



MCE Board of Directors Meeting
Special Meeting & Public Workshop
Wednesday, February 11, 2026
10:00 a.m.

MCE, 2300 Clayton Road, Suite 1500, Concord, CA 94520

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

Remote Public Meeting Participation

Video Conference: <https://t.ly/mlv5w>

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 Avenue, San Rafael, CA 94901 and in Concord at 2300 Clayton Road, Suite 1500, Concord, CA 94520.

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.

Agenda Page 1 of 1

1. Roll Call/Quorum
2. Workshop 1 Recap (Discussion)
3. MCE's Energy Portfolio Considerations (Discussion)
4. Proposed Fiscal Year 2026/27 MCE Rate Reduction Proposals (Discussion/Action)
5. Proposed Fiscal Year 2026/27 MCE Budget Elements (Discussion)
6. Adjourn

The Board of Directors may discuss any or all of the items listed on the agenda irrespective of how the items are described.

Budget Workshop 1 Recap



Strategic Plan for Energy Services



Integrated Resource Planning



Customer Rates, Billing, and Cost Context

2026 Agency Priorities

- Reduce greenhouse gas emissions
- Foster equity
- Lower customer costs (*strengthen energy affordability*)
- Use funds wisely (*amplify our impact by using our funds wisely*)
- Strengthen governance practices and support shared understanding
- Achieve operational excellence and foster an engaging employee experience
- Tell our story to inspire action (*inspire others to take action*)



Options for Reducing Program Investments

	Option	Savings Estimates	Program Impact
1	Close or scale back EV Instant Rebate Program	\$3,594,500	Up to 876 income-qualified customers do not receive a rebate for the purchase of an EV.
2	Close the EV Charging Program to new applicants	\$800,000	Projects with existing reservations will still need to close out. Larger budget implications in the coming FYs if we stop taking in new project reservations.
3	Eliminate Electrification Incentives	\$942,000	685 electrification measures not installed in customer homes. Will also impact MCE's ability to spend down CPUC EE funds.

Total Potential Savings (all options): Up to \$5,336,500

Why Customers Choose MCE

Cleaner energy, local control, and community benefits – with competitive, stable rates.

- **Cleaner energy:** MCE provides significantly more renewable electricity than PG&E (69% vs. 23%, per the California Energy Commission 2024 Power Content Label).
- **Community-first, not-for-profit:** Revenues are reinvested locally in bill discounts, customer rebates, clean energy projects, and workforce development, not shareholder profit.
- **Stable rates:** Historically stable rates, with income-qualified discounts, bill assistance, and customer programs.
- **Local control & accountability:** Governed by locally elected officials with transparent public meetings and Board oversight.



MCE's Energy Portfolio Considerations

Budget Workshop #2

February 11, 2026

MCE's Energy Procurement to meet Compliance

Integrated Resource Planning (IRP) : MCE is mandated by the California Public Utilities Commission (CPUC) to procure over 720 MW of new qualifying capacity by 2032 to meet reliability and emission reduction goals of the state.

Renewable Portfolio Standard (RPS): State Mandated program that requires Load Serving Entities (LSEs) to serve 60% of their retail sales using renewable resources by 2030.

Resource Adequacy (RA): A CPUC program that requires LSEs to secure a certain amount of capacity to maintain grid reliability.

MCE's Energy Procurement Considerations



ADJUST RENEWABLE AND
GHG-FREE CONTENT OF
MCE'S LIGHT GREEN
PORTFOLIO



EVALUATE USE OF
BANKED CREDITS FROM
PRIOR YEARS TO MEET
RPS



EVALUATE USE OF PCC2
OR UNBUNDLED
RENEWABLE ENERGY
CREDITS

Policy Considerations



California Energy Commission's Power Content Label (PCL) Reporting: Starting in 2028, for reporting year 2027, PCL emissions will be reported based on hourly accounting.



CPUC's RA Program: Starting in 2025, the CPUC requires LSEs to procure RA on an hourly basis every month.



SB 100 goal to be carbon neutral by 2045: MCE, through the IRP process, will be required to meet the state emissions targets and reliability of the grid.

Guiding Principles for Choosing a Path Forward

2026 Agency Priorities

- Reduce greenhouse gas emissions
- Foster equity
- Lower customer costs (*strengthen energy affordability*)
- Use funds wisely (*amplify our impact by using our funds wisely*)
- Strengthen governance practices and support shared understanding
- Achieve operational excellence and foster an engaging employee experience
- Tell our story to inspire action (*inspire others to take action*)

Power Content Scenarios

1. **Status Quo:** As currently planned without changing any parameters or internal MCE clean goals
2. **60/95 Target:** Locking renewable targets at 60% and keeping Carbon Free (CF) at 95%.
3. **60/70 Target:** 60% Lock option paired with lowering CF targets to 70%
4. **RPS Compliance/95:** Lowering MCE renewable targets to RPS Compliance targets (49% in 2026, 52% in 2027 and 55% in 2028). Maintain CF targets at 95%
5. **RPS Compliance/85:** RPS Compliance paired with lowering CF% to 85%
6. **RPS Compliance/70:** RPS Compliance paired with lowering CF% to 70%
7. **RPS Banking/70 :** Banking excess 2025 RECS for use in 2026 and 2027 paired with CF at 70%. This effectively lowers 2026 and 2027 targets to 45%

The above target adjustments would apply for 2026, 2027 and 2028 Calendar years and would not affect Deep Green.

These options may require selling energy from MCE contracted resources where necessary.

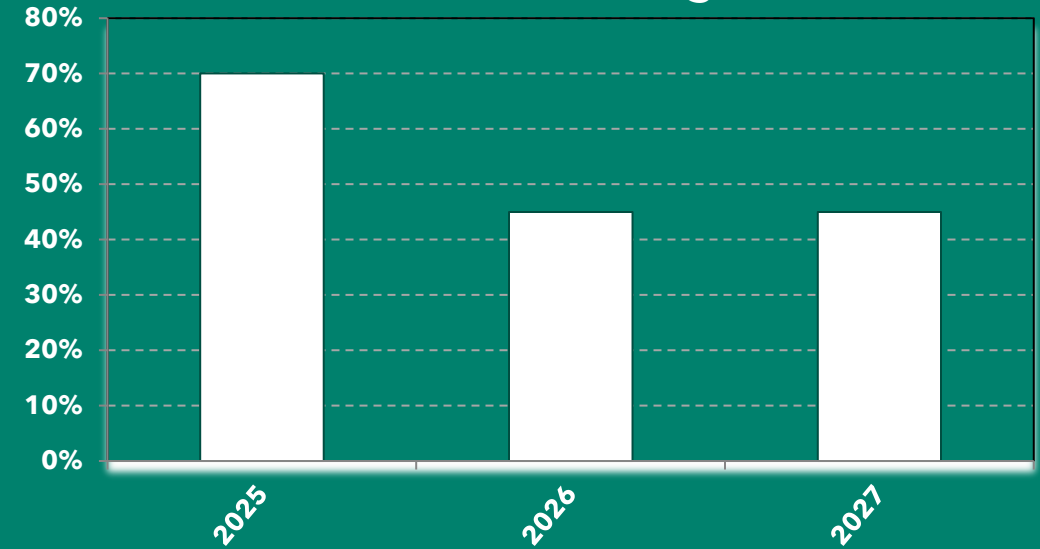
Key considerations

MCE clean energy goals

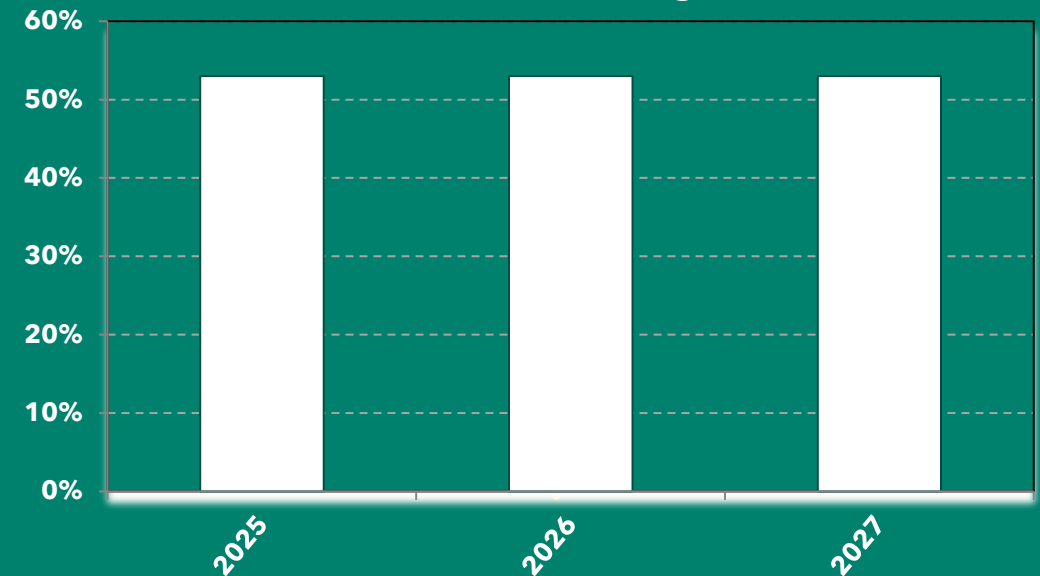
	2025	2026	2027	2028	2029	2030
State RPS targets	47%	49%	52%	55%	57%	60%
MCE RPS Goals(Adjusted)	60%	60%	65%	70%	75%	80%
State Carbon Free target	100% Carbon Free by 2045					
MCE Carbon Free goals	95%	95%	95%	95%	95%	95%

- Targets are set based on the compliance periods ending in 2027 and 2030 respectively.
- MCE needs to average 52% for compliance period (CP) 5 (2025 - 2027) and 60% for CP6 (2028 - 2030)
- Banking allows use of excess RPS in one year to be used in following years within the same CP
- Power Content Label will reflect annual results and customer messaging and expectations would need to be adjusted.

Before Banking



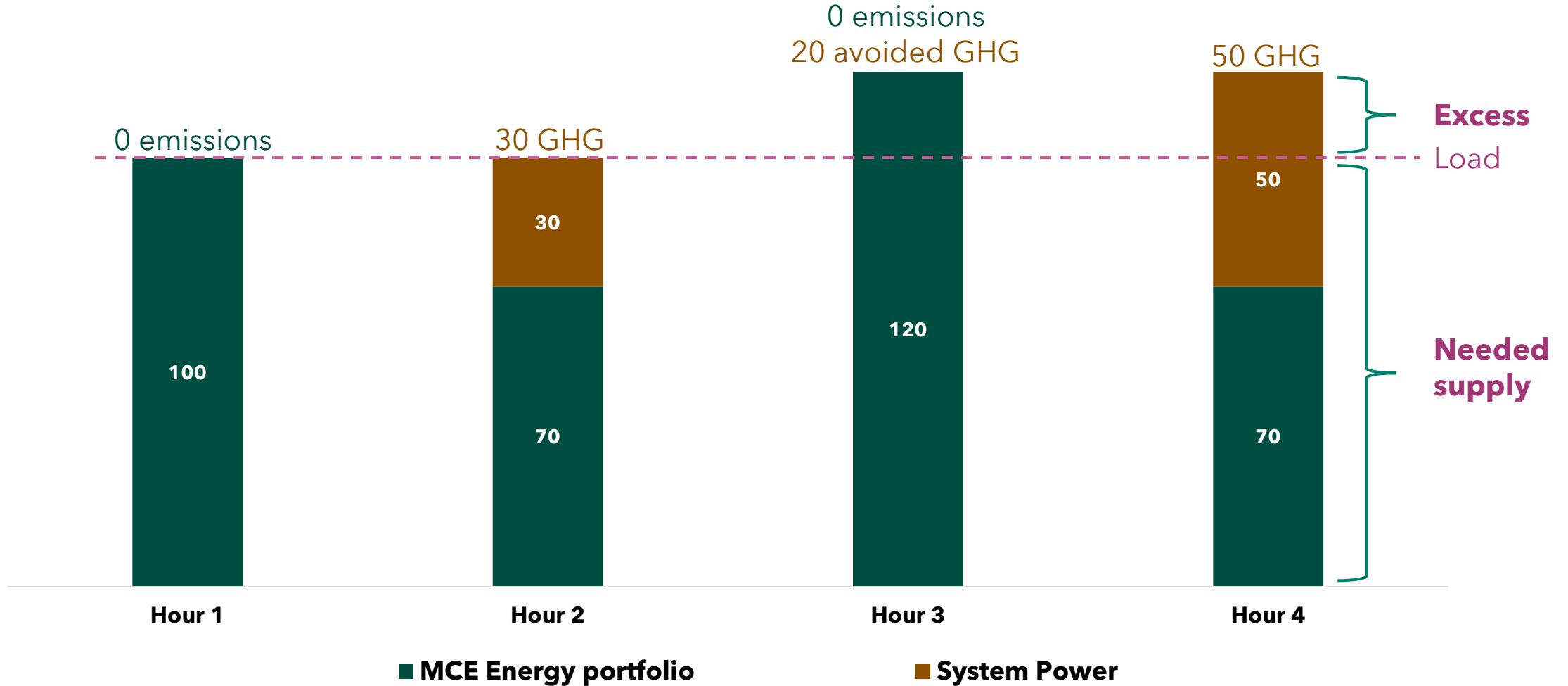
After Banking



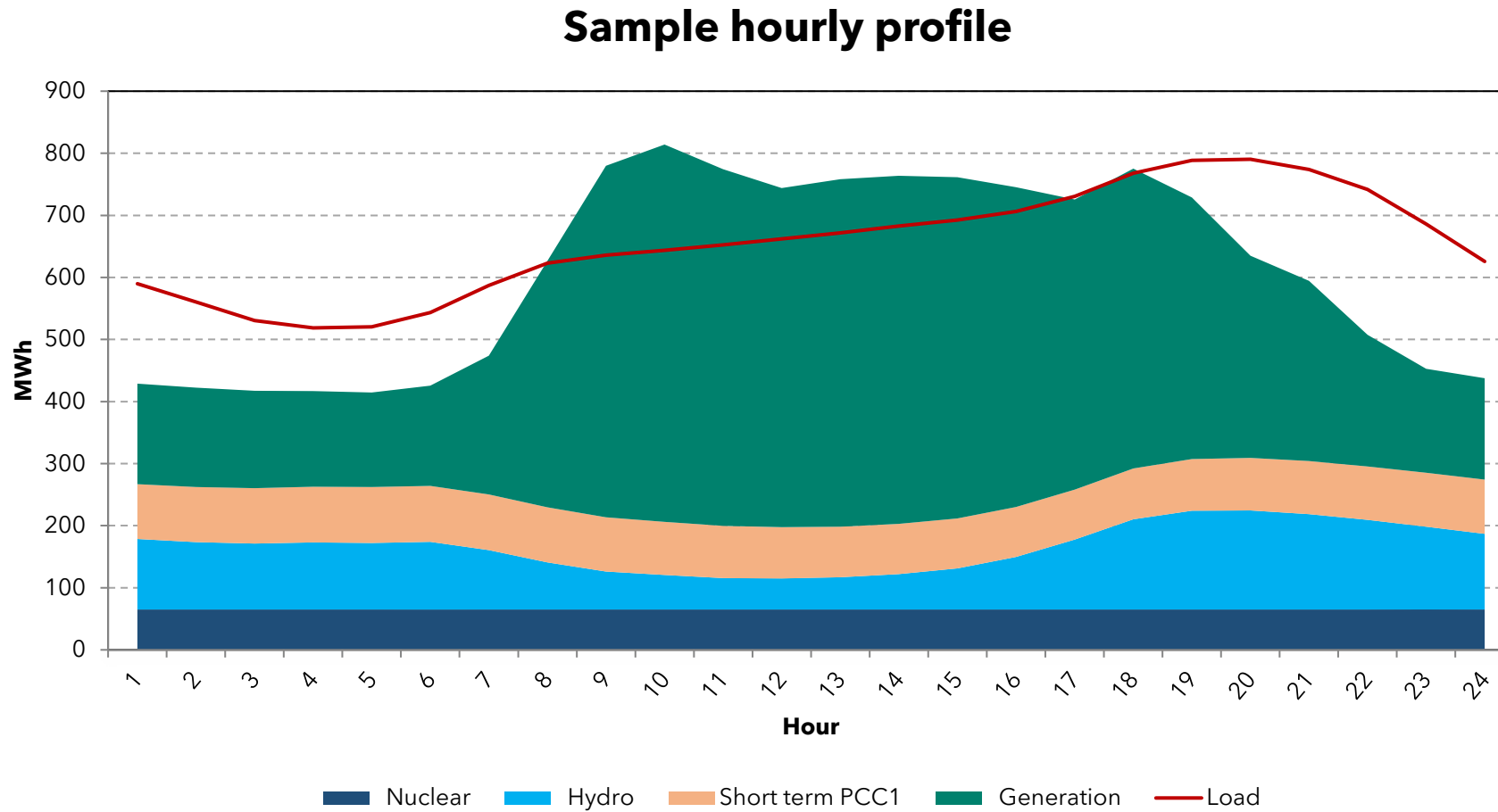
Financial summary of scenarios

	Renewable Content	CF %	FY 2026/27		FY 2027/28	
			Cost of Energy	Delta	Cost of Energy	Delta
1. Status Quo	60-65%	95%	\$643	\$0	\$636	\$0
2. 60/95 Target	60%	95%	\$642	\$0	\$634	\$2
3. 60/70 target	60%	70%	\$630	\$13	\$618	\$18
4. RPS Compliance/95	49-52%	95%	\$640	\$3	\$632	\$4
5. RPS Compliance/85	49-52%	85%	\$634	\$9	\$625	\$11
6. RPS Compliance/70	49-52%	70%	\$627	\$16	\$617	\$19
7. RPS Banking/70	45%	70%	\$626	\$17	\$615	\$21

Hourly accounting scenarios

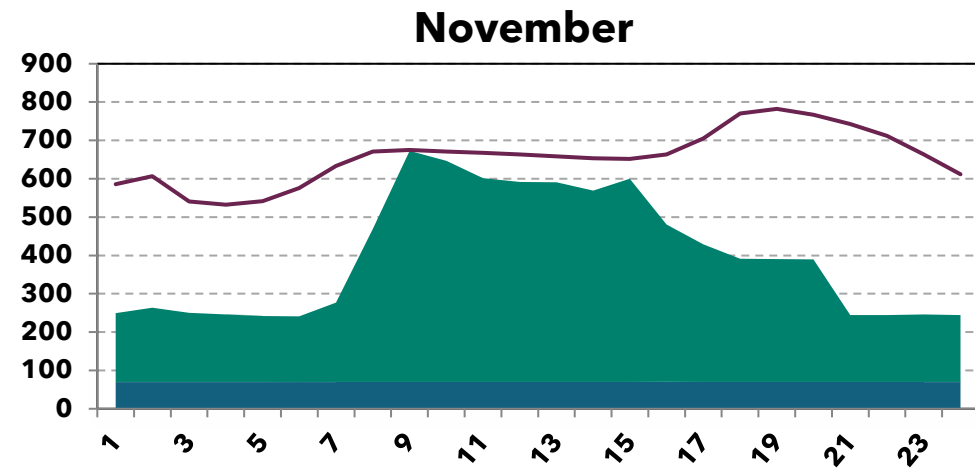
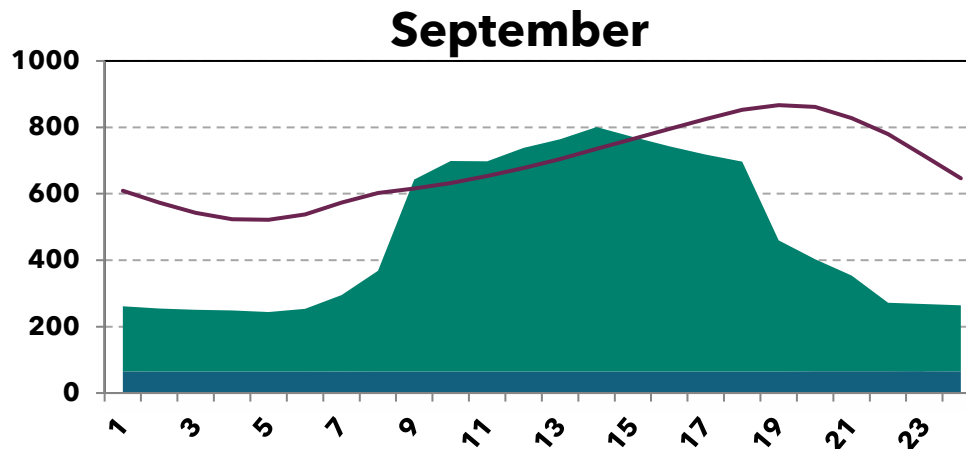
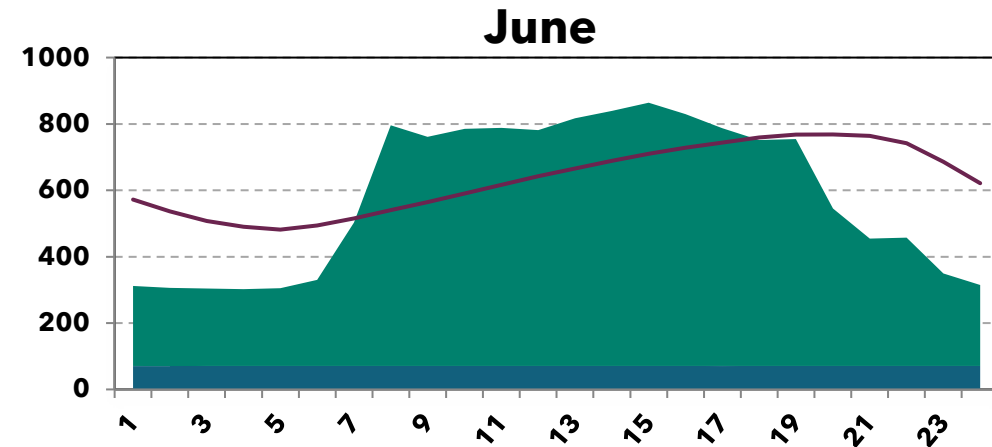
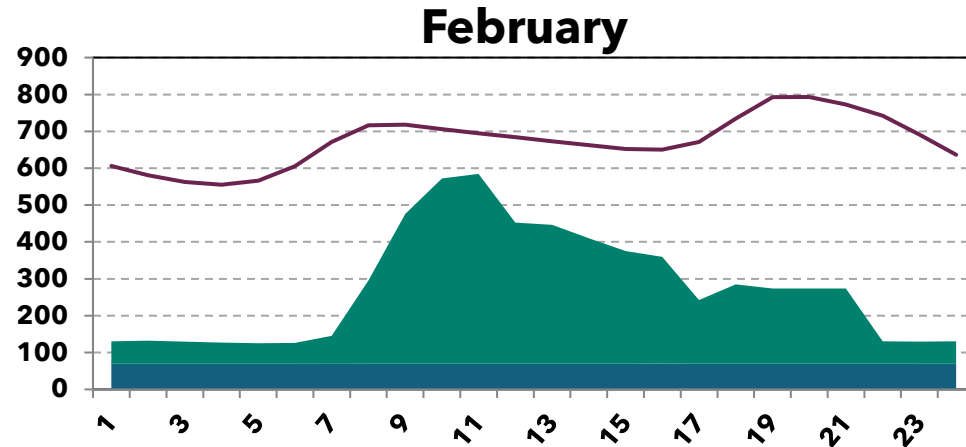


Sample Supply portfolio



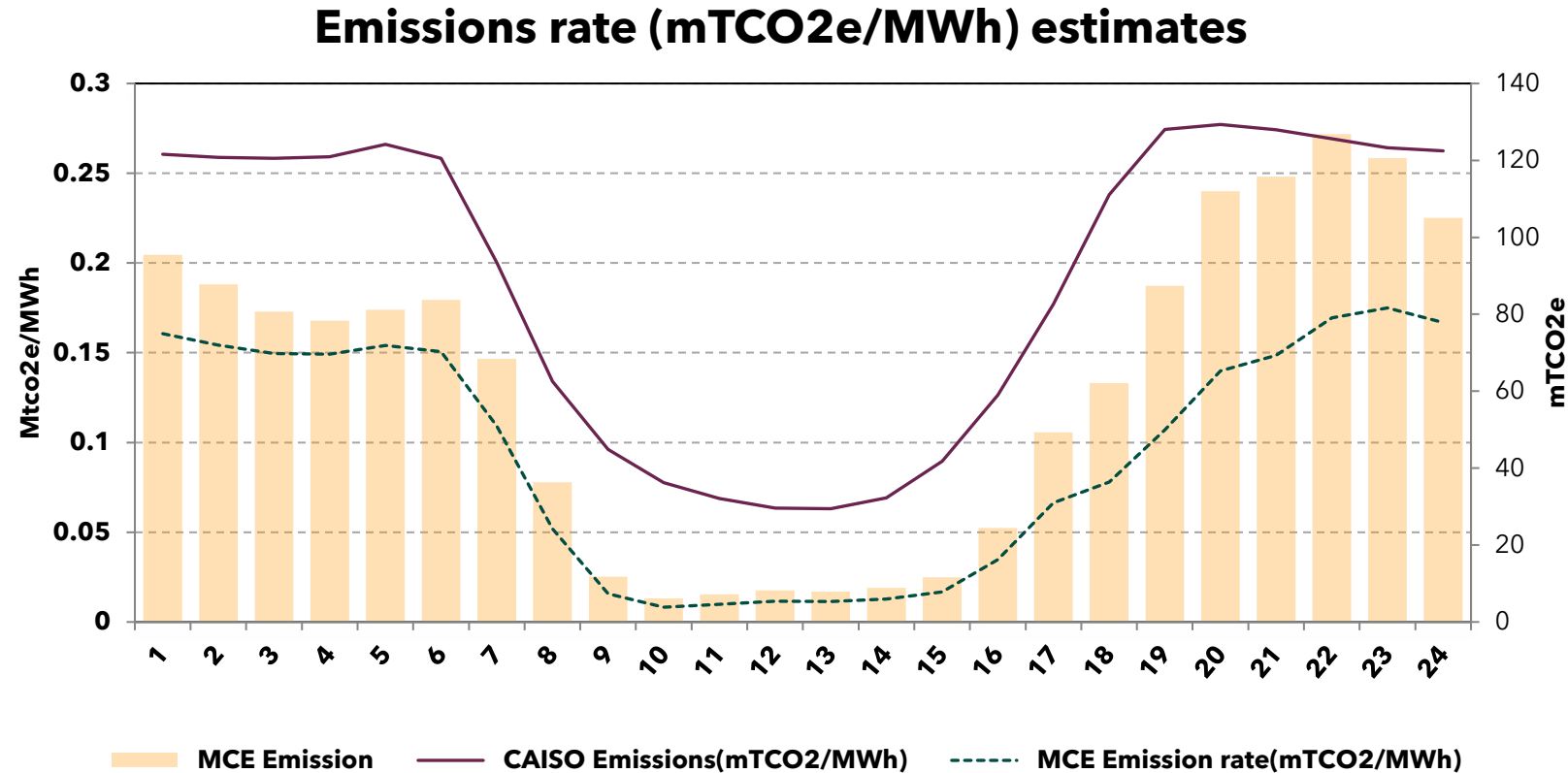
****Actual profile could vary based on actual generation, load and CAISO system portfolio***

2027 Supply portfolio



**Actual profile could vary based on actual generation, load and CAISO system portfolio*






2027 average hourly emissions profile



****Actual profile could vary based on actual generation, load and CAISO system portfolio.***

**** Hourly emissions are derived from 2024 CAISO emissions***

MCE's 2024 Power Content Label

2024 POWER CONTENT LABEL					
Marin Clean Energy ("MCE")					
	Deep Green	LocalSol	LightGreen	GreenAccess	CA Utility Average
Greenhouse Gas Emissions Intensity (lbs of CO ₂ e emitted per megawatt hour)	0	0	1	0	359
Electricity Sources ■ Renewables and Zero-Carbon Resources ■ Fossil Fuels and Unspecified Power					
RPS Eligible Renewables	100%	100%	69%	100%	45%
Biomass & Biogas	0%	0%	2%	0%	2%
Geothermal	0%	0%	2%	0%	5%
Eligible Hydroelectric	0%	0%	4%	0%	2%
Solar	50%	100%	44%	100%	23%
Wind	50%	0%	17%	0%	14%
Large Hydroelectric	0%	0%	31%	0%	10%
Nuclear	0%	0%	0%	0%	11%
Emerging Technologies	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%
Natural Gas	0%	0%	0%	0%	10%
Coal & Petroleum	0%	0%	0%	0%	2%
Unspecified Power (primarily fossil fuels)	0%	0%	0%	0%	22%
Total	100%	100%	100%	100%	100%
Retail sales covered by retired unbundled RECs	0%	0%	2%	0%	
<p>■ This label does not reflect compliance with the Renewables Portfolio Standard (RPS), which measures the use of tracking instruments called Renewable Energy Credits (RECs) over the course of multi-year compliance periods. RECs that are purchased separately from the renewable energy ("Unbundled RECs") can be used for RPS compliance, but they do not factor into the power mixes or GHG emissions intensities above.</p> <p>■ GHG intensity figures exclude biogenic CO₂ and emissions from geothermal sources and grandfathered imports of firmed-and-shaped energy. For detailed information about all GHG emissions from California's retail electricity suppliers, visit the CEC webpage at the link below.</p> <p>■ Unspecified power is electricity purchased from a genericized pool on the open market.</p>					
https://www.mcecleanenergy.org/	<p>Want to learn more? Visit https://www.energy.ca.gov/programs-and-topics/programs/power-source-disclosure-program</p>				

Emissions summary(Pounds CO2e/MWh)

	Renewable Content	Annual CF %	2026 Emissions	* 2027 Emissions
1. Status Quo	60-65%	95%	20	93 - 132
2. 60/95 Target	60%	95%	20	93 - 132
3. 60/70 target	60%	70%	327	160 - 207
4. RPS Compliance/95	49-52%	95%	20	112 - 189
5. RPS Compliance/85	49-52%	85%	186.9	145 - 193
6. RPS Compliance/70	49-52%	70%	327	200 - 205
7. RPS Banking/70	45%	70%	327	200 - 205

**Based on hourly accounting estimates*

Recommendation

Option 1: Select one scenario below

Option 2: Select a range of renewable and carbon free equivalent percentages below. For example, a range with scenario 5 as the floor and scenario 1 as the ceiling would provide maximum flexibility.

Scenario	Renewable Content	Annual CF %	2026 Emissions	* 2027 Emissions
1. Status Quo	60-65%	95%	20	93 - 132
2. 60/95 Target	60%	95%	20	93 - 132
3. 60/70 target	60%	70%	327	160 - 207
4. RPS Compliance/95	49-52%	95%	20	112 - 189
5. RPS Compliance/85	49-52%	85%	186.9	145 - 193

****Based on hourly accounting estimates***

Thank you!



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Proposed Fiscal Year 2026/27 MCE Rate Reduction Proposals

Budget Workshop #2

February 11, 2026



Meet the Presenter



Maíra Strauss

Chief Financial Officer and Treasurer

Maíra leads all of MCE's financial operations and strategies which include FP&A, Strategic Finance, Accounting and Risk Management.

Maíra brings over 15 years of experience in financial management and strategic planning to her role. Prior to joining MCE, she consulted on strategic business practices for various international foundations and startups and worked in the energy industry in Brazil. Maíra holds a bachelor's degree in business administration from SFSU and a post-baccalaureate certificate in business strategies from ESPM- RJ in Rio de Janeiro, Brazil.

Meet the Presenter



Kaladhar R. Bollampalli (Kal)

Director, Power Systems & Analytics

Kal joined MCE in June 2025 and leads the organization's rates design, portfolio planning and analytics, and CAISO market operations.

Before joining MCE, Kal spent 16 years at Southern California Edison (SCE), where he managed energy portfolios valued at up to \$2 billion and advanced market strategy, clean energy procurement, and portfolio optimization - efforts that delivered more than \$150 million in customer savings over his tenure.

Prior to his work at SCE, Kal spent over 6 years as a software engineer, successfully implementing technology solutions in the energy and supply chain management sectors.

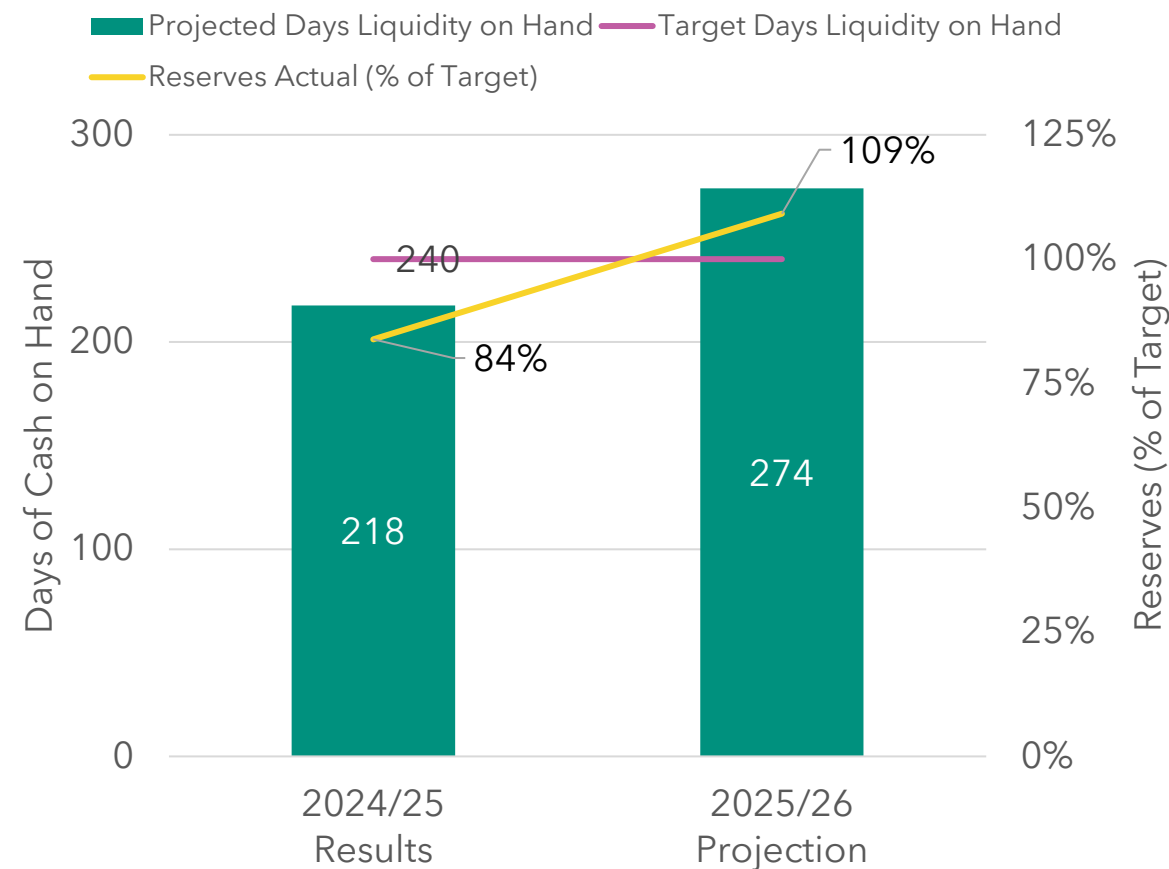
Kal holds a Bachelor of Engineering in Electronics and Communications Engineering from OUCB and an MBA from UCLA.

MCE Rate-Setting Principles



MCE's Reserve & Liquidity Policy

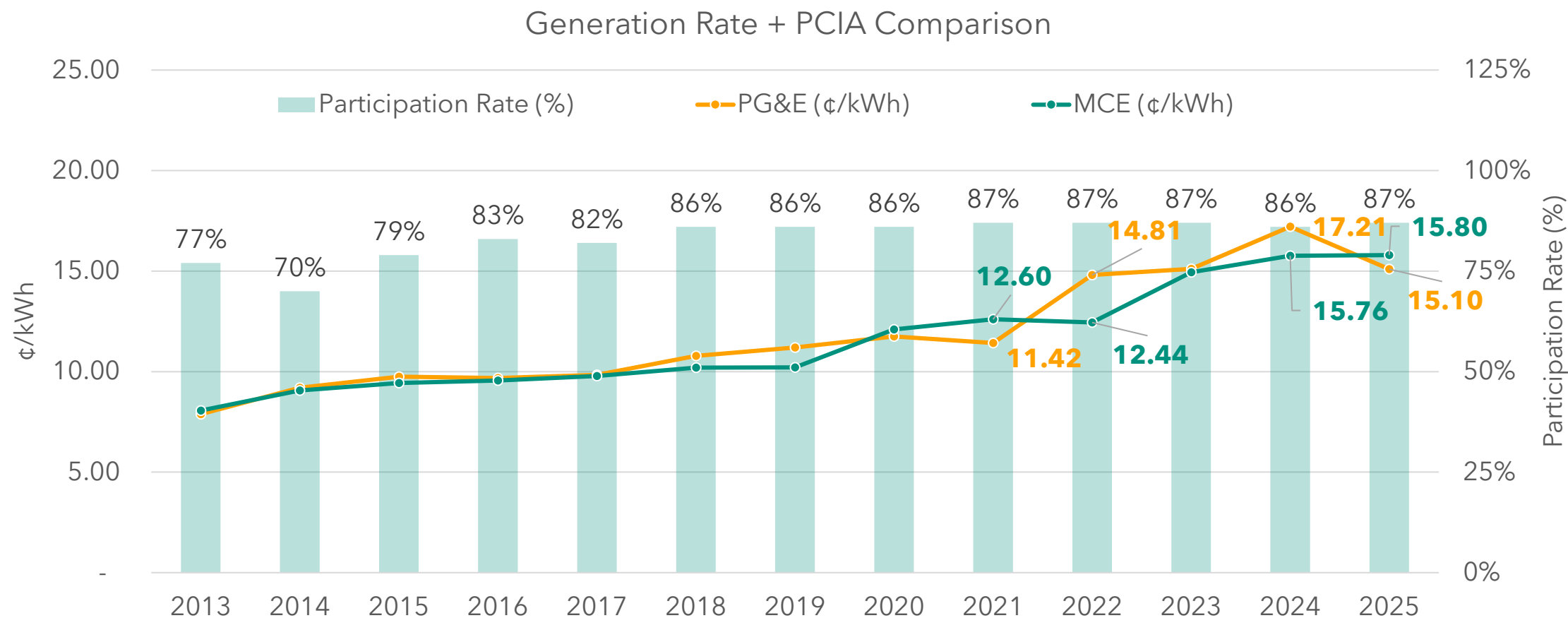
- Maintain MCE's Reserves = **60% of annual energy + operating expenses**
- Liquidity goal of **240 days cash on hand** (unrestricted cash & investments / annual expenses)
- Ensure financial stability, rate stability and strong credit rating



- FY 2025/26 Projection is based on current estimates and will be refined with updated financials

Historical Generation Rate + PCIA Comparison

MCE’s Generation Rates + PCIA have generally been a lower-cost and stable option, with steady customer participation over time



- Rate comparisons use Residential E1/E-TOU-C plans and MCE’s 2017 PCIA vintage
- PG&E generation and PCIA rates are set on a calendar year; MCE generation rates on a fiscal year (Apr-Mar)

Customer Participation & Cost Sensitivity

Despite periods of higher rates, customer participation remains strong

- Since June 2025, MCE generation + PCIA has been higher than PG&E
- Participation at an all-time high: 87.3% (Dec 2025)
- Record customers: 603,478 accounts (Dec 2025)
- Opt-outs remain historically low
- Customers who opt out must decide to stay with MCE for 6 months or take PG&E's inflated transitional bundled service rate (often 2-3x standard rate)

Key takeaway:

Customers appear to value **long-term stability**, **sustainability**, and **program benefits**; not just short-term price differences

Affordability remains a core priority, also supported by several bill discount and customer programs for financially vulnerable customers

Transitional PG&E Bundled Service (TBS) Overview

- Opting out of a CCA without 6-month notice triggers PG&E's **Transitional Bundled Service (TBS)** for 6 months
- Under TBS, Transitional Bundled Commodity Cost (TBCC) rates apply
- TBCC is highly volatile and costly, often **2-3× standard rates**, fluctuating weekly with CAISO market prices (~ 14 - 30¢/kWh in recent years)
- Original PCIA vintage applies during the TBS period
- After 6 months, customers move to bundled generation + PCIA, followed by a 12-month IOU lock-in

FY 2026/27 MCE Rates Strategy

Balance Cost with Competitiveness and Long-Term Customer Retention

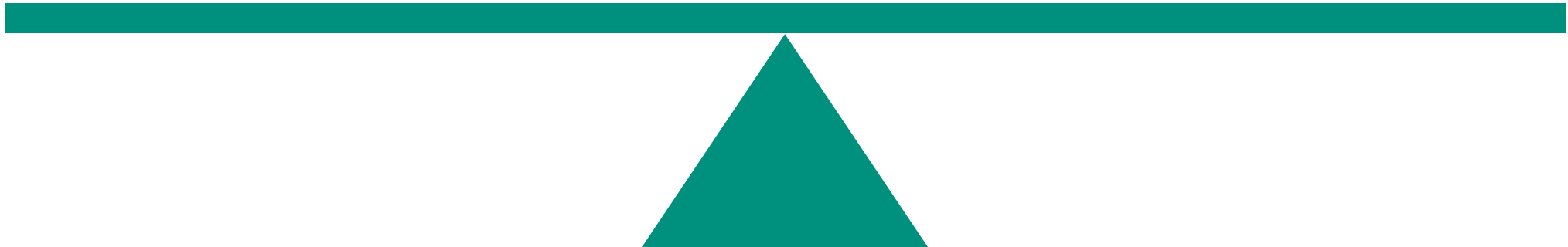
Reflect True Cost

- Align with reserve policy
- True cost = rate floor
- Supports long-term financial stability

Competitiveness & Retention

Retention is influenced by more than price

- Cleaner, greener power; programs
- Historically stable & often lower rates
- Long-term value proposition (future years may be lower)



Strategic implication: MCE must balance cost recovery with maintaining a compelling customer value proposition across **price, sustainability, stability, programs** and **long-term certainty**

FY 2026/27 Rate Relief Tools

Potential Resources to Support Rate Competitiveness (FY 2026/27)

Tool	Amount	Description
Rate Reduction Headroom	\$89M	Align FY 2026/27 revenues with costs without creating a deficit
Operating Reserve Fund (ORF)	\$70M	Funds available currently for targeted rate relief
Reserve-Backed Funding (Reserves)	\$24 to 36M	Reserves available without affecting reserve/liquidity targets
Reduced Clean Energy Procurement	\$0 to 17M	Potential savings from lowering RPS/CF procurement targets
Total Potential Rate Relief	\$183 to 212M	Sum of all available tools for FY 2026/27

- All figures are estimates and subject to change as forecasts are updated

FY 2026/27 Proposed Gen Rate Reduction Options

Option	Gen Rate Reduction	Under-Recovery	How Addressed	Bill Impact (w/o PCIA)	Bill Impact (w/ PCIA)
1	1.73¢/kWh (12%)	\$0M	N/A	\$1 above bundled customers	\$22 above bundled customers
2	2.05¢ (14%)	\$17M	Partial ORF	\$0	\$21 above
3	3¢ (21%)	\$67M	Almost full ORF	\$4 below	\$17 above
4	3.51¢ (24%)	\$94M	Full ORF + Reserve-backed funding	\$7 below	\$14 above
5	4¢ (27%)	\$119M	Full ORF + Reserve-backed funding + Lower clean energy procurement	\$9 below	\$12 above

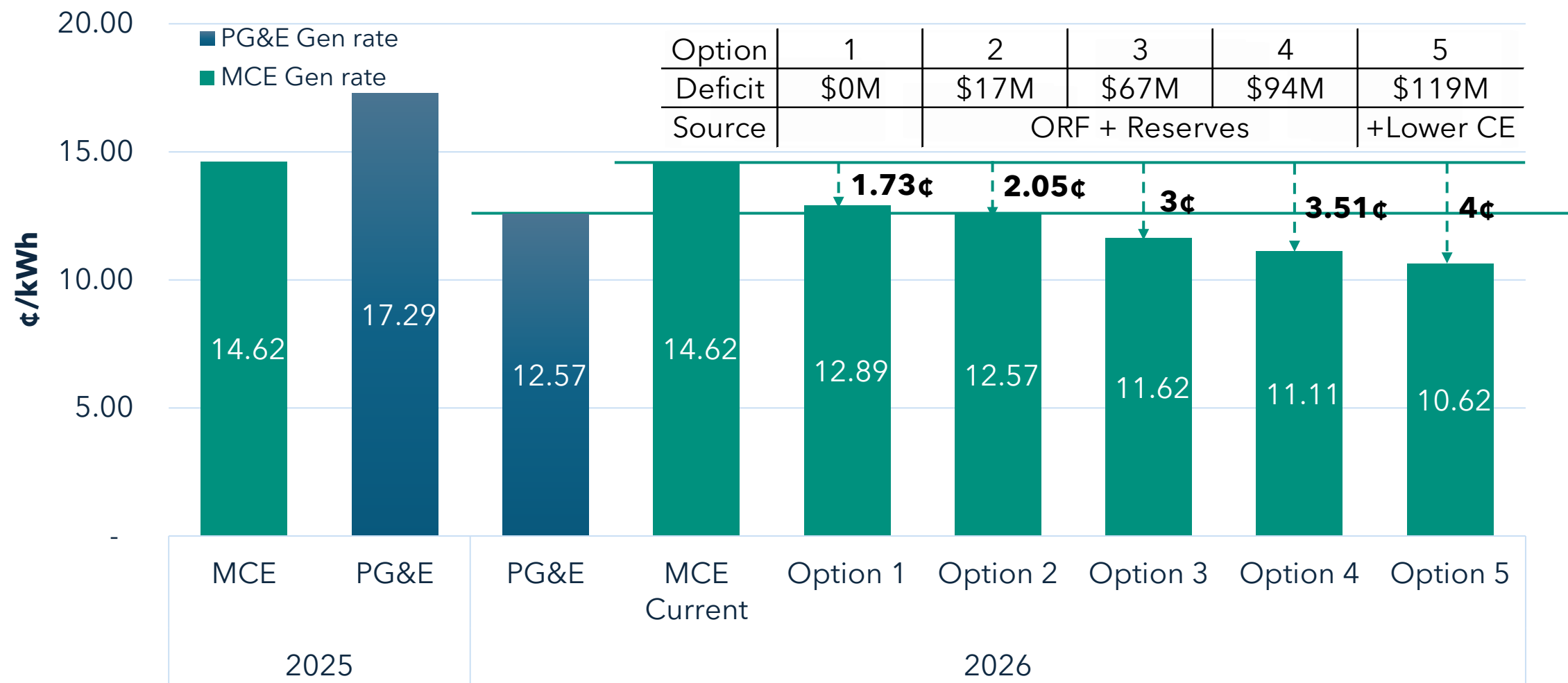
- Rate comparisons use Residential E-TOU-C plan and MCE's 2017 PCIA vintage, based on a weighted average rate of customer usage across seasons (summer/winter) and time-of-use (on-peak/off-peak) periods.
- Residential rates are shown for illustration; similar reductions apply across all customer classes
- Proposed rate reductions are approximate; actual impacts vary by rate class and time-of-use period.
- Monthly bill impacts assume 438 kWh of typical residential usage.
- All figures are estimates and subject to change.

Reduced Clean Energy Procurement Scenarios

				FY 2026/27		FY 2027/28	
Scenario #	RPS/Carbon-Free (CF) %	RPS	CF	Cost of Energy (\$M)	Cost Reduction (\$M)	Cost of Energy (\$M)	Cost Reduction (\$M)
1	Status-Quo	60-65%	95%	\$643	\$0	\$636	\$0
2	60/95	60%	95%	\$642	\$0	\$634	\$2
3	60/70	60%	70%	\$630	\$13	\$618	\$18
4	RPS Compliance/95	49-52%	95%	\$640	\$3	\$632	\$4
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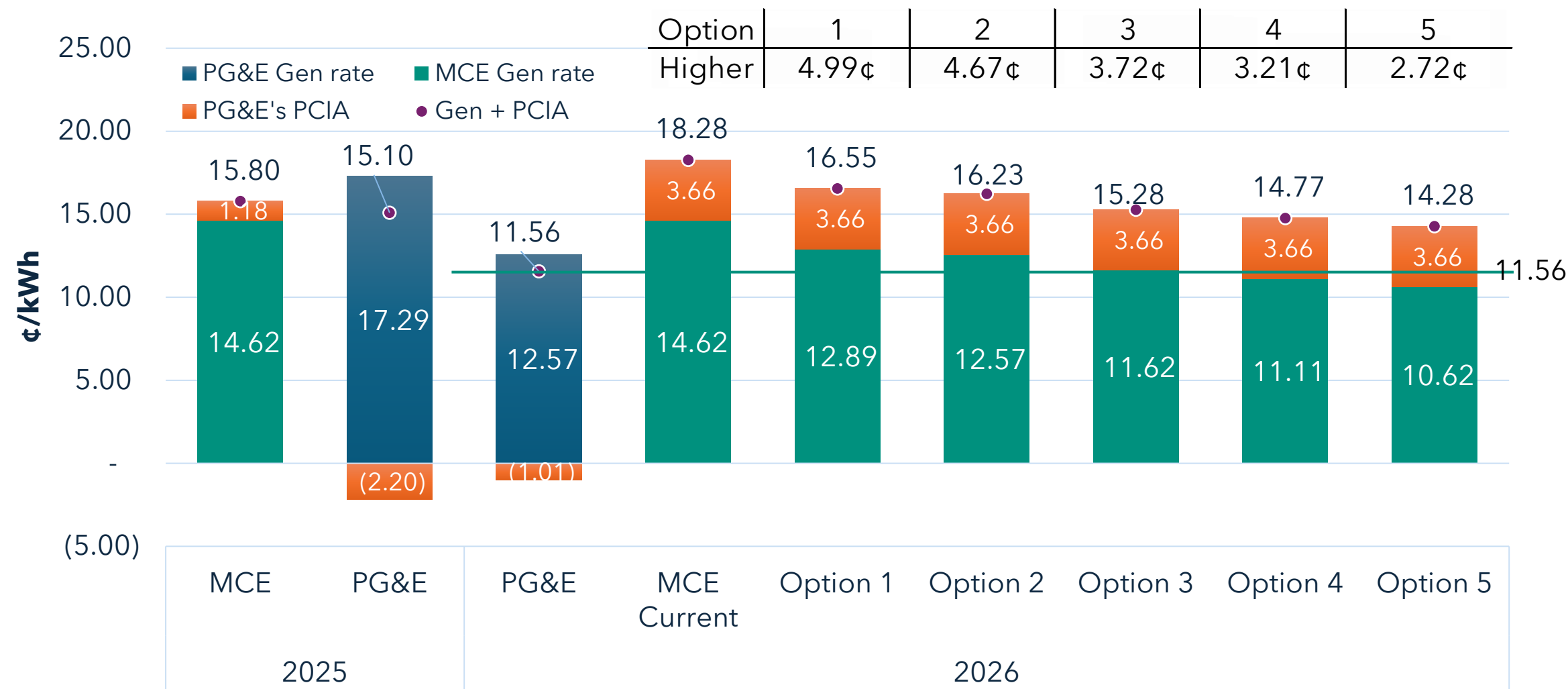
- State RPS goals ('25/'26/'27): **47% / 49% / 52%**; MCE RPS goals ('25/'26/'27): **60% / 60% / 65%**; MCE's CF goal **95%**
- MCE calculates CF percentage based on the CEC Power Content Label (PCL) reported emissions factor (lbs CO₂e/MWh). Resource Adequacy is not reflected in the PCL and is not attributed to MCE's retail energy portfolio for emissions reporting purposes.
- RPS Compliance options do **not** include REC banking
- REC banking allows excess RPS in one year to be used in later years within the same Compliance Period (CP); CP5 is from 2025-2027
- All figures are estimates and subject to change

FY 2026/27 Proposed Generation Rate Options



- All rate comparisons use Residential E1/E-TOU-C plans and MCE’s 2017 PCIA vintage; Operating Reserve Fund (ORF); Clean Energy (CE)
- All figures are estimates and subject to change
- Proposed rate reductions are approximate; actual impacts vary by rate class and time-of-use period

FY 2026/27 Proposed Generation Rate Options + PCIA



• All rate comparisons use Residential E1/E-TOU-C plans and MCE’s 2017 PCIA vintage; Operating Reserve Fund (ORF); Clean Energy (CE)
• All figures are estimates and subject to change
• Proposed rate reductions are approximate; actual impacts vary by rate class and time-of-use period

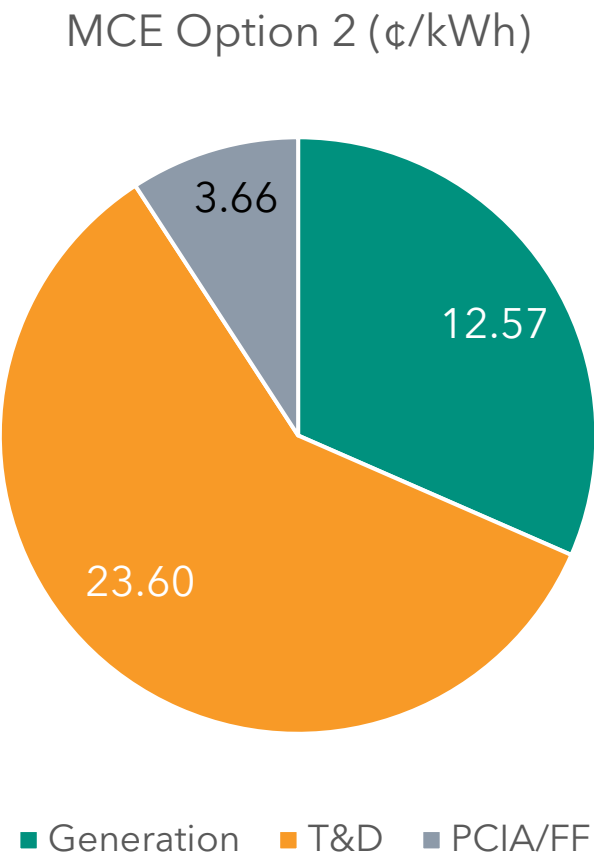
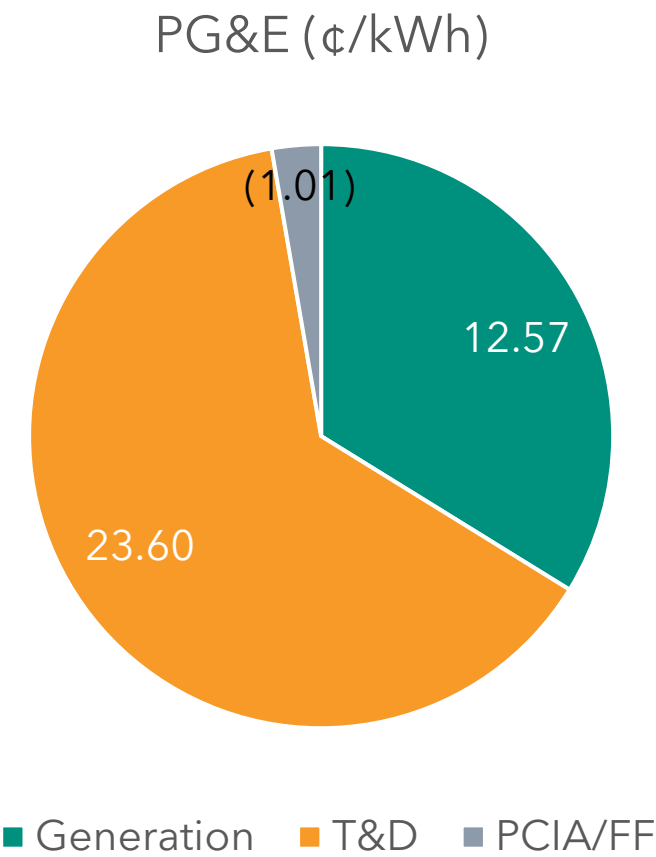
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Bill Comparison: MCE and PG&E

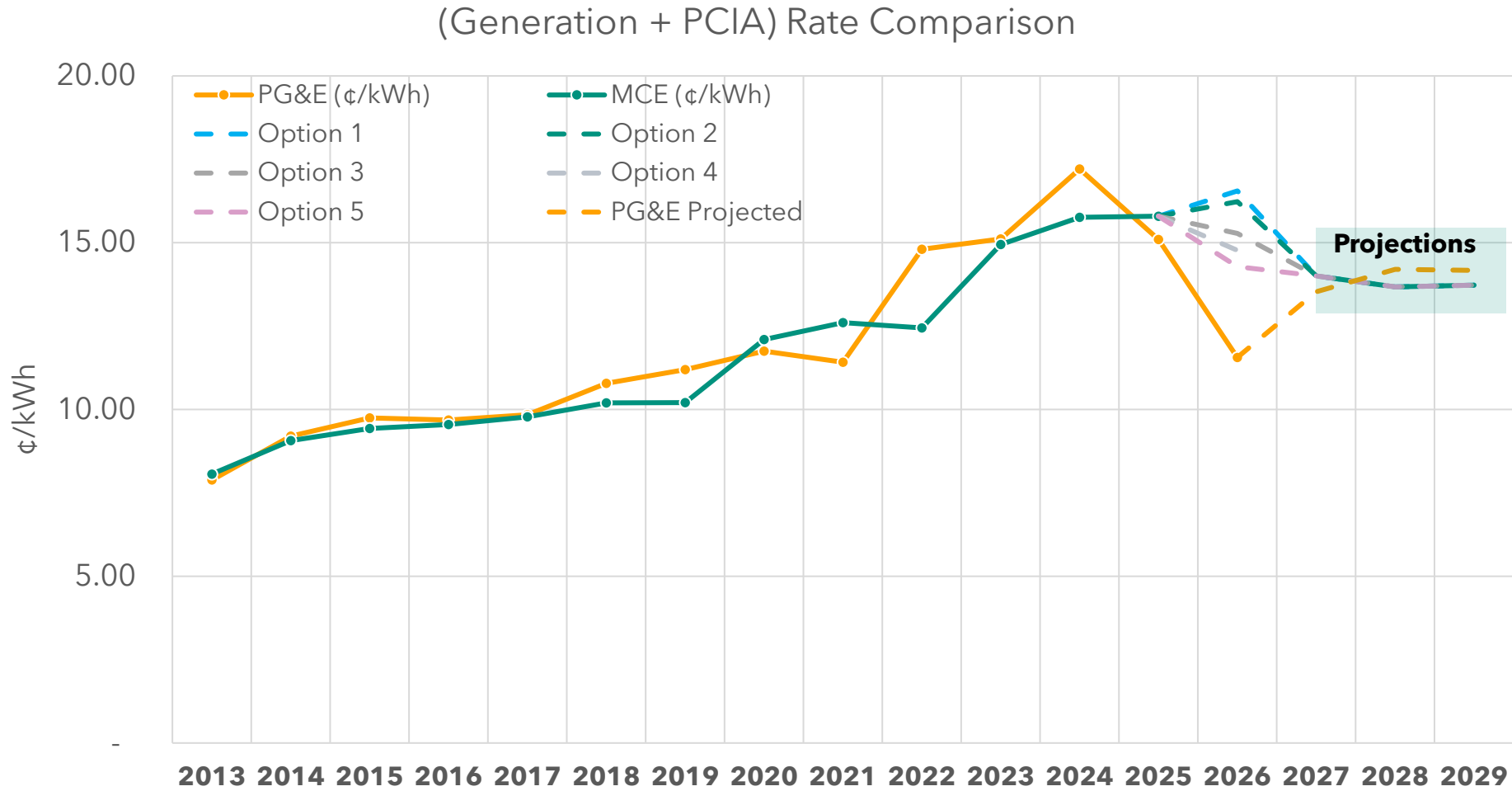
	PG&E	MCE Light Green						
Residential: E-TOU C	2026	2025	Current	Option 1	Option 2	Option 3	Option 4	Option 5
Generation Rate (\$/kWh)	\$0.1257	\$0.1462	\$0.1462	\$0.1289	\$0.1257	\$0.1162	\$0.1111	\$0.1062
PG&E Delivery Rate (\$/kWh)	0.236	0.280	0.236	0.236	0.236	0.236	0.236	0.236
PG&E PCIA/FF (\$/kWh)	(0.010)	0.012	0.037	0.037	0.037	0.037	0.037	0.037
Total Electricity Cost (\$/kWh)	0.352	0.438	0.419	0.402	0.398	0.389	0.384	0.379
Average Monthly Bill (\$)	\$154	\$192	\$183	\$176	\$174	\$170	\$168	\$166
Difference (MCE - PG&E)		\$38	\$29	\$22	\$20	\$16	\$14	\$12
% Higher than PG&E		25%	19%	14%	13%	11%	9%	8%

- Rate comparisons use E-TOU-C plan and MCE's 2017 PCIA vintage, based on a weighted average rate of customer usage across seasons (summer/winter) and time-of-use (on-peak/off-peak) periods
- Average bills in recent years under **TBCC** range from ~**\$180-\$250** per month; about **16% to 50% higher** than PG&E's standard bundled rates

Rate Comparison: MCE and PG&E



Generation Rate + PCIA Projections



Projections

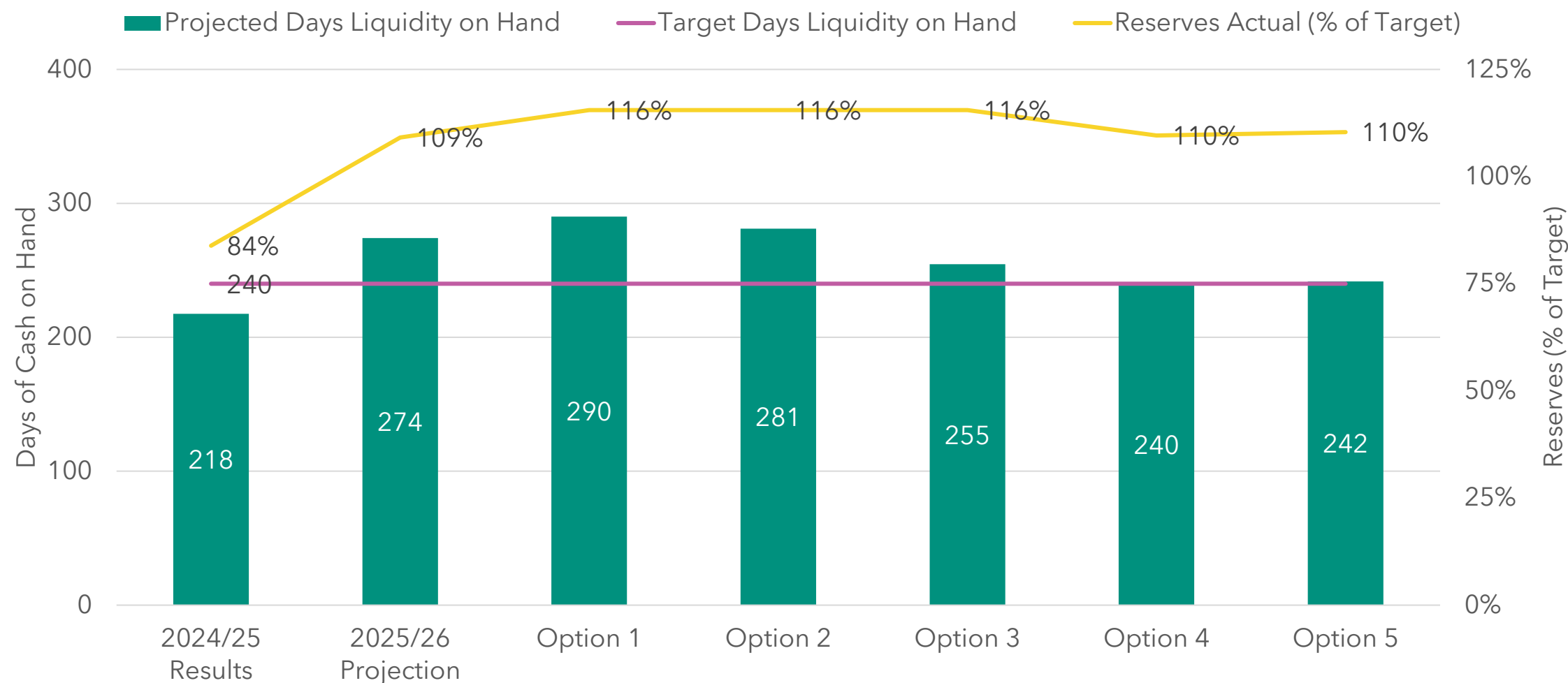
2027+: PCIA convergence across all vintages

Cost-based rates keep MCE's Generation + PCIA below PG&E's forecast:

- **Options 1-2:** Generation Rate remains stable and sustainable with no increases
- **Options 3-5:** Use reserves in the near term, then raise the Generation Rate later to at least the Option 1-2 level, with future increases offset by declining PCIA beginning in 2027

- Comparisons use Residential E1/E-TOU-C plans and MCE's 2017 PCIA vintage
- Future PG&E generation rates are assumed to remain at 2026 levels, while PCIA values for 2027 and beyond rely on industry (NewGen Strategies & Solutions) projections

MCE Reserve & Liquidity Outlook



- Outlook is based on current estimates and will be refined with updated financials
- The revenue projections are based on a stable customer participation rate

Recommendation

Select a preferred **generation rate reduction option** to support FY 2026/27 budget planning

Option	Gen Rate Reduction	Impacts
1	1.73¢/kWh (12%)	Full cost recovery and sustainable into FY 2027/28; No use of reserves
2	2.05¢ (14%)	Sustained rates likely into FY 2027/28; Some use of reserves
3	3¢ (21%)	Rate increase likely needed for FY 2027/28; Heavy use of reserves
4	3.51¢ (24%)	Maintains liquidity targets; Utilizes all available reserves
5	4¢ (27%)	Requires reduced clean energy targets & associated changes to customer messaging



Thank you!



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Proposed Fiscal Year 2026/27

MCE Budget Elements

Budget Workshop #2

February 11, 2026



Meet the Presenter



Maíra Strauss

Chief Financial Officer and Treasurer

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Maíra brings over 15 years of experience in financial management and strategic planning to her role. Prior to joining MCE, she consulted on strategic business practices for various international foundations and startups and worked in the energy industry in Brazil. Maíra holds a bachelor's degree in business administration from SFSU and a post-baccalaureate certificate in business strategies from ESPM- RJ in Rio de Janeiro, Brazil.

Meet the Presenter

Efren Oxlaj

Manager of Finance

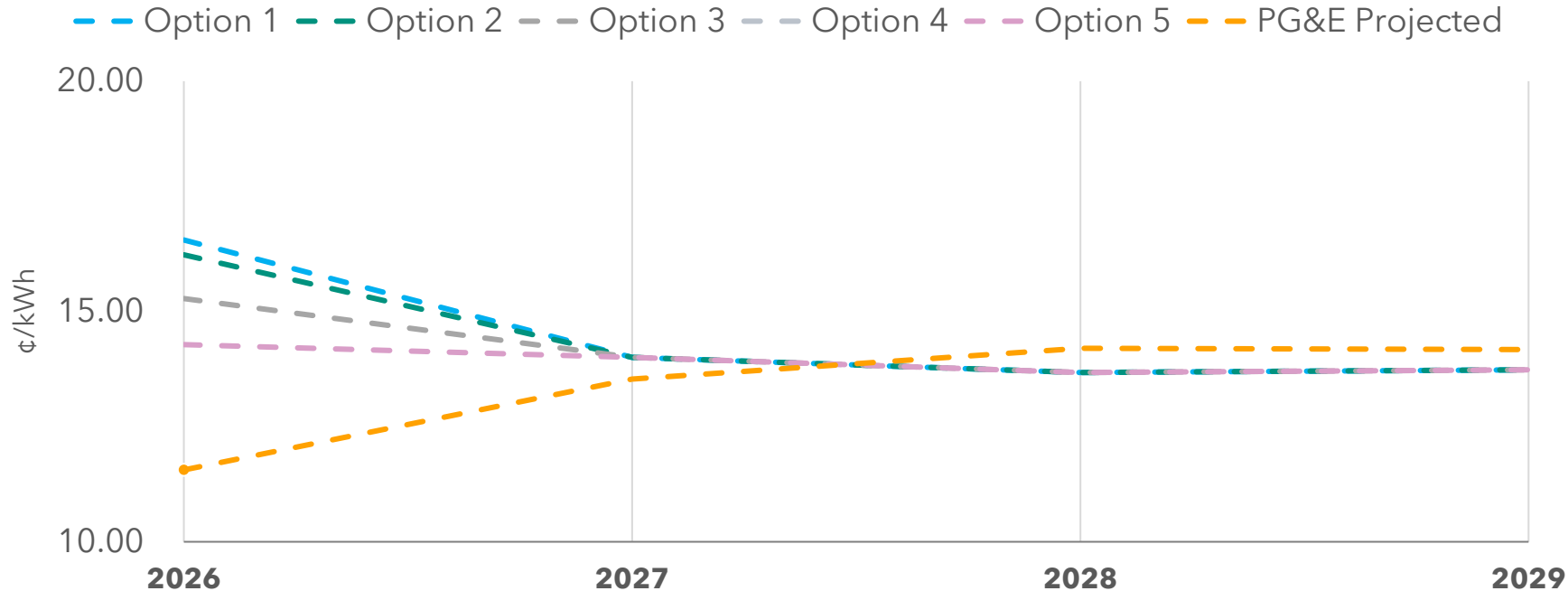
Efren has been with MCE since 2019. He is responsible for financial planning, modeling, reporting and general financial operations. He played a key role in the issuance of more than \$2.5 billion in prepay bonds and currently represents MCE on the California Community Choice Financing Authority Working Group.

Efren holds a BS in Economics from Santa Clara University and is currently enrolled in its MS in Finance & Analytics program.



Context for FY 2026/27 Budget Setting

Generation Rate + PCIA Comparison



Based on Residential E-TOU-C and MCE's 2017 PCIA vintage

Future PG&E generation rates are assumed to remain at 2026 levels, while PCIA values for 2027 and beyond rely on industry projections

Looking Ahead (2027+)

- PCIA values expected to converge, eliminating the temporary distortion
- MCE's cost-of-service-based rates are projected to be below PG&E's

Context for FY 2026/27 Budget Setting

Current Situation (2026)

Bundled Gen + PCIA temporarily < MCE Gen Rate + PCIA

- Increase driven by PCIA reforms and improper retroactive ratemaking; CalCCA has filed an appeal
- This is an anomaly, not a true cost trend

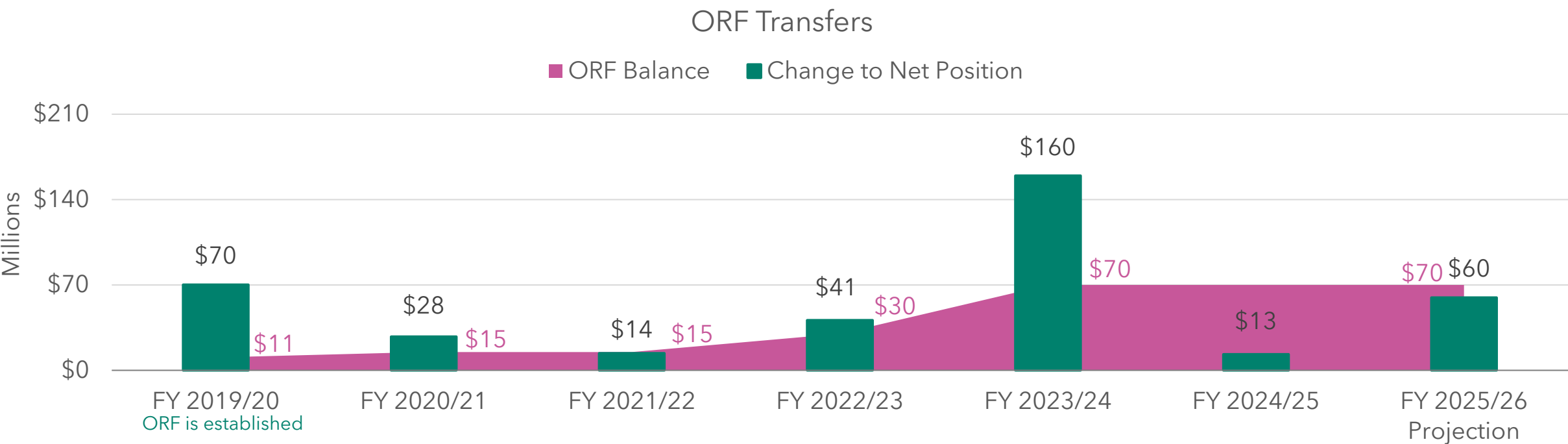
MCE Position

- Lower current power costs → rate-reduction headroom
- Staff has developed rate-reduction options

Context for FY 2026/27 Budget Setting

- The budget for FY 2026/27 will be shaped by the rate reduction option your Board selects
 - Option 1 - reduce rates by **1.73¢/kWh** or **12%**
 - Option 2 - reduce rates by **2.05¢/kWh** or **14%**
 - Option 3 - reduce rates by **3¢/kWh** or **21%**
 - Option 4 - reduce rates by **3.51¢/kWh** or **24%**
 - Option 5 - reduce rates by **4¢/kWh** or **27%**
- Options 2 and 3 would create a deficit, which could be covered by withdrawing from the Operating Reserve Fund (ORF)
- Options 4 and 5 would create a deficit **despite** ORF withdrawals and reductions in the cost of energy
- The ORF has **\$70 million** in deferred income
- Reserve and Liquidity goals are **met** across all options
- Numbers presented are preliminary estimates and subject to change

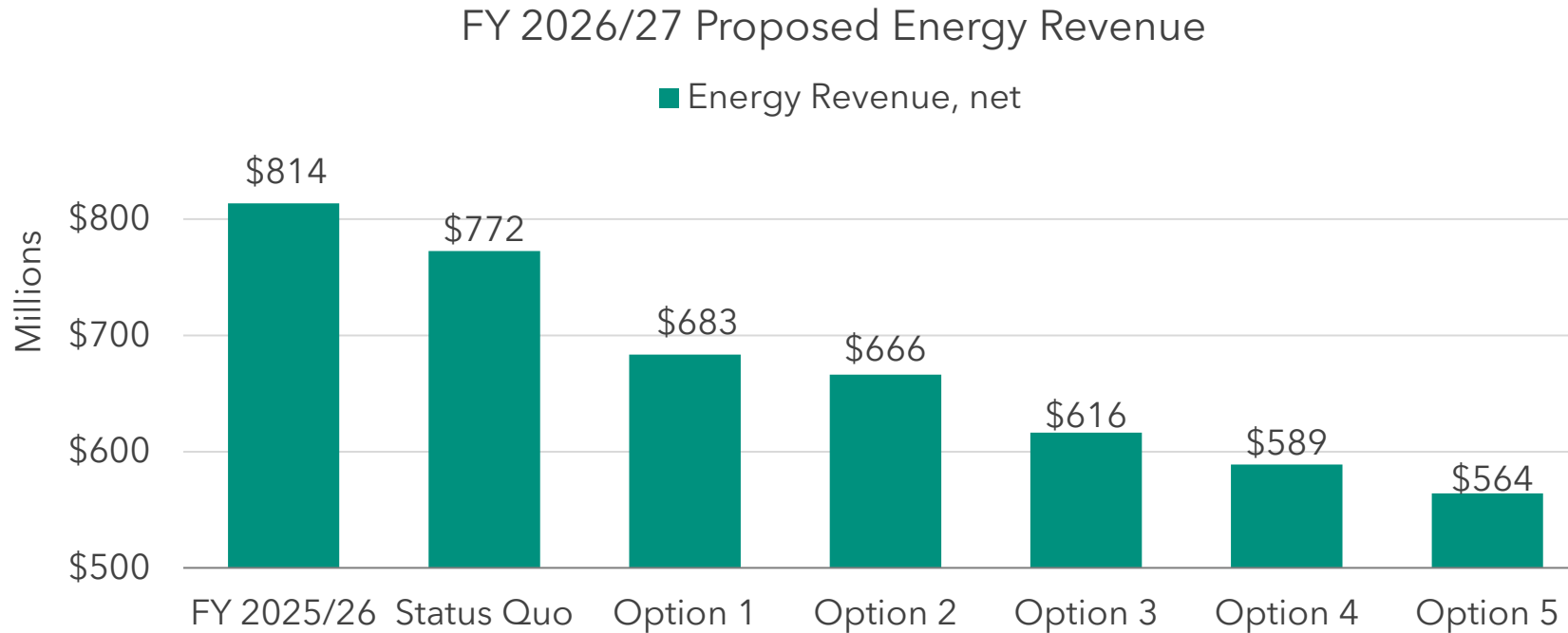
Operating Reserve Fund (Rate Stabilization Fund)



- **Deposits:** When change in net position exceeds 5% of revenues, or after reserve targets are met and obligations paid
- **Withdrawals:** To cover projected revenue shortfalls, legal or contractual obligations, or to maintain credit ratings
- **Current Limit:** 10% of operating and non-operating revenues

Consider a policy amendment for a possible future deposit from current FY 2025/26

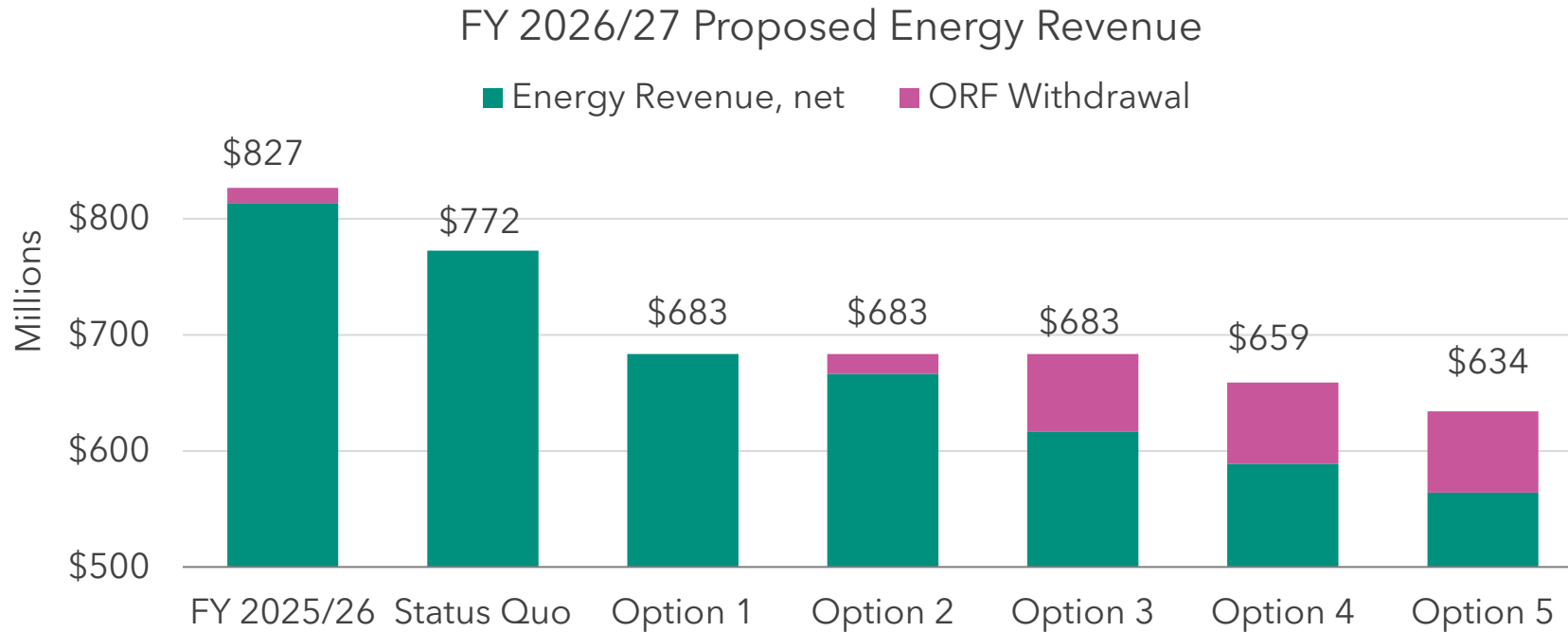
Energy Revenue



	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Status Quo	\$ 813,689,500	\$ 772,440,000	\$ (41,249,500)	(5.1%)
Option 1	813,689,500	683,373,000	(130,316,500)	(16.0%)
Option 2	813,689,500	666,297,000	(147,392,500)	(18.1%)
Option 3	813,689,500	616,464,000	(197,225,500)	(24.2%)
Option 4	813,689,500	588,927,000	(224,762,500)	(27.6%)
Option 5	813,689,500	564,009,000	(249,680,500)	(30.7%)

- Load forecasts have been adjusted downward to align with the mild summer weather observed over the last two years
- Energy revenue would decrease substantially under each Option
- Transfers from the Operating Reserve Fund (ORF) would be needed for Options 2-5
- Figures are shown net of uncollectibles

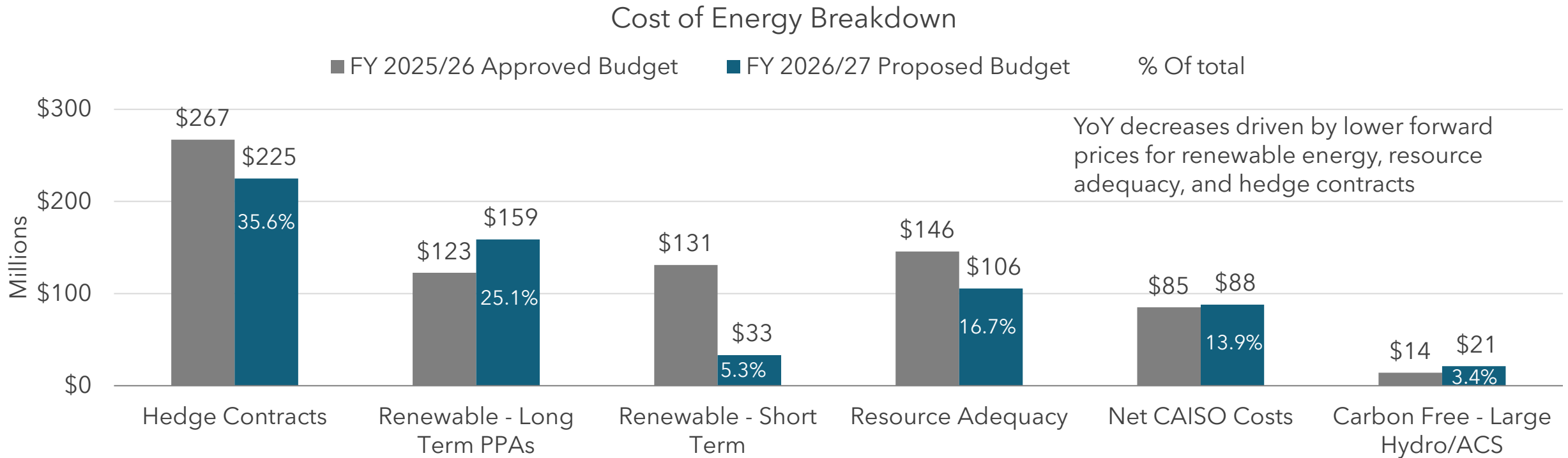
Energy Revenue and ORF Withdrawals



- Option 2 would require a \$17 million ORF withdrawal
- Option 3 would require a \$67 million ORF withdrawal
- Option 4 and 5 would require a \$70 million ORF withdrawal
 - This would bring the ORF balance to \$0

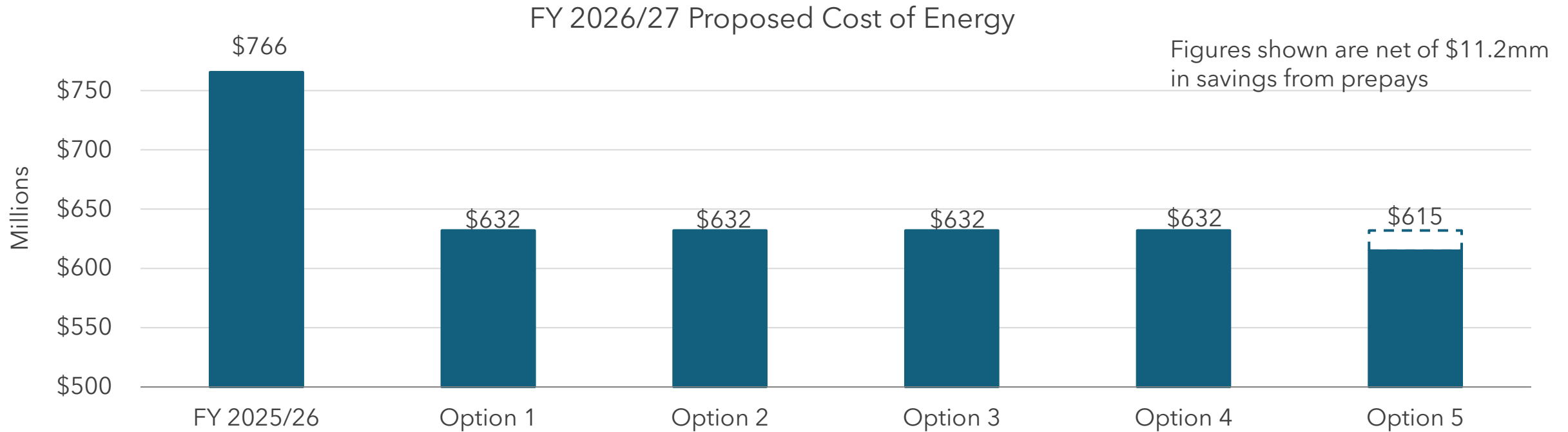
	Energy Revenue, net	ORF Withdrawal	Total Revenue
FY 2025/26	\$ 813,689,500	\$ 13,000,000	\$ 826,689,500
Status Quo	772,440,000	-	772,440,000
Option 1	683,373,000	-	683,373,000
Option 2	666,297,000	17,076,000	683,373,000
Option 3	616,464,000	66,909,000	683,373,000
Option 4	588,927,000	70,000,000	658,927,000
Option 5	564,009,000	70,000,000	634,009,000

Cost of Energy



Cost of Energy	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Hedge Contracts	\$ 267,050,000	\$ 225,028,000	\$(42,022,000)	(15.7%)
Renewable - Long Term PPAs	122,588,000	158,798,000	36,210,000	29.5%
Renewable - Short Term	131,035,000	33,235,000	(97,800,000)	(74.6%)
Resource Adequacy	145,713,000	105,565,000	(40,148,000)	(27.6%)
Net CAISO Costs	85,084,000	88,104,000	3,020,000	3.5%
Carbon Free - Large Hydro/ACS	14,072,000	21,214,000	7,142,000	50.8%
Total	765,542,000	631,944,000	(133,598,000)	(17.5%)

Cost of Energy



Cost of Energy	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Option 1	765,542,000	631,944,000	(133,598,000)	(17.5%)
Option 2	765,542,000	631,944,000	(133,598,000)	(17.5%)
Option 3	765,542,000	631,944,000	(133,598,000)	(17.5%)
Option 4	765,542,000	631,944,000	(133,598,000)	(17.5%)
Option 5	765,542,000	614,944,000	(150,598,000)	(19.7%)

- Options 1 through 4 would see no change to projected energy costs
- Option 5 would require a reduction of \$17 million through a combination of reducing renewables and carbon free procurement targets

Operating Expenses

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
TOTAL OPERATING EXPENSES	50,249,000	54,831,000	4,582,000	9.1%

- Captures overhead expenses MCE incurs to run the operations
- Some expenses are tied to number of customer accounts or load

Operating Expenses - Increases

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
OPERATING EXPENSES				
Personnel	25,405,000	29,143,000	3,738,000	14.7%
Data Manager	5,276,000	5,434,000	158,000	3.0%
Technical and Scheduling Consultants	1,400,000	1,588,000	188,000	13.4%
Service Fees - PG&E	2,738,000	3,200,000	462,000	16.9%
Legal and Policy Services	1,534,000	1,427,000	(107,000)	(7.0%)
Communication Services	2,223,000	1,876,000	(347,000)	(15.6%)
Other Professional Services	4,754,000	4,754,000	0	0.0%
General and Administrative	4,966,000	5,492,000	526,000	10.6%
Occupancy	453,000	417,000	(36,000)	(7.9%)
Contingency	1,500,000	1,500,000	0	0.0%
TOTAL OPERATING EXPENSES	50,249,000	54,831,000	4,582,000	9.1%

Data Management:

- Increased billing activity after City of Hercules enrollment

Technical & Scheduling Consultants:

- Transition to new scheduling services provider
- Temporary vendor overlap + one-time transition costs

PG&E Service Fees:

- Per-account charge rising from \$0.35 to \$0.42
- FY 2026/27 reflects first full year at new rate

General & Administrative:

- Higher software and data platform costs driven by the growth of AI
- Increased membership dues for CalCCA

Operating Expenses - Decreases

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
OPERATING EXPENSES				
Personnel	25,405,000	29,143,000	3,738,000	14.7%
Data Manager	5,276,000	5,434,000	158,000	3.0%
Technical and Scheduling Consultants	1,400,000	1,588,000	188,000	13.4%
Service Fees - PG&E	2,738,000	3,200,000	462,000	16.9%
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General and Administrative	4,966,000	5,492,000	526,000	10.6%
Occupancy	453,000	417,000	(36,000)	(7.9%)
Contingency	1,500,000	1,500,000	0	0.0%
TOTAL OPERATING EXPENSES	50,249,000	54,831,000	4,582,000	9.1%

Legal and Policy Services:

- Downward adjustment to better align with actual spend

Communication Services:

- Downward adjustments in marketing and sponsorship budgets in response to the budgetary environment

Occupancy:

- No major maintenance projects expected and reduced rent resulting from our move to a smaller office in Concord

Personnel – before grant reimbursements

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Salaries	\$ 18,800,000	\$ 22,006,000	\$ 3,206,000	17.1%
Benefits	10,717,000	11,193,000	476,000	4.4%
Total Personnel Costs	29,517,000	33,199,000	3,682,000	12.5%

Key factors contributing to year-over-year increase:

- Full-year impact of the 13 new positions added in FY 2025/26
- Full-year impact of COLA and merit adjustments made in January 2026
- Addition of 5 new full-time roles to meet operational needs
- Increase in benefit premiums

Personnel - after Grant Reimbursement

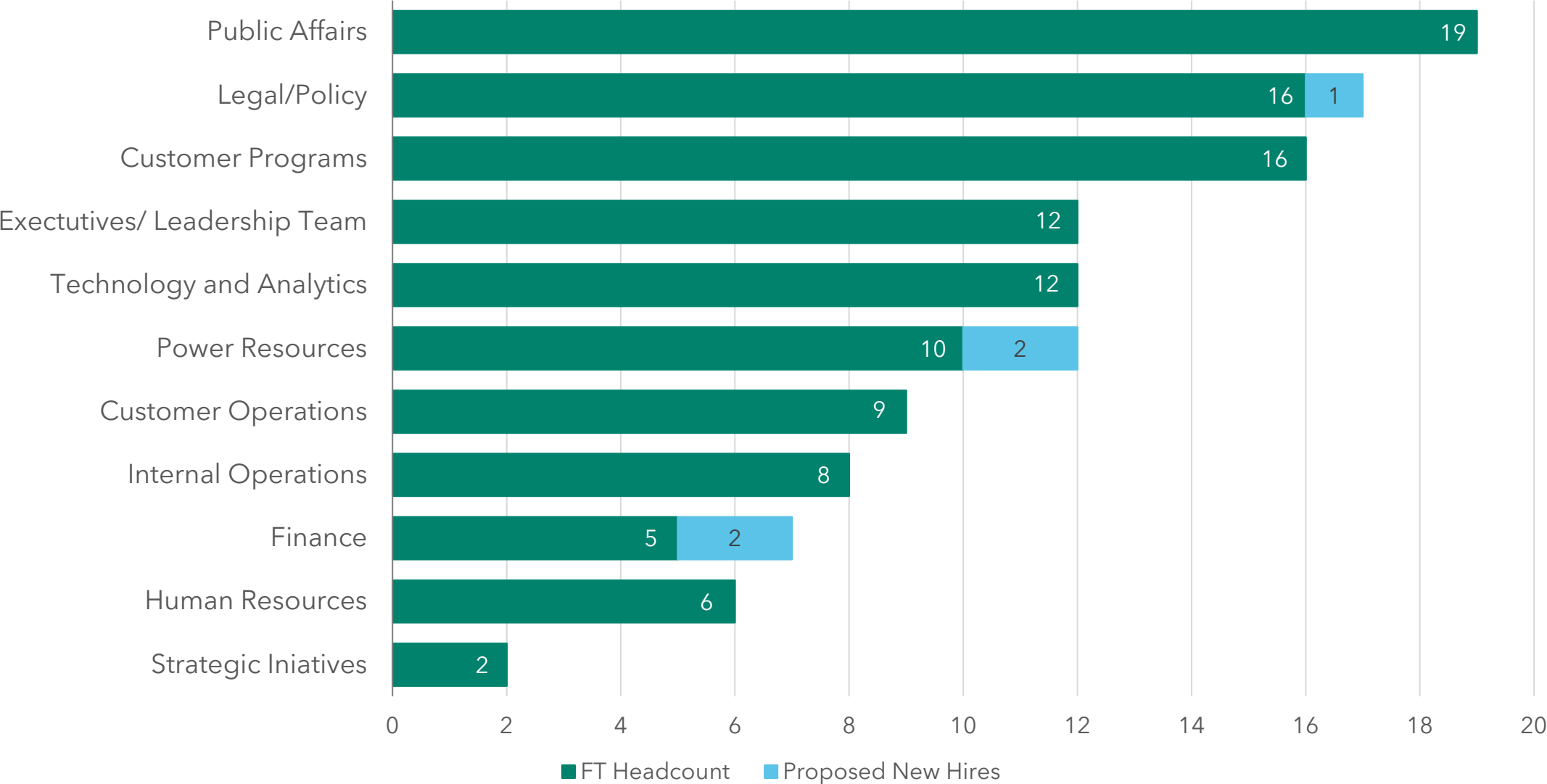
	<u>FY 2025/26 Approved</u>	<u>FY 2026/27 Proposed</u>	<u>Variance \$</u>	<u>Variance %</u>
Total Staffing Costs	\$ 29,517,000	\$ 33,199,000	\$ 3,682,000	12.5%
Expected Grant Reimbursement	(4,112,000)	(4,056,000)	56,000	(1.4%)
Personnel	25,405,000	29,143,000	3,738,000	14.7%

Information regarding grant reimbursements

- Anticipated modest reduction in grant reimbursements relative to the FY 2025/26 budget
- Number in the budget is the cost after grant reimbursements

Department Headcount

Department Full-Time Headcount with Proposed New Hires



Impact of Proposed New Positions

5 new proposed head counts across Power Resources, Finance, and Legal



01

Growth in Scale and Complexity of MCE's Operations

Expansion of grants, procurement contract management, and power resource portfolios requires coordinated oversight



02

Evolving External, Federal, and Regulatory Requirements

New federal funding and increasing regulatory oversight driving more complex compliance and reporting



03

Strengthening In-House Technical and Subject Matter Expertise

Building internal expertise to support complex compliance, financial analysis, and power resource work



04

Positioning MCE for Sustainable and Compliant Growth

Ensuring MCE can absorb new federal earmarks while maintaining operational excellence and accountability



05

Growth of Strategic Finance Function

Establishing dedicated capacity for strategic financial analysis, governance support, Finance Committee support, and long-range planning

Non-operating Revenue and Expenses

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
NONOPERATING REVENUES				
Grant Income	3,278,000	5,018,000	1,740,000	53.1%
Other Income	0	0	0	0
Investment Income	15,000,000	13,707,000	(1,293,000)	(8.6%)
TOTAL NONOPERATING REVENUES	18,278,000	18,725,000	447,000	2.4%
NONOPERATING EXPENSES				
Banking Fees and Financing Costs	225,000	250,000	25,000	11.1%
Grant Expenses	3,278,000	5,018,000	1,740,000	53.1%
TOTAL NONOPERATING EXPENSES	3,503,000	5,268,000	1,765,000	50.4%

- Non-operating revenues come from interest and investment earnings on MCE's cash and fixed-income portfolio
- Budget assumes **2.5%** annual yield on MCE's holdings

Program Development Fund

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
REVENUE AND OTHER SOURCES				
Transfer from Operating Fund and Deep Green Premium	\$2,392,000	\$8,077,000	\$5,685,000	238%
Marin Community Foundation Grant	260,000	131,000	(129,000)	(50%)
Community Benefits Funds	100,000	0	(100,000)	(100%)
TOTAL REVENUE AND OTHER SOURCES	2,752,000	\$8,208,000	\$5,456,000	198%
EXPENDITURES				
Transportation Electrification Programs	5,310,000	5,984,000	674,000	13%
Heat Pump Water Heater Incentives	540,000	682,000	142,000	26%
Emergency Water Heater Loaner Program	142,000	0	(142,000)	(100%)
MCF - EV Charging at Affordable Housing	260,000	131,000	(129,000)	(50%)
Community Housing Support	260,000	260,000	0	0
TOTAL EXPENDITURES	6,512,000	7,057,000	545,000	8%
Net Increase (Decrease) in Fund Balance	3,760,000	1,151,000	-	-
Fund Balance at Beginning of Period	3,760,000	(1,151,000)	-	-
Fund Balance at End of Period	0	0	-	-

Resiliency Virtual Power Plant (VPP) Fund

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
REVENUE AND OTHER SOURCES				
CEC VPP Flex Grant	\$1,200,000	\$1,200,000	\$ 0	0.0%
Federal Earmark Funding	200,000	100,000	(100,000)	(50.0%)
Marin Community Foundation Grant	72,000	270,000	198,000	275.0%
Transfer from Operating Fund	0	0	0	0.0%
TOTAL REVENUE AND OTHER SOURCES	878,000	1,570,000	692,000	79%
EXPENDITURES				
CEC VPP Flex Grant Expenses	1,200,000	1,200,000	0	0.0%
Energy Storage Program	306,000	137,000	(169,000)	(55.2%)
CEC VPP Flex Grant Match	1,000,000	1,000,000	0	0.0%
MCE Sync	952,000	927,000	(25,000)	(2.6%)
PeakFLEX	100,000	0	(100,000)	(100.0%)
Federal Earmark - Energy Storage	200,000	100,000	(100,000)	(50.0%)
MCF - Resiliency at Critical Facilities	72,000	270,000	198,000	275.0%
Federal Earmark Match Expense	200,000	100,000	(100,000)	(50.0%)
San Rafael Office Resiliency Buildout	200,000	0	(200,000)	(100.0%)
Virtual Power Plant	171,000	210,000	39,000	22.8%
TOTAL EXPENDITURES	3,201,000	3,944,000	743,000	23.2%
Net Increase (Decrease) in Fund Balance	(3,721,000)	(2,374,000)	-	-
Fund Balance at Beginning of Period	4,361,000	2,792,000	-	-
Fund Balance at End of Period	640,000	418,000	-	-

Energy Efficiency Fund

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
REVENUE AND OTHER SOURCES				
Public Purpose Energy Efficiency Program	\$ 18,761,000	\$ 14,380,000	\$ (4,381,000)	(23.4%)
Public Purpose Low Income Families and Tenants Pilot Program	800,000	0	(800,000)	(100.0%)
TOTAL REVENUE AND OTHER SOURCES	19,561,000	14,380,000	(5,181,000)	(26.5%)
EXPENDITURE				
Public Purpose Energy Efficiency Program	18,761,000	14,380,000	(4,381,000)	(23.4%)
Public Purpose Low Income Families and Tenants Pilot Program	800,000	0	(800,000)	(100.0%)
TOTAL EXPENDITURES	19,561,000	14,380,000	(5,181,000)	(26.5%)
BALANCE	0	0		

Change in Net Position

	Status Quo	Option 1	Option 2	Option 3	Option 4	Option 5
Energy Revenue, Net	\$ 772,440,000	\$ 683,373,000	\$ 666,297,000	\$ 616,464,000	\$ 588,927,000	\$ 564,009,000
ORF Withdrawal	0	0	17,076,000	66,909,000	70,000,000	70,000,000
Cost of Energy	(631,944,000)	(631,944,000)	(631,944,000)	(631,944,000)	(631,944,000)	(614,944,000)
Operating Expenses	(54,831,000)	(54,831,000)	(54,831,000)	(54,831,000)	(54,831,000)	(54,831,000)
Non-Operating Revenues, Net	13,457,000	13,457,000	13,457,000	13,457,000	13,457,000	13,457,000
Program Expenses	(9,300,000)	(9,300,000)	(9,300,000)	(9,300,000)	(9,300,000)	(9,300,000)
Consolidated Change in Net Position	89,822,000	755,000	755,000	755,000	(23,691,000)	(31,609,000)

Assumptions:

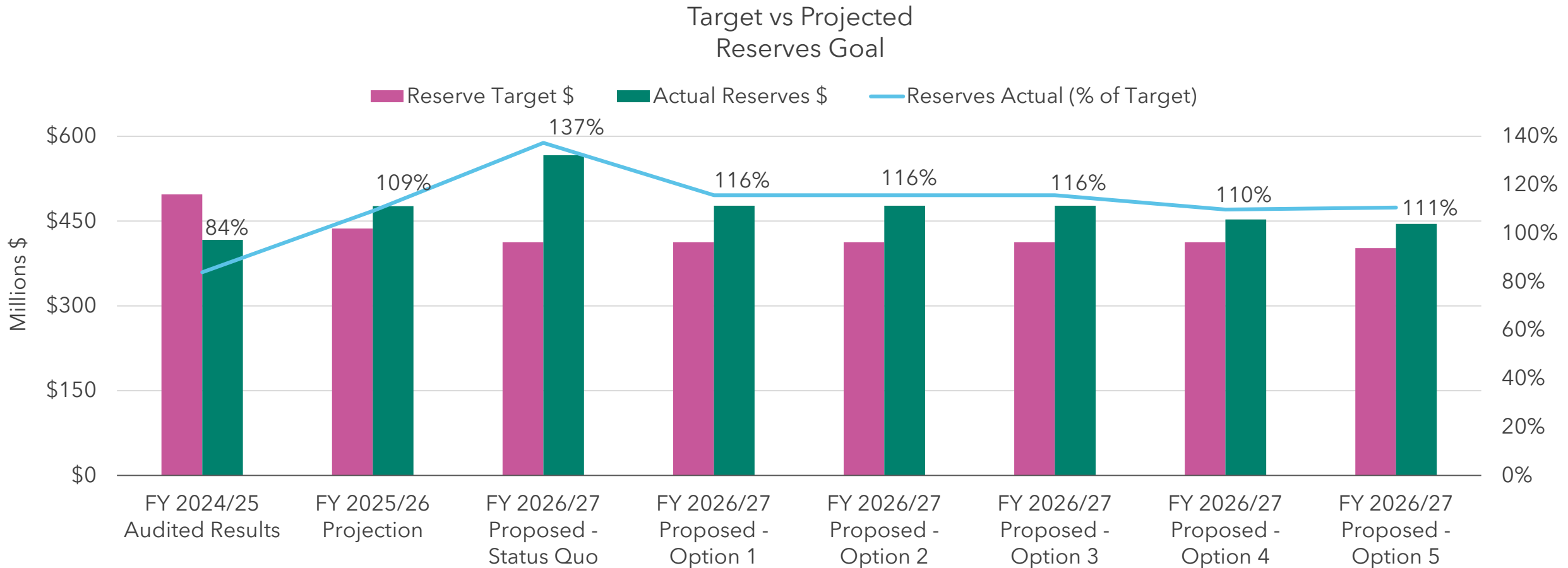
ORF Withdrawals	0	0	17,076,000	66,909,000	70,000,000	70,000,000
Cost of Energy Reduction	0	0	0	0	0	17,000,000

The agency has sufficient cash to run the operations and no external funding sources would be required, even under options 4 and 5.



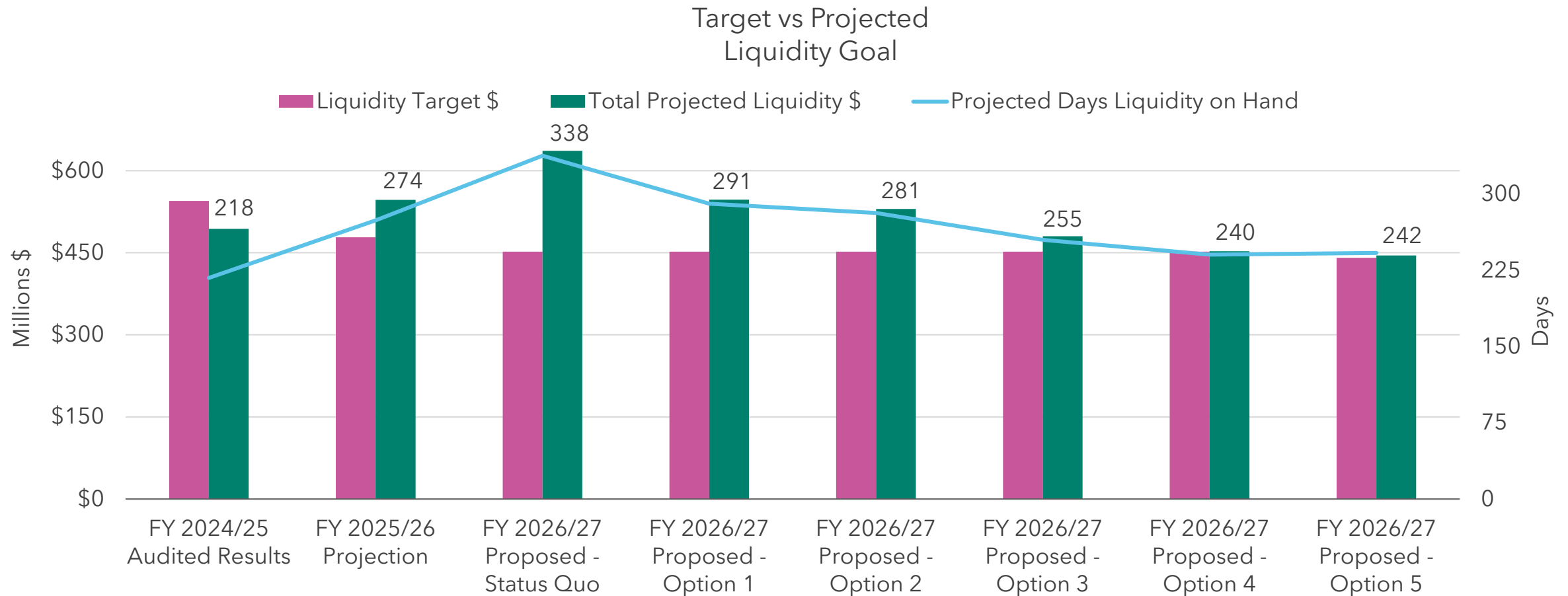
**Progress towards
Reserves and
Liquidity Goals**

Reserves



- Reserves target is **met** across all options
- Numbers are inclusive of cost of energy reductions and withdrawals from the ORF

Liquidity



- Liquidity target is **met** across all options
- Numbers are inclusive of cost of energy reductions and withdrawals from the ORF



Thank you!



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