MCE Clerk <clerk@mcecleanenergy.org>

MCE Board MCE Response to September 2025 Clean Coalition Letters

1 message

MCE Clerk <clerk@mcecleanenergy.org>
Reply-To: boardgroup+managers@mcecleanenergy.org
Bcc: boardgroup@mcecleanenergy.org

Wed, Oct 1, 2025 at 12:50 PM

Good afternoon, MCE Board of Directors,

Below is an email response prepared on behalf of the Public Affairs and Customer Operations Departments. For your reference, I’ve also included all three letters received from member of the public, Ben Schwartz.

Best,
Jesica

Hello MCE Board of Directors,

You may have seen recent letters from the Clean Coalition with several questions about MCE. We've compiled a response which is attached to this email and would like to highlight the following content:

- While the MCE Board does not have a policy regarding MCE rate comparison to other CCAs, MCE remains competitive compared to other CCAs and PG&E. In contrast to MCE, some CCAs have established a policy to set rates below PG&E’s regardless of costs, reserves or budget needs.
- MCE’s generation rates are lower than PG&E’s.
- MCE offers 37% more renewable energy in our base service option than average while being only 4% higher in total bill costs.

Please reach out with any questions or concerns.

--

Jesica Brooks (she/her)
Executive Assistant and Lead Board Clerk
(415) 464-6015
mceCleanEnergy.org

4 attachments

Clean Coalition Letter Response Sept 2025 (1).pdf
134K

Clean Coalition Letter to MCE Board (02_bs, 17 Sep 2025) (4).pdf
332K

Clean Coalition Response Letter to MCE Board (06_bs, 25 Sep 2025) (2).pdf
406K

Clean Coalition Response Letter to MCE (08_bs, 30 Sep 2025).pdf
414K

RE: Clarifying MCE Rates, Affordability, and Renewable Energy

Dear MCE Board of Directors,

As a community-driven agency, MCE welcomes public input and accountability. While recent letters from the Clean Coalition have raised concerns about MCE's rates, we believe it is important to ground this discussion in accurate data and context about how MCE is carrying out our mission and Board-directives, managing costs, procuring renewable and carbon-free energy, and maintaining financial stability.

Rates vs. Costs
It is important to distinguish between *rates* (price per kilowatt hour) and *costs* (the total bill customers pay, which includes PG&E delivery and PCIA fees). MCE's cost comparisons always highlight the customer's bottom line. Cost comparisons vary depending on customer class and change multiple times per year, as PG&E typically implements multiple rate changes.

While the MCE Board does not have a policy regarding MCE rate comparison to other CCAs, MCE remains competitive compared to other CCAs and PG&E.[1] In contrast to MCE, some CCAs have established a policy to set rates below PG&E's regardless of costs, reserves or budget needs, and this can skew results.

- **Rates:** MCE's generation rates are lower than PG&E's and comparable to other CCAs. While slightly above the CCA average in PG&E's service area (by about 5%), MCE remains competitive in the market. CleanPowerSF (57% renewable) and Ava (55% renewable) have higher rates than MCE (60% renewable). When including PG&E generation rates, MCE's rates are about 3% above the overall average in the IOU's service area.
- **Costs:** Including PG&E's delivery and PCIA charges, MCE's total customer costs are 4% above the average across CCAs in PG&E's service area and 1% above PG&E. When PG&E charges are added, MCE has the highest costs of any provider in PG&E's service area and this is due to the PG&E side of the bill being higher for MCE customers. Note, higher delivery and PCIA charges can be caused by:
  - Increased EV adoption and electrification in buildings increase volumetric usage
  - Non-coastal load requires more cooling & heating, increasing volumetric usage
  - PCIA charges vary based on "vintage", the year a customer joined the CCA. Older CCAs have older vintages.
- **Renewable Content:** MCE's base service, Light Green, has the highest renewable energy percentage (60%) compared to all other providers in PG&E's service area.[2] MCE's renewable energy percentage is 37% higher than the average CCA renewable percentage in PG&E's service area and 40% higher when including PG&E, while only 4% higher in total bill costs. In addition to renewable content, the characteristics of MCE's renewable energy portfolio create cost differentials such as:

[1] Data collected from the 2025 Joint Rate Mailer, E1 residential rates, for the 12 CCAs in PG&E's service area
[2] Based on the renewable energy content reported on the most recent available (2023) California Energy Commission Power Content Labels,

    - MCE entered into long-term renewable energy contracts in 2010-2016, while solar and other renewable prices were comparatively high.
    - MCE's Board responded to community input and embedded in our Integrated Resource Plan guidance to use highest quality, bundled renewable energy (PCC1, or "Portfolio Content Category 1") to produce "additionality" which cost substantially more than PCC2 and PCC3.
    - MCE has a local "Feed-in Tariff" program which pays above market for renewable supply built in our service area. 48MW have been procured to-date under 20-year long-term contracts.

To address affordability, MCE:

- Limits rate changes (only two limited adjustments since Jan. 1, 2023, and no across-the-board rate increase in nearly three years).[3]
- Since 2021, Provided $12M in MCE Cares bill credits to income-qualified households and small businesses, with another $3M budgeted through March 2026.
- Enrolls customers in discount and savings programs including CARE, FERA, AMP, PIPP, and CAPP, and provides Green Access, offering 100% renewable energy at a 20% discount to our most vulnerable customers. Over 525,000 customers have received these benefits.
- Offers Local Sol, 100% local solar, currently the lowest-cost option in MCE's service area, including PG&E, and automatically enrolled qualifying low-income customers.
- Implements the largest CCA suite of customer programs, including $158 million in energy efficiency funding, $18 million for electric vehicles, and $10 million for resiliency projects. These programs focus on underserved, low-income, and historically marginalized populations to ensure access to electrification and other clean energy upgrades.

<u>Looking ahead, MCE staff are preparing a proposed rate decrease for early 2026, which will come to the Board for discussion and a vote in the coming months.</u>

The Clean Coalition also comments on the connection between higher renewable energy content and rates. Based on the 2023 power content labels, MCE's base service, Light Green, has the highest renewable energy percentage (60%) compared to all other providers in PG&E's service area.

- Ava and CleanPowerSF have higher rates than MCE but lower renewable energy percentages in their base service option
- MCE's renewable energy percentage is 37% higher than the average CCA renewable percentage in PG&E's service area and 40% higher when including PG&E
- MCE offers 37% more renewable energy in our base service option than average while being only 4% higher in total bill costs.

---

[3] Between January 2023 and September 2025, MCE implemented two price adjustments impacting two specific customer classes. Demand charges were increased by 4.4% for high energy use commercial and large business customers, effective April 1, 2025 to align with cost of service. This impacted less than 1% of MCE customers. The Deep Green premium was increased for the first time in 15 years by a quarter of a cent, effective October 1, 2025.

Load-Serving Entity (CCAs & IOUs) in CA	Generation Rate for Default Service Option
Southern California Edison	$0.1114
Sonoma Clean Power	$0.1154
Rancho Mirage Energy Authority	$0.1225
Apple Valley Clean Energy	$0.1230
Clean Power Alliance	$0.1232
Orange County Power Authority	$0.1232
Santa Barbara Clean Energy	$0.1236
Desert Community Energy	$0.1258
Peninsula Clean Energy	$0.1280
San Jose Clean Energy	$0.1357
Valley Clean Energy	$0.1361
Pioneer Community Energy	$0.1377
Silicon Valley Clean Energy	$0.1377
Redwood Coast Energy Authority	$0.1428
Central Coast Community Energy	$0.1464
King City Community Power	$0.1479
MCE	$0.1490
CleanPowerSF	$0.1517
SDG&E	$0.1561
Lancaster Energy	$0.1571
Pico Rivera Innovative Municipal Energy	$0.1591
San Jacinto Power	$0.1606
Energy for Palmdale's Independent Choice	$0.1612
Pomona Choice Energy	$0.1627
San Diego Community Power	$0.1638
Ava Community Energy	$0.1741
PG&E	$0.1790
Clean Energy Alliance	$0.1872

High Quality Renewable Energy Content

MCE's Board of Directors has directed staff to focus on increasing renewable energy content in our portfolio with a focus on in-state resources and Portfolio Content Category 1 (PCC1) bundled renewable energy. We prioritize new steel in the ground, the California workforce, and reliability. In our rapidly changing regulatory environment, it can be difficult to meet these needs as new procurement orders come through with lofty targets, harsh timelines, and often in high-cost environments. While some load-serving entities do not comply, MCE has consistently adapted to meet new regulatory orders to remain compliant with CPUC and CEC mandates.

In our 2024/25 fiscal year, high quality renewable purchases and CPUC compliance resulted in a fairly large cost to MCE. Here are some additional resources:

- MCE's Energy Risk Management Policy: Section 4.3 defines load and generation volumetric risk while Section 6.3 defines MCE's policy for managing such risk.
- October 2024 Board Retreat Packet: Item 6.a. details the dynamics animating California's energy market, including challenges such as supply/demand imbalance, increased costs and supply shortages, and an increasingly complex regulatory environment. This section starts on page 60 in the PDF. Item 6.c. also concerns challenges related to customer affordability and the factors putting upward pressure on electric bills. This section starts on page 84 in the PDF.

Financials

Another component of MCE's risk management strategy is maintenance of our reserves. MCE's reserve policy is approved by our Board, ensuring thoughtful oversight of these funds. MCE's reserves are a major contributor to the agency's investment-grade credit ratings and allow us to access credit at lower rates, secure more cost-effective contracts, and partner with CCCFA to issue electricity prepay transactions to reduce energy costs. All of these strategies allow MCE to keep rates stable for customers while we continue to find solutions to meet expensive Resource Adequacy requirements and volatile energy markets.

The reserves are intended to keep MCE stable during volatile times, something that we saw in evidence in fiscal year 2024/25 when unexpected energy costs could have created the need for higher rates to customers. While it is always our intent to avoid calling on reserves if not needed, the volatility experienced in the energy market demonstrates their importance as a vital tool to maintain rate stability for customers.

Adaptability and Innovation

As California's first community choice provider, MCE has acted as the touch point for the creation of the industry. Fifteen years later, your Board's guidance has resulted in MCE actively managing $68 million in customer program investments. These funds directly support energy efficiency, demand flexibility, workforce development, and equity initiatives across MCE's communities. We operate the largest suite of programs of any CCA, continually innovating and improving them each year. For example, MCE’s Flex Market program, which began as a small pilot, is now operating as a state-wide program due to MCE’s success. This is not the first case, and it won’t be the last, of MCE leading by example.

We are deeply appreciative of our community and stakeholders that are so connected to the work we do as we remain committed to balancing affordability, renewable leadership, and financial stability. MCE is a community-driven agency focused on providing tangible benefits to all of our customers. Thoughtful feedback from our partners is what shapes our work and ensures that we’re meeting the high expectations of our Board and member communities.

We will continue to provide transparent data and thoughtful analysis as we navigate challenges together.

Sincerely,

Jenna Tenney
Director of Communications and Community Engagement