

II. California Public Utilities Commission (CPUC)

a. Power Charge Indifference Adjustment (PCIA) Proceeding

In February 2025, the CPUC issued an Order Instituting Rulemaking (OIR) to update Energy Resource Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) policies and processes. The CPUC is required by law to ensure “indifference” and prevent cost shifts between bundled and unbundled customers. To ensure indifference, Investor-Owned Utilities (IOUs) like Pacific Gas & Electric (PG&E) are allowed to recover costs for generation resources from unbundled customers that were incurred on their behalf before they departed IOU service minus the value of benefits of those resources that remain with bundled customers, via the PCIA.

In this proceeding, the CPUC is evaluating potential changes to the methodology of calculating the PCIA through two tracks. Track 1 considered interim changes to the calculation of the RA Market Price Benchmark (MPB), one of the inputs used to calculate the PCIA, on an expedited basis. Track 2 will consider broader, long-term changes to the overall PCIA methodology and will begin in 2026.

The CPUC voted to finalize a Decision for Track 1 of the proceeding in June 2025 approving the RA MPB methodology changes and allowing the IOUs’ to apply these changes retroactively to previously approved rates. MCE worked with CalCCA to file an Application for Rehearing (AfR) of the Decision on July 28, 2025. In the AfR, CalCCA argues that the CPUC committed legal error by authorizing the IOUs to apply methodology changes retroactively and failing to support its Decision with substantial evidence.

MCE will continue to actively engage in this proceeding through 2025 and provide updates as they become available.

Fiscal Impacts: There are no immediate fiscal impacts to MCE, but the contemplated changes to the methodology may increase the PCIA charge paid by MCE customers for 2026 and beyond.

b. Reliable and Clean Power Procurement Program (RCPPP)

In April 2025, CPUC staff published a proposal for a new Reliable and Clean Power Procurement Program (RCPPP), a proposed enhancement to the current Integrated Resource Planning (IRP) framework. RCPMP is a combined, long-term framework that aims to set clear regulatory obligations for Load Serving Entities (LSE) to ensure reliability and achieve GHG emissions reductions.

To address reliability, the proposal puts forth two options for procurement obligations for a 10-year period. Option I allows LSEs to count both their new and existing resources towards their procurement obligations, while Option II considers only new resources. Under both options, CPUC staff will determine the capacity needed to achieve reliability and allocate the need across LSEs.

To address GHG emissions reductions, CPUC staff proposed a Clean Energy Standard (CES) program that would establish an annual clean energy target as a percentage of retail sales. The CES program would consider both RPS-eligible resources and a wider set of resources that generate Zero-Emission Credits (ZECs).

MCE worked with CalCCA to share feedback on the proposal at a workshop series hosted by CPUC staff in June 2025. CalCCA also filed Opening and Reply comments on the proposal in July 2025. CalCCA comments supported adoption of Option I and proposed the following modifications: (1) incorporate a Slice of Day (SOD) framework to align with the current Resource Adequacy (RA) program, (2) utilize less stringent compliance targets that provide LSEs the flexibility to make prudent procurement decisions, (3) remove buffers on top of the compliance targets that would add unnecessary costs for ratepayers, and (4) adopt of a waiver process for LSEs that make reasonable efforts to comply but are unable to do so because of issues beyond their control. CalCCA also supported the adoption of CES but recommended that the CPUC wait to adopt CES until several necessary details are resolved through stakeholder feedback.

MCE will continue to engage in further development of RCPMP through 2025 and will share updates as they become available.

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

c. Integrated Resources Planning (IRP)

i. Proposed Decision (PD) on Mid-Term Reliability (MTR) Bridge Capacity Rules

In August, the CPUC issued a PD addressing the use of “bridge capacity” to comply with MTR requirements. In the MTR context, the CPUC has allowed Load Serving Entities (LSE) to procure bridge capacity (i.e. short-term import capacity) to support reliability and remain compliant with MTR requirements even if long-term MTR capacity is delayed beyond its required online date. Specifically, the PD responds to a Petition for Modification (PFM) filed by Southern California Edison (SCE) requesting the CPUC adjust the bridge capacity rules to only require bridge capacity for delayed MTR resources in the summer months when reliability is of most concern. SCE argued that requiring bridge capacity in all months of the year leads to over-procurement and increased procurement costs without contributing to

reliability. The PD, however, went beyond the relief requested in the PFM and, if adopted, would remove bridge capacity entirely as a way for LSEs to meet short-term MTR compliance - citing affordability concerns and concern that bridge capacity was duplicative of capacity LSEs are already required to procure under the CPUC's Resource Adequacy (RA) Program. The PD also clarified that Long-Lead-Time (LLT) MTR resources that are delayed beyond June 1, 2028, would need to be "bridged" with an equal or greater amount of otherwise eligible MTR capacity that is both online by June 1, 2028, and under long-term contract.

MCE worked with CalCCA to provide comments on the PD, which were submitted in early September. CalCCA's comments emphasized that removal of bridge capacity as an alternate compliance mechanism without additional adjustments and clarity to the MTR rules would negatively impact LSEs and their compliance positions. CalCCA, however, supported elimination of bridge capacity provided that the CPUC clarifies that an LSE would not be out of compliance with MTR requirements so long as the LSE has sufficient MTR resources under contract, or is making good faith efforts to get sufficient capacity under contract, and the LSE meets all of its procurement requirements under the CPUC's general RA Program. CalCCA's comments also urged the CPUC to reject a requirement for LSEs to bridge delayed LLT with long-term MTR-eligible capacity and defer consideration of alternate compliance pathways for delayed LLT capacity to a separate track of the IRP proceeding.

The CPUC is expected to vote on the PD at its September Voting Meeting.

Fiscal Impacts: There are no direct fiscal impacts to MCE as a result of this PD. Elimination of bridge capacity, however, may lower MCE's procurement costs to the extent that MCE no longer needs to incur bridge capacity costs to maintain compliance with MTR requirements.

ii. New IRP Rulemaking

In July 2025, the CPUC issued an Order Instituting Rulemaking (OIR) to continue oversight of the IRP process. The new rulemaking will be the primary venue through which the CPUC will issue requirements for LSEs' next IRP plans, identify a resource portfolio to meet the state's reliability and clean energy goals, review Bundled Procurement Plans (BPP) and procurement rules applicable to the IOUs, and consider implementation of the RCPMP.

CalCCA filed opening and reply comments on the scope of issues included in the OIR. CalCCA recommended that the CPUC should: (1) collaborate with other regulatory agencies to improve load forecast accuracy addressing the uncertainty of large loads and evaluate curtailment of renewable resources to accurately reflect congestion when developing the system resource portfolio, (2) evaluate the three large IOUs' BPPs, (3) set the due date for the 2025 IRP plans to be six months after the CPUC issues their requirements, and (4) develop a structured waiver process for MTR obligations.

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

iii. American Clean Power - California Motion for Emergency Procurement

American Clean Power - California (ACP-CA), who represents renewable developers, filed a motion with the CPUC in July 2025, requesting an emergency procurement track in the IRP proceeding. ACP-CA recommended that the CPUC authorize the three large IOUs to conduct immediate solicitations and enter into long term contracts with resources that could qualify for renewable energy tax credits before they are phased out per H.R. 1. ACP-CA recommends the costs of this procurement be paid for by all customers, including MCE customers, through electric rates.

MCE worked with CalCCA to file a response and sur-reply, opposing the motion in August. CalCCA's responses highlighted that ACP-CA did not demonstrate any additional reliability or RPS need for emergency procurement, and that per statute the CPUC is required to demonstrate a need for additional resources before issuing a procurement order. CalCCA also noted ACP-CA's assertion that such emergency procurement will generate ratepayer savings. are unsubstantiated, and that there are no guarantees of the prices developers may offer for such projects and that ordering additional procurement in the current market will instead result in increased prices and cause significant market distortion. Lastly, CalCCA highlighted that bringing resources online is challenged by many other factors besides expiring tax credits, including supply chain issues, interconnection difficulties, permitting delays; issues that would not be resolved through emergency procurement.

Fiscal Impact: There are no immediate fiscal impacts to MCE. However, issuance of such a procurement order may increase costs to customers via non-bypassable charges for cost recovery of centrally procured resources. Additionally, any procurement order may impact MCE's procurement costs by increasing competition and demand for a limited pool of resources.

d. 2026 PG&E Energy Resource Recovery Account (ERRA) Proceeding

MCE is currently engaging in PG&E's 2026 Energy Resource Recovery Account (ERRA) Forecast Proceeding with CalCCA. This proceeding determines PG&E's generation and PCIA rates for 2026.

PG&E is currently forecasting PCIA rate increases as well as PG&E generation rate decreases for 2026. These changes are due to fluctuations in market prices and PCIA methodology changes. For example, in this application PG&E makes two proposals to value the resources in the PCIA portfolio (resources whose costs CCA customers are partially responsible for) that would decrease their value and increase PCIA costs for CCA customers. In early September, CalCCA filed intervenor testimony opposing PG&E's proposals. CalCCA's testimony was

broadly aimed at ensuring that the Commission requires PG&E to value its PCIA resources reasonably, fairly, and in a way that reflects their value given today's market realities. In particular, CalCCA emphasized the large cost shifts resulting from PG&E's proposals that would unfairly disadvantage CCA competitiveness and customers.

MCE will continue to work with CalCCA on additional filings in this proceeding due in October and November 2025.

Fiscal Impact: There is no immediate fiscal impact to MCE. However, if PG&E's proposals are adopted, there will be an incremental increase in PCIA rates for MCE customers for 2026, in addition to currently forecasted increases.

e. Demand Flexibility Proceeding

In July, the CPUC issued a PD adopting guidelines for the large IOUs, including PG&E, to design demand flexibility rates and to comply with the CEC's Load Management Standards. The PD adopts guidance on how various cost components, such as marginal energy costs, should be incorporated into IOU demand flexibility rate proposals to provide accurate price signals that promote cost-effective load shifting and support grid reliability. The PD also provides guidance on customer protection options that encourage load-shifting while mitigating bill impacts.

However, the PD also proposed closing the Demand Flexibility proceeding without resolving several scoped issues, including the establishment of systems and processes needed to enable access to dynamic rates for CCA customers. In August 2025, CalCCA filed opening comments recommending that the proceeding be kept open to establish those necessary systems and processes, including CCA access to billing quality hourly usage data. CalCCA also filed reply comments supporting PG&E's proposed amended schedule for complying with the decision, to allow for additional time for collaboration between PG&E and the CCAs on PG&E's demand flexibility rate proposals.

The CPUC adopted a Final Decision at their August 28, 2025, Voting Meeting, closing the proceeding, giving PG&E just 60 days to coordinate with CCAs in compliance with the decision, and leaving the remaining scoped issues unresolved. MCE will continue advocating for CCA data access in other active proceedings and will work with CalCCA on exploring next steps for a new proceeding on the remaining issues.

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

f. Energy Efficiency (EE)

i. Equity and Market Support Goal Constructs

In August, MCE worked with a group of EE program administrators (Joint Parties) to submit an advice letter (AL) offering several options for goal constructs within energy EE segment programs and market support segment programs with fellow program administrators. The Joint Parties filing, submitted by PG&E, is a requirement by the decision approving MCE's energy efficiency portfolio for program years 2024-2027. The equity segment and market support segments are new to this portfolio cycle and this AL maps a year-long study and process to ensure specific goals advance across programs. The AL offers several options for goals within each segment and a study process to determine and later adopt goals statewide. In August, Cal Advocates protested the AL, stating misalignment with offered goal constructs and segment objectives. Joint program administrators replied to the protest demonstrating the filing's requirements with controlling Commission guidance. MCE expects a disposition on the advice letter in Quarter 4 of 2025.

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

ii. Integrated Demand Side Management

In August, the CPUC issued a Draft Resolution to approve MCE's Advice Letter (AL) to offer integrated demand response, load shifting and energy efficiency measures in an updated administration of its Peak Flex Market Program. MCE submitted MCE AL 74-E in March 2024 as required by a CPUC decision issued that approved \$4 million dollars in funding for MCE to use on integrated demand side measurement measures in its energy efficiency portfolio during program years 2024-2027. The Commission previously issued a Draft Resolution approving MCE and other program administrators' integrated demand side management programs and portfolios in October 2024. MCE supported the earlier Draft Resolution in comments and requested clarification on the use of load shapes in reporting on its program. The CPUC withdrew that resolution in January of 2025. MCE submitted comments on the updated Draft Resolution in September 2025 offering support of the approval of MCE's expanded Peak Flex Market program and requesting urgent adoption. MCE may administer an expanded Peak Flex Market program immediately upon adoption of the Draft Resolution. The Commission plans to vote on the Draft Resolution in September 2025.

Fiscal Impacts: There is no direct fiscal impact to MCE at this time. A prior CPUC decision authorized \$4 million dollars in program spending.

g. Self-Generation Incentive Program (SGIP)

In August, the Commission issued a proposed decision (PD) on several issues related to the implementation of SGIP including Assembly Bill 209, returning unspent program funds, the eventual closeout of the program in 2033 and an exemption to the qualified demand response program enrollment requirement for certain low-income customers. MCE and Joint CCAs have submitted many rounds of comments and participated in several meetings with Commission staff on the qualified demand response program enrollment requirement since its adoption in March 2024. MCE also submitted an advice letter (AL) to qualify its Peak Flex Market program as a qualified demand response program in January 2025. The Commission rejected MCE's AL to qualify its Peak Flex Market program in July 2025. To date, the Commission has rejected all qualified demand response program submissions from CCAs via their AL process. The Commission has only approved IOU administered demand response programs, which were until recently unavailable to CCA customers. This requirement prohibited CCA customers from accessing SGIP statewide since the CPUC issued a decision adopting the requirement for all SGIP participants in March 2024.

Many CCA customers still face barriers to accessing SGIP even after the CPUC expanded program eligibility rules for several IOU demand response programs in July 2025. The Commission requested comments on the qualified demand response program requirement in July 2025. MCE and several CCAs jointly submitted comments supporting a proposed exemption for low-income customers and all residential customers more broadly. MCE and the CCAs support demand response program enrollment requirements in principle, however, the implementation of the current requirement in SGIP was unfairly prohibiting CCA customers from participating.

The PD exempts low-income customers seeking access to the Residential Solar and Storage Equity (RSSE) budget from the qualified demand response program enrollment requirement because the storage assets will still provide grid benefits and low-income customers should not face barriers to accessing SGIP incentives. MCE in partnership with several other CCAs plans to submit comments on the PD in September and expects a Commission vote in October 2025.

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

III. California Independent System Operator (CAISO)

a. Interconnection Process Enhancements (IPE) 5.0

In July, CalCCA submitted comments on the CAISO's IPE 5.0 initiative. This initiative continues to identify and evaluate ways to improve the efficiency and effectiveness of the CAISO's interconnection process to ensure that sufficient new capacity can be studied, granted deliverability, and interconnected to the grid to support the state's reliability needs

and climate goals. In an effort to maximize the amount of new deliverable capacity (i.e. capacity capable meeting RA requirements), CalCCA has advocated for resources that are already online and generating, but without deliverability, to have the opportunity to apply to be re-studied by the CAISO and be allocated deliverability - currently, on-line energy-only resources do not have the opportunity to get re-studied for deliverability.

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

b. Demand and Distributed Energy Market Integration

In June, the CAISO issued an updated discussion paper for the Demand and Distributed Energy Market Integration (DDEMI) working group. The updated discussion paper includes problem statements for improving performance evaluation methodologies, including the use of device-level measurement for developing baselines but excluding device-level registration at this time. On July 11, 2025, CalCCA and MCE filed comments in support of the updated discussion paper. The working group held additional meetings in July-August 2025 to develop problem statements for reliability- and economic-based demand response participation models, including proxy demand response (PDR); however, the CAISO has not yet opened a comment period for the recent sessions. MCE will continue to participate in the working group and will share updates and comment filings as they become available.

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

Recommendation:

No Action needed. To be received by the Board as part of the Consent Calendar.



September 18, 2025

TO: MCE Board of Directors

FROM: Maíra Strauss, Vice President of Finance and Treasurer
Efren Oxlaj, Manager of Finance

RE: Budget Results and Comparison for Fiscal Year 2024/25 (Agenda Item #06)

Attachments: A. Presentation on Budget Results and Comparison for FY 2024/25
B. MCE Budget Reports FY 2024/25
C. Policy 013: Reserve Policy
D. Policy 015: Energy Risk Management Policy

Dear Board Members:

Background:

MCE's fiscal year (FY) runs from April 1 through March 31 of the following calendar year. For FY 2024/25, your Board approved four budgets: the Operating Fund Budget, the Energy Efficiency Budget, the Program Development Fund Budget, and the Resiliency-Virtual Power Plant (VPP) Fund Budget.

The Operating Fund Budget captures activities related to MCE's core functions including sales of electricity, cost of energy, operating expenses, non-operating revenues and expenses, and capital outlay. The Energy Efficiency Budget is entirely funded by funds from the California Public Utilities Commission for energy efficiency programs. The Program Development Fund is funded by 50% of the Deep Green premium and grants, and any additional transfers from the Operating Fund, subject to your Board's approval. This fund supports program above incentives for electrification and electric vehicle (EV) adoption and EV charging stations. The Resiliency-Virtual Power Plant Fund focuses on scaling MCE's efforts with virtual power plants and energy storage. This fund may include grants and Board approved transfers from the Operating Fund.

Staff is providing an actual versus budget variance analysis for the Budgets below. For the Operating Fund Budget, the numbers shown, primarily for operating expenses, are net of any grant reimbursements. Grants offset eligible costs and are not additional income. The results shown in MCE's Operating Fund should not be compared with the Statement of Revenues, Expenses, and Changes in Net Position from MCE's Financial Statements, which provides results inclusive of all the funds described above.

Energy Revenue and Cost of Energy

	FY 2024/25 Approved Budget	FY 2024/25 Actuals	Variance	Variance %
Sales Volume (MWh)	5,609,000	5,512,000	(97,000)	-1.7%
Average Retail Rate (\$/MWh)	\$ 140	\$ 146	\$ 6	+4.1%
Average Cost of Energy (\$/MWh)	\$ 123	\$ 139	\$ 17	+13.5%
Energy Revenue				
Operating Revenues	\$ 787,862,000	\$ 805,945,000	\$ 18,083,000	+2.3%
Cost Relief Program	\$ (5,000,000)	\$ (4,400,000)	\$ (600,000)	-12.0%
Energy Expenses				
Cost of Energy	\$ 688,761,000	\$ 768,519,000	\$ 79,758,000	+11.6%
Net Energy Revenue	\$ 94,101,000	\$ 33,026,000	\$ (61,075,000)	-64.9%

MCE's approved budget for electricity sales revenue and energy costs based on the expected sales volume (MWh) is shown on the table above. Actual sales volume was 97,000 MWh (1.7%) below forecast. However, revenue from electricity sales (before Cost Relief Program expenses) exceeded the forecast by \$18.1 million (2.3%) due to stronger than anticipated customer payments. Additionally, MCE provided \$4.4 million in cost relief discounts to eligible customers, which reduced revenue by the same amount.

The cost of energy exceeded budget projections by \$79.8 million (11.6%) primarily due to certain products exceeding forecasted prices. A breakdown of the cost of energy is shown below.

Cost of Energy Breakdown

	FY 2024/25 Approved Budget	FY 2024/25 Actual	Variance \$	Variance %
Energy Contracts	\$ 462,111,000	\$ 573,978,000	\$ 111,867,000	24%
Resource Adequacy	142,234,000	145,815,000	3,581,000	2.5%
Net CAISO Costs	84,416,000	48,726,000	(35,690,000)	-42%
Total	688,761,000	768,519,000	79,758,000	12%

Energy contracts accounted for \$574.0 million of the actual total cost of energy incurred and were above budget by \$111.9 million (24%). Energy contracts include Portfolio Content Category 1 (PCC1) renewable energy, agreements for market hedges and carbon-free energy from large hydroelectric or asset-controlling supplier deals. A breakdown of the costs of energy contracts and variance against the budget is shown below.

Energy Contracts Breakdown

	FY 2024/25 Approved Budget	FY 2024/25 Actual	Variance \$	Variance %
Renewable	\$ 190,992,000	\$ 266,760,000	\$ 75,768,000	40%
Hedge Contracts	263,091,000	287,892,000	24,801,000	9%
Carbon Free - Large Hydro/ACS	8,028,000	19,326,000	11,298,000	141%
Subtotal Total	462,111,000	573,978,000	111,867,000	24%

Costs for renewable energy exceeded budget by \$75.8 million (40%), driven by the following factors:

- Prices for renewable energy exceeded budget assumptions due to increased demand for such products, market volatility and limited supply.
- One of the renewable energy contracts delivered energy significantly earlier than expected in the calendar year, shifting \$36.4 million in costs into FY 2024/25 that had originally been planned for the following fiscal year.
- The CPUC approved price adjustments on the Voluntary Allocation and Market Offer (VAMO) contract with PG&E after MCE's FY 2024/25 budget was approved, adding \$15 million in costs to MCE.
 - The final approved 2024 Market Price Benchmark (MPB) for VAMO resources was significantly higher than forecast due to the surge in prices for renewables observed in 2024. Had the MPB been lower, MCE would have received credit instead.
- MCE received 9% more renewable energy deliveries, above the expected 60% renewable energy target for light green¹. For context, MCE procures renewable energy through different contracting structures with either fixed or variable deliveries. In particular, MCE's VAMO contract with PG&E had significant uncertainty around delivery volumes². MCE staff typically procures a small quantity of additional volumes to manage load uncertainty, congestion-driven renewable energy curtailment and uncertainty related to variable delivery contracts. A milder than expected weather-year resulted in lower than forecasted loads. This, coupled with better-than-expected performance from our variable energy contracts, caused MCE to exceed the 60% target, resulting in \$24.4 million in additional costs.³

¹ MCE's 2024 Light Green Power Content Label shows ~70% renewable energy

² There was a significant delay from PG&E in delivering VAMO volumes due to issues with the WREGIS software. This caused significant challenges in forecasting expected deliveries.

³ MCE had contracts in place to liquidate long positions up to a certain volume and those revenues were realized in FY 24-25. In order to qualify for PCC1, renewable energy has to be sold in advance of when generation happens, therefore, it is not always possible to sell long positions since MCE doesn't receive all the data for renewable deliveries until 3-5 months after deliveries have happened.

The cost of market hedges exceeded the budget by \$24.8 million, while net CAISO costs were \$35.7 million below budget.

- MCE schedules all its load into the CAISO's markets and must pay CAISO market prices for this load. These market prices can fluctuate significantly and expose MCE to market risk. Therefore, MCE enters into contracts, referred to as "market hedges," where MCE pays a fixed price to the hedge supplier and receives a floating price in the CAISO market. The floating price is correlated with the CAISO market price that MCE pays for its load.
- In the tables above, the expenditures for market hedges represent the fixed payments that MCE must pay to its counterparties. The floating payments that MCE receives are included in the Net CAISO costs. Therefore, there is an inverse relationship between MCE's cost of market hedges and its net CAISO costs. As MCE closes open positions, net CAISO costs typically decline while hedge costs tend to rise, assuming all other factors remain constant. This dynamic is reflected in the variances observed above and is consistent with their inverse relationship.

The cost of carbon-free energy from hydroelectric power and asset controlling suppliers was \$11.3 million (141%) above budget. The prices for these contracts were 5-7 times more than the budgeted prices due to the following factors:

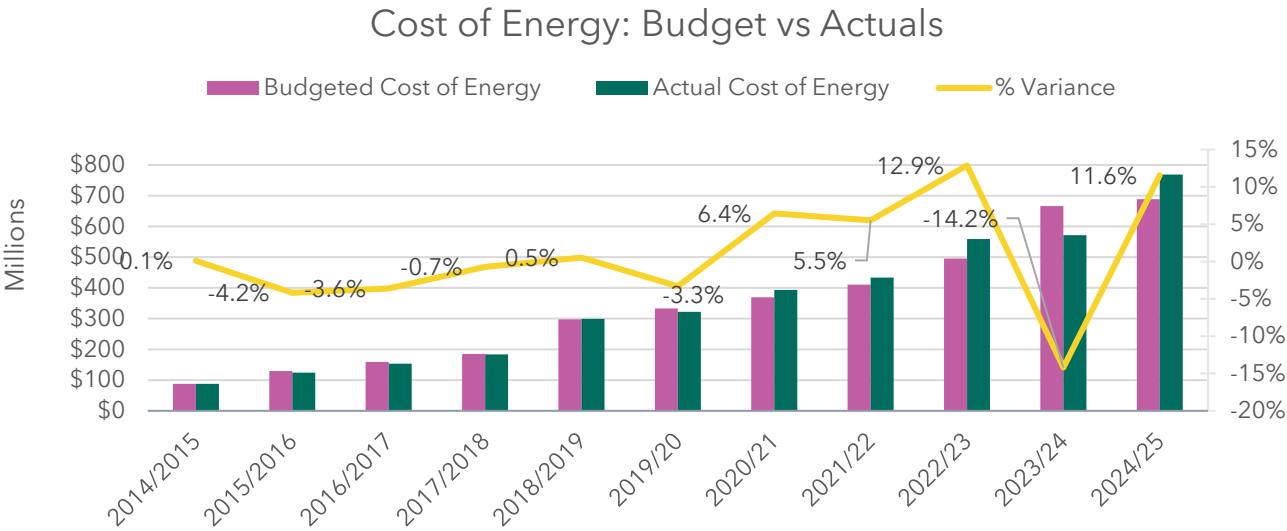
- Increased demand from load serving entities in California and the Pacific Northwest. The Pacific Northwest's ambitious clean energy targets have intensified competition among buyers, further driving up costs.
- Limited supply and challenges in building hydroelectric power facilities further increased costs.
- The prices for these products are positively correlated with those of renewable energy. As renewable prices rise, the cost of carbon-free hydroelectric power also tends to increase.
 - Outside of California, energy from hydroelectric power plants is considered renewable.

The cost of resource adequacy exceeded the budget by \$3.6 million (2.5%). Although stable, overall resource adequacy expenses continue to be elevated due to persistently high prices. These prices are driven by limited supply availability and increased demand, which are influenced by regulatory requirements such as higher planning reserve margins, the transition to a Slice-of-Day accounting framework, and the need to procure resource adequacy with specific attributes that command a premium (e.g., imports).

In addition to experiencing record-high prices for renewable energy and resource adequacy, MCE, like other load-serving entities across California, is facing new regulatory mandates from the California Public Utilities Commission (CPUC). These include requirements such as the Mid-Term Reliability (MTR) procurement, which involves contracting for new generation and storage assets.

However, the procurement landscape is increasingly challenging. A limited inventory of viable new projects, due to factors like supply chain disruptions and interconnection delays, has led to escalating costs for both long-term contracts and short-term bridge procurements. These bridge procurements, intended to cover delays in new capacity, are becoming more expensive and adding financial pressure.

The cost of energy generally has exceeded initial budgeted expectations, reflecting the significant upward trends in wholesale energy prices for resource adequacy, renewables, and market hedges observed since calendar year 2020.



Historical variances between budget and actuals are shown above. Prior to FY 2020/21, results were close to budget or slightly under. However, significantly increased volatility has added variability to power costs in the past five fiscal years. For example, energy costs for FY 2022/23 were impacted by the September 2022 heat wave that drove CA loads to an all-time record and caused prices to spike. Later in December 2022 and January 2023, the natural gas market experienced a significant surge with prices rising to several times their usual levels. Natural gas-fired generation is often the marginal unit which sets CAISO’s energy prices. Staff anticipated these factors when setting the FY 2023/24 budget and included various budgetary contingencies that year which ultimately did not materialize, resulting in power costs coming in under budget. These contingencies were mostly removed for the FY 2024/25 budget, but this fiscal year was subsequently impacted by the record renewable energy and resource adequacy prices as well as the accelerated deliveries under one renewable energy contract. Increasing grid congestion has also reduced the financial performance of many MCE solar projects, particularly Little Bear, LLC.

To mitigate these risks, MCE continues to assess market price volatility across energy, renewables, and resource adequacy. In response, MCE continues to refine its procurement strategy by building a

long-term portfolio of fixed price, dispatchable supply that aligns with its load profile. This approach aims to reduce MCE's exposure to shorter-term price fluctuations in both bilateral and CAISO markets.

MCE also actively advocates for policy reforms to address cost drivers such as eliminating the requirement for bridge procurement when MTR projects are delayed, which would help alleviate some of the associated cost burdens.

Operating Expenses

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Operating Expenses				
Personnel	22,830,000	22,269,000	(561,000)	-2.5%
Data Manager	5,136,000	5,333,000	197,000	3.8%
Technical and Scheduling Consultants	1,275,000	1,107,000	(168,000)	-13.2%
Service Fees - PG&E	2,560,000	2,527,000	(33,000)	-1.3%
Legal and Policy Services	1,420,000	904,000	(516,000)	-36.3%
Communication Services	2,476,000	2,315,000	(161,000)	-6.5%
Other Professional Services	3,163,000	2,572,000	(591,000)	-18.7%
General and Administrative	4,179,000	3,707,000	(472,000)	-11.3%
Occupancy	1,008,000	931,000	(77,000)	-7.6%
Contingency	1,500,000	-	(1,500,000)	-100.0%
Total Operating Expenses	45,547,000	41,665,000	(3,882,000)	-8.5%

Operating expenses represent the other costs incurred to run MCE's core business and capture expenses ranging from personnel to occupancy costs. Contingency is included here. For FY 2024/25, actual operating expenses came in at \$3.9 million (8.5%) under budget which is in line with historical results. Except for data manager fees, all lines were below budget. We saw lower than anticipated expenses on Personnel, Legal and Policy Services, Communication Services, Other Professional Services, General and Administrative, and Occupancy. MCE did not have to use the contingency amount approved by your Board.

Non-Operating Revenues and Expenses

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Nonoperating Revenues				
Total Nonoperating Revenues	17,068,000	29,109,000	12,041,000	70.5%
Nonoperating Expenses				
Total Nonoperating Expenses	5,293,000	848,000	(4,445,000)	-84.0%
Net Nonoperating Revenues	11,775,000	28,261,000	16,486,000	140.0%

Non-Operating Revenues capture investment income from MCE's fixed income portfolio, high-yield savings accounts, and certificates of deposit. Payments received when power project developers fail

to meet contractual milestones are also recorded here. Grant income is also included in this line, but it offsets eligible expenses and is not additional income to MCE. Non-Operating Expenses captures banking fees and costs of MCE’s credit facility with Royal Bank of Canada. Grant expenses are also captured in this section.

Actual Net Non-Operating Revenues totaled \$28.2 million, exceeding the budget by \$16.5 million (140.0%). Results were mostly driven by investment income, which came in higher than anticipated due to prudent investment strategies in accordance with the Board approved Investment Policy and elevated interest rates over the past year. Staff had conservatively assumed \$12 million for investment income, but results were much stronger. Strong yields on our fixed income portfolio generated above budget returns, even as we prepare for potential Federal Reserve rate cuts. These results also reflect the Finance Department’s focus on maximizing returns on investments within Board-approved policy. The team managed the portfolio carefully, with close attention to market conditions, delivering strong results.

Capital Expenditures, Interfund Transfers, and Other

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Capital Expenditures, Interfund Transfers & Other				
Capital Outlay	-	325,000	-	-
Transfer to Program Development Fund	8,400,000	8,400,000	-	0.0%
Total Capital Expenditures, Interfund Transfers & Other	8,400,000	8,725,000	325,000	3.9%
Budgeted Net Increase In Operating Fund Balance	51,929,000	10,897,000	(41,032,000)	-79.0%

Capital outlay totaled \$325 thousand, reflecting the classification of certain software expenses as capital assets due to their useful lives exceeding one year. MCE continues to develop in-house tools to better support emerging initiatives and customer programs. In terms of interfund transfers, your Board approved \$8.4 million to the Operating Reserve Fund which took place at the beginning of the fiscal year.

Energy Efficiency Fund

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Revenue And Other Sources				
Public Purpose Energy Efficiency Program	\$ 30,084,000	\$ 9,753,000	\$ (20,331,000)	-68%
Public Purpose Low Income Families and Tenants Pilot Program	2,785,000	1,181,000	(1,604,000)	-58%
Total Revenue And Other Sources	32,869,000	10,934,000	(21,935,000)	-67%
Expenditure And Other Uses				
Public Purpose Energy Efficiency Program	30,084,000	9,753,000	(20,331,000)	-68%
Public Purpose Low Income Families and Tenants Pilot Program	2,785,000	1,181,000	(1,604,000)	-58%
Total Expenditures And Other Uses	32,869,000	10,934,000	(21,935,000)	-67%
Balance	-	-	-	-

Energy Efficiency Fund spending was \$21.9 million (67%) below budget. This fund supports the installation of energy efficient measures and retrofits for residential, commercial, industrial, and multifamily properties. It is important to note that the Energy Efficiency Fund programs are directly linked to CPUC funding which follows a calendar year reporting cycle with the CPUC. Also, MCE is required to budget funds in the year a project is reserved, even though most projects do not start and finish within the same year. For example, in 2024 MCE committed \$5.8 million to projects that will be completed in future years. The Public Purpose Low Income Families and Tenants Pilot Program experienced permitting and construction delays typical to the multifamily sector that pushed project completion timelines to FY 2025/26. All of those funds are allocated to projects that we expect to complete before April 2026.

Program Development Fund

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Revenue And Other Sources				
Transfer from Operating Fund and Deep Green Premium	\$ 8,400,000	\$ 8,400,000	\$ -	0%
Marin Community Foundation Grant	180,000	26,000	(154,000)	-86%
Total Revenue and Other Sources	8,580,000	8,426,000	(154,000)	-2%
Expenditures And Committed Funds				
Transportation Electrification Programs	6,461,000	5,367,000	(1,094,000)	-17%
Committed Funds	2,320,000	-	(2,320,000)	-100%
Heat Pump Water Heater Incentives	500,000	249,000	(251,000)	-50%
Emergency Water Heater Loaner Fund	145,000	3,000	(142,000)	-98%
Marin Community Foundation Grant Efforts	180,000	25,800	(154,200)	-86%
Community Housing Fund	100,000	125,000	25,000	25%
Electrification Technical Assistance	9,000	-	(9,000)	-100%
Low Income Solar Programs	-	(1,800)	(1,800)	-
Green Healthy Homes Initiative	-	34,000	34,000	-
Total Expenditures And Other Uses	9,715,000	5,801,000	(3,914,000)	-40%
Net Increase (Decrease) in Fund Balance	(1,135,000)	2,625,000	3,760,000	-331%
Fund Balance at Beginning of Period	1,135,000	1,114,000	-	-
Fund Balance at End of Period	-	3,738,000	-	-

Total program spending for the Program Development Fund came in below budget by \$3.9 million (40%). This fund accelerates MCE's goal of increasing EV adoption by providing incentives for installing charging stations and purchasing EVs. It also encourages electrification of water heaters and provides funding assistance, when necessary, to install such items. Costs came in lower than forecasted due to the following reasons:

- Transportation electrification programs faced uncertainty about project timelines caused by construction delays, permitting delays and negotiations over rising project costs.
- The Electrification Technical Assistance and Heat Pump Water Heater incentive programs depended on stacking with statewide fundings, which depleted earlier than anticipated.
- The Emergency Water Heater Loaner Fund was launched late in the fiscal year, with expected ramp-up still underway.
- The Low Income Solar Programs saw a small return of funds that resulted in a credit to the fund.
- The Green Healthy Homes Initiative had remaining funds which were utilized to support MCE's Home Energy Savings program.

At the end of FY 2024/25 the committed funds balance was \$988,500, exclusively allocated to EV Charging Projects that were on track to complete in future fiscal years. Note that committed funds are shown for budget reporting purposes but are not yet incurred expenses.

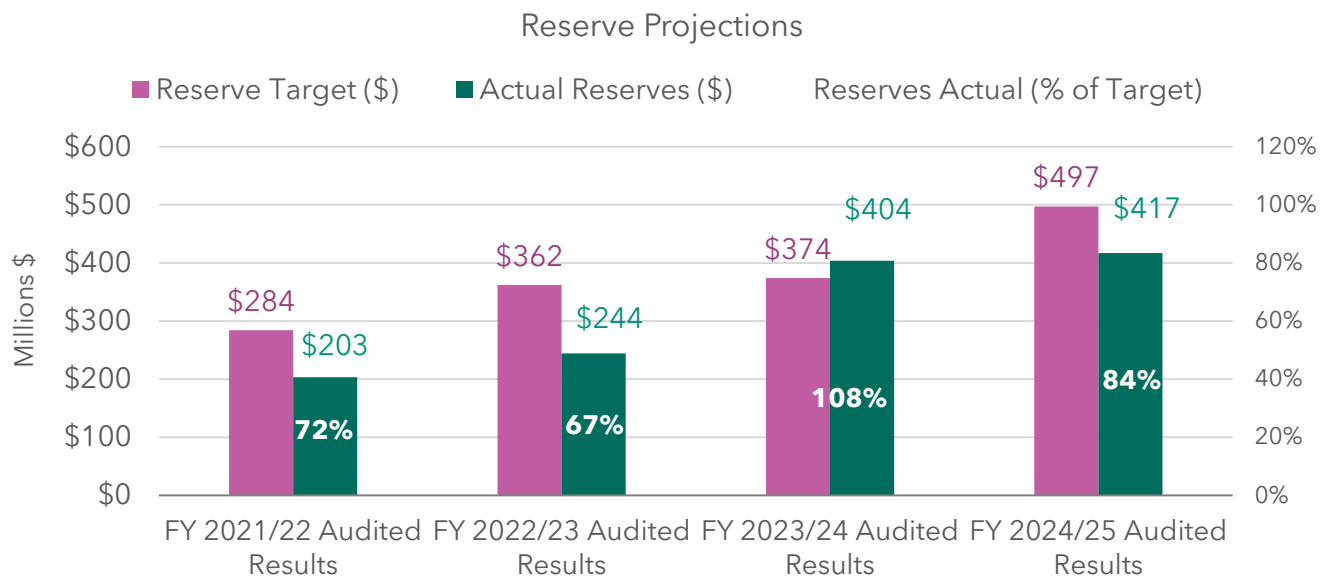
Resiliency - Virtual Power Plant (VPP) Fund

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Revenue And Other Sources				
Federal Earmark Funding	\$ 500,000	\$ -	\$ (500,000)	-100%
Marin Community Foundation Grant	378,000	154,000	(224,000)	-59%
Transfer from Operating Fund	-	-	-	
Total Revenue and Other Sources	878,000	154,000	(724,000)	-82%
Expenditures And Other Uses				
VPP Solar Storage	2,747,000	201,000	(2,546,000)	-93%
PeakFLEX	500,000	62,000	(438,000)	-88%
Federal Earmark Funding Supported Resiliency Efforts	500,000	-	(500,000)	-100%
Marin Community Foundation Grant Efforts	378,000	154,000	(224,000)	-59%
Federal Earmark Match Expense	250,000	-	(250,000)	-100%
Home Area Network Device Pilot	150,000	-	(150,000)	-100%
Richmond VPP Pilot	74,000	201,000	127,000	172%
Total Expenditures And Other Uses	4,599,000	618,000	(3,981,000)	-87%
Net Increase (Decrease) in Fund Balance	(3,721,000)	(571,000)	3,150,000	-85%
Fund Balance at Beginning of Period	436,100	4,449,000	-	-
Fund Balance at End of Period	(3,284,900)	3,878,000	-	-

Total program spending for the Resiliency - VPP Fund came in below budget by \$4.0 million (87%). This fund houses programs related to energy storage at key community buildings (e.g. fire stations), virtual power plant efforts, and load shifting initiatives. Programs came in under budget for the following reasons:

- All federal grants and associated federal grant matching funds encountered contracting delays.
- Solar storage projects faced the same uncertainty about project timelines caused by construction delays, permitting delays and negotiations with rising project costs as transportation electrification programs.
- The PeakFLEX program experienced no major demand response events because of relatively mild weather conditions.
- The Home Area Network Device Pilot program was postponed to allow further development of the VPP data use-case requirements ahead of device installations.
- MCE Staff adjusted the Richmond VPP Pilot rebate amounts to ensure they stayed consistent with the larger Customer Programs offering. This allowed for MCE customers to have a consistent and equitable approach across programs.

Progress Towards Reserve Goals and Liquidity



At the close of FY 2024/25, the net position increased by \$13.2 million, resulting in a year-end total of \$416.8 million. MCE’s net position represents the agency's reserves. According to Board approved Policy 13, Reserve Policy, MCE aims to maintain reserves equivalent to 60% of energy and operating expenses. Based on the actual costs incurred FY 2024/25, the goal was \$497 million, but the actual reserves were below the goal at \$416.8 million (84% of the goal). The goal is a moving target that varies with actual energy costs and operating expenses. For instance, in the previous fiscal year, MCE exceeded the goal by 8% percentage points due to a higher change in net position and lower cost of energy and operating expenses. In terms of days cash on hand, the ending net position was equivalent to 211 days, which is just 29 days below the Policy goal of 240 days.

Recommendation: Discussion item only.



Budget Results and Comparison for FY 2024/25

MCE Board of Directors
September 18, 2025



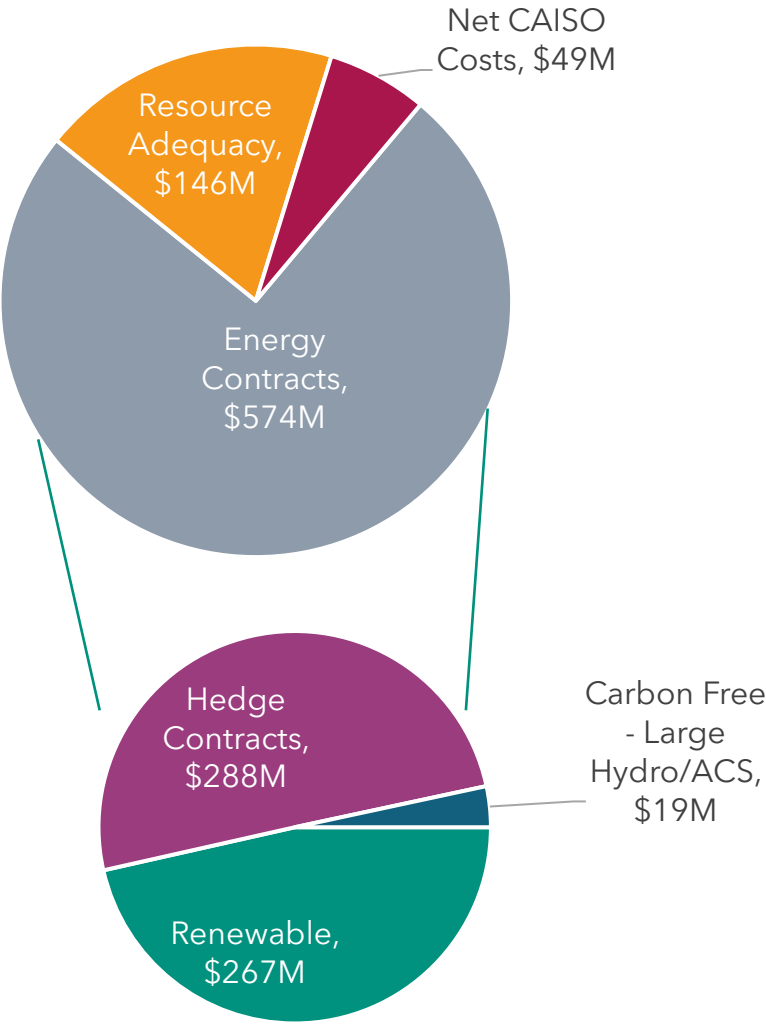
Energy Revenue and Cost of Energy

	FY 2024/25 Approved Budget	FY 2024/25 Actuals	Variance	Variance %
Sales Volume (MWh)	5,609,000	5,512,000	(97,000)	-1.7%
Average Retail Rate (\$/MWh)	\$ 140	\$ 146	\$ 6	+4.1%
Average Cost of Energy (\$/MWh)	\$ 123	\$ 139	\$ 17	+13.5%
Energy Revenue				
Operating Revenues	\$ 787,862,000	\$ 805,945,000	\$ 18,083,000	+2.3%
Cost Relief Program	\$ (5,000,000)	\$ (4,400,000)	\$ (600,000)	-12.0%
Energy Expenses				
Cost of Energy	\$ 688,761,000	\$ 768,519,000	\$ 79,758,000	+11.6%
Net Energy Revenue	\$ 94,101,000	\$ 33,026,000	\$ (61,075,000)	-64.9%

- Revenue from electricity sales (before cost relief expenses) exceeded the forecast by \$18.1 million (2.3%) due to stronger customer payments.
- The cost of energy exceeded budget projections by \$79.8 million or 11.6% primarily due to certain products exceeding forecasted prices.

Cost of Energy Breakdown

FY 2024/25 Actuals



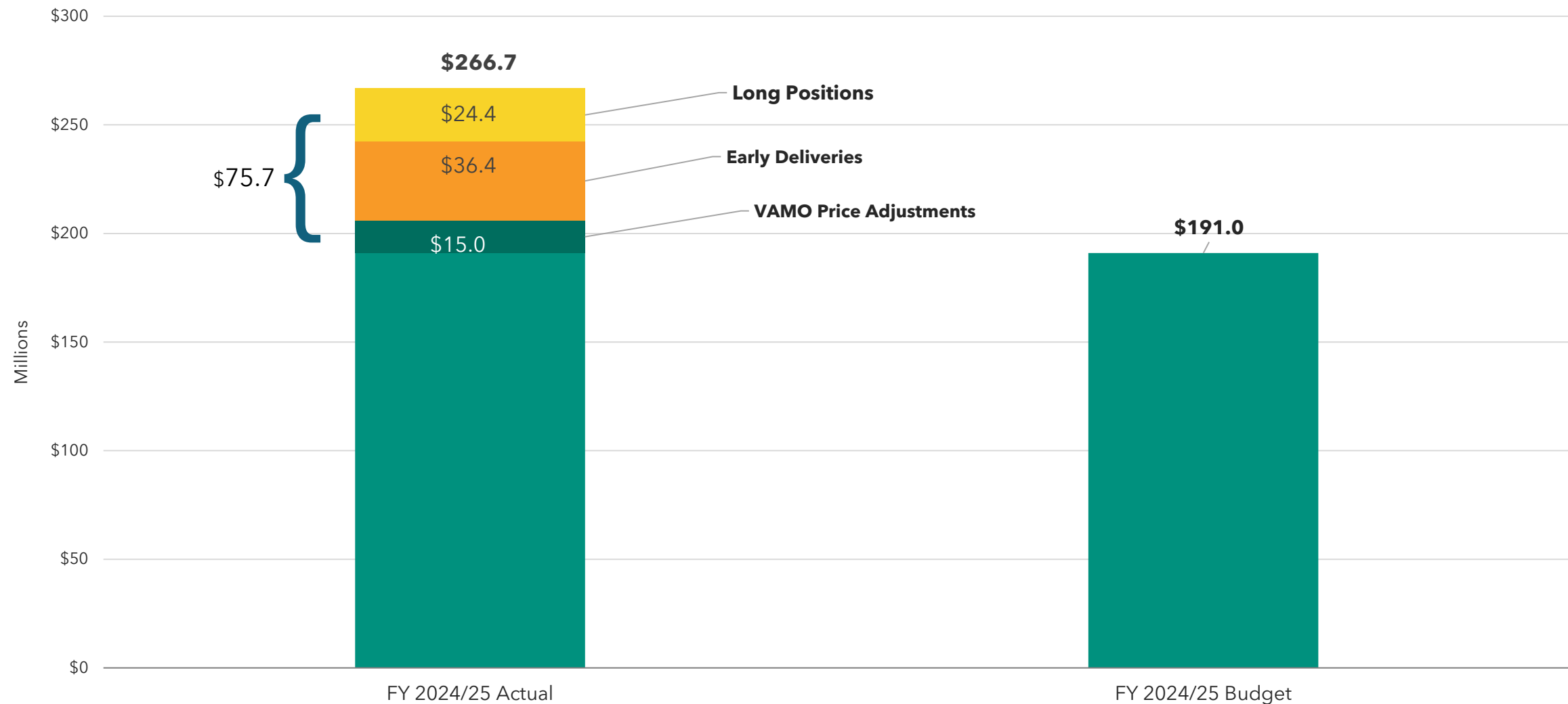
Cost of Energy Breakdown

	FY 2024/25 Approved Budget	FY 2024/25 Actual	Variance \$	Variance %
Energy Contracts	\$ 462,111,000	\$ 573,978,000	\$ 111,867,000	24%
Resource Adequacy	142,234,000	145,815,000	3,581,000	2.5%
Net CAISO Costs	84,416,000	48,726,000	(35,690,000)	-42%
Total	688,761,000	768,519,000	79,758,000	12%

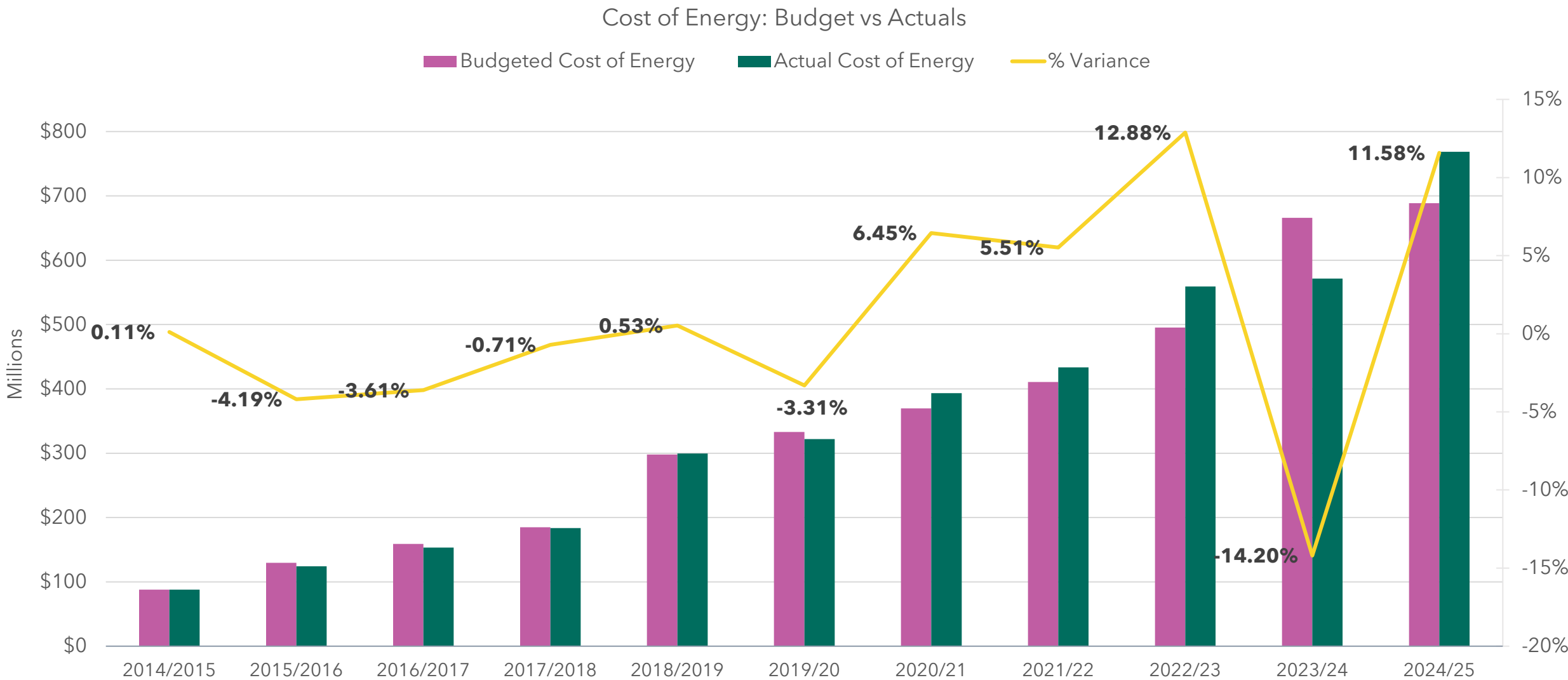
Energy Contracts Breakdown

	FY 2024/25 Approved Budget	FY 2024/25 Actual	Variance \$	Variance %
Renewable	\$ 190,992,000	\$ 266,760,000	\$ 75,768,000	40%
Hedge Contracts	263,091,000	287,892,000	24,801,000	9%
Carbon Free - Large Hydro/ACS	8,028,000	19,326,000	11,298,000	141%
Subtotal Total	462,111,000	573,978,000	111,867,000	24%

Cost of Renewable Energy Variance Breakdown

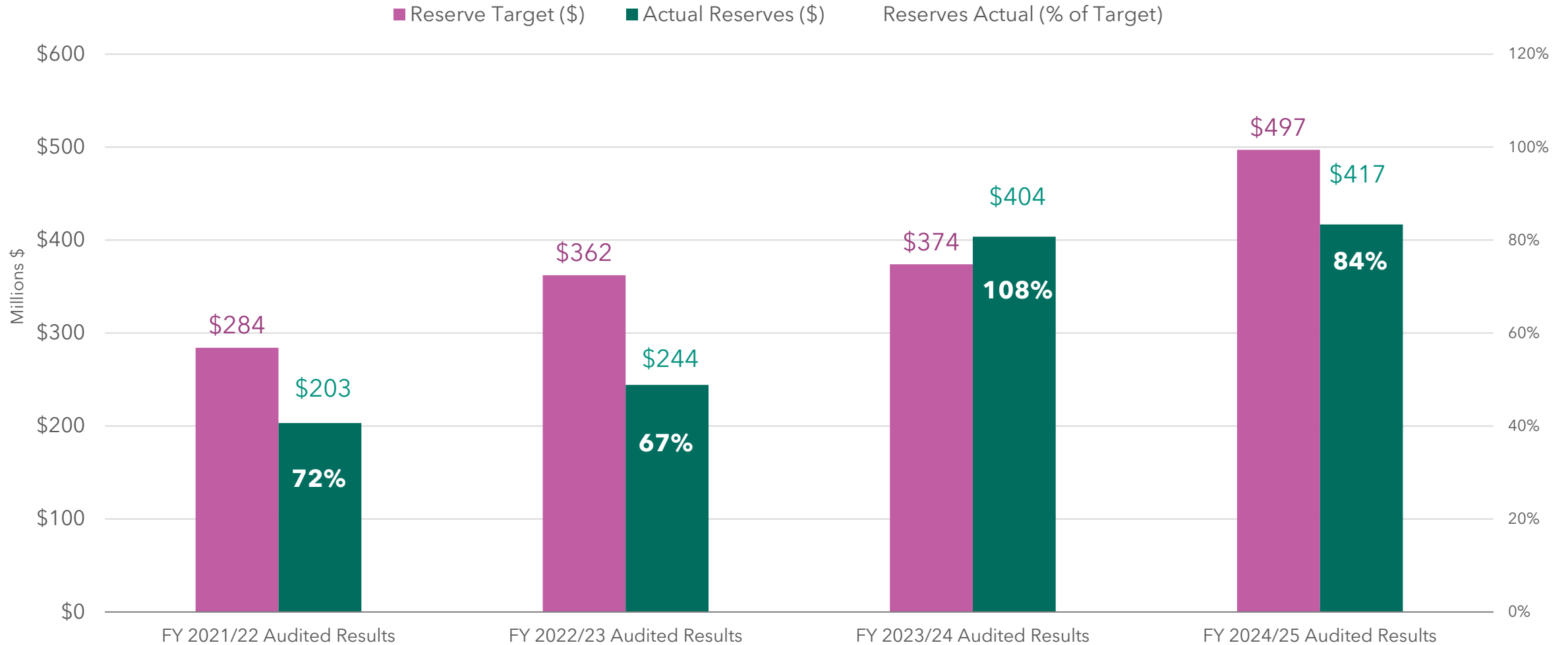


Cost of Energy Budget Vs Actuals



Reserve Goals Summary

Reserve Projections



Energy Revenue and Cost of Energy

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Energy Revenue				
Operating Revenues	\$ 787,862,000	\$ 805,945,000	\$ 18,083,000	2.3%
Cost Relief Program	(5,000,000)	(4,400,000)	(600,000)	-12.0%
Revenue - Electricity Net	782,862,000	801,545,000	(18,683,000)	-2.4%
Energy Expenses				
Cost of Energy	688,761,000	768,519,000	79,758,000	11.6%
Net Energy Revenue	94,101,000	33,026,000	(61,075,000)	-64.9%

Operating Expenses

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Operating Expenses				
Personnel	22,830,000	22,269,000	(561,000)	-2.5%
Data Manager	5,136,000	5,333,000	197,000	3.8%
Technical and Scheduling Consultants	1,275,000	1,107,000	(168,000)	-13.2%
Service Fees - PG&E	2,560,000	2,527,000	(33,000)	-1.3%
Legal and Policy Services	1,420,000	904,000	(516,000)	-36.3%
Communication Services	2,476,000	2,315,000	(161,000)	-6.5%
Other Professional Services	3,163,000	2,572,000	(591,000)	-18.7%
General and Administrative	4,179,000	3,707,000	(472,000)	-11.3%
Occupancy	1,008,000	931,000	(77,000)	-7.6%
Contingency	1,500,000	-	(1,500,000)	-100.0%
Total Operating Expenses	45,547,000	41,665,000	(3,882,000)	-8.5%

Nonoperating Income and Expenses

Nonoperating Revenues

Total Nonoperating Revenues

Nonoperating Expenses

Total Nonoperating Expenses

Net Nonoperating Revenues

Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
17,068,000	29,109,000	12,041,000	70.5%
5,293,000	848,000	(4,445,000)	-84.0%
11,775,000	28,261,000	16,486,000	140.0%

Change in Net Position

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Change in Net Position	60,329,000	19,622,000	(40,707,000)	-67.5%

Total Capital Expenditures & Net Increase in Operating Fund Balance

Capital Expenditures, Interfund Transfers & Other
Capital Outlay
Transfer to Program Development Fund
Total Capital Expenditures, Interfund Transfers & Other
Budgeted Net Increase In Operating Fund Balance

Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
-	325,000	-	-
8,400,000	8,400,000	-	0.0%
8,400,000	8,725,000	325,000	3.9%
51,929,000	10,897,000	(41,032,000)	-79.0%

Energy Efficiency Fund

Revenue And Other Sources

Public Purpose Energy Efficiency Program
Public Purpose Low Income Families and Tenants Pilot Program

Total Revenue And Other Sources

Expenditure And Other Uses

Public Purpose Energy Efficiency Program
Public Purpose Low Income Families and Tenants Pilot Program

Total Expenditures And Other Uses

Balance

Fiscal Year 2024/25 Approved Budget		Fiscal Year 2024/2025 Actual	Variance \$	Variance %
\$	30,084,000	\$ 9,753,000	\$ (20,331,000)	-68%
	2,785,000	1,181,000	(1,604,000)	-58%
	32,869,000	10,934,000	(21,935,000)	-67%
			-	
	30,084,000	9,753,000	(20,331,000)	-68%
	2,785,000	1,181,000	(1,604,000)	-58%
	32,869,000	10,934,000	(21,935,000)	-67%
	-	-	-	-

Program Development Fund

Revenue And Other Sources

Transfer from Operating Fund and Deep Green Premium
Marin Community Foundation Grant

Total Revenue and Other Sources

Expenditures And Committed Funds

Transportation Electrification Programs
Committed Funds
Heat Pump Water Heater Incentives
Emergency Water Heater Loaner Fund
Marin Community Foundation Grant Efforts
Community Housing Fund
Electrification Technical Assistance
Low Income Solar Programs
Green Healthy Homes Initiative

Total Expenditures And Other Uses

Net Increase (Decrease) in Fund Balance
Fund Balance at Beginning of Period
Fund Balance at End of Period

Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
\$ 8,400,000	\$ 8,400,000	\$ -	0%
180,000	26,000	(154,000)	-86%
8,580,000	8,426,000	(154,000)	-2%
6,461,000	5,367,000	(1,094,000)	-17%
2,320,000	-	(2,320,000)	-100%
500,000	249,000	(251,000)	-50%
145,000	3,000	(142,000)	-98%
180,000	25,800	(154,200)	-86%
100,000	125,000	25,000	25%
9,000	-	(9,000)	-100%
-	(1,800)	(1,800)	-
-	34,000	34,000	-
9,715,000	5,801,000	(3,914,000)	-40%
(1,135,000)	2,625,000	3,760,000	-331%
1,135,000	1,114,000	-	-
-	3,738,000	-	-

Resiliency VPP Fund

Revenue And Other Sources

Federal Earmark Funding
Marin Community Foundation Grant
Transfer from Operating Fund

Total Revenue and Other Sources

Expenditures And Other Uses

VPP Solar Storage
PeakFLEX
Federal Earmark Funding Supported Resiliency Efforts
Marin Community Foundation Grant Efforts
Federal Earmark Match Expense
Home Area Network Device Pilot
Richmond VPP Pilot

Total Expenditures And Other Uses

Net Increase (Decrease) in Fund Balance
Fund Balance at Beginning of Period
Fund Balance at End of Period

Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
\$ 500,000	\$ -	\$ (500,000)	-100%
378,000	154,000	(224,000)	-59%
-	-	-	
878,000	154,000	(724,000)	-82%
2,747,000	201,000	(2,546,000)	-93%
500,000	62,000	(438,000)	-88%
500,000	-	(500,000)	-100%
378,000	154,000	(224,000)	-59%
250,000	-	(250,000)	-100%
150,000	-	(150,000)	-100%
74,000	201,000	127,000	172%
4,599,000	618,000	(3,981,000)	-87%
(3,721,000)	(571,000)	3,150,000	-85%
436,100	4,449,000	-	-
(3,284,900)	3,878,000	-	-

Thank you!



mceCleanEnergy.org
info@mceCleanEnergy.org



MCE Operating Fund
Approved Budget Fiscal Year 2024/25
From April 1, 2024 through March 31, 2025

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Energy Revenue				
Operating Revenues	\$ 787,862,000	\$ 805,945,000	\$ 18,083,000	2.3%
Cost Relief Program	(5,000,000)	(4,400,000)	(600,000)	-12.0%
Revenue - Electricity Net	782,862,000	801,545,000	(18,683,000)	-2.4%
Energy Expenses				
Cost of Energy	688,761,000	768,519,000	79,758,000	11.6%
Net Energy Revenue	94,101,000	33,026,000	(61,075,000)	-64.9%
Operating Expenses				
Personnel	22,830,000	22,269,000	(561,000)	-2.5%
Data Manager	5,136,000	5,333,000	197,000	3.8%
Technical and Scheduling Consultants	1,275,000	1,107,000	(168,000)	-13.2%
Service Fees - PG&E	2,560,000	2,527,000	(33,000)	-1.3%
Legal and Policy Services	1,420,000	904,000	(516,000)	-36.3%
Communication Services	2,476,000	2,315,000	(161,000)	-6.5%
Other Professional Services	3,163,000	2,572,000	(591,000)	-18.7%
General and Administrative	4,179,000	3,707,000	(472,000)	-11.3%
Occupancy	1,008,000	931,000	(77,000)	-7.6%
Contingency	1,500,000	-	(1,500,000)	-100.0%
Total Operating Expenses	45,547,000	41,665,000	(3,882,000)	-8.5%
Operating Income	48,554,000	(8,639,000)	(57,193,000)	-117.8%
Nonoperating Revenues				
Grant Income	5,068,000	4,241,000	(827,000)	-16.3%
Other Income	-	287,000	287,000	0.0%
Interest Income	12,000,000	24,581,000	12,581,000	104.8%
Total Nonoperating Revenues	17,068,000	29,109,000	12,041,000	70.5%
Nonoperating Expenses				
Banking Fees and Financing Costs	225,000	202,000	(23,000)	-10.2%
Grant Expenses	5,068,000	646,000	(4,422,000)	-87.3%
Total Nonoperating Expenses	5,293,000	848,000	(4,445,000)	-84.0%
Net Nonoperating Revenues	11,775,000	28,261,000	16,486,000	140.0%
Change in Net Position	60,329,000	19,622,000	(40,707,000)	-67.5%
Budgeted Net Position Beginning of Period	403,686,000	403,686,000	-	-
Change in Net Position	60,329,000	19,622,000	-	-
Budgeted Net Position End Of Period	464,015,000	423,308,000	-	-
Capital Expenditures, Interfund Transfers & Other				
Capital Outlay	-	325,000	-	-
Transfer to Program Development Fund	8,400,000	8,400,000	-	0.0%
Total Capital Expenditures, Interfund Transfers & Other	8,400,000	8,725,000	325,000	3.9%
Budgeted Net Increase In Operating Fund Balance	51,929,000	10,897,000	(41,032,000)	-79.0%



MCE
Program Development Fund
Approved Budget Fiscal Year 2024/25
From April 1, 2024 through March 31, 2025

Revenue And Other Sources

Transfer from Operating Fund and Deep Green Premium
Marin Community Foundation Grant

Total Revenue and Other Sources

Expenditures And Committed Funds

Transportation Electrification Programs
Committed Funds
Heat Pump Water Heater Incentives
Emergency Water Heater Loaner Fund
Marin Community Foundation Grant Efforts
Community Housing Fund
Electrification Technical Assistance
Low Income Solar Programs
Green Healthy Homes Initiative

Total Expenditures And Other Uses

Net Increase (Decrease) in Fund Balance
Fund Balance at Beginning of Period
Fund Balance at End of Period

Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
\$ 8,400,000	\$ 8,400,000	\$ -	0%
180,000	26,000	(154,000)	-86%
8,580,000	8,426,000	(154,000)	-2%
6,461,000	5,367,000	(1,094,000)	-17%
2,320,000	-	(2,320,000)	-100%
500,000	249,000	(251,000)	-50%
145,000	3,000	(142,000)	-98%
180,000	25,800	(154,200)	-86%
100,000	125,000	25,000	25%
9,000	-	(9,000)	-100%
-	(1,800)	(1,800)	-
-	34,000	34,000	-
9,715,000	5,801,000	(3,914,000)	-40%
(1,135,000)	2,625,000	3,760,000	-331%
1,135,000	1,114,000	-	-
-	3,738,000	-	-



MCE
Resiliency VPP Fund
Approved Budget Fiscal Year 2024/25
From April 1, 2024 through March 31, 2025

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Revenue And Other Sources				
Federal Earmark Funding	\$ 500,000	\$ -	\$ (500,000)	-100%
Marin Community Foundation Grant	378,000	154,000	(224,000)	-59%
Transfer from Operating Fund	-	-	-	
Total Revenue and Other Sources	878,000	154,000	(724,000)	-82%
Expenditures And Other Uses				
VPP Solar Storage	2,747,000	201,000	(2,546,000)	-93%
PeakFLEX	500,000	62,000	(438,000)	-88%
Federal Earmark Funding Supported Resiliency Efforts	500,000	-	(500,000)	-100%
Marin Community Foundation Grant Efforts	378,000	154,000	(224,000)	-59%
Federal Earmark Match Expense	250,000	-	(250,000)	-100%
Home Area Network Device Pilot	150,000	-	(150,000)	-100%
Richmond VPP Pilot	74,000	201,000	127,000	172%
Total Expenditures And Other Uses	4,599,000	618,000	(3,981,000)	-87%
Net Increase (Decrease) in Fund Balance	(3,721,000)	(571,000)	3,150,000	-85%
Fund Balance at Beginning of Period	436,100	4,449,000	-	-
Fund Balance at End of Period	(3,284,900)	3,878,000	-	-



MCE
Energy Efficiency Fund
Approved Budget Fiscal Year 2024/25
From April 1, 2024 through March 31, 2025

	Fiscal Year 2024/25 Approved Budget	Fiscal Year 2024/2025 Actual	Variance \$	Variance %
Revenue And Other Sources				
Public Purpose Energy Efficiency Program	\$ 30,084,000	\$ 9,753,000	\$ (20,331,000)	-68%
Public Purpose Low Income Families and Tenants Pilot Program	2,785,000	1,181,000	(1,604,000)	-58%
Total Revenue And Other Sources	32,869,000	10,934,000	(21,935,000)	-67%
Expenditure And Other Uses				
Public Purpose Energy Efficiency Program	30,084,000	9,753,000	(20,331,000)	-68%
Public Purpose Low Income Families and Tenants Pilot Program	2,785,000	1,181,000	(1,604,000)	-58%
Total Expenditures And Other Uses	32,869,000	10,934,000	(21,935,000)	-67%
Balance	-	-	-	-

APPROVED

Date: 6/20/24

MARIN CLEAN ENERGY

POLICY 013: Reserve Policy

Policy Statement

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

The Reserve will grow to and be maintained at a funding level equal to or exceeding 60% of projected energy and operating expenses for the current fiscal year. The Reserve will be accounted for as the Net Position in MCE's financial statements.

The MCE Board will adopt budgets and establish rates for MCE with the goal of building and maintaining Reserves at or above the target level by March 2022, subject to MCE's ability to meet operational expenditures and maintain competitive rates.

Policy Purpose

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the maintenance and potential improvement in MCE's stand-alone credit ratings.

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

Relationship to the Budget, Liquidity and Periodic Review

By setting rates and authorizing expenditures through approved Budgets, MCE determines targeted additions to Reserves. Staff will carefully monitor MCE's liquidity to ensure it meets the objectives of the organization with the goal of securing 240 days liquidity on hand¹. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE activities or the acquisition of generating assets.

¹ Days liquidity on hand = unrestricted cash and investments x 365 / (operating expenses + cost of energy, each for the current fiscal year)



Policy 015: Energy Risk Management Policy

Version: 2.0
Approval Date: 05/02/2019

Energy Risk Management Policy

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Energy Risk Management Policy

1.0 General Provisions

1.1 Background and Purpose of Policy

Marin Clean Energy's (MCE) mission is to address climate change by reducing energy-related greenhouse gas emissions through the use of renewable energy supply and energy efficiency programs at stable and competitive rates for customers while providing local economic and workforce benefits.

This Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations.

This Policy defines MCE's general energy risk management framework and provides management with the authority to establish processes for monitoring, measuring, reporting, and controlling market and credit risks to which MCE is exposed in its normal course of business.

1.2 Scope of Business and Related Market Risks

MCE provides energy to retail customers in its service territory that entails business activities such as; bilateral purchases and sales of electricity under short, medium and long term contracts; scheduling of load and generation of electricity into California Independent Systems Operator (CAISO) markets; retail marketing of electricity to consumers within its service territory; compliance with voluntary objectives and regulatory requirements as it relates to carbon free and renewable portfolio standard (RPS) compliant energy; participation in CAISO Congestion Revenue Rights ("CRRs") market; managing the balance of load and generation over short, medium and long term horizons; and compliance with California Public Utilities Commission (CPUC) Resource Adequacy (RA) requirements.

Examples of energy market risks include, but are not limited to, the following:

- Market Price Risk
- Counter party Credit and Performance Risk
- Load and Generation Volumetric Risk
- Operational Risk
- Liquidity Risk
- Regulatory/Legislative Risk

This Policy focuses on the following:

- Risk Management Goals and Principles
- Definitions of Risks
- Internal Control Principles
- Risk Management Business Practices
- Risk Management Governance

This Policy does not address the following types of general business risk, which are treated separately in other official policies, ordinances and regulations of MCE: fire, accident and casualty; health, safety, and

workers' compensation; general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to market risks as herein defined, and not those other categories of risk.

1.3 Policy Administration

This version of the Energy Risk Management Policy adopted by the MCE Board of Directors the 19th day of April, 2018, will be reviewed and updated as needed every two calendar years by the Technical Committee. This Policy may be amended as needed by MCE's Technical Committee.

1.4 Policy Distribution

This Policy shall be distributed to and read by all MCE employees and third-party contractors who are engaged in the planning, procurement, sale and scheduling of electricity on MCE's behalf and/or in other MCE departments providing oversight and support for these activities. All such employees and contractors are required to confirm in writing that they have read and understand the Policy on an annual basis.

2.0 Risk Management Goals

The goals of energy risk management shall be to:

- [1] assist in achieving the business objectives in the Integrated Resource Plan (IRP) and Reserve Policy including retail rate stability and competitiveness and the accumulation of financial reserves;
- [2] avoid losses and excessive costs which would materially impact the financial condition of MCE;
- [3] establish the parameters for energy procurement and sales activity to obtain the best possible price while ensuring compliance with Board-approved risk limits;
- [4] assist in assuring that market activities and transactions are undertaken in compliance with established procurement authorities, applicable laws, regulations and orders; and
- [5] encourage the development and maintenance of a corporate culture at MCE in which the proper balance is struck between control and facilitation and in which professionalism, discipline, technical skills and analytical rigor come together to achieve MCE objectives.

3.0 Risk Management Principles

MCE manages its energy resources and transactions for the purpose of providing its customers with low cost renewable, carbon free and other energy while at the same time minimizing risks. Undue exposure to CAISO or bilateral energy market volatility for the purpose of potentially achieving lower costs but at the risk that costs may, in fact, be much higher, will not be accepted. Procurement and hedging strategy will be determined by analytical methods supplemented by experienced judgement. MCE will use that experienced judgement and its analytical tools to assess system cost drivers such as weather, short term energy prices, load variation and operational constraints to manage timing and quantity of purchases and sales of energy and related services, consistent with the limits identified in this policy. When actions are taken that are consistent with this Policy and for the purpose of the combined goal of low costs and optimized risk, those actions are considered to be consistent with the objectives of this policy. MCE will

not engage in transactions, without proper authorization, whose purpose is not tied to managing costs and risks or are outside of the limits identified in this policy.

4.0 Definitions of Market Risks

The term “market risks,” as used here, refers specifically to those categories of risk which relate to MCE’s participation in wholesale and retail markets as Load Serving Entity (LSE) and its interests in long-term contracts. Market risks include market price risk, counterparty credit and performance risk, load and generation volumetric risk, operational risk, liquidity risk, and regulatory and legislative risk. These categories are defined and explained as follows.

4.1 Market Price Risk

Market Price risk is the risk that wholesale trading positions, long-term supply contracts and generation resources may move “out of the money,” that is, become less valuable in comparison with similar positions, contracts or resources obtainable at present prices. These same positions can also be “in the money” if they become more valuable in comparison to similar positions, contracts or resources obtainable at present market prices. This valuation methodology is commonly referred to as “Mark to Market.” If MCE is “out of the money” on a substantial portion of its contracts, it may have to charge higher retail rates. This may erode MCE’s competitive position and market share if other market participants (e.g., Direct Access providers or PG&E) are able to procure power at a lower cost and offer lower retail electricity rates.

A subcomponent of market price risk is market liquidity. Illiquid markets make it more difficult to buy or sell a commodity and can result in higher premiums on purchases or deeper discounts on sales.

Another dimension of market price risk is congestion risk. Congestion risks arise from the difference between the prices MCE pays the CAISO to schedule its load and the prices MCE receives from the CAISO for energy delivered by MCE’s suppliers.

4.2 Counterparty Credit and Performance Risk

Performance and credit risk refer to the inability or unwillingness of a counter party to perform according to its contractual obligations. Failure to perform may arise if an energy supplier fails to deliver energy as agreed. There are four general performance and credit risk scenarios:

- [1] counterparties and wholesale suppliers may fail to deliver energy or environmental attributes, requiring MCE to purchase replacement product elsewhere, possibly at a higher cost;
- [2] counterparties may fail to take delivery of energy or environmental attributes sold to them, necessitating a quick resale of the product elsewhere, possibly at a lower price;
- [3] counterparties may fail to pay for energy or environmental attributes delivered; and
- [4] counterparties and suppliers may refuse to extend credit to MCE, possibly resulting in higher collateral posting costs impacting MCE’s cash and bank lines of credit.

An important subcategory of credit risk is concentration risk. When a portfolio of positions and resources is concentrated in one or a very few counterparties, sources, or locations, it becomes more likely that

major losses will be sustained in the event of non-performance by a counterparty or supplier or as a result of price fluctuations at one location.

4.3 Load and Generation Volumetric Risk

Energy deliveries must be planned for based upon forecasted load adjusted for distribution line losses. MCE forecasts load over the long and short term and enters into long and short-term fixed price energy contracts to hedge its load consistent with the provisions of its IRP.

Load forecasting risks arises from inaccurate load forecasts and can result in the over or under procurement of energy and/or revenues that deviate from approved budgets. Energy delivery risk occurs if a generator fails to deliver expected or forecast energy. Variations in wind speed and cloud cover can also impact the amount of electricity generated by solar and wind resources, and occasional oversupply of power on the grid can lead to curtailment of energy deliveries or reduce revenue as a result of low or negative prices at energy delivery points. Weather is an important variable that can result in higher or lower electricity usage due to heating and cooling needs.

In the CAISO markets this situation can result in both over supply and undersupply of electricity relative to MCE's load and the over or under scheduling of generation or load into the day ahead market relative to actual energy consumed or delivered in the real time market. Load and generation volumetric risk may result in unanticipated open positions and imbalance energy costs. Imbalance energy costs result from differences in the price or volume of generation or load scheduled into the day ahead market when compared to the price or volume of generation or load occurring in the real time market during that time period.

4.4 Operational Risk

Operational risk consists of the potential for failure to act effectively to plan, execute and control business activities. Operational risk includes the potential for:

[1] organizational structure that is ineffective in addressing risk, i.e., the lack of sufficient authority to make and execute decisions, inadequate supervision, ineffective internal checks and balances, incomplete, inaccurate and untimely forecasts or reporting, failure to separate incompatible functions, etc.;

[2] absence, shortage or loss of key personnel or lack of cross functional training;

[3] lack or failure of facilities, equipment, systems and tools such as computers, software, communications links and data services;

[4] exposure to litigation or sanctions resulting from violating laws and regulations, not meeting contractual obligations, failure to address legal issues and/or receive competent legal advice, not drafting and analyzing contracts effectively, etc.; and

[5] errors or omissions in the conduct of business, including failure to execute transactions, violation of guidelines and directives, etc.

4.5 Liquidity Risk

Liquidity Risk is the risk that MCE will be unable to meet its financial obligations. This can be caused by unexpected financial events and/or inaccurate pro forma calculations, rate analysis, and debt analysis. Some unexpected financial events impacting liquidity could include:

[1] breach of MCE credit covenants or thresholds; MCE has credit covenants included in its banking and several short-term energy contracts. Breach of credit covenants or thresholds could result in the withdrawal of MCE's line of credit or trigger the requirement to post collateral;

[2] contractual requirement to post collateral with counter parties due to a decline in market prices below the contract price; and

[3] from time to time MCE may be the subject of legal or other claims arising from the normal course of business. Payment of a claim by MCE could reduce MCE's liquidity if the cause of loss is not covered by MCE's insurance policies.

4.6 Regulatory/Legislative Risk

Regulatory risk encompasses market structure and operational risks associated with shifting state and federal regulatory policies, rules, and regulations that could negatively impact MCE. An example is the potential increase of exit fees for customers served by Community Choice Aggregators such as MCE that would result in higher electricity rates for MCE's customers.

Legislative risk is associated with actions by federal and state legislative bodies, such as any adverse changes or requirements that may infringe on MCE's autonomy, increase its costs, or otherwise negatively impact MCE's ability to fulfill its mission.

5.0 Internal Control Principles

Internal controls are based on proven principles that meet or exceed the requirements of financial institutions and credit rating agencies and good utility practice. The required controls shall include all customary and usual business practices designed to prevent errors and improprieties, ensure accurate and timely reporting of results of operations and information pertinent to management, and facilitate attainment of business objectives. These controls are currently and shall remain fully integrated into all activities of the business and shall be consistent with stated objectives. There shall be active participation by senior management in risk management processes.

The required controls include the following:

[1] Segregation of duties and functions between front, middle, and back office activities. Generally:

- Front office is responsible for planning (e.g. preparation of the IRP and procurement planning) and procurement, (e.g. solicitation management, contract negotiation, structuring and pricing, contract execution), contract management, compliance, and oversight of scheduling coordinator functions with the CAISO;

- Middle office is responsible for controls and reporting (e.g., risk monitoring, risk measurement, risk reporting, procurement compliance, counterparty credit review, approval and monitoring); and
- Back office is responsible for settlements and processing (e.g., verification, validation, reconciliation and analysis of transactions, tracking, processing, and settlements of transactions).

[2] Delegation of authority that is commensurate with responsibility and capability, and relevant training to ensure adequate knowledge to operate in and comply with rules associated with the markets in which they transact (e.g., CAISO). Contract origination, commercial approval, legal review, invoice validation, and transaction auditing shall be performed by separate staff or contractor for any single transaction. No single staff member shall perform all these functions on any transaction.

[3] Defining authorized products and transactions. Generally:

- Authorized transactions are those transactions directly related to the procurement and/or administration of electric energy, reserve capacity, transmission and distribution service, ancillary services, congestion revenue rights (CRRs), renewable energy, renewable energy credits, scheduling activities, tolling agreements, and bilateral purchases of energy products. All transactions must be consistent with this Policy and the board approved IRP.
- Prohibited transactions are those transactions that are not related to serving retail electric load and/or reducing financial exposure. Speculative buying and selling of energy products or maintenance of open positions that do not conform with the RMC-approved thresholds is prohibited. Speculation is defined as buying energy in excess of forecasted load plus reasonable planning reserves, intentionally under procuring energy relative to minimum load hedging targets or selling energy or environmental attributes that are not yet owned by MCE. In no event shall speculative transactions be permitted. Any financial derivatives transactions including, but not limited to futures, swaps, options, and swaptions are also prohibited unless approved by the Risk Oversight Committee followed by the approval process set forth in MCE's Board Resolution on Delegating Energy Procurement Authorities.

[4] Defining procurement authority as set forth in MCE's Board Resolution on Delegating Energy Procurement Authorities.

[5] Defining proper process for executing power supply contracts. Generally, MCE will ensure power supply contracts are approved by personnel from Procurement/Commercial, Technical, and Credit/Financial prior to execution. Legal review will be required of various forms of agreement. Forms of agreement will be reviewed no less than every six months.

[6] Complete and precise capture of transaction and other data, with standardization of electronic and hard copy documentation.

[7] Meaningful summarization and accurate reporting of transactions and other activity at regular intervals.

[8] Timely and accurate risk and performance measurement at regular intervals.

[9] Regular compliance review to ensure that this Policy and related risk management guidelines are adhered to, with specific guidelines for resolving instances of noncompliance.

[10] Active participation by senior management in risk management processes.

6.0 Risk Management Business Practices

6.1 Risk Measurement Metrics and Reporting

A vital element of this Policy is the regular identification, measurement and communication of risk. To effectively communicate risk, all risk management activities must be monitored on a frequent basis using risk measurement methodologies that quantify the risks associated with MCE's procurement-related business activities and performance relative to goals.

MCE measures and updates its risks using a variety of tools that model programmatic financial projections, market exposure and risk metrics, as well as through short term budget updates. The following items are measured, monitored, and reported:

[1] Mark-to-Market Valuation – marking to market is the process of determining the current value of contracted supply. A mark-to-market valuation shall be performed at least on a quarterly basis.

[2] Exposure Reporting – calculates the notional dollar risk exposure of open portfolio positions at current market prices. The exposure risk calculation shall be performed at least on a quarterly basis.

[3] Open Position Monitoring – on a monthly basis, MCE shall calculate/monitor its open positions for all energy and capacity products. If energy open positions for the month following the then current month (prompt month) exceed 10% of load, MCE will solicit market energy to close open positions and make a commercial decision to close the position. Open positions for terms beyond the prompt month will be monitored monthly and addressed in accordance with MCE's Load and Resource Balance Planning Model (Planning Model) and the IRP.

[4] Counterparty Credit Exposure – calculates the notional and mark-to-market exposure to each MCE counterparty individually by deal and in aggregate by counterparty. Counterparty credit exposure shall be evaluated on a quarterly basis. Counterparty exposure evaluation includes contingent collateral posting risks arising from changes in market prices and other factors.

[5] Reserve Requirement Targets – on no less than an annual basis, MCE staff will monitor MCE's reserves to ensure that they meet the targeted thresholds.

Consistent with the above, the Middle Office will develop reports and provide feedback to the Risk Oversight Committee.

Risk measurement methodologies shall be re-evaluated on a periodic basis to ensure MCE adjusts its methods to reflect the evolving competitive landscape.

6.2 Market Price Risk

MCE manages market price risk using its Load and Resource Balance which defines forecasted load, energy under contract and MCE's open positions in various energy product types including renewable energy

(Product Content Category I, II and III), carbon free energy, system power, and MCE's procurement targets.

MCE determines the quantity of energy it will contract for in each year using its Planning Model. The Planning Model includes an outline of the delivery term and quantity of energy by product type for which MCE will seek to contract in the upcoming year. The Planning Model informs MCE's solicitation planning including solicitation timing and strategy, and person or team responsible for the solicitation.

In general MCE will seek to purchase roughly equal portions of long term renewable energy in each year in order to diversify exposure to market conditions and reduce the risk of concentrating purchases in any one year.

For products generally purchased through short and medium-term contracts MCE follows a similar strategy of diversifying contracting over the delivery horizon.

As predominantly a net buyer, MCE manages its market liquidity risk through purchasing at different intervals as described in the Planning Model and maintaining a diverse set of counterparties to transact with.

Congestion risk is managed through the contracting process with a preference for day ahead scheduling and energy delivery at the NP 15 trading hub and through resource assessment and selection. Once energy is procured MCE manages congestion risks through the prudent management of Congestion Revenue Rights (CRRs) consistent with its Congestions Revenue Rights Risk Management Guidelines. CRRs are financial instruments used to hedge against transmission congestion costs encountered in the CAISO day-ahead market. MCE uses a third-party scheduling coordinator to manage its CRR portfolio. MCE uses CRRs to reduce its exposure to congestion and other CAISO charges, and will not use CRRs for speculative purposes.

6.3 Counter Party Credit and Performance Risk

MCE evaluates and monitors the financial strength of service and energy providers consistent with MCE's Credit Guidelines. Generally, MCE manages its exposure to energy suppliers through a preference for counter parties with Investment Grade Credit ratings as determined by Moody's or Standard and Poor's and through the use of security requirements in the form of cash and letters of credit. MCE measures its mark-to-market counter party credit exposure consistent with industry best practices.

6.4 Load and Generation Volumetric Risk

MCE manages energy delivery risks by ensuring that contracts include appropriate contractual penalties for non-delivery, acquiring energy from a geographically and technologically diverse portfolio of generating assets with a range of generation profiles. In order to ensure energy product targets are achieved, MCE uses 80 to 100 percent of the generator's average annual expected energy for certain variable or as available resources for operating year load and resource planning.

MCE manages load forecasting and related weather risks by contracting with qualified data management and scheduling coordinators who together provide the systems and data necessary to forecast and schedule load using good utility practice.

MCE's load scheduling strategy, as executed by its scheduling coordinator, is captured in its Load Bidding/Scheduling Guidelines. The strategy ensures that price risk in the day ahead and real time CAISO markets is managed effectively and is consistent with good utility practice.

6.5 Operational Risk

Operational risks are managed through:

- Adherence to this Policy and oversight of procurement activity;
- Conformity to Human Resources Policies and Guidelines;
- Staff resources, expertise and/or training reinforcing a culture of compliance;
- Ongoing and timely internal and external audits; and
- Cross-training amongst staff

6.6 Liquidity Risk

MCE manages liquidity risk through adherence to its loan and power purchase agreement credit covenants, limiting commitments to provide security consistent with its Credit Guidelines, ensuring it has adequate loan facilities, prudent cash and investment management, and adherence to its Reserve Policy. MCE monitors its liquidity (defined as unrestricted cash, investments and unused bank lines of credit) no less than weekly. MCE utilizes scenario and sensitivity analyses while preparing budget, rate, and pro forma analyses in order to identify potential financial outcomes and ensure sufficient liquidity under adverse conditions.

6.7 Regulatory/Legislative Risk

MCE manages its regulatory and legislative risk through active participation in working groups and advocacy coalitions such as the California Community Choice Association. MCE regularly participates in regulatory rulemaking proceedings and legislative affairs to protect MCE's interests.

7.0 Risk Management Policy Governance

7.1 MCE Board of Directors

The MCE Board or its delegated subcommittee is responsible for adopting this Policy and reviewing it as needed every two calendar years. The Board also approves MCE's annual budget, contracting authorities and delegate responsibilities for the management of MCE's operations to its CEO and Staff.

7.2 Technical Committee

The Technical Committee is responsible for approval of substantive changes to this Policy as needed every two calendar years, and for initiating and overseeing a review of the implementation of this Policy as it deems necessary. The Technical Committee is responsible for reviewing and approving the Integrated Resource Plan every year, and energy service and supply contracts consistent with MCE Board Resolutions describing contracting authorities.

7.3 Risk Oversight Committee (ROC)

The ROC shall include the following voting members: Chief Executive Officer (CEO), Chief Operating Officer (COO), General Counsel, and Director of Finance, or their designees in case of their absence. The Director of Power Resources and Technical Procurement Advisor shall be non-voting members of the ROC. The CEO shall act as the chair of the ROC.

The ROC shall meet once per calendar quarter, or as otherwise called to order by the CEO. On at least a quarterly basis the Risk Oversight Committee shall provide a report to the Technical Committee regarding its meetings, deliberations, and any other areas of concern. The Director of Finance shall make reports and seek approval for any substantive changes to this Policy from the Technical Committee.

The ROC shall from time to time adopt and bring current risk management guidelines defining in detail the internal controls, strategies and processes for managing market risks incurred through or attendant upon wholesale trading, retail marketing, long-term contracting, CRR trading and load and generation scheduling. The ROC shall specify the categories of transactions permitted and set risk limits for wholesale trading. The ROC shall receive and review information and reports regarding risk management, wholesale trading transactions, the administration of supply contracts.

The ROC shall have direct responsibility for enforcing compliance with this Policy. Any gross violations to this Policy, as determined by the Chair of the ROC, shall be reported to the Technical Committee for appropriate action.



September 18, 2025

TO: MCE Board of Directors

FROM: Maíra Strauss, Vice President of Finance and Treasurer
Efren Oxlaj, Manager of Finance

RE: Final Fiscal Year 2024/25 Financial Audit (Agenda Item #07)

Attachments : A. Baker Tilly Presentation on 2025 Financial Statement Audit Auditor's Report to Governing Body
B. Presentation on MCE's Financial Audit FY 2024/25
C. Reporting and Insights from 2025 Audit: Marin Clean Energy
D. Final Audited Financial Statements FY 2024/25

Dear Board Members:

Background:

MCE's fiscal year (FY) runs from April 1 through March 31. After the fiscal year ends, staff works with an independent audit firm to conduct the annual audit of the financial statements.

Since 2018, Baker Tilly has performed MCE's financial audit in conjunction with staff and MCE's accounting firm, Maher Accountancy. Baker Tilly also works with more than 1,600 utility clients across the nation, ranging from wholesale utility authorities and agencies to developers of renewable energy projects. For the audit of FY 2024/25, staff worked with Baker Tilly representatives, Aaron Worthman (CPA, Principal) and Ryan Theiler (CPA, Manager). Ryan has supported MCE's audits since 2018, while Aaron assumed the role of engagement principal in 2025, consistent with principal rotation requirements.

The audit has concluded, and staff is providing a copy of the final audited financial statements with the auditor's report. The audited financial statements provided are in final format.

An early draft of the audit section titled "Currently Known Facts, Conditions, or Decisions" was presented to the Executive Committee on August 28, 2025, to solicit Board feedback. A summary of the financial results and year over year variance is provided below.

MCE received a clean unmodified opinion report on all dimensions of the audit. Please see attachment C for details.

Summary of Draft Financial Statements

MCE's Final Audited Financial Statements for FY 2024/25 are comprised of the following: Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The first two statements are prepared according to accrual accounting principles (i.e. recognizing revenues and expenses when they are earned or incurred) while the Statement of Cash Flows shows the movement of cash in and out of the agency. Parties interested in MCE's assets and liabilities should focus on the Statement of Net Position, while those interested in understanding the total revenues and expenses for the fiscal year should review the Statement of Revenues, Expenses, and Changes in Net Position. Those interested in cash flow should review the Statement of Cash Flow.

The tables below summarize the key results shown on the two of the three statements described above.

Summary of Statement of Net Position

	FY 2024/25	FY 2023/24
Current assets		
Total current assets	\$497,169,000	\$426,376,000
Noncurrent assets		
Total noncurrent assets	181,885,000	165,656,000
Total Assets	679,053,000	592,032,000
Current Liabilities		
Total Current Liabilities	192,190,000	118,347,000
Deferred Inflows of Resources		
Operating Reserve Fund	70,000,000	70,000,000
Net Position		
Net Investment in Capital Assets	556,000	327,000
Restricted	15,000,000	15,000,000
Unrestricted	401,307,000	388,359,000
Total Net Position	416,863,000	403,686,000

MCE ended the fiscal year with a total net position of \$416.9 million, representing a year over year increase of \$13.2 million or 3.2%. The total net position represents MCE's reserves and is split between cash and cash equivalents, investments purchased per the Board approved policy, and purchases of certificates of deposit. For a more detailed breakdown, please refer to the monthly

Treasurer's Report. Furthermore, there is also \$70 million in deferred revenue which is not included in the total net position, but is in the Operating Reserve Fund. In accordance with MCE's Operating Reserve Fund Policy , MCE intends to recognize this revenue in future years when revenues may be insufficient to cover expenses.

Summary of Statement of Revenues, Expenses, and Changes in Net Position

	FY 2024/25	FY 2023/24
Operating Revenues		
Total Operating Revenues	\$816,225,000	\$767,779,000
Operating Expenses		
Total Operating Expenses	828,392,000	623,657,000
Operating income (loss)	(12,168,000)	144,122,000
Nonoperating Revenues (Expenses)		
Nonoperating Revenues (expenses), net	25,345,000	15,392,000
Change in Net Position	13,178,000	159,514,000
Net Position at beginning of year	403,686,000	244,172,000
Net Position at end of year	416,863,000	403,686,000

Operating revenues increased 6.3% year over year, driven primarily by sales of electricity. Operating expenses rose 33% , resulting in an operating loss of \$12.2 million. Operating expenses included \$768.5 million in cost of energy. This reflects higher prices for renewables and resource adequacy, most of which were anticipated and incorporated into the budget. Actual costs still represented a significant year over year increase. A breakdown of the cost of energy is provided below.

Cost of Energy Breakdown

	FY 2024/25	FY 2023/24	Variance \$	Variance %
Energy Contracts	\$ 573,978,000	\$ 415,912,000	\$ 158,066,000	38%
Resource Adequacy	145,815,000	102,607,000	43,208,000	42%
Net CAISO Costs	48,726,000	52,885,000	(4,159,000)	-8%
Total	768,519,000	571,404,000	197,115,000	34%

Energy contracts account for \$574.0 million of the total cost of energy and saw a year over year increase of \$158.0 million or 38%. Energy contracts include market hedges, Portfolio Content Category 1 (PCC1) renewable energy agreements, and carbon-free energy from large hydroelectric or asset-controlling supplier deals. A breakdown of these contracts shows that **PCC1** renewable energy largely contributed to the rise in costs observed.

Energy Contracts Breakdown

	FY 2024/25	FY 2023/24	Variance \$	Variance %
Renewable	\$ 266,760,000	\$ 136,067,000	\$ 130,693,000	96%
Hedge Contracts	287,892,000	270,772,000	17,120,000	6%
Carbon Free - Large Hydro/ACS	19,326,000	9,074,000	10,252,000	113%
Subtotal	573,978,000	415,913,000	158,065,000	38%

The agency incurred \$266.8 million in expenses for renewable energy representing a year over year increase of \$130.7 million or 96%. Prices for renewable energy spiked to \$90/MWh in calendar year 2024, nearly five times higher than prices in January 2023. The elevated prices occurred at the same time MCE, and all other California load-serving entities were required to add new renewable energy resources mandated by the California Public Utilities Commission under the "Mid-Term Reliability" (MTR) proceeding. This regulatory mandate increased demand, reduced available supply, and dramatically increased prices being charged by sellers. Some of the purchases made during that time are captured here. Additionally, one of the renewable energy contracts delivered energy significantly earlier than expected in the calendar year, shifting \$36.4 million in costs into FY 2024/25 that had originally been planned for the following fiscal year. Costs for **market hedges** were higher by \$17.1 million year over year or 6%. These are short term contracts hedge the market price risk underlying MCE's index-priced renewable energy and carbon-free contracts.

Carbon-free energy from large hydroelectric and asset controlling supplier deals also increased year over year. Costs for these products were up \$10.3 million or 113%. Prices for these products rose due to increased demand from load-serving entities in California and Pacific Northwest. The Pacific Northwest's ambitious clean energy targets have intensified competition among buyers, further driving up costs. The limited supply and challenges in building more hydroelectric power facilities further contributed to the increase. Finally, the prices of these products are positively correlated with those of renewable energy. As renewable prices rise, the cost of carbon-free hydroelectric power also tends to increase.

In addition to energy contracts, **resource adequacy** costs represented the second most significant factor in the rise in cost of energy. These costs totaled \$145.8 million, an increase of \$43.2 million or 42%. Costs for RA remain elevated due to a combination of limited supply and increased demand. This can in part be attributed to regulatory requirements such as increased planning reserve margins, the shift to a Slice-of-Day accounting framework, and in some instances, the need to procure RA with particular attributes which come at a premium (for example, imports). In contrast, **Net CAISO Costs** increased by approximately \$4.1 million year over year or 8%.

Despite the significant rise in cost of energy, MCE ended the fiscal year with a positive change in net position of \$13.2 million reflective of strong non-operating revenues driven by income from prudent investments in fixed income securities, certificates of deposits, and interest from high yield savings accounts.

Recommendation: Discussion item only.



Marin Clean Energy

2025 Financial Statement Audit Auditor's Report to Governing Body

September 18, 2025



AGENDA

- **Audit Results**
- **Required Communication to Governing Body**
- **Impact of Future Standards**
- **Discussion**

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the basic financial statements, whether due to fraud or error. Included in that assessment is a consideration of MCE's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the basic financial statements prepared by management, with the oversight of the Board of Directors:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Our audit of the basic financial statements does not relieve management or the Board of Directors of their responsibilities.

Planned scope and timing

- Audit focus
- Based on our understanding of MCE and the environment in which you operate, we focused our audit on the following key areas:
 - Key transaction cycles
 - Areas with significant estimates
 - Implementation of new accounting standards including GASB 101 – *Compensated Absences*
- Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about MCE's current year results.



Key areas of focus and significant findings

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Net position calculations	Financial reporting and required disclosures



Audit approach and results

Audit performed in accordance with *Generally Accepted Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of MCE received an *Unmodified Opinion*

There were no material weaknesses or significant deficiencies in controls

Auditor communication to those charged with governance

**Auditor
responsibility &
independence**

**Board
responsibility**

**Accounting
policies and
estimates**

**Baker Tilly agrees with MCE's
accounting policies and disclosures**

**There was no
adjustment to the
financial statements**

No other audit findings or concerns

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts You	Effective Date
102	Certain Risk Disclosures	✓	3/31/2026
103	Financial Reporting Model Improvements	✓	3/31/2027
104	Disclosure of certain capital assets	✓	3/31/2027



Discussion...



Client Service Team



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Senior Manager

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MCE's Financial Audit FY 2024/25

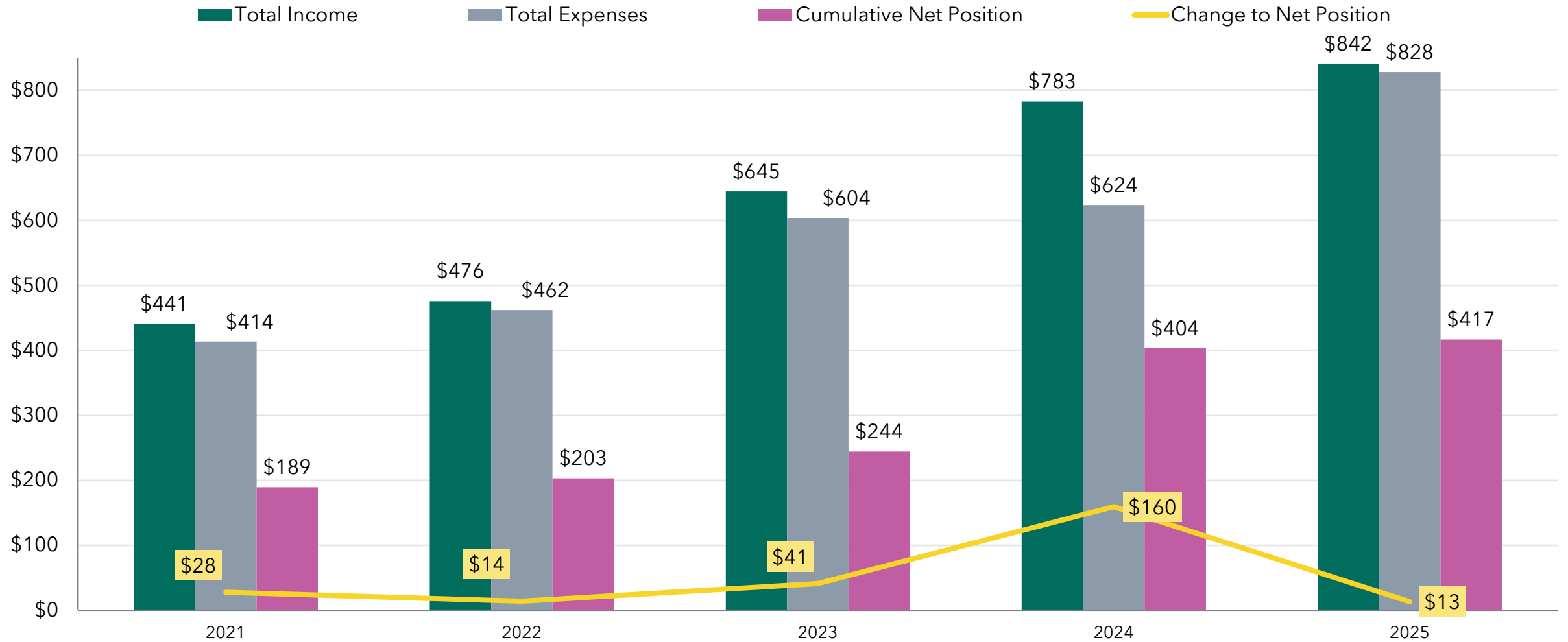
MCE Board of Directors
September 18, 2025



FY 2024/2025 Results Summary

- Total income: **\$841,579,000**
- Total Expenses: **\$828,401,000**
- Change in Net Position: **\$13,178,000**
- Operating Reserve Fund: **\$70,000,000**

MCE Financial Results



MCE Financial Results

	FY2024/25	FY2023/24
Operating Revenues		
Total Operating Revenues	\$ 816,225,000	\$ 767,779,000
Operating Expenses		
Total Operating Expenses	828,392,000	623,657,000
Operating income (loss)	(12,168,000)	144,122,000
Nonoperating Revenues (Expenses)		
Nonoperating Revenues (expenses), net	25,345,000	15,392,000
Change in Net Position	13,178,000	159,514,000
Net Position at beginning of year	403,686,000	244,172,000
Net Position at end of year	416,863,000	403,686,000

MCE Net Position

	FY2024/25	FY2023/24
Current assets		
Total current assets	\$ 497,169,000	\$ 426,376,000
Noncurrent assets		
Total noncurrent assets	181,885,000	164,656,000
Total Assets	679,053,000	592,032,000
Current Liabilities		
Total Current Liabilities	192,190,000	118,347,000
Deferred Inflows of Resources		
Operating Reserve Fund	70,000,000	70,000,000
Net Position		
Net Investment in Capital Assets	556,000	327,000
Unrestricted	401,307,000	388,359,000
Total Net Position	416,863,000	403,685,000

Thank you!



mceCleanEnergy.org
info@mceCleanEnergy.org



Reporting and insights from fiscal year 2025 audit:

Marin Clean Energy

March 31, 2025

Executive summary

September 10, 2025

To the Board of Directors
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

We have completed our audit of the financial statements of Marin Clean Energy (MCE) for the year ended March 31, 2025 and have issued our report thereon dated September 10, 2025. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas MCE should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Principal: Aaron.Worthman@bakertilly.com or +1 (512) 975 7281
- Ryan Theiler, Senior Manager: Ryan.Theiler@bakertilly.com or +1 (608) 240 2571

Sincerely,

Baker Tilly US, LLP



Aaron Worthman, CPA
Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE and IF APPROPRIATE, MANAGEMENT and IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED COPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the MCE's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including: Internal control matters

- Qualitative aspects of MCE's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the MCE and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about MCE's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on nonfinancial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered MCE's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of MCE's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Prior year control points

The section below outlines the significant deficiency which was identified during the March 31, 2024 financial audit as well as a status update for the March 31, 2025 financial audit.

March 31, 2024 Significant Deficiency: A properly designed system of internal control includes the review of financial statements by an appropriate person who is not the original preparer. Management has procedures in place where analytics are performed as part of the review of the draft financial statements. However, one significant adjusting audit entry was identified as part of the audit. It should be noted that the audit entry was related to an estimate and that the amount originally recorded was conservative. This indicates a control deficiency related to the analytics performed and review of the financial statements prepared by Marin Clean Energy as part of the normal process the control in place did not detect the error. Therefore, we are reporting a significant deficiency related to the review of draft financial statements.

March 31, 2024 Recommendation: We recommend Marin Clean Energy review the current controls in place to determine if additional controls should be implemented.

March 31, 2024 Management's Response: Management believes that this error was an isolated failure in the existing review process and not a systemic deficiency. However, management will implement a tertiary review of material estimates.

March 31, 2025 Status: As part of our testing of accounting estimates, we noted MCE has implemented processes and controls surrounding the development and evaluation of its estimates. Specifically, we reviewed the allowance for doubtful accounts in detail and found the estimate to be reasonable based on MCE's historical collection data and current trends. We are pleased to report the significant deficiency identified in the March 31, 2024 audit has been remediated.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by MCE are described in Note 1 to the financial statements. As described in Note 1, MCE changed accounting policies related to compensated absences by adopting GASB Statement No. 101, *Compensated Absences*, in fiscal year 2025. MCE did not restate fiscal year 2024 for this change as the impact was not material. We noted no transactions entered into by MCE during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Unbilled revenue	Evaluation of the T+12 data that is submitted to CAISO	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates or to the significant assumptions used to develop the estimates noted above

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for MCE or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. There were no misstatements identified.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MCE's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any noncompliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of MCE's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and MCE that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with MEC's related parties.

Other matter

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance, with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

Management representation letter



September 10, 2025

Baker Tilly US, LLP
4807 Innovation Lane
P.O. Box 7398
Madison WI 53711

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of Marin Clean Energy (MCE) as of March 31, 2025 and 2024 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of MCE and the respective changes in financial position and cash flows in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 14, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of MCE required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) There are no known or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 9) Guarantees, whether written or oral, under which MCE is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators or others.
- 14) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse, whose effects should be considered when preparing financial statements.
- 15) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

Other

- 16) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in, financial reporting practices.
- 17) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 18) MCE has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.
- 19) We are responsible for compliance with federal, state and local laws, regulations and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data

significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

20) There are no:

- a) Violations or possible violations of budget ordinances, federal, state and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
- b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
- c) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

21) MCE has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

22) MCE has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

23) The financial statements include all component units as well as joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.

24) The financial statements properly classify all funds and activities.

25) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

26) MCE has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

27) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

28) Deposits and investments are properly classified, valued and disclosed (including risk disclosures, collateralization agreements, valuation methods and key inputs, as applicable).

- 29) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 30) The auditing standards define an annual report as "a document or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.
- 31) The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB Statement No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.
- 32) We have appropriately disclosed MCE's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.
- 33) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 34) We have previously implemented GASB Statement No. 87, *Leases* and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 35) We have identified any leases or other contracts that are required to be reported as leases and are in agreement with the key assumptions used in the measurement of any lease related assets, liabilities or deferred inflows of resources.
- 36) We have assessed the impact of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and determined the impact of the statements to be immaterial.

- 37) We have implemented GASB Statement No. 101, *Compensated Absences* and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 38) As a member of California Community Choice Financing Authority (CCCFA), MCE does not have an obligation for CCCFA's outstanding debt.
- 39) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB Statement No. 72– *Fair Value Measurement*. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
- 40) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

Signed: Maira Strauss

Maira Strauss, Vice President of Finance

Signed: Vicken Kasarjian

Vicken Kasarjian, Chief Operating Officer

Client service team



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Accounting changes relevant to Marin Clean Energy

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
102	Certain Risk Disclosures	✓	3/31/2026
103	Financial Reporting Model Improvements	✓	3/31/2027
104	Disclosure of certain capital assets	✓	3/31/2027

Further information on upcoming [GASB pronouncements](#).

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

- (a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources—for example, a small number of companies that represent a majority of employment in a government's jurisdiction or a government that relies on one revenue source for most of its revenue.
- (b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority—such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government's ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- (a) The concentration or constraint is *known* to the government prior to issuing the financial statements.
- (b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- (c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis - While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions or conditions expected to have a significant financial effect in the subsequent period.
- Unusual or infrequent items (previously known as extraordinary and special items) - The new Statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent or both.
- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position - The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.
- Major component unit information and Budgetary comparison information - Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

- (a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately and by major class of underlying asset. In addition, if there are any other intangible assets reported they should also be disclosed separately.
- (b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures it is important to plan ahead to ensure the required information is available for implementation.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies and the related business risks that may result in material misstatements.
- d. We anticipate that the MCE will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters or in response to previous communications with us.

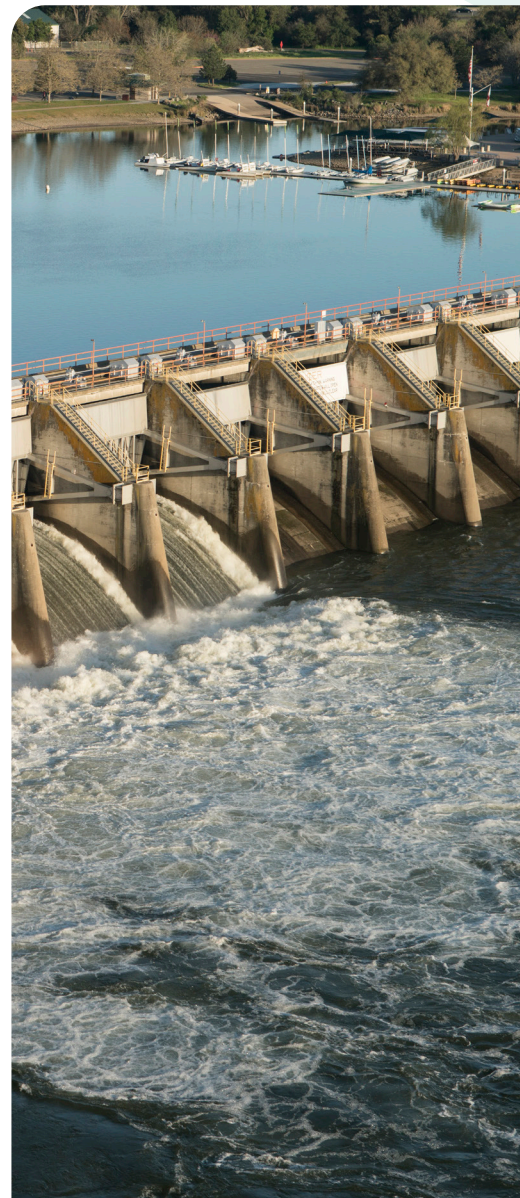
With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of January-March and sometimes early in April. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.



Financial Statements



Years ended March 31, 2025 & 2024
with Report of Independent Auditors

mceCleanEnergy.org

MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2025 AND 2024
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Independent Auditors' Report

To the Board of Directors of
Marin Clean Energy

Opinion

We have audited the accompanying financial statements of Marin Clean Energy (MCE), as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise MCE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of MCE as of March 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MCE's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
September 10, 2025

MARIN CLEAN ENERGY

MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED MARCH 31, 2025 AND 2024

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Marin Clean Energy's (MCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of MCE's finances.

If you have questions about this report or require further information, please contact MCE at finance@mceCleanEnergy.org.

Overview of the Financial Statements

MCE's financial report contains basic financial statements, which include:

- The *Statements of Net Position* include all of MCE's assets, liabilities, deferred inflows of resources and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE's revenue and expenses for the years shown.
- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.
- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2025 AND 2024

(Continued)

Financial Summary

MCE's Net Position

	2025	2024	2023
Current assets	\$ 497,168,716	\$ 426,376,427	\$ 287,116,314
Noncurrent assets			
Capital assets, net	555,816	863,432	1,818,709
Other noncurrent assets	181,328,849	164,792,317	75,742,193
Total noncurrent assets	181,884,665	165,655,749	77,560,902
Total assets	679,053,381	592,032,176	364,677,216
Current liabilities	192,190,329	118,346,661	89,968,725
Noncurrent liabilities	-	-	536,645
Total liabilities	192,190,329	118,346,661	90,505,370
Deferred inflows of resources	70,000,000	70,000,000	30,000,000
Net position:			
Net investment in capital assets	555,816	326,788	508,444
Restricted	15,000,000	15,000,000	-
Unrestricted	401,307,236	388,358,727	243,663,402
Total net position	\$ 416,863,052	\$ 403,685,515	\$ 244,171,846

As of March 31, 2025, MCE's total net position was approximately \$417,000,000, an increase of \$13,000,000 or 3% as compared to March 31, 2024. Most of the increase in net position was a result of MCE's increase in nonoperating revenues discussed below.

MCE's Changes in Net Position

	2025	2024	2023
Operating revenues	\$ 816,224,799	\$ 767,779,391	\$ 636,588,526
Nonoperating revenues	25,354,208	15,420,160	8,233,905
Total income	841,579,007	783,199,551	644,822,431
Operating expenses	828,392,314	623,657,258	603,621,093
Nonoperating expenses	9,156	28,624	236,468
Total expenses	828,401,470	623,685,882	603,857,561
Change in net position	\$ 13,177,537	\$ 159,513,669	\$ 40,964,870

Increases in operating income were driven by increases in both the price and volume of energy delivered. The cost of electricity, a component of operating expenses, increased each year due to market price increases for renewable energy and resource adequacy.

**MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2025 AND 2024**

(Continued)

Detailed Analysis

Current assets increased from \$426,000,000 at the end of fiscal year 2024 to \$497,000,000 at the end of fiscal year 2025. This increase was due to a small operating surplus as well as the timing of receipt and payment of operating revenues and expenses, respectively. Current assets at the end of fiscal year 2025 were primarily comprised of cash and investments of \$350,000,000, accounts receivable of \$64,000,000, and accrued revenue of \$32,000,000.

Capital and lease assets are reported net of depreciation and amortization. Each year, the change is principally due to capital asset acquisitions, less depreciation and amortization expense. Capital assets include leasehold improvements, furniture and equipment, and a lease asset related to MCE's office premises.

Other noncurrent assets include investments of \$166,000,000 and \$150,000,000 at the end of fiscal years 2025 and 2024, respectively.

The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by MCE at the end of the fiscal year. Current liabilities for the cost of energy increased each year due to changes in payment terms of certain energy products, quantities purchased, as well as the prices of those products. Accrued cost of electricity was approximately \$158,000,000 and \$68,000,000 at the end of fiscal years 2025 and 2024, respectively. The increase in the cost of electricity was the result of market price increases for renewable energy and resource adequacy resulting from constrained supplies.

Operating revenues increased each year from fiscal years 2023 to 2025, primarily from territory expansions and increases in rates charged to customers. MCE also receives revenue from sources other than retail customer sales. These sources include liquidated damages revenue resulting from electricity suppliers' noncompliance with contract provisions and from grant income used to assist with various customer programs.

Operating expenses increased each year, primarily due to market forces that affect the cost of electricity, MCE's largest expense. MCE procures energy from a variety of sources to reduce market risk and to maintain a balanced renewable power portfolio. The primary reason for the increase in energy costs was the rising costs in the resource adequacy market and the timing and pricing of certain contracts that were executed to comply with the State's Renewable Portfolio Standards (RPS) through acquisition of Renewable Energy Certificates (RECs).

**MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2025 AND 2024**

(Continued)

Detailed Analysis (continued)

The table below summarizes the year-over-year change in MCE's main cost of energy categories.

	<u>2025</u>	<u>2024</u>	<u>Variance \$</u>	<u>Variance %</u>
Energy Contracts	\$ 626,255,000	\$ 468,797,000	\$ 157,458,000	34%
Resource Adequacy	142,264,000	102,607,000	39,657,000	39%
Total	<u>\$ 768,519,000</u>	<u>\$ 571,404,000</u>	<u>\$ 197,115,000</u>	34%

Energy contracts include PCC1 renewable energy agreements, non-renewable energy agreements, large hydro or asset-controlling supplier deals, and CAISO settlement costs.

Significant Capital Asset and Long-Term Financing Activity

MCE does not own assets used for electric generation or distribution. Included in capital assets are office equipment, such as computers, furniture, leasehold improvements and a leased asset.

Assets that are leased by MCE, such as office premises, are recorded in the Statement of Net Position with a related liability for future obligations.

MCE does not have any outstanding financing debt. MCE has a revolving credit agreement with Royal Bank of Canada with a credit line of \$60 million that is effective until May 2026.

Currently Known Facts, Decisions, or Conditions

MCE signs renewable energy agreements, procures electricity and electrical capacity and signs other power purchase agreements to comply with state law and elevated voluntary targets for renewable and greenhouse gas-free products as described in its Integrated Resource Plan. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities ("LSEs"), such as MCE, to gradually increase the amount of renewable energy they procure for their customers.

As of March 31, 2025, MCE has executed RPS contracts of ten years or more in duration that are projected to meet MCE's Senate Bill 350 long-term contracting requirements. Additionally, MCE is planning to continue its long-term RPS procurement as opportunities arise. MCE manages risks associated with these commitments by aligning purchase commitments with expected demand for electricity from diverse technologies, geographical locations, and suppliers. Expected obligations under power purchase agreements totaled approximately \$5.9 billion as of March 31, 2025 and \$5.5 billion as of March 31, 2024.

**MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2025 AND 2024**

(Continued)

Currently Known Facts, Decisions, or Conditions (continued)

MCE, like other load serving entities across the state, continues to face regulatory mandates, limited inventory of available projects, supply chain disruptions, and interconnection delays that increase the costs and availability of necessary generation assets. MCE will continue to examine these risks and develop strategies to hedge and mitigate them. Additionally, renewable energy prices saw increased volatility during Fiscal Year 2024/25 and reached record high prices in late 2024. Although prices have come down since then, Fiscal Year 2024/25 captures a significant portion of the elevated prices for renewables. The elevated prices occurred at the same time MCE and all other California load-serving entities were required to add new renewable energy resources mandated by the California Public Utilities Commission under the "Mid-Term Reliability" (MTR) proceeding. This regulatory mandate increased demand, reduced available supply, and dramatically increased prices being charged by sellers.

Despite the increases in prices for energy products, MCE remains in a strong financial position with a stable customer base. During Fiscal Year 2024/25, S&P Global Rating reaffirmed MCE's A issuer credit rating with a stable outlook highlighting the agency's strong liquidity balance and robust carbon-free energy portfolio. In addition, Fitch Ratings upgraded MCE's credit rating from BBB- to A-, also with a stable outlook, citing the agency's growing reserves and stable customer base as the main drivers for the upgrade. Both ratings reflect MCE's sound financial management and fiscal policies, putting the agency in a favorable position to access capital markets should the need arise.

Furthermore, MCE has begun evaluation opportunities to implement a Remedial Action Scheme (RAS) to mitigate curtailment at a solar project in the Central Valley. Curtailment is common across projects in this part of California due to a broader need for transmission uprates and upgrades. The RAS is a software-based solution that doesn't require heavy infrastructure investment and is easier to implement and maintain than a new transmission infrastructure. Implementing the RAS could potentially decrease the energy costs currently being incurred by the project facing curtailment. MCE is working with the California Independent System Operator and Pacific Gas & Electric Company (PG&E) to design a RAS solution that meets the agency's goals. MCE could potentially own and use the RAS subject to negotiations and regulatory considerations.

MCE started serving the City of Hercules in April 2025. The city added approximately 10,000 additional customer accounts, bringing the total customer count to approximately 600,000.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	\$ 189,331,563	\$ 156,027,404
Accounts receivable, net of allowance	63,716,419	61,447,640
Accrued revenue	32,246,942	31,912,468
Other receivables	22,849,094	5,822,709
Prepaid expenses	2,372,584	972,203
Cash and cash equivalents - restricted for grant purposes	22,294,426	40,322,101
Investments	138,291,067	115,763,550
Deposits	26,066,621	14,108,352
Total current assets	<u>497,168,716</u>	<u>426,376,427</u>
Noncurrent assets		
Cash and cash equivalents - restricted	15,000,000	15,000,000
Investments	166,170,227	149,588,819
Capital assets, net of depreciation and amortization	555,816	863,432
Deposits	158,622	203,498
Total noncurrent assets	<u>181,884,665</u>	<u>165,655,749</u>
Total assets	<u>679,053,381</u>	<u>592,032,176</u>
LIABILITIES		
Current liabilities		
Accrued cost of electricity	158,422,801	67,950,289
Accounts payable	3,980,165	4,552,442
Other accrued liabilities	5,353,759	2,713,413
User taxes and energy surcharges due to other governments	1,282,378	1,288,372
Security deposits - energy suppliers	856,800	983,400
Lease liabilities	-	536,644
Advances from grantors	22,294,426	40,322,101
Total current liabilities	<u>192,190,329</u>	<u>118,346,661</u>
DEFERRED INFLOWS OF RESOURCES		
Operating Reserve Fund	<u>70,000,000</u>	<u>70,000,000</u>
NET POSITION		
Net position		
Net investment in capital assets	555,816	326,788
Restricted	15,000,000	15,000,000
Unrestricted	401,307,236	388,358,727
Total net position	<u>\$ 416,863,052</u>	<u>\$ 403,685,515</u>

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Electricity sales, net	\$ 801,542,634	770,344,682
Rate stabilization	-	(40,000,000)
Grant revenue	14,393,254	11,360,450
Other revenue	288,911	26,074,259
Total operating revenues	816,224,799	767,779,391
OPERATING EXPENSES		
Cost of electricity	768,519,084	571,404,901
Contract services	22,184,759	21,157,869
Staff compensation	24,719,274	20,936,409
Other operating expenses	12,336,595	9,202,801
Depreciation and amortization	632,602	955,278
Total operating expenses	828,392,314	623,657,258
Operating income (loss)	(12,167,515)	144,122,133
NONOPERATING REVENUES (EXPENSES)		
Investment income	25,354,208	15,420,160
Finance costs	(9,156)	(28,624)
Nonoperating revenues (expenses), net	25,345,052	15,391,536
CHANGE IN NET POSITION	13,177,537	159,513,669
Net position at beginning of year	403,685,515	244,171,846
Net position at end of year	\$ 416,863,052	403,685,515

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 811,751,482	787,253,332
Receipts from grantors	12,584,238	17,492,976
Receipts of security deposits	4,118,400	735,000
Other operating receipts	61,191	26,038,569
Payments to suppliers for electricity and collateral	(705,397,207)	(550,128,341)
Payments for other goods and services	(35,595,730)	(32,226,533)
Payments for deposits and collateral	(21,226,265)	-
Payments for staff compensation	(22,614,450)	(20,341,996)
Payments of taxes and surcharges to other governments	(12,818,095)	(14,511,047)
Net cash provided by operating activities	<u>30,863,564</u>	<u>214,311,960</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Finance costs paid	<u>-</u>	<u>(44,501)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of lease liabilities	(545,801)	(802,244)
Payments to acquire capital assets	<u>(324,986)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(870,787)</u>	<u>(802,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	16,641,296	13,175,360
Proceeds from sales and maturities of investments	47,017,973	67,390,731
Purchase of investments	<u>(78,375,562)</u>	<u>(219,813,011)</u>
Net cash used by investing activities	<u>(14,716,293)</u>	<u>(139,246,920)</u>
Net change in cash and cash equivalents	15,276,484	74,218,295
Cash and cash equivalents at beginning of year	<u>211,349,505</u>	<u>137,131,210</u>
Cash and cash equivalents at end of year	<u><u>\$ 226,625,989</u></u>	<u><u>211,349,505</u></u>
Reconciliation to the Statement of Net Position		
Current assets		
Cash and cash equivalents - unrestricted	\$ 189,331,563	\$ 156,027,404
Cash, current - restricted	22,294,426	40,322,101
Cash, noncurrent - restricted	<u>15,000,000</u>	<u>15,000,000</u>
Cash and cash equivalents	<u><u>\$ 226,625,989</u></u>	<u><u>\$ 211,349,505</u></u>
NONCASH INVESTING ACTIVITIES:		
Change in fair value of investments	\$ 8,712,912	\$ 2,244,800

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2025 AND 2024 (CONTINUED)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2025</u>	<u>2024</u>
Operating income (loss)	\$ (12,167,515)	\$ 144,122,133
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization expense	632,602	955,278
(Increase) decrease in:		
Accounts receivable, net	(2,268,779)	4,953,833
Accrued revenue	(334,474)	(732,021)
Other receivables	(16,944,778)	(905,999)
Prepaid expenses	(1,400,381)	(320,893)
Deposits	(11,033,423)	(2,419,783)
Increase (decrease) in:		
Accrued cost of electricity	90,472,512	22,146,866
Accounts payable	(572,277)	525,110
Other accrued liabilities	2,640,346	867,491
User taxes and energy surcharges due to other governments	(5,994)	(1,824,209)
Security deposits - energy suppliers	(126,600)	405,000
Operating Reserve Fund	-	40,000,000
Advances from grantors	(18,027,675)	6,539,154
Net cash provided by operating activities	<u>\$ 30,863,564</u>	<u>214,311,960</u>

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2025, the parties to its Joint Powers Agreement consist of the following local governments:

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

MCE is separate from and derives no financial support from its members. MCE is governed by a Board of Directors whose membership is composed of elected officials representing one or more of the parties.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REPORTING ENTITY (continued)

MCE's mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating an equitable community. MCE provides electricity to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2.

Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company. MCE administers energy efficiency programs that support the development, coordination, and implementation of energy efficiency projects in and around MCE's service area. The funding for energy efficiency programs is provided by ratepayers and regulated by the California Public Utilities Commission.

BASIS OF ACCOUNTING

MCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

MCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for use, it is MCE's policy to use restricted resources first, then unrestricted resources as they are needed.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, MCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. The Statement of Net Position presents restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes funding advanced from grantors and reserves required by MCE's line of credit agreement.

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities except for certificates of deposits which are stated at cost. MCE intends to hold its securities to maturity. Investments with a maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statement of Net Position.

MCE's Investment Policy permits the following types of investments:

- Local Agency Investment Fund (LAIF)
- United States Treasury obligations
- Federal agency securities
- Commercial paper
- Certificates of deposits
- Money market funds
- Municipal securities
- Corporate bonds
- Collateralized mortgage obligations
- Supranationals

OTHER RECEIVABLES

At March 31, 2025 and 2024, the balance of other receivables totaled approximately \$22,849,000 and 5,823,000, respectively. These amounts primarily consist of receivables related to the resale of excess energy purchased, anticipated refunds from suppliers due to overpayments, and accrued investment income. These receivables are expected to be collected within the next fiscal year and are considered fully collectible.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require MCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

LEASE ASSETS AND LEASE LIABILITIES

MCE recognizes an asset and liability when it enters into certain leasing arrangements. The cost of the leased asset is amortized over the term of the leases. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. MCE's leased asset and liability are related to its office lease that expired in March 2025.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment valued over \$5,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, seven years for furniture, and ten years for leasehold improvements. MCE does not own any electric generation, transmission, or distribution assets.

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts require the supplier to provide MCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent, depending on the length of the time the deposits will be held.

ADVANCES FROM GRANTORS

MCE received grant funding from various grantors. The amount in this category represents funds received by MCE but not yet expended to carry out specific goals. See Note 7 for additional information related to grants administered by MCE.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING RESERVE FUND

In March 2020, MCE created an Operating Reserve Fund (ORF) to allow MCE to defer revenue in years when financial results are strong for use in future years when financial results may decline. MCE's ORF Policy allows a deferral of revenues into the ORF when the increase in net position are projected to exceed 5% of total revenues in a fiscal year. The ORF Policy has a targeted maximum balance of 10% of the total revenues in the current fiscal year. In accordance with GASB Statement No. 62, the amount deposited into the fund is shown as a reduction in operating revenues and reported on the statements of net position as a deferred inflow of resources. Transfers to this fund were \$0 and \$40,000,000 in fiscal years 2025 and 2024, respectively.

NET POSITION

Net position is presented in the following components:

Net Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of restraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definitions of "net investment in capital assets" or "restricted."

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING REVENUE

Operating revenues include energy sales to retail and wholesale customers, grant revenue earned from the delivery of program activities, and liquidated damages from suppliers that fail to meet delivery commitments. Operating revenues also include contributions to and distributions from the Operating Reserve Fund.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues.”

REVENUE RECOGNITION

MCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. Revenue is presented net of estimated uncollectible amounts.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity and services, administrative expenses, and amortization and depreciation of capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

COST OF ELECTRICITY

During the normal course of business MCE purchases electrical power from numerous suppliers. Electricity costs include the cost of electricity and generation capacity arising from bilateral contracts with energy suppliers and for generation credits, load and other charges arising from MCE’s participation in the California Independent System Operator’s (CAISO) centralized market. The cost of electricity and capacity is recognized as “Cost of Electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

COST OF ELECTRICITY (CONTINUED)

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, MCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. MCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier. MCE purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program.

MCE purchases capacity commitments from qualifying electricity generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the electricity grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

MCE pays employees on a semi-monthly basis and fully satisfies its monthly obligations for health benefits and contributions to its defined contribution retirement plan. MCE does not provide post-employment healthcare or other fringe benefits; therefore, no related liability is recorded in these financial statements.

MCE provides compensated absences, including paid time off, which are accrued when earned and recorded as part of accrued liabilities. The liability includes leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The liability is measured using the employee's pay rate as of the financial statement date.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts reported in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. These reclassifications did not result in any changes to previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest-bearing and non-interest-bearing accounts. MCE's deposits are subject to California Government Code Section 16521 which requires banks to provide 110% collateralization on public funds in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. Certain short-term investments with original maturities of less than three months are classified as cash and cash equivalents, which are not subject to the collateral requirement or FDIC coverage previously mentioned. Accordingly, the amount of risk is not disclosed. MCE monitors its risk on an ongoing basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of March 31:

	2025	2024
Accounts receivable from customers	\$ 98,746,419	\$ 95,182,970
Allowance for uncollectible accounts	(35,030,000)	(33,735,330)
Net accounts receivable	<u>\$ 63,716,419</u>	<u>\$ 61,447,640</u>

The majority of account collections occur within the first few months following the issuance of customer invoices. MCE estimates that a portion of the invoiced accounts will not be collected. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to be successful in collecting older accounts.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

4. INVESTMENTS

During the years ended March 31, 2025 and 2024, MCE held investments with original maturities of three months or more. As of March 31, the fair value of investments, except for certificates of deposit which are stated at cost, was as follows:

	<u>2025</u>	<u>2024</u>
Current Investments:		
Asset backed securities	\$ 1,720,609	\$ -
U.S. Treasury securities	12,933,203	14,427,590
Collateralized mortgage obligations	743,359	-
Corporate bonds	-	994,157
Certificates of deposit	122,893,896	100,341,803
Total current investments	<u>\$ 138,291,067</u>	<u>\$ 115,763,550</u>
	<u>2025</u>	<u>2024</u>
Noncurrent Investments:		
Asset backed securities	\$ 19,432,656	\$ 17,183,951
U.S. Treasury securities	65,997,420	59,720,505
Collateralized mortgage obligations	21,333,952	17,118,474
Corporate bonds	48,919,999	39,492,019
Municipal bonds	1,771,864	-
Supranational	8,714,336	4,891,913
Certificates of deposit	-	11,181,957
Total noncurrent investments	<u>\$ 166,170,227</u>	<u>\$ 149,588,819</u>

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into more than one level in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

4. INVESTMENTS (CONTINUED)

As of March 31, 2025 and 2024, MCE's investments are considered Level 1 inputs, except for certificates of deposits, which are based on the nominal value which is materially consistent with fair value. Quoted prices in active markets were used for determining fair value measurement.

CREDIT RISK

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. As of March 31, 2025 and 2024, MCE's investments were rated as follows:

	Standard & Poors	
	2025	2024
Asset backed securities	NR- to AAA	NR- to AAA
Corporate bonds	A- to AAA	A- to AAA
Municipal bonds	AA	-
Supranational	AAA	AAA
Certificates of deposit	NR	NR

MCE's investment policy addresses this risk. MCE's investment policy limits investments to those allowed by Section 53601 of the California Government Code that addresses the risk allowable for each investment.

CUSTODIAL CREDIT RISK – CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Custodial credit risk is the risk that in the event of a financial institution failure, MCE's deposits may not be returned to MCE. MCE's deposits are subject to California Government Code Section 16521, which requires banks to collateralize public funds in excess of the FDIC limit of \$250,000 by 110%.

As of March 31, 2025 and 2024, none of MCE's bank balances are known to be individually exposed to credit risk.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

4. INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK – INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, MCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of MCE's investments are exposed to custodial credit risk.

MCE's investment policy addresses this risk. All investments owned by MCE shall be held in safekeeping by a third-party custodian, acting as an agent for MCE under the terms of a custody agreement.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. MCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of investment maturities as of March 31, 2025:

Investment Type	Fair Value	Investment Maturities	
		Less Than 1 Year	1-5 Years
Asset backed securities	\$ 21,153,265	\$ 1,720,609	\$ 19,432,656
U.S. Treasury securities	78,930,623	12,933,203	65,997,420
Collateralized mortgage obligations	22,077,311	743,359	21,333,952
Corporate bonds	48,919,999	-	48,919,999
Municipal bonds	1,771,864	-	1,771,864
Supranational	8,714,336	-	8,714,336
Certificates of deposit	122,893,896	122,893,896	-
	<u>\$ 304,461,294</u>	<u>\$ 138,291,067</u>	<u>\$ 166,170,227</u>

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

4. INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Following is a summary of investment maturities as of March 31, 2024:

Investment Type	Fair Value	Investment Maturities	
		Less Than 1 Year	1-5 Years
U.S. Treasury securities	\$ 74,148,095	\$ 14,427,590	\$ 59,720,505
Corporate bonds	40,486,176	994,157	39,492,019
Certificates of deposit	111,523,760	100,341,803	11,181,957
Asset backed securities	17,183,951	-	17,183,951
Collateralized mortgage obligations	17,118,474	-	17,118,474
Supranational	4,891,913	-	4,891,913
	<u>\$ 265,352,369</u>	<u>\$ 115,763,550</u>	<u>\$ 149,588,819</u>

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude of MCE's investment in a single issuer. MCE manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on MCE.

As of March 31, 2025 and 2024, MCE's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2025	2024
Federal Home Loan Mortgage Corporation (Freddie Mac)	U.S. agency implicitly guaranteed	7.3%	6.5%

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2025 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	\$ 799,573	\$ -	\$ (15,645)	\$ 783,928
Leasehold improvements	1,072,028	17,742	-	1,089,770
Software	-	307,245	-	307,245
Intangible assets-buildings	2,878,560	-	(2,878,560)	-
Total capital assets being depreciated and amortized:	4,750,161	324,987	(2,894,205)	2,180,943
Less accumulated depreciation and amortization:				
Furniture , equipment and leasehold improvements	(1,486,466)	(148,659)	15,645	(1,619,480)
Software	-	(5,647)	-	(5,647)
Intangible assets-buildings	(2,400,263)	(478,297)	2,878,560	-
Total accumulated depreciation and amortization	(3,886,729)	(632,603)	2,894,205	(1,625,127)
Total capital assets, net of depreciation and amortization	\$ 863,432	\$ (307,616)	\$ -	\$ 555,816

Capital asset activity for the year ended March 31, 2024 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	\$ 864,374	\$ -	\$ (64,801)	\$ 799,573
Leasehold improvements	1,072,028	-	-	1,072,028
Intangible assets-buildings	2,878,560	-	-	2,878,560
Total capital assets being depreciated and amortized:	4,814,962	-	(64,801)	4,750,161
Less accumulated depreciation and amortization:				
Furniture , equipment and leasehold improvements	(1,337,574)	(213,693)	64,801	(1,486,466)
Intangible assets-buildings	(1,658,678)	(741,585)	-	(2,400,263)
Total accumulated depreciation and amortization	(2,996,252)	(955,278)	64,801	(3,886,729)
Total capital assets, net of depreciation and amortization	\$ 1,818,710	\$ (955,278)	\$ -	\$ 863,432

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

6. DEBT

LINE OF CREDIT AND LETTERS OF CREDIT

In May 2023, MCE entered into a revolving credit agreement with Royal Bank of Canada (RBC). The RBC credit line of \$60 million extends to May 2026. The agreement requires MCE to hold \$15,000,000 in an operating reserve account for the duration of the term. This is reported as noncurrent restricted cash on the Statements of Net Position.

MCE had no standby Letters of Credit or amounts outstanding under its lines of credit agreement as of March 31, 2025, and 2024. Any unused balance is subject to a 0.33% fee per annum.

7. GRANTS

MCE administers various grants from the California Public Utilities Commission (CPUC), California Energy Commission, and other sources. Grant revenues are recognized when a corresponding eligible expense is incurred.

The following is a summary of grant revenue for the years ended March 31:

	<u>2025</u>	<u>2024</u>
Operating grants:		
EE	\$ 10,160,223	\$ 9,863,899
DAC	3,555,947	956,203
Other	677,084	540,348
	<u>\$ 14,393,254</u>	<u>\$ 11,360,450</u>

Legend

EE	Energy Efficiency - Public Purpose Program (multiple programs)
DAC	Disadvantaged Community - Green Access

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

8. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. On March 31, 2025 and 2024, MCE had 102 and 91 plan participants, respectively. MCE is required to contribute 10% of covered payroll to the Plan and contributed approximately \$1,679,000 and \$1,520,000 during the years ended March 31, 2025 and 2024, respectively. The Plan includes vesting provisions intended to encourage employee retention. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

9. NONQUALIFIED DEFERRED COMPENSATION PLAN

Marin Clean Energy sponsors a nonqualified deferred compensation plan under Section 457(f) of the Internal Revenue Code for certain eligible employees. The plan is structured as a retention incentive to qualified personnel still employed and is not subject to the contribution limits applicable to qualified plans.

Under the terms of the plan, eligible employees may receive deferred compensation benefits upon meeting specified vesting conditions. The benefits are subject to a substantial risk of forfeiture until the vesting date, at which point the deferred amounts become taxable to the employee.

As of March 31, 2025, the total liability recognized in the statement of net position for the 457(f) plan was \$498,000. There was no liability as of March 31, 2024.

10. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased insurance policies from commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. There were no significant reductions in coverage compared to the prior year. There were no settled claims that exceeded coverage in any of the last three years.

From time to time, MCE may be a party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and MCE's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on MCE's financial position or results of operations.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

10. RISK MANAGEMENT (Continued)

MCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, MCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties. Further information about MCE's energy risk management policy can be found online at https://mcecleanenergy.org/wp-content/uploads/2022/01/Policy_015_MCE_Risk_Management_Policy.pdf.

11. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, MCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

MCE enters into power purchase agreements to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table represents the expected, undiscounted, contractual obligations outstanding as of March 31, 2025:

Year ended March 31,	
2026	\$ 680,000,000
2027	490,000,000
2028	400,000,000
2029	330,000,000
2030	330,000,000
2031-51	3,700,000,000
Total	<u>\$ 5,930,000,000</u>

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

12. LEASES

Lease assets are reported in accordance with Government Accounting Standards Board No. 87 (GASB 87).

PROPERTY LEASE

On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its San Rafael, California office premise. The rental agreement includes an option to renew the lease for five additional years. On December 12, 2017, MCE entered into a 68-month non-cancelable lease for its Concord, California office location. This lease was amended with a new expiration date of December 31, 2024. Rental payments for MCE's office space were \$837,000 and \$767,000 for the fiscal years ended March 31, 2025 and 2024, respectively. As of March 31, 2024, future minimum lease payments under the leases were projected to be \$537,000 principal, \$11,000 interest, for a total of \$548,000. The leases have expired and there are no future minimum lease payments as of March 31, 2025.

STORAGE CONTRACT ARRANGEMENTS

Related to providing electricity to its customers, MCE entered into energy storage agreements. Through these agreements, MCE obtains the right to control certain aspects of the nature and manner and use of the underlying facilities. The monthly payments made by MCE are variable and based on the performance of the underlying assets including the plant's available capacity, operating charging efficiency, and the seller's responsiveness to MCE's charging and discharge instructions. The variable payments under energy storage agreements are recognized as part of the cost of electricity on the Statement of Revenues, Expenses, and Changes in Net Position. Variable payments for the energy storage agreements totaled approximately \$4,260,000 and \$3,053,000 in fiscal years 2025 and 2024, respectively.

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2025 AND 2024

13. JOINT VENTURE

MCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member do not constitute an asset or reserve of that member.

CCCFA issued the following bonds, excluding original issue premiums, which are to be used to finance energy purchases that will be delivered to MCE. No debt, liability, obligation of CCCFA is a debt, liability, or obligation of MCE.

Deal	Date issued	Amount Issued	Outstanding as of March 31, 2024	Outstanding as of March 31, 2025
2021A	November 2021	\$ 602,655,000	\$ 600,655,000	\$ 598,715,000
2023G	December 2023	1,038,285,000	1,038,285,000	1,038,285,000
		<u>\$ 1,640,940,000</u>	<u>\$ 1,638,940,000</u>	<u>\$ 1,637,000,000</u>

MARIN CLEAN ENERGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2025 AND 2024

13. JOINT VENTURE (continued)

MCE will purchase energy from CCCFA in the same manner as they purchase energy from other suppliers. MCE purchased approximately \$69,680,000 and \$31,880,000 from CCCFA during the fiscal years ended March 31, 2025 and 2024, respectively. The outstanding commitments to purchase from CCCFA are included in Note 11.

Each member of CCCFA is responsible for paying an equal portion of CCCFA's general and administrative operating costs as determined CCCFA's governing board. During the fiscal year ended March 31, 2024, MCE contributed approximately \$30,000 to CCCFA to provide for operating expenses. No such payment was required for the year ended March 31, 2025

The financial statements of CCCFA are available online at <http://www.cccfa.org/key-documents.html>.

14. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for fiscal years ending after March 31, 2025:

- No. 102, *Certain Risk Disclosures*,
- No. 103, *Financial Reporting Model Improvements*, and
- No. 104, *Disclosure of Certain Capital Assets*.

Management is evaluating the effect of implementation of these statements.

15. SUBSEQUENT EVENT

In July 2025, MCE purchased the office property currently used as its headquarters for approximately \$5,400,000. The property acquisition represents a significant investment and transition from a lease arrangement. The purchase will be reflected in the financial statements for the fiscal year ending March 31, 2026.



Legislative Session Recap

September 18, 2025
Board of Directors Meeting

Key Deadlines

- **Friday Sept. 12th** at midnight – Legislature gavels down
- **Sunday Oct. 12th** – Governor's deadline to sign or veto
- **Tuesday Nov. 4th** – Special election on Congressional redistricting

MCE's 2025 Priority Issues

Affordability

- Senate and Assembly omnibus measures
- SB 540 (Becker) – regional energy market
- Public financing for transmission

Protecting CCA autonomy

- Procurement
- Rates
- Programs

MCE's 2025 Priority Issues

Self-Generation Incentive Program

- Partial win – secured access to program incentives for low-income customers

Protecting funding for energy efficiency

Protecting funding for building decarbonization

Other Hot Topics This Session

- Cap and Invest / Cap and Trade
- State budget
- CEQA rollbacks
- California responses to federal actions

Federal Reversals on Clean Energy Policy

H.R. 1

- Early sunset for solar and wind tax credits
- New restrictions on certain foreign-made components
- Early sunset for consumer-facing incentives

Other restrictions on solar and wind

- Offshore wind
- Federal lands

Funding cuts

- Programs
- Agencies

MCE Positions Taken

Number (Author)	Subject	Position	Outcome
SB 540 (Becker, Stern)	Pathways Initiative, regional energy markets	Support	Expected by 9/12
SB 330 (Padilla)	Alternative financing for transmission	Support	Held by Assembly
SB 302 (Padilla)	Renewable tax conformity	Support	Expected by 9/12
AB 443 (Bennett)	Green hydrogen, curtailed renewables	Support	Held by Senate
SB 326 (Becker)	Wildfire mitigation strategic planning	Support	Expected by 9/12

MCE Positions Taken

Number (Author)	Subject	Position	Outcome
AB 1280 (Garcia)	Climate Catalyst funding for industrial decarbonization	Support	Expected by 9/12
AB 806 (Connolly)	Cooling units in mobile homes	Support	Expected by 9/12
SB 541 (Becker)	Load shifting requirements	Oppose	Expected by 9/12
AB 825 (Petrie-Norris)	Affordability omnibus measure	Oppose Unless Amended	Expected by 9/12

Looking Ahead

- Sample language for local legislative platforms
- Engagement with MCE's California and Congressional delegations



MCE Cooley Quarry solar farm, Novato



Thank You



Stephanie Chen

Vice President of Legislative Affairs

schen@mcecleanenergy.org



Performance Evaluation Process Overview

MCE Board of Directors Meeting
September 18, 2025





Staff Review

Staff Review Process

Reviews are based on key performance indicators that are included in the job descriptions.

Quarterly Reviews: Occurs each quarter between supervisor and direct reports.

- Supervisors provide downward feedback, and staff provide upward feedback about their supervisor.

Annual Performance Evaluation: Feedback from all quarterly reviews:

- Employee Self-Review
- Supervisor Review
- Upward Feedback
- 360° Peer Reviews: Upward, Downward, and Across the Agency



Quarterly Review

Comprised of 2 parts: Upward and Downward Feedback

Part 1: Upward Feedback

- Direct Reports have the option to provide feedback about their supervisor and answer the question "How can your supervisor support you better or differently?"
- Feedback is shared with supervisor's supervisor and included in their review



Quarterly Review

Part 2: Downward Feedback about conduct, performance, development, and areas of success.

- 1 Work products are professional, clear and comprehensive in keeping with MCE and department standards.
- 2 Establishes and maintains good working relationships with internal and external customers, by understanding and responding promptly to their needs and expectations.
- 3 Builds productive and collaborative rapport with employees at all levels within the agency. Treats others with respect, dignity, and fosters the values of the agency.
- 4 Consistently adheres to work schedule and completes assignments in a timely fashion.
- 5 Areas of success and development opportunities.

Questions and responses all tie to key performance indicators and performance dimensions that are included in each job description.



Annual Review

Broken out into four key pillars



Self-Review

- Goals and KPIs reached
- Where want to grow (certifications)



360 Peer Review

- Goals and KPIs reached
- Growth areas
- Approach to work



Supervisor Review

- Areas of Achievement
- Development Opportunities



Upward Feedback

- Staff provide upward feedback about supervisor

Merit Increase Guidelines

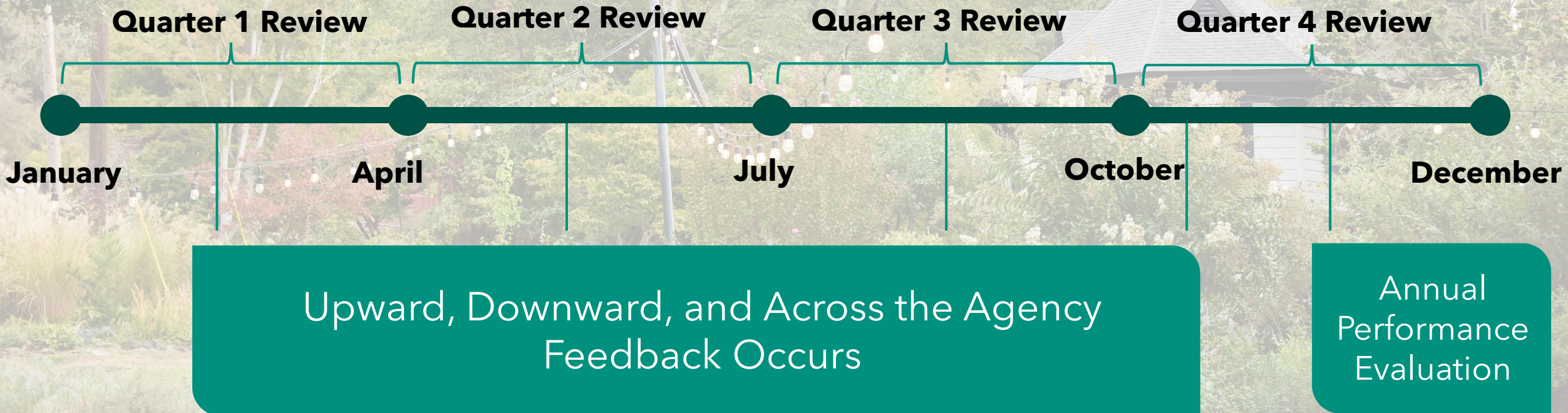


Merit Increase Criteria

0%	Has an active performance improvement plan in place and/or is not meeting expectations in job responsibilities.
1%	Has received formal verbal or written feedback regarding performance that has since improved.
2%	Consistently meeting and occasionally exceeding expectations with supervisor direction.
3%	Consistently exceeding expectations with <u>supervisor guidance</u> .
4%	Consistently exceeding expectations <u>autonomously</u> .
5%	Continuously exceeding expectations, <u>in all areas</u> performing at a high autonomous level all job responsibilities while providing exceptional or substantial contributions for the agency.

Market studies are conducted regularly to maintain equitable compensation.

Staff Review Timeline





CEO Review

CEO Review and Evaluation Process

Components:

- CEO Self Review
- Feedback from MCE Board and staff collected and summarized by a 3rd Party Consultant to share with the CEO
- CEO compensation adjustments use criteria in CEO Review and Compensation Structure, last amended and approved by Executive Committee October 2, 2024.



3rd Party Consultant

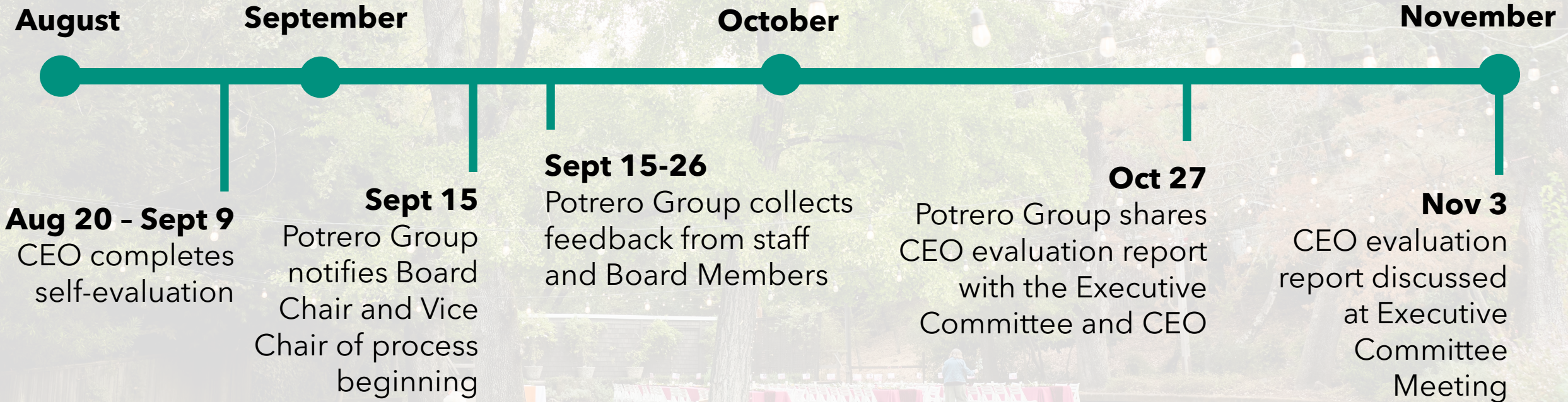
- Collects feedback on the CEO from the MCE Board and Staff
- Consolidates feedback into an evaluation report for the Executive Committee and CEO
- Previous Consultant retired; MCE interviewed multiple consultants and selected Potrero Group based on their expertise, ability to follow MCE's existing Review process, and pricing.



Potrero Group

The Potrero Group is based in the San Francisco Bay Area and has spent many years analyzing and evaluating organizations and programs from the nonprofit, government, and for-profit industries. They have sophisticated expertise in research methods, data collection approaches, quantitative and qualitative analysis, and modeling.

CEO Performance Evaluation Timeline



A 360° performance evaluation occurs every alternating year, where Staff feedback is collected in addition to Board feedback.

November 3: Executive Committee Meeting

CEO Annual Performance Evaluation and Compensation Consideration

Closed Session

- CEO performance evaluation discussed with the CEO participating.
- The Executive Committee deliberates on any requested compensation adjustments with the CEO not present.
- Closed session concludes with a final salary request to be voted on during open session.

Open Session

- CEO Salary adjustments will be voted on in open session and if approved, adopted via a resolution.
- The effective date of any CEO salary adjustments will be included in the adopted resolution.

Resources

- Resolution 2018-09 – Delegating Authority of Setting Compensation, Tenure, Appointment and Conditions of Employment to the Executive Committee and the CEO (*approved by the Board of Directors on 10/18/2018*)
- CEO Review and Compensation Structure (*last amended by the Executive Committee on 10/2/2024*)
- Merit Criteria Guidelines (*for staff*)



Thank you!



mceCleanEnergy.org
info@mceCleanEnergy.org

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
MARIN CLEAN ENERGY DELEGATING AUTHORITY OF SETTING
COMPENSATION, TENURE, APPOINTMENT AND CONDITIONS OF EMPLOYMENT
TO THE EXECUTIVE COMMITTEE AND THE CHIEF EXECUTIVE OFFICER**

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: MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, 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 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 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 Walnut Creek, and the Town of Yountville; and

WHEREAS, consistent with Government Code Section 23500, the Board has the authority to prescribe the compensation of all MCE officers and provide for the number, compensation, tenure, appointment and conditions of employment of MCE employees; and

WHEREAS, the Board of Directors, by this delegation of authority to prescribe the compensation of all MCE officers and provide for the number, compensation, tenure, appointment and conditions of employment of MCE employees as described herein, shall not be divested of any such authority, but shall retain and may exercise such authority at such times as it may deem necessary and proper, at its sole discretion; and

WHEREAS, the Board of Directors seeks to improve and streamline employment matters of MCE through its delegation of authority.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of MCE does hereby resolve, determine, and order as follows:

Section 1. The Board hereby delegates to MCE's Chief Executive Officer (CEO) or her or his designee, in consultation with the Executive Committee, the authority to prescribe the compensation of all MCE officers, other than the CEO, and provide for the number, compensation, tenure, appointment and conditions of employment of MCE employees, provided that such prescription and provision be consistent with the Board-approved budget.

Section 2. The Board hereby delegates to the Executive Committee the authority to prescribe the compensation of MCE's CEO and provide for the compensation, tenure, appointment and conditions of employment of the CEO, provided that such prescription and provision be consistent with the Board-approved budget.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 18th day of October, 2018, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
County of Marin	✓			
Contra Costa County				✓
County of Napa				✓
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 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 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 Walnut Creek	✓			
Town of Yountville				✓


 CHAIR, MCE

Attest:


 SECRETARY, MCE



CEO Review and Compensation Structure - Amended Oct 2024

Effective January 1, 2023, the Review and Compensation Structure for MCE's Chief Executive Officer ("CEO") ("Structure") is as detailed herein. In 2018, the MCE Board of Directors delegated to the Executive Committee in Resolution 2018-09-*Delegating Authority of Setting Compensation, Tenure, Appointment and Conditions of Employment to the Executive Committee and the Chief Executive Officer*, the authority to prescribe the compensation of MCE's CEO and provide for the compensation, tenure, appointment, and conditions of employment of the CEO, provided that such prescription and provision be consistent with the Board approved budget.

Under this Structure, the CEO will have an annual performance review conducted by the Executive Committee with the support of staff. As part of that review process, the CEO compensation will be considered for adjustment annually where the Executive Committee will review information collected during the performance review, budgetary constraints, compensation data from comparable CCAs and other public agencies¹, and the Merit Rating Criteria Table. The CEO will continue to be subject to MCE's existing Human Resources policies and will be eligible for applicable cost of living adjustments ("COLA") that apply to all staff and staff-wide benefit changes on an annual basis.

CEO Annual Performance Review:

Each year, the CEO will receive an annual evaluation from the Executive Committee, with the support of Human Resources. That performance evaluation will alternate annually between feedback composed of i) MCE's management team and the Board of Directors, and ii) a 360° evaluation sought from all MCE staff and the Board of Directors.

The performance evaluation will rate the CEO's performance based on the criteria set forth the table below:

Merit Rating Criteria Table

Merit Rating	Descriptor
Non-Meritorious	Has an active performance improvement plan in place and is not meeting expectations in job responsibilities with Board direction.

¹ Comparable agencies will include other California CCAs, with additional information on similar sized agency public sector key executives available for review.

Meets Expectations Plus	<p>Have received <u>formal verbal or written feedback</u> regarding performance that has since improved. Consistently meeting and occasionally exceeding expectations with Board direction.</p> <ul style="list-style-type: none"> ● Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation, and initiative; ● Achieves established Agency goals and occasionally exceeds them and/or accomplishes additional Agency goals as opportunities arise; ● Applies strategic thinking, creativity & problem-solving skills in appropriate situations and willingly implements and adapts to new processes or enhancements; ● Performs in manners that result in new achievements towards established standards; and ● Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
Commendable	<p>Consistently meeting and <u>occasionally exceeding expectations with Board direction</u>.</p> <ul style="list-style-type: none"> ● Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation, and initiative; ● Achieves established Agency goals and occasionally exceeds them and/or accomplishes additional goals as opportunities arise; ● Applies strategic thinking, creativity & problem-solving skills in appropriate situations and willingly implements and adapts to new processes or enhancements; ● Performs in manners that result in new achievements towards established standards; and ● Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
Commendable Plus	<p>Consistently <u>exceeding expectations with Board guidance</u>. With Board guidance, the CEO:</p>

	<ul style="list-style-type: none"> ● Consistently meets all job requirements and regularly goes beyond job requirements in terms of quality, quantity, innovation, and initiative; ● Achieves established Agency goals and frequently exceeds them and/or accomplishes additional goals as opportunities arise; ● Applies strategic thinking, creativity & problem-solving skills in appropriate situations and willingly implements and adapts to new processes or enhancements; ● Performs in manners that result in new achievements towards established standards; and ● Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
Outstanding	<p>Consistently exceeding expectations <u>autonomously</u>. Autonomously, the CEO:</p> <ul style="list-style-type: none"> ● Consistently meets all job requirements and regularly goes beyond job requirements in terms of quality, quantity, innovation and initiative; ● Achieves established goals and frequently exceeds them and/or accomplishes additional goals as opportunities arise; ● Applies strategic thinking, creativity & problem-solving skills in appropriate situations and proactively implements and adapts to new processes or enhancements; ● Monitors and identifies strategic risks and opportunities affecting MCE, and applies knowledge to MCE's Agency goals and plans. ● Performs in manners that result in ongoing achievement of Agency goals; ● Successful in carrying out regular job duties while behaving in ways consistent with MCE values; and ● Seeks involvement and participation in regional activities, representing and supporting MCE's Agency goals and plans.

Exceptional	<p>Continuously exceeding <u>expectations in all areas</u>, performing at a high independent level all job responsibilities while <u>providing exceptional or substantial contributions for the Agency</u>. The CEO:</p> <ul style="list-style-type: none"> • Exhibits role model level behaviors consistent with MCE values; • Performs at maximum levels of effectiveness by producing exceptional quality while meeting challenging demands; • Proactively and creatively solves problems resulting in positive change; • Enhances internal processes to own work and department which benefit MCE; • Fills leadership roles at the regional and national level, offering organizational and financial perspectives to others in the industry while representing and supporting MCE's Agency goals and plans; • Evaluates the energy landscape for strategic risks and opportunities affecting MCE, understanding past actions and applying innovative ideas and foresight with significant benefit, and sharing insights with the Board and Staff; • Outstanding performance that always exceeds expectations, demonstrated for an extended, sustainable period of time (entire year); and • Very strong performance that exceeds expectations in all situations while behaving in ways consistent with MCE values.
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CEO Compensation Adjustment:

Annually, starting in 2023, the CEO will be eligible for a merit-based compensation adjustment guided by the performance criteria listed in the Merit Rating Criteria Table. Based on the performance review, if a merit-based compensation adjustment is warranted, the Executive Committee may award, via resolution, any of, or any combination thereof, the following options as merit-based compensation:

- Salary percentage increase awarded according to the Merit Rating Criteria table:
 - Non-Meritorious Rating: 0% Salary Increase

- Meets Expectations Plus Rating: 1% Salary Increase
 - Commendable Rating: 2% Salary Increase
 - Commendable Plus Rating: 3% Salary Increase
 - Outstanding Rating: 4% Salary Increase
 - Exceptional Rating: 5% Salary Increase
- Additional paid leave that can be rolled over to the next calendar year up to 120 hours, or may be paid out in cash pursuant to MCE's process for all employees. The CEO will timely report to the Board Chair, or their designee, if the awarded leave is not used in the calendar year it was awarded.
 - Cash Pay for Performance Award as a one-time payment based on extraordinary performance that includes and goes beyond the ratings listed above as designated by the Executive Committee typically after the completion of a 360° performance evaluation for the applicable review period. In the instance the Executive Committee desires to award Cash Pay for Performance, the Executive Committee will work with staff to establish any further criterion or framework for this form of compensation award.

In addition to the merit-based compensation award prescribed above, the Executive Committee is permitted to review comparable market data (including but not limited to compensation data from CCAs, other load serving entities, and other applicable entities) and may award additional compensation to the CEO to maintain a competitive offering.



Merit Criteria Guidelines

Guidance on Merit Increase

A merit increase should take into account the annual review and the employee's progress made/ accomplishments of goals. Utilize the individual's job description to act as a guide to decide how their performance is going against what their role is carved out to be i.e.: the level of performance within their range. Also, in some cases limits on agency resources may limit the opportunity for merit increases.

Descriptor for all staff:

Merit Increase (%)	Descriptor
0%	Has an active performance improvement plan in place and/or is not meeting expectations in job responsibilities with supervisor direction.
1% *	<p>Have received <u>formal verbal or written feedback</u> regarding performance that has since improved. Consistently meeting and occasionally exceeding expectations with supervisor direction.</p> <ul style="list-style-type: none">• Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation and initiative;• Achieves established goals and occasionally exceeds them and/or accomplishes additional goals as opportunities arise;• Applies strategic thinking, creativity & problem-solving skills in appropriate situations and willingly implements and adapts to new processes or enhancements;• Performs in manners that result in new achievements towards established standards; and• Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
2% *	<p>Consistently meeting and <u>occasionally exceeding expectations with supervisor direction</u>.</p> <ul style="list-style-type: none">• Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation and initiative;



	<ul style="list-style-type: none">• Achieves established goals and occasionally exceeds them and/or accomplishes additional goals as opportunities arise;• Applies strategic thinking, creativity & problem-solving skills in appropriate situations and willingly implements and adapts to new processes or enhancements;• Performs in manners that result in new achievements towards established standards; and• Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
3% *	Consistently <u>exceeding expectations with supervisor guidance</u> . With supervisor guidance, the employee: <ul style="list-style-type: none">• Consistently meets all job requirements and regularly goes beyond job requirements in terms of quality, quantity, innovation and initiative;• Achieves established goals and frequently exceeds them and/or accomplishes additional goals as opportunities arise;• Applies strategic thinking, creativity & problem-solving skills in appropriate situations and proactively implements and adapts to new processes or enhancements;• Performs in manners that result in ongoing achievement of agency goals; and• Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
4% *	Consistently exceeding expectations <u>autonomously</u> . Autonomously, the employee: <ul style="list-style-type: none">• Consistently meets all job requirements and regularly goes beyond job requirements in terms of quality, quantity, innovation and initiative;• Achieves established goals and frequently exceeds them and/or accomplishes additional goals as opportunities arise;• Applies strategic thinking, creativity & problem-solving skills in appropriate situations and proactively implements and adapts to new processes or enhancements;• Performs in manners that result in ongoing achievement of agency goals; and



	<ul style="list-style-type: none">• Successful in carrying out regular job duties while behaving in ways consistent with MCE values.
5% *	<p>Continuously <u>exceeding expectations in all areas</u>, performing at a high autonomous level all job responsibilities while <u>providing exceptional or substantial contributions for the agency</u>. The employee:</p> <ul style="list-style-type: none">• Applies strategic thinking while frequently seeking opportunities to accomplish additional goals with significant impact. Exhibits role model level behaviors consistent with MCE values.• Performs at maximum levels of effectiveness by producing exceptional quality while meeting challenging demands.• Proactively and creatively solves problems resulting in positive change. Enhances internal processes to own work and department which benefit MCE.• Outstanding performance that always exceeds expectations, demonstrated for an extended, sustainable period of time (entire year).• Very strong performance that exceeds expectations in all situations while behaving in ways consistent with MCE values.

** If a merit increase takes an employee above their salary range, the employee will receive the merit increase up to the top of their range and a cash out for the remainder of the increase.*

If your direct report is not meeting expectations, you should explore a performance improvement plan or other routes to adjust performance. Please reach out to HR if this is something you would like to explore.

New hires that have come in within the year will have their merit increase prorated based on the number of months they have worked review timeframe.