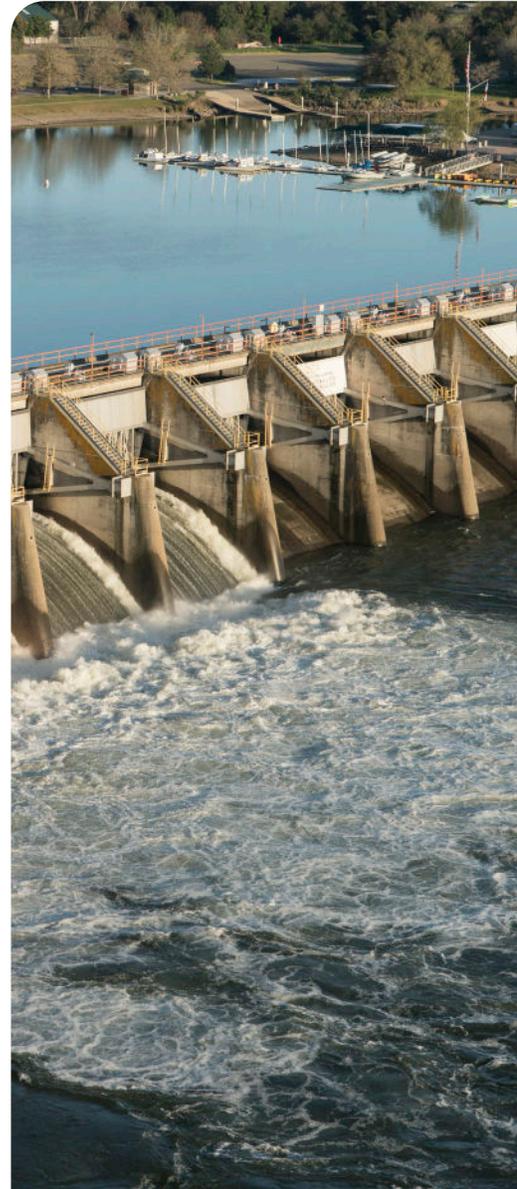




# Financial Statements



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

[mceCleanEnergy.org](https://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](mailto: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***

	<u>2025</u>	<u>2024</u>	<u>2023</u>
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	<u>181,884,665</u>	<u>165,655,749</u>	<u>77,560,902</u>
Total assets	<u>679,053,381</u>	<u>592,032,176</u>	<u>364,677,216</u>
Current liabilities	192,190,329	118,346,661	89,968,725
Noncurrent liabilities	-	-	536,645
Total liabilities	<u>192,190,329</u>	<u>118,346,661</u>	<u>90,505,370</u>
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	<u>\$ 416,863,052</u>	<u>\$ 403,685,515</u>	<u>\$ 244,171,846</u>

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***

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

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 upgrades 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**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
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	497,168,716	426,376,427
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	181,884,665	165,655,749
Total assets	679,053,381	592,032,176
<b>LIABILITIES</b>		
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	192,190,329	118,346,661
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Operating Reserve Fund	70,000,000	70,000,000
<b>NET POSITION</b>		
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	\$ 416,863,052	\$ 403,685,515

# MARIN CLEAN ENERGY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**YEARS ENDED MARCH 31, 2025 AND 2024**

	2025	2024
<b>OPERATING REVENUES</b>		
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
<b>OPERATING EXPENSES</b>		
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
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	25,354,208	15,420,160
Finance costs	(9,156)	(28,624)
Nonoperating revenues (expenses), net	25,345,052	15,391,536
<b>CHANGE IN NET POSITION</b>	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

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Finance costs paid	<u>-</u>	<u>(44,501)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments of lease liabilities	(545,801)	(802,244)
Payments to acquire capital assets	(324,986)	-
Net cash used by capital and related financing activities	<u>(870,787)</u>	<u>(802,244)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	(78,375,562)	(219,813,011)
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	211,349,505	137,131,210
Cash and cash equivalents at end of year	<u>\$ 226,625,989</u>	<u>\$ 211,349,505</u>
<b>Reconciliation to the Statement of Net Position</b>		
<b>Current assets</b>		
Cash and cash equivalents - unrestricted	\$ 189,331,563	\$ 156,027,404
Cash, current - restricted	22,294,426	40,322,101
Cash, noncurrent - restricted	15,000,000	15,000,000
Cash and cash equivalents	<u>\$ 226,625,989</u>	<u>\$ 211,349,505</u>
<b>NONCASH INVESTING ACTIVITIES:</b>		
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:

	<u>2025</u>	<u>2024</u>
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>
<b>Current Investments:</b>		
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>
<b>Noncurrent Investments:</b>		
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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>
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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>
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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2025</u>	<u>2024</u>
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:	<u>4,750,161</u>	<u>324,987</u>	<u>(2,894,205)</u>	<u>2,180,943</u>
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	<u>(3,886,729)</u>	<u>(632,603)</u>	<u>2,894,205</u>	<u>(1,625,127)</u>
Total capital assets, net of depreciation and amortization	<u>\$ 863,432</u>	<u>\$ (307,616)</u>	<u>\$ -</u>	<u>\$ 555,816</u>

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:	<u>4,814,962</u>	<u>-</u>	<u>(64,801)</u>	<u>4,750,161</u>
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	<u>(2,996,252)</u>	<u>(955,278)</u>	<u>64,801</u>	<u>(3,886,729)</u>
Total capital assets, net of depreciation and amortization	<u>\$ 1,818,710</u>	<u>\$ (955,278)</u>	<u>\$ -</u>	<u>\$ 863,432</u>

# 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>
<b>Operating grants:</b>		
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](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.

<u>Deal</u>	<u>Date issued</u>	<u>Amount Issued</u>	<u>Outstanding as of March 31, 2024</u>	<u>Outstanding as of March 31, 2025</u>
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.