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All letters from the public are available on our website here.

Outlook

## Marin Conservation League letter to MCE on energy attribute-only purchases

**From** Rebecca Schwartz Lesberg <Rebecca@marinconservationleague.org>
**Date** Thu 1/29/2026 8:34 PM
**To** MCE Clerk <clerk@mcecleanenergy.org>
**Cc** MCL President <president@marinconservationleague.org>; MCL <mcl@marinconservationleague.org>; robertmiller454@gmail.com <robertmiller454@gmail.com>; mikeswezy@comcast.net <mikeswezy@comcast.net>; dansegedin@yahoo.com <dansegedin@yahoo.com>

1 attachment (378 KB)
MCL attribute ltr to MCE 1-29-2026.pdf;

Good evening,

On behalf of the Marin Conservation League, please find the attached letter to the MCE Board of Directors. Please distribute prior to the upcoming MCE Executive Committee meeting.

Respectfully,
Rebecca

--
Rebecca Schwartz Lesberg (she/her)
Executive Director
Marin Conservation League

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MARIN CONSERVATION LEAGUE

Protecting Marin Since 1934

January 29, 2026

MCE Community Choice Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

**Subject: Request that MCE provide a full analysis of the impact and value of energy "attribute-only" purchases**

Dear MCE Board of Directors,

As part of its mission to preserve, protect and enhance the natural assets of Marin, Marin Conservation League (MCL) is committed to slowing climate change and addressing its most serious environmental impacts. MCL strongly supports MCE's mission to reduce greenhouse gas emissions and provide competitive electricity rates and community benefits. As a result, we have followed and supported MCE since its inception, frequently attending MCE meetings and engaging with staff. We offer our recommendations in the spirit of partnership and with the shared goal of ensuring MCE's long-term strength and credibility.

MCL wants MCE to be financially strong so that it is able to contract for new renewable energy capacity, reduce customer rates and expand community energy programs in good times, and offer competitive rates during challenging financial periods, such as the one Community Choice Aggregators (CCAs) may be entering. That is why **we request:**

1. **MCE provide a full analysis of the impact and value of its energy "attribute-only" purchases**
2. **MCE incorporate findings into the current budget process**

**Summary of MCL's main comments:**

- MCE spent $202 million in FY24-25 on energy "attribute-only" contracts. MCE and the Board have significant discretion over this very large expenditure.
- MCL concludes that additional renewable or GHG-free energy resulting from this large expenditure is either non-existent or minimal – i.e. very little "new steel in the ground".
- MCL's primary concern is that the attributes are being "reshuffled" among parties, and no new renewable energy or GHG-free energy is produced or capacity added.
- MCL respectfully requests that MCE management present evidence to the MCE Board on how much new renewable or GHG-free energy this large expenditure creates.
- Based on MCE management's assessment and independent sources, the Board should re-visit its policies on:
    - Energy attribute-only target quantities, target ranges, and expenditure caps.
    - How these attribute-only contracts are reviewed and approved.

Detailed Comments:

**Of the major components of MCE's $769 million in energy costs[1], energy attribute costs (aka "attribute-only" contracts) accounted for 26% or $202 million (see appendix A).** The two types of attribute-only contracts are Product Content Category (PCC 1) renewable energy attribute-only and greenhouse gas (GHG)-free attribute-only purchases (see appendix B). We are concerned about the very large cost to MCE given that **these attribute-only contracts may have minimal or no impact on creating new renewable power or GHG-free power** (i.e. no new "steel in the ground" and no "additionality").

**Attribute-only contracts, in substance, allow the buyer to claim a certain amount of renewable or GHG-free energy on their Power Content Label (PCL).** The seller forfeits the right to claim the same amount of renewable or GHG-free energy. The buyer of the attribute does not pay for the energy (hence the name "attribute-only"), and the seller generally keeps the revenue from the energy. **These attribute-only purchases are fundamentally different than MCE's long term Power Purchase Agreement (PPA) contracts for new build renewable energy** (see appendix C). The long term PPA contracts usually allow the buyer to obtain the energy revenue, the rights to the attribute, and the resource adequacy value (RA).

**Of MCE's $202 million in attribute-only purchases in FY 2024/2025,** $179 million was spent on PCC 1 attributes and $23 million on GHG-free attributes. Even if the $202 million falls by 50-75% as attribute prices decline, it will still be a major expenditure that deserves Board attention.

**These attribute-only purchases, under the current regulatory framework, allow MCE to significantly improve the environmental claims included on its Product Content Label (PCL)**. For FY 2024/2025, based solely on its long term PPAs, MCE would be able to claim 43% renewable energy. The PCC 1 attribute-only purchases allowed MCE to claim 72% renewable energy on the PCL. The GHG-free attribute-only purchases (large hydro) allowed MCE to raise their PCL GHG-free percentage from 72% to 100%.

**Despite these improvements in the PCL claims, the real environmental impact of these attribute-only purchases is probably minimal or non-existent.** A strong case can be made that these purchases have little impact on increasing the total supply of renewable or GHG-free energy. These short-term contracts provide no support for long term financing of new generation plants, and the attributes MCE is buying are from **existing** energy assets. This zero-sum buying and selling of attributes from existing resources is known as **reshuffling** (see appendix D), where the buyer increases its claim to renewables or GHG-free energy while the seller reduces its claim by the same amount**, with no net increase in renewable or GHG-free energy.**

Besides the primary concern of reshuffling, these PCC 1 and GHG-free attribute-only purchases use annual accounting, which significantly overstates their GHG reduction impact (see Appendix E).

**We respectfully request that MCE management**, working in conjunction with the appropriate Board Committee, **do a full assessment of the real environmental impact of these attribute-only purchases.** This should include estimating the amount of new, additional renewable and GHG-free power that

[1] https://mcecleanenergy.org/wp-content/uploads/2025/09/Final-Audited-Financial-Statements-FY_-2024.25.pdf

resulted from the $202 million MCE spent, and identifying the sources and suppliers of the attributes and which specific purchases created new renewable energy.

**The implications for MCE Board policy are very significant.** If the additionality of these attribute-only purchases is significantly less than long term PPAs or other alternative uses (such as local solar and storage projects, feed-in tariffs, etc.) then MCE should consider reducing the attribute-only purchases and deploying the savings to improve GHG reduction, invest in programs such as demand management or electrification, and/or lower rates to customers. **This means the Board should provide new guidance on quantity targets or target ranges for these attribute-only purchases, with caps on spending as appropriate.**

**There are also important governance implications** arising from the large financial impact and price volatility risk of these attribute-only contracts. The Board should revisit the approval process for these contracts to ensure **multiple levels of approval** and that the **Board is fully informed in a timely manner of the financial implications, risks, and alternatives.**

We do assume that MCE is following the rules and regulations regarding attribute-only purchases. We also assume that counterparties to the PCC 1 and GHG-free transactions (i.e. the sellers) are representing that the attributes purchased by MCE meet the regulatory requirements. **Our key question runs deeper: What is the true additionality of these purchases? We respectfully ask management to focus on answering this question.**

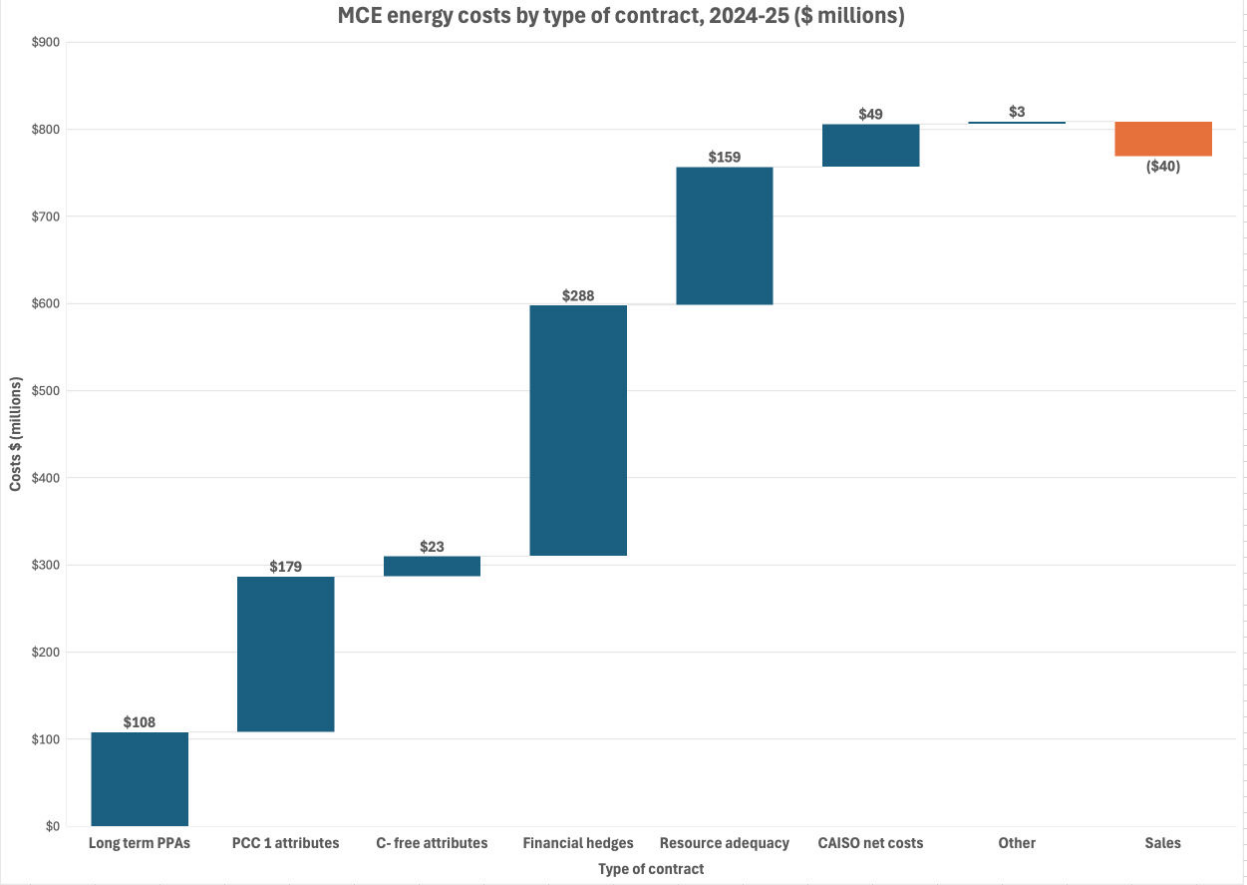
**We are aware that reducing the attribute-only purchases will impact the PCL.** If there is no or limited additionality, however, then the PCL becomes a marketing and public relations issue that needs to be proactively managed. **MCE has the potential to be a leader** by eliminating or significantly reducing the attribute-only purchases due to limited additionality, while describing a path forward that provides **more renewable energy and more real reduction in GHGs**. At the end of the day, **we care about GHG emissions reduction, not the PCL** (consistent with minimum RPS requirements).

**In summary, we are very concerned that the costly attribute-only purchases have little significant impact on creating new renewable or GHG-free resources or reducing GHG emissions.** If there is some additionality, the cost to MCE for the amount of new resources could be extremely high relative to alternatives. **We respectfully request that MCE provide a full analysis of the impact and value of these attribute-only purchases and incorporate findings into its current budget process.**

Thank you for your attention to this critical matter that is absorbing a significant portion of MCE's resources. We look forward to engaging on this issue as management performs their assessment in conjunction with the appropriate Board Committee.

| | | |
|---|---|---|
| Mike Swezy | Dan Segedin | Robert Miller |
| President, MCL | MCL Member | co-Chair, MCL Climate Action Working Group |

## Appendix A




Source: [MCE Board Retreat Meeting Packet: October 16, 2025]

## Appendix B: A note on nomenclature

Bundled PCC 1 and GHG-free attribute-only purchases have various names. In the energy industry, both of these contract types are generally referred to as "Index-Plus" contracts.

The Bundled PCC 1 Index-Plus contracts are also referred to as "Renewable Energy Certificates" or "RECs". MCE has referred to these RECs as "Bundled PCC 1" or "PCC 1".

The GHG-free Index-Plus contracts are also referred to as "Carbon Free Attribute" or "CFA". MCE has referred to these as "Carbon Free/ACS". Since the large majority of these contracts are with large hydro producers, MCE has also called them "Large hydro".

In this memo, we refer to these two types of Index-Plus contracts as either "**PCC 1 attribute-only**" or "**GHG-free attribute-only**". This is because the **economic effect** of these contracts is that MCE **buys only the relevant attribute** (PCC 1 or GHG-free). MCE does not pay for the energy and must offset the cost of energy that meets its load by buying financial hedges.

Appendix C:

Key Differences between Long Term PPAs & Attribute-only Contracts:

| Contract Provision | Long Term PPA | Attribute-only |
|---|---|---|
| MCE pays for the energy? | Yes | No |
| Contract length | Generally 10-20 years | Generally 1-3 years |
| Annual or hourly accounting? | Hourly | Annual |
| Counter-party | Generally RE developer LLC | Generally large energy firms with trading operations or PG&E |

Long Term PPAs:
These generally enable long term financing for a new renewable energy power plant. In order to obtain bank loans and equity financing, renewable energy developers need to have long term PPA contracts with energy purchasers to create a steady revenue stream. A long term PPA is associated with a specific project in a specific location.

Attribute-only Purchases:
There are two types: GHG-free and PCC 1. PCC 1 attribute-only purchases meet California's RPS requirements. GHG-free attribute-only purchases do not meet California's RPS requirements but are considered GHG-free power (i.e. large hydro, nuclear, etc.).

- GHG-Free Attribute-only Purchases:
  For MCE, the GHG-free attribute-only contracts are large hydro primarily purchased from the Northwest. Since there has been no significant new large hydro built in the last 30 years, these GHG-free attributes are sold by existing hydro facilities that have been operating since before MCE's formation.

- PCC 1 Attribute-only Purchases:
  The PCC 1 attributes purchased are generally from more geographically dispersed energy plants, can be of multiple resource types (e.g. wind, solar, etc.), and are usually sold by counterparties that have large energy operations and trading desks (Morgan Stanley, Shell, etc.) These PCC 1 attributes are linked to existing energy assets.

## Appendix D: Reshuffling

Long term Power Purchase Agreements (PPAs) are associated with **new** power plants – i.e. new "steel in the ground" that "achieve additionality". This is because they are long term contracts with 10 to 20 year terms. These long term PPAs are used by energy developers to obtain both debt and equity financing. There is clear additionality – the project moves from the concept stage, to obtaining financing, to being constructed and producing new renewable energy. The long term PPA is always associated with a specific energy project.[2]

PCC 1 or GHG-free attribute-only purchases are completely different. **These contracts are most accurately viewed as exchanges of ownership rights to claim either PCC 1 or GHG-free energy on the Product Content Label.** Critically, these claiming rights are all associated with **existing** power plants. This enables a Load Serving Entity (LSE) based in Washington state that owns a large hydro plant to sell to a California based LSE (such as MCE) the right to claim a certain number of megawatt hours (MWh) of GHG-free energy on the PCL. In the industry, this is called "**reshuffling**". This is a **zero-sum game**. The LSE in Washington State must now reduce their GHG-free energy claims, and the LSE in California can now increase their GHG-free energy claims by the exact same amount. There are no actual changes in the number of existing power plants or the amount of energy they generate. There is no new steel in the ground or additionality. This is in sharp contrast to a long term PPA. Attribute-only purchases are described very differently in MCE's portfolio resource list[3].

The mechanism by which this reshuffling occurs is often through intermediaries such as Morgan Stanley or Shell. They purchase the PCC 1 and GHG-free attributes from LSEs or other energy service providers in multiple states and then re-sell the same attributes in the same amount to LSEs or other energy service providers in multiple states. These are the intermediaries that MCE generally buys from.

To clarify, the actual PCC 1 or GHG-free energy is delivered to the California grid. This is a regulatory requirement. **This does not eliminate the reshuffling issue.** The effect is the same – LSEs can adjust their claims to PCC 1 or GHG-free energy, but the total amount stays the same.

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[2] In MCE's listing of its portfolio of resources from July 2023, MCE's Long Term PPAs list specific generation facilities (e.g. Redwood Landfill), the specific generation technology (e.g. solar, wind, biomass, etc.), and the contracted MW. The counter parties for the Long Term PPAs are listed as specific LLCs associated with the specific project (e.g. RP Napa Solar LLC).

[3] In MCE's listing of its portfolio of resources from July 2023, the attribute-only purchases usually list "multiple" for the generation facility, list "PCC 1" or "large hydro" for the generation type, and list "not applicable" for the MW. The counter parties are listed as large energy and trading firms such as Morgan Stanley Capital Group, Shell Energy America, NextEra Energy Marketing, etc. This is because the attribute-only purchases are associated with a portfolio of existing power plants, and not a specific, newly built generation facility.

There could be some minor, indirect effects on additionality from higher short-term prices in the attribute-only markets. This is not a predominant view, and any effects on creating new power plants would be difficult to prove. This would still imply a very high cost for any true additional resources that were developed.

This is why MCL sees very little additionality in these PCC 1 and GHG-free attribute-only purchases. Even if there is limited additionality, it may be a very expensive way to obtain it.

MCL would like MCE management's perspective on these PCC 1 and GHG-free attribute-only purchases. This includes the reshuffling issue, and how much new renewable or GHG energy is being added to the grid as a result of these purchases. This can be a basis for determining the cost / benefit, and for adjusting Board policy as necessary.

## Appendix E: The Impact of Annual Accounting vs. Hourly Accounting on GHG-free Claims

This impact is best demonstrated with a very over-simplified example that clarifies the concept. Although this example is extreme, the concept applies wherever load and generation are mis-matched over the course of a day.

Assume a CCA has a solar facility that only produces energy from 9 am to 3 pm, every day of the year. Assume the CCA's customers only use energy between 4 pm and 10 pm, every day of the year. Assume that the solar facility generates 1,000 MWh of electricity over the year, and that the CCA's customers use 1,000 MWh over the year.

With **annual accounting**, the calculation of GHG emissions is simple. The CCA's customers used 1,000 MWh of power, and the CCA's solar facility produced 1,000 MWh of power. So, there are zero GHG emissions (0 metric tons per MWh). The implicit assumption is that all of the CCA's load was served by the CCA's solar facility.

**This is not how the actual grid operates.** The CCA's load between 4 pm and 10 pm will be met with primarily natural gas plants with an assumed GHG emissions rate of 0.44 metric tons per MWh. For 1,000 MWh, this will result in 440 metric tons of emissions to serve the CCAs load. The CCA's solar generation between 9 am and 3 pm did displace generation by another power plant. Given the time of the generation, it is extremely likely that the generation displaced had a lower emissions rate than 0.44 metric tons per MWh. Let's assume that, on average, the generation displaced had an emissions rate of 0.25 metric tons per MWh. So, the CCA's solar power plant saved 250 metric tons of emissions (1,000 MWh * 0.25).

The 440 metric tons of GHG emissions created by the CCA's load, less the 250 metric tons savings from the CCA's generation, results in net GHG emissions of 190 metric tons. This is an average emission rate of 0.19 metric tons per MWh.[4] **This is the hourly accounting estimate. The difference between zero metric tons per MWh and 190 metric tons is the distortion introduced by annual accounting.** This is why California regulators are evaluating moving to hourly accounting – because it provides a much more accurate estimate of true GHG emissions. This is also why "matching generation to load" is a critical concept for achieving GHG reduction.

**This concept is easily extended to PCC 1 or GHG-free attribute-only purchases.** Assume the CCA above did **not** have a solar power facility. Instead, it purchased 1,000 MWh of PCC 1 attributes from a solar power facility with the same generation profile – 9 am to 3 pm, every day. Under current annual accounting rules, this allows the CCA to claim 100% renewable and GHG-free on their PCL, even though the emission rate would be exactly the same as above – 190 metric tons per MWh.

Reshuffling is the major issue with PCC 1 and GHG-free attribute-only purchases. But even if some small amount of new renewables were generated (instead of reshuffled claims), their impact on GHG reduction would still be over-stated due to the annual accounting issue.

[4] .19 metric tons per MWh = 419 pounds per MWh