



MCE Board of Directors Meeting
Thursday, March 19, 2026
6:30 p.m.

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

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

Remote Public Meeting Participation

Video Conference: <https://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.

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1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1. Approval of 2.19.26 Meeting Minutes
 - C. 2. Technical Committee Recommendation Regarding Term Limits

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6. Fiscal Year 2026/27 Budget Approval Inclusive of Rate Reduction Effective, April 1, 2026 (Discussion/Action)
7. RFP Governance Assessment (Discussion/Action)
8. Board & Staff Matters (Discussion)
9. Adjourn

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

DRAFT
MCE BOARD MEETING MINUTES¹
Thursday February 19, 2026
6:30 P.M.

Present: Stephanie Andre, City of Larkspur
Dion Bailey, City of Hercules
Eli Beckman, Town of Corte Madera
Mark Belotz, Town of Danville
Kari Birdseye, City of Benicia
Barbara Coler, Town of Fairfax
Cindy Darling, City of Walnut Creek
Joelle Gallagher, Alternate, County of Napa and Four Napa
Cities/Town (American Canyon, Calistoga, St. Helena, and
Yountville)
Jill Hoffman, City of Sausalito, arrived at 6:45pm
Kevin Jacobs, City of Novato
Robert Jweinat, Alternate, City of San Ramon
Arlene Kobata, City of Pittsburg
Tarrell Kullaway, Town of San Anselmo
Maika Llorens Gulati, City of San Rafael
Eduardo Martinez, City of Richmond
John McCormick, City of Lafayette
Aaron Meadows, City of Oakley
Devin Murphy, City of Pinole
Laura Nakamura, City of Concord
Beth Painter, City of Napa
Charles Palmares, City of Vallejo
Max Perrey, City of Mill Valley, joined at 6:38pm
Mary Sackett, County of Marin
Manveer Sandhu, City of Fairfield
Shanelle Scales-Preston, County of Contra Costa, Chair
Amanda Szakats, City of Pleasant Hill, joined at 7:23pm
Graham Thiel, Town of Moraga, joined at 6:57pm
Sally Wilkinson, City of Belvedere, joined at 6:38pm

Absent: Monica Brown, County of Solano
C. William Kircher, Jr., Town of Ross
Patricia Ponce, City of San Pablo
Holli Thier, Town of Tiburon
Carolyn Wysinger, City of El Cerrito
Brienne Zorn, City of Martinez

¹ Approval of the minutes is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

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Staff

& Others:

Jared Blanton, VP of Public Affairs
Kaladhar Bollampalli, Director of Power Systems and Analytics
Jesica Brooks, Lead Board Clerk and Executive Assistant
Vidhi Chawla, VP of Power Resources
Alice Havenar-Daughton, VP of Customer Programs
Vicken Kasarjian, Chief Operating Officer
Tanya Lomas, Board Clerk
Linda Lye, Senior Legal Counsel
Lindsay Meehan, Director of Human Resources
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Associate
Efren Oxlaj, Manager of Finance
Justine Parmelee, VP of Internal Operations
Zae Perrin, VP of Customer Operations
Mike Rodriguez-Vargas, Internal Operations Assistant
Enyonam Senyo-Mensah, Manager of Internal Operations
Maira Strauss, Chief Financial Officer
Jamie Tuckey, Chief Customer Officer
Dawn Weisz, Chief Executive Officer

1. Roll Call

Chair Scales-Preston called the regular meeting to order at 6:32 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were comments from Director Sackett.

3. Public Open Time (Discussion)

Chair Scales-Preston opened the public comment period and there were comments made by members of the public Dan Segedin, Nick Pappas, and Jody Timms.

4. Report from Chief Executive Officer (Discussion)

CEO Weisz introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were no comments.

5. Consent Calendar (Discussion/Action)

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- C.1 Approval of 1.15.26 Meeting Minutes
- C.2 Addition of Board Members to Committees

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Llorens Gulati/Coler) to **approve Consent Calendar items C.1 and C.2**. Motion carried by roll call vote. 1-Abstain (Abstain: Kullaway. Absent: Beckman, Brown, Kircher Jr., Ponce, Szakats, Thiel, Thier, Wysinger and Zorn).²

6. Proposed MCE Rate Reduction, Effective April 1, 2026 (Discussion/Action)³

Maira Strauss, Chief Financial Officer, and Kaladhar Bollampalli, Director of Power Systems and Analytics, introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there were comments from members of the public Nick pappas, Susannah Saunders, Dan Segedin, Jody Timms, and Robert Miller.

Action 1: It was M/S/D (Llorens Gulati/ Sackett) to **approve, for purposes of supporting budget planning, proposed Rate Reduction Option 2+ for a generation rate reduction of 2.05¢ with the temporary bill credit of \$0.0062/kWh ending 12/31/26 along with \$15 million for the MCE Cares Credit.**

Motion does not carry. Nos-24 Yays-8 (Nos: Andre, Bailey, Beckman, Belotz, Birdseye, Darling, Gallagher, Hoffman, Jacobs, Jweinat, Kobata, Kullaway, Martinez, McCormick, Meadows, Murphy, Nakamura, Painter, Palmares, Sandhu, Scales-Preston, Szakats, Thiel and Wilkinson. Absent: Brown, Kircher Jr., Ponce, Thier, Wysinger, and Zorn).

²This item is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

³ This item is a general administrative matter and requires a majority vote of the full MCE Board for a motion to carry. The Operating Rules and Regulations specify that adoption of the budget is a general administrative matter that requires a majority vote of the full membership of the Board (Article VI, Section 2). Rate revenue is a core assumption built into the budget, and MCE has historically included rates as part of a larger vote on the budget. Board action on rate setting is therefore being treated as Board action on the budget.

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Action 2: It was M/S/D (Martinez/Andre) to **approve, for purposes of supporting budget planning, proposed Rate Reduction Option 4 for a generation rate reduction of 3.51¢**. Motion does not carry. Nos-20 Yays-12 (Nos: Bailey, Belotz, Birdseye, Coler, Darling, Gallagher, Jweinat, Kobata, Llorens Gulati, Meadows, McCormick, Murphy, Nakamura, Painter, Palmares, Sackett, Sandhu, Scales-Preston, Szakats, and Thiel. Absent: Brown, Kircher Jr., Ponce, Their, Wysinger and Zorn).

Action 3: It was M/S/D (Wilkinson/Beckman) to **approve, for purposes of supporting budget planning, proposed Rate Reduction Option 3 for a generation rate reduction of 3¢**. Motion does not carry. Nos-17 Yays-15 (Nos: Bailey, Birdseye, Coler, Darling, Gallagher, Jweinat, Kobata, Llorens Gulati, Meadows, Murphy, Nakamura, Painter, Palmares, Sandhu Scales-Preston, Szakats, and Thiel. Absent: Brown, Kircher Jr., Ponce, Their, Wysinger and Zorn).

Action 4: It was M/S/C (Painter/Gallagher) to **approve, for purposes of supporting budget planning, proposed Rate Reduction Option 2+ for a generation rate reduction of 2.05¢ with the temporary bill credit of \$0.0062/kWh ending 12/31/26, along with \$10 million for the MCE Cares Credit**. Motion carried by roll call vote. Nos-11 Yays-20 (Nos: Andre, Beckman, Belotz, Hoffman, Jacobs, Jweinat, Kullaway, Martinez, Meadows, Perrey, Wilkinson Absent: Brown, Kircher Jr., Ponce, Sackett, Their, Wysinger and Zorn).

7. Proposed FY 2026/27 Budget Elements (Discussion/Action)

Deferred to the next meeting.

8. Establish Ending Time for Board Meetings (Discussion/Action)

Chair Scales-Preston introduced this item and addressed questions from Board members.

Chair Scales-Preston opened the public comment period and there was a comment from member of the public, Nick Pappas.

Action: It was M/S/C (Darling/Szakats) to **approve a Board meeting end time of 10pm in the absence of items that require conclusion at that meeting, whereby to continue the meeting beyond 10pm, a majority vote of the members present would be required**. (Absent: Brown, Kircher Jr., Ponce, Sackett, Their, Wysinger and Zorn).⁴

11. Board & Staff Matters (Discussion)

⁴ This item is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

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There were no comments.

12. Adjournment

Chair Scales-Preston adjourned the meeting at 10:13 p.m. to the next scheduled Board Meeting on March 19, 2026.

Shanelle Scales-Preston, Chair

Attest:

Dawn Weisz, Secretary



March 19, 2026

TO: MCE Board of Directors
FROM: Jesica Brooks, Lead Board Clerk and Executive Assistant
RE: Technical Committee Recommendation Regarding Term Limits
ATTACHMENTS: A. December 4, 2024, Executive Committee Meeting Minutes
B. April 17, 2025, Board of Directors Meeting Minutes

Dear MCE Board Members:

Summary and Background:

In April 2025, your Board adopted governance recommendations by the Executive Committee, including implementation of term limits for the Technical Committee Chair to two one-year terms. Director Murphy was elected to his second term as Technical Committee Chair on April 4, 2025, and is therefore termed out as of April 3, 2026.

Technical Committee voted at its March 6, 2026, meeting to recommend to your Board that the Technical Committee Chair term limits be paused for one year in light of the pending governance assessment, and recommend that Director Murphy continue as Interim Chair of Technical Committee during that period.¹

If your Board adopts Technical Committee's recommendation, then term limits for the Technical Committee Chair would be suspended for one year and Director Murphy would continue as Interim Chair during that time. If your Board declines to adopt the recommendation, then term limits for the Technical Committee Chair remain in effect, Director Murphy will be termed out, and Technical Committee will need to select a new Chair at its upcoming April 3, 2026 committee meeting.

Fiscal Impacts: None.

Recommendation: The Technical Committee recommends that Technical Committee Chair term limits be paused for one year and that Director Murphy continue as Interim Chair during that period.²

¹ This item was placed on the Technical Committee agenda at the request of a Director.

² This item is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

MCE EXECUTIVE COMMITTEE MEETING MINUTES
Wednesday, December 4, 2024
12:00 P.M.

Present: Eli Beckman, Town of Corte Madera
Cindy Darling, City of Walnut Creek, Acting Chair
Maika Llorens Gulati, San Rafael
Lisa Motoyama, Alternate, City of El Cerrito, joined at 12:28pm
Devin Murphy, City of Pinole, joined at 12:22pm
Laura Nakamura, City of Concord
Mathew Salter, Town of Ross
Sally Wilkinson, City of Belvedere

Absent: Eduardo Martinez, City of Richmond
Max Perrey, City of Mill Valley, Chair
Shanelle Scales-Preston, City of Pittsburg

**Staff
& Others:** Jesica Brooks, Lead Board Clerk and Executive Assistant
Vicken Kasarjian, Chief Operations Officer
Shaheen Khan, VP of Human Resources, Diversity, and Inclusion
Caroline Lavenue, Legal Counsel
Tanya Lomas, Internal Operations Coordinator
Lindsay Meehan, Manager of Human Resources
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Coordinator
Justine Parmelee, VP of Internal Operations
Enyonam Senyo-Mensah, Internal Operations Manager
Dan Settlemyer, Internal Operations Associate
Javier Montalbo, Customer Programs Manager
Carol Dorsett, Human Resources Specialist, Talent, Diversity, & Inclusion
Evelyn Reyes, Customer Programs Specialist
Maira Strauss, Director of Finance
Martin Bond, Senior Business Development Manager
Sol Phua, Customer Programs Specialist II
Nicole Busto, Director of Marketing
Efren Oxlaj, Finance Manager
Jackie Nunez, Senior Bilingual Communications Manager
Shyna Deepak, Communications Manager
Alice Havenar-Daughton, VP of Customer Programs
Jenn Green, Manager of Customer Programs
Jenna Tenney, Director of Communications & Community Engagement
Alexandra McGee, VP of Strategic Initiatives
Zena Meyer, Finance Analyst
Jamie Tuckey, Chief Customer Officer
Dawn Weisz, Chief Executive Officer

1. Roll Call

Acting Chair Darling called the regular Executive Committee meeting to order at 12:01 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were no comments.

3. Public Open Time (Discussion)

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

4. Report from Chief Executive Officer (Discussion)

CEO, Dawn Weisz, introduced this item and addressed questions from Committee members.

5. Consent Calendar (Discussion/Action)

C.1 Approval of 11.6.24 Meeting Minutes

C.2 Proposed Fifth Agreement with Strategic Energy Innovations

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

Action: It was M/S/C (Gulati/Beckman) to approve **Consent Calendar C.1 and C.2**. Motion carried by unanimous roll call vote. (Absent: Martinez, Motoyama, Murphy, Perrey, and Scales-Preston).

6. Revisiting MCE's Committee Structure (Discussion/Action)

Justine Parmelee, VP of Internal Operations, presented this item and addressed questions from Committee members.

Acting Chair Darling opened the public comment period and there were comments from member of the public Dan Segedin.

Action: It was M/S/C (Gulati/Nakamura) to approve Staff's recommendation of no change to the current Committee Structure. Motion carried by roll call vote. 6-Yay, 2-No. (No: Salter, Wilkinson; Absent: Martinez, Perrey, and Scales-Preston).

7. Streamlined Executive Committee Meetings (Discussion/Action)

Justine Parmelee, VP of Internal Operations, presented this item and addressed questions from Committee members.

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

Action 1: It was M/S/C (Beckman/Gulati) **to recommend to the Board of Directors:**

- i. **Require one year of Board membership prior to joining the Executive Committee.**
- ii. **Require one year of Executive Committee membership to be eligible to become Chair of the committee.**
- iii. **Remove any member if the member community representative is absent for more than two meetings annually.**

Motion does not carry. 4-yay, 4-no (No: Darling, Murphy, Motoyama, Murphy, Salter; Absent: Martinez, Perrey, and Scales-Preston).

Action 2: It was M/S/C (Salter/Motoyama) **to recommend to the Board of Directors:**

- i. **Require 6 months of Board membership prior to joining the Executive Committee.**
- ii. **Require one year of Executive Committee membership to be eligible to become Chair of the committee.**
- iii. **Remove any member if the member community representative is absent for more than two meetings annually.**

Motion carried by roll call vote. 7-yays, 1-no. (No: Murphy; Absent: Martinez, Perrey, and Scales-Preston).

Action 3: It was M/S/C (Darling/Wilkinson) **to hold two in-person meetings annually, alternating Primary Location between MCE's San Rafael and Concord offices for every meeting, and to establish recommended best practices for deliberations: to allow one round of questions from each committee member, one round of comments from each committee member, then a call for action.** Motion carried by roll call vote. 7-yays, 1-no. (No: Murphy; Absent: Martinez, Perrey, and Scales-Preston).

Action 4: It was M/S/C (Beckman/Wilkinson) **to limit the term of the Executive Committee Chair to two one-year terms and to forward a recommendation to the Board and Technical Committee to adopt the same.** Motion carried by unanimous roll call vote. (Absent: Martinez, Perrey, and Scales-Preston).

8. Update on Attracting and Retaining MCE Staff (Discussion)

Shaheen Khan, Vice President of Human Resources, Diversity, and Inclusion, presented this item and addressed questions from Committee members.

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

Action: No action required.

After agenda item #08, Acting Chair Darling had to leave the meeting and passed facilitation to Director Beckman to continue the meeting.

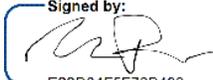
9. Committee & Staff Matters (Discussion)

There were no comments

10. Adjournment

Acting Chair Beckman adjourned the meeting at 2:34 p.m. to the next scheduled Executive Committee Meeting on January 1, 2025.

Signed by:

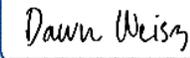


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Cindy Darling, Acting Chair

Attest:

Signed by:



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Dawn Weisz, Secretary

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

Present: Liz Alessio, The County of Napa and Four Napa Cities/Town (American Canyon, Calistoga, St. Helena, and Yountville)
Stephanie Andre, City of Larkspur
Eli Beckman, Town of Corte Madera
Mark Belotz, Town of Danville
Monica Brown, County of Solano
Barbara Coler, Town of Fairfax
Cindy Darling, City of Walnut Creek
Kevin Jacobs, City of Novato
Arlene Kobata, City of Pittsburg
Maika Llorens-Gulati, City of San Rafael
Satinder Malhi, Alternate, City of Martinez
Aaron Meadows, City of Oakley
Devin Murphy, City of Pinole
Laura Nakamura, City of Concord
Charles Palmares, City of Vallejo, joined at 6:55pm
Max Perrey, City of Mill Valley
Gabe Quinto, City of El Cerrito, Acting Chair
Mary Sackett, County of Marin
Mathew Salter, Town of Ross
Shanelle Scales-Preston, County of Contra Costa, joined at 7:35pm
Amanda Szakats, City of Pleasant Hill
Graham Thiel, Town of Moraga
Holli Thier, Town of Tiburon
Sridhar Verose, City of San Ramon
Sally Wilkinson, City of Belvedere, joined at 6:43pm
Cesar Zepeda, City of Richmond
Brienne Zorn, City of Martinez

Absent: Dion Bailey, City of Hercules
Kari Birdseye, City of Benicia
Melissa Blaustein, City of Sausalito
Gina Dawson, City of Lafayette
Tarrell Kullaway, Town of San Anselmo
Elizabeth Pabon-Alvarado, City of San Pablo
Beth Painter, City of Napa
Manveer Sandhu, City of Fairfield

Staff

& Others: Jared Blanton, VP of Public Affairs
Jesica Brooks, Lead Board Clerk and Executive Assistant
Vidhi Chawla, VP of Power Resources
Shyna Deepak, Communications Manager
Vicken Kasarjian, Chief Operating Officer
Caroline Lavenue, Legal Counsel II
Tanya Lomas, Board Clerk Associate
Catalina Murphy, General Counsel
Ashley Muth, Internal Operations Coordinator
Tyler Noble, Municipal Capital Markets Group, Inc.
Efren Oxlaj, Finance Manager
Justine Parmelee, VP of Internal Operations
Mike Rodriguez-Vargas, Internal Operations Assistant
Enyonam Senyo-Mensah, Internal Operations Manager
Dan Settlemyer, Internal operations Associate
Maíra Strauss, VP of Finance and Treasurer
Lisa Strong, Internal Operations Intern

1. Roll Call

Acting Chair Quinto called the regular meeting to order at 6:32 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

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

3. Public Open Time (Discussion)

Acting Chair Quinto opened the public comment period and there were comments made by Rebekah Collins and Isabelle Winstead.

4. Report from Chief Executive Officer (Discussion)

Vicken Kasarjian, COO introduced this item and addressed questions from Board members.

Acting Chair Quinto opened the public comment period and comments were made by Dion Bailey.

5. Consent Calendar (Discussion/Action)

- C.1 Approval of 3.20.25 Meeting Minutes
- C.2 Approved Contracts for Energy update
- C.3 Board of Directors Voting Shares Update
- C.4 Proposed Committee Governance Recommendations from the Executive Committee
- C.5 Addition of Board Members to Committees

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

Action: It was M/S/C (Perrey/Alessio) to **approve Consent Calendar items C.1, C.2, C.3, C.4 and C.5**. Motion carried by unanimous roll call (Absent: Bailey, Birdseye, Blaustein, Dawson, Kullaway, Pabon-Alvarado, Painter, Palmares, Salter, Sandhu, Scales-Preston, Thier).

6. 2024 Charles F. McGlashan Advocacy Award Presentation (Discussion)

Jared Blanton, VP of Public Affairs, presented the McGlashan Advocacy Award to The Greater Concord Chamber of Commerce, RCF Connects, and Andrew Bradley, Program Manager, City of St. Helena.

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

Action: No action required.

7. Proposed Resolution 2025-02: Authorizing the Execution and Delivery of a Clean Energy Purchase Contract and Certain Other Documents in Connection with the Issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds; and Certain Other Actions Required to Ensure the Reduction in the Costs of Renewable Energy Therewith (Discussion/Action)

Vicken Kasarjian, COO and several MCE staff addressed questions from Board members.

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

Action: It was M/S/C (Nakamura/Darling) to **approve Resolution 2025-02: Authorizing the Execution and Delivery of a Clean Energy Purchase Contract and Certain Other Documents in Connection with the Issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds; and Certain Other Actions Required to Ensure the Reduction in the Costs of Renewable Energy Therewith**.

Motion carried by roll call vote. Yays-28; No-1; Abstain-1 (No: Wilkinson; Abstain: Their; Absent: Bailey, Birdseye, Blaustein, Dawson, Kullaway, Pabon-Alvarado, Painter, Sandhu).

8. Board & Staff Matters (Discussion)

There were comments made by Scales-Preston, Salter and Beckman.

9. Adjournment

Acting Chair Quinto adjourned the meeting at 7:45 p.m. to the next scheduled Board Meeting on May 15, 2025.

DocuSigned by:

Shanelle Scales-Preston

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Shanelle Scales-Preston, Chair

Attest:

Signed by:

Dawn Weisz

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Dawn Weisz, Secretary



March 19, 2026

TO: MCE Board of Directors

FROM: Maira Strauss, Chief Financial Officer and Treasurer
Efren Oxlaj, Manager of Finance

RE: Fiscal Year 2026/27 Budget Approval Inclusive of Rate Reduction Effective, April 1, 2026 (Agenda Item #06)

ATTACHMENTS: A. Presentation FY 2026/27 Proposed Budgets
B. FY 2026/27 Proposed Operating Fund Budget
C. FY 2026/27 Proposed Program Development Fund Budget
D. FY 2026/27 Proposed Resiliency VPP Fund Budget
E. FY 2026/27 Proposed Energy Efficiency Program Fund Budget
F. Update on Attracting and Retaining Staff 12.4.24

Dear MCE Board Members:

Summary:

This report presents the Proposed Budget for MCE’s Operating Fund, Program Development Fund, Resiliency Virtual Power Plant Fund, and Energy Efficiency Fund for Fiscal Year (FY) 2026/27. Preliminary budget figures were reviewed in February by the Finance Committee, during Budget Workshop #2, and provided for the Board meeting. The figures here reflect the feedback received through those meetings. On March 2, 2025, MCE’s Executive Committee voted to recommend Board approval of the proposed budgets with no reductions to program expenditures.

Table 1: Summary of MCE’s proposed budget.

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Energy Revenue, Net	\$ 813,689,500	\$ 621,291,000	\$ (192,398,500)	(23.6%)
ORF Withdrawal	13,000,000	62,000,000	49,000,000	376.9%
Cost of Energy	(765,542,000)	(631,944,000)	133,598,000	(17.5%)
Operating Expenses	(50,249,000)	(53,773,000)	(3,524,000)	7.0%
Non-Operating Revenues, Net	14,775,000	13,139,000	(1,636,000)	(11.1%)
Program Expenses	(9,181,000)	(9,120,000)	61,000	(0.7%)
Consolidated Change in Net Position	16,492,500	1,593,000	(14,899,500)	(90.3%)

On February 19, 2026, MCE's Board voted to approve a proposed rate reduction to support budget planning. Consistent with Board direction, the budget is shaped by the 2.05-cent rate reduction, a 0.62-cent rate credit running April-December 2026, and \$10 million for the MCE Cares Credit program. MCE's consolidated change in net position is projected to total \$1.6 million, a 90% decrease year-over-year.

Background:

MCE's fiscal year runs from April 1 through March 31. Currently, MCE prepares four budgets, each reflecting anticipated expenses for the fiscal year. These are prepared on an accrual accounting basis in accordance with Governmental Accounting Standards Board (GASB) guidelines.

Operating Fund Budget

- Covers MCE's core functions including electricity sales, cost of energy, operating expenses, non-operating revenues/expenses, and capital outlay.
- Forecasts for energy revenue and cost of energy are developed with internal experts and external consultants.

Program Development Fund Budget

- Covers MCE's transportation electrification programs that help customers adopt electric vehicles (EVs) and install charging stations at workplaces and multifamily residences. Other electrification programs are also supported.
- Supported by 50% of the Deep Green premium, grants, and additional transfers from the Operating Fund, subject to your Board's approval.

Resiliency Virtual Power Plant Fund Budget

- Covers MCE's virtual power plant efforts and customer energy storage pilots.
- Supported by Board approved transfers from the Operating Fund and grants.

Energy Efficiency Fund Budget

- Covers the installation of energy efficient measures and retrofits for residential, commercial, industrial, and multifamily properties.
- Entirely funded by the California Public Utilities Commission for energy efficiency programs.

Operating Fund Budget

Energy Revenue, net: \$621,291,000 (23.6% decrease from FY 2025/26 Approved Budget)

Energy revenue, net is decreasing by \$192 million or 23.6% year over year as a result of the proposed rate reduction and allocation towards MCE Cares Credit approved by your Board. Energy revenue captures income generated from sales of electricity to customers. Electricity consumption is forecasted based on MCE's customer accounts, historical usage, weather patterns and applicable rates. Actual revenue may vary depending on future weather conditions, customer behavior, and

broader economic trends. For FY 2026/27, forecasts reflect the mild summer conditions experienced over the past two years, resulting in a downward adjustment to expected load. Energy revenue is presented net of uncollectible amounts (1.2% of sales), MCE Cares Credit program, and assumes stable customer participation.

MCE Cares Credit: \$10,000,000 (100% increase from FY 2025/26 Approved Budget)

MCE offers stable, competitive rates and a variety of discount and assistance programs to support customers. Consistent with the Board's direction at the February meeting and MCE's long-standing commitment to energy affordability and accessibility, the proposed energy revenue figure is presented net of \$10 million allocated to the MCE Cares Credit program. The program provides monthly bill credits to income-qualified residential customers who qualify for the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs, as well as small businesses.

The program provides:

- \$20 monthly bill credits for residential customers enrolled in CARE or FERA
- \$25 monthly bill credits for small commercial customers enrolled in the A-1 or B-1 electric rates

Eligible residential customers with arrears of \$500 or more are automatically enrolled while funds remain available; all other eligible customers may proactively enroll. In the current fiscal year, the MCE Cares Credit program will fully utilize the \$5 million budget and has provided bill relief to more than 30,000 customers. As funding levels declined over the course of the year, customers who had received 12 months or more of credits were phased out to allow additional eligible customers to receive support.

Staff estimates a \$10 million allocation could support approximately 50,000 customers, depending on enrollment duration and participation mix. The estimate assumes reinstating past participants back into the program; continued automatic enrollment of income-qualified residential customers with arrears of \$500 or more; an average residential-to-small-commercial participation mix consistent with current enrollment patterns of 97% residential and 3% small business; and average participation durations of 6-12 months depending on enrollment pathway. Self-enrollment rates are modeled based on historic monthly trends.

ORF Transfer: \$62,000,000 (376.9% increase from FY 2025/26 Approved Budget)

Consistent with the Board's direction at the February meeting, the upcoming FY will utilize \$62 million from the Operating Reserve Fund ("Rate Stabilization Fund"). Your Board approved contributions of deferred revenue into the fund in previous years in accordance

with Policy 16. The ORF currently holds \$70 million of deferred income¹. This is income that MCE did not recognize in previous fiscal years and can recognize in future fiscal years where net revenues are projected to be negative. By drawing on deferred revenue in years with lower energy margins, such as the upcoming fiscal year, MCE can maintain rate stability and mitigate abrupt changes in relative cost competitiveness resulting from PG&E rate changes.

Cost of Energy: \$631,944,000 (17.5% decrease from FY 2025/26 Approved Budget)

The cost of energy represents the largest expense for MCE. This category includes costs for portfolio content category 1 (PCC1) renewable energy, market hedges, and carbon-free energy from large hydroelectric or asset-controlling suppliers. Resource adequacy and net CAISO costs are also included. Energy costs fluctuate based on market conditions, including CAISO electricity prices, hydro availability, renewable generation output, and congestion in CAISO markets. These factors can materially increase or decrease MCE’s procurement costs from year to year.

The cost of energy is projected to decline significantly year-over-year, driven by lower forward prices for renewable energy, resource adequacy, and hedge contracts. Because MCE procures a decreasing percentage of its energy needs through forward contracts over time, falling market prices and the expiration of older, higher-priced contracts allow new contracts to be secured at lower prices, thereby reducing the average cost of energy. This trend represents a reversal of the conditions experienced in the current fiscal year when rising market prices contributed to increases in MCE’s cost of energy.

Table 2: Cost of energy breakdown

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%)

- Hedge contract costs are declining as soft demand and ample supply keep CAISO prices low, which in turn drives down hedge prices.

¹ Although the ORF balance is recorded as deferred income on MCE’s financial statements, this is strictly an accounting treatment. The underlying \$70 million is actual cash that MCE already collected in prior years. These funds remain available for liquidity needs and can be invested in accordance with MCE’s investment policy.

- Net CAISO costs are seeing a modest increase year over year².
- Prices for renewable energy have fallen significantly from their 2024 peak resulting in lower total projected costs for this category.
 - Costs associated with long-term PPAs are rising due to more contracts coming online, while short-term contract costs are falling significantly as market prices decline. Additionally, as long-term agreements come online, reliance on short-term purchases declines.
- Resource adequacy costs are declining as increased capacity supply from new battery storage resources over the past two years has driven prices down.
- Carbon-free energy costs are rising because some 2026 deliveries were contracted at the higher price levels seen in 2024. Since MCE typically signs contracts one to three years ahead, changes in market prices may take time to show up in the budget.

Operating Expenses: \$53,773,000 (7.0% increase from FY 2025/26 Approved Budget)

This category represents the overhead costs essential to running MCE's operations. Staff has actively worked to reduce these costs, scrutinizing each budget line, optimizing resources, making thoughtful adjustments, and tightening these categories as much as possible in response to the budgetary environment. A detailed breakdown of the individual line items is provided below.

Personnel: \$32.7 million (10.8% increase from FY 2025/26 approved budget on a before-grant reimbursements basis)³

These costs would be offset by \$4.1 million in grant funding, reducing the total staffing budget to \$28.7 million, a 12.8% increase from FY 2025/26. MCE currently holds the majority of these grant funds at River City Bank. These funds are not subject to Federal funding freezes. Personnel costs represent approximately 4.2% of MCE's Operating Budget to support MCE's capacity, expertise, and competitive positioning. The increase captures cost-of-living adjustments, benefits cost increases, promotions, the full-year integration of costs for 11 new full-time positions added in the current fiscal year and the anticipated addition of 5 new full-time positions in the upcoming fiscal year.

For FY 2025/26, a total of 119 proposed positions were presented including 2 staff that were not full-time employees. As such, this has been revised to 117 to more clearly represent year-

² MCE pays a fixed price to the hedge supplier and receives a floating price in the CAISO market. The floating price is correlated with the CAISO market price that MCE pays for its load. The floating payments that MCE receives are included in the Net CAISO costs. Therefore, there is an inverse relationship between MCE's cost of market hedges and its net CAISO costs. As MCE closes open positions, net CAISO costs typically decline while hedge costs tend to rise, assuming all other factors remain constant.

³ Reflects expected expenses MCE would incur in FY 2026/27 and not the full annualized costs of proposed new staff that would start throughout the year. MCE's budget is prepared on an accrual basis to comply with GASB guidelines.

over-year comparisons. The total position count for FY 2026/27 is 118, representing a total net increase year over year of 1 position.

In FY 2025/26, there were 13 new positions. Of these 13 new positions, 2 were dissolved entirely, and 2 others were re-purposed into higher-level roles. Separately, there were 2 existing positions that were dissolved upon departure, accounting for a total of 4 positions that are no longer included in the FY 2026/27 Proposed budget. This reduces the existing positions in the current fiscal year from 117 to 113.

The FY 2026/27 budget proposal of 5 new positions in addition to the existing 113 positions equals a total of 118.

Item	Number
Adjusted FY 2025/26 positions	<u>117</u>
Positions removed	-4
Remaining positions entering FY 2026/27	113
New positions proposed for FY 2026/27	<u>5</u>
Total FY 2026/27 headcount	118

Reductions and cost containment measures include:

- \$141,000 (100%) decrease in merit for the upcoming fiscal year compared with the current fiscal year budget. Merit adjustments have been eliminated and would take place at the beginning of the subsequent fiscal year.
- \$100,000 (49.1%) decrease in promotions for the upcoming fiscal year compared with the current fiscal year budget
- \$314,000 (16%) decrease in employer taxes resulting from the shift to actual state rates rather than averages in the forecast⁴
- \$106,000 (5.2%) decrease in ancillary benefits (e.g., life insurance, short-term disability, retirement health savings)
- \$508,000 (54.1%) decrease in certain benefit costs including vacation cashouts, workers compensation, non-voluntary employee departure costs, etc

Key cost drivers include:

- \$129,000 (4.3%) increase in medical, dental, and vision premiums
- \$506,000 (2.7%) increase in salaries reflecting the full-year salary impact of the 11 full-time positions added partway through the current fiscal year

⁴ In line with our ongoing commitment to optimization, we expanded our use of budgeting software to model personnel costs this year, allowing us to move from averages to actuals. Personnel costs were previously modeled in excel and relied on averages to calculate totals.

- \$2,161,000 (11.5%) increase in salaries due to full-year salary impact of cost-of-living adjustments, performance-based merit of 1-5% and internal retention-supporting promotions (see Attachment F)
- \$542,000 (2.9%) increase in partial-year salaries for anticipated 5 new full-time positions in the upcoming fiscal year based on expected start date
- \$1,110,000 (39.5%) increase in retirement and retention costs
- \$107,000 (2%) increase in Cost-of-Living Adjustments (based on U.S. Labor Bureau guidelines)

Personnel expenses in the FY 2026/27 proposed budget reflect MCE's continued investment in the people who make our mission possible. As a community-driven public agency, our ability to deliver cleaner energy, advance equity, and build healthier, more resilient communities depends on the expertise, dedication, and integrity of our staff. Growth in personnel costs is partially driven by targeted staffing in critical functions such as Power Resources, Finance, and Legal. These areas are essential to managing increasing regulatory requirements, navigating complex energy markets, strengthening financial oversight, and ensuring operational reliability. As the clean energy landscape evolves, so does the technical and regulatory complexity of the Agency's work. MCE is strategically aligning staffing resources with our highest priorities to ensure we continue serving our communities responsibly and effectively.

Attracting and retaining talented professionals who are aligned with MCE's values remains a key priority. While turnover increased to 13.5% in 2024, it declined to 7% in 2025 reflecting the positive impact of thoughtful investments in staffing levels (including retention-supporting promotions and performance-based merit increases of 1-5%), benefits, leadership development, and workplace culture. For instance, MCE was recognized for the third consecutive year by the San Francisco Chronicle as a Top Place to Work, with special recognition of MCE's CEO who received their Leader of the Year award. This acknowledgment, based on anonymous employee feedback collected through an independent third party, reinforces our commitment to fostering an inclusive, mission-driven workplace.

Retaining experienced and mission-aligned staff is essential to MCE's continued operational strength and service for our communities. Vacancies in highly specialized areas such as Power Resources, Finance, and Legal can impact workload distribution, project timelines, and regulatory responsiveness across the agency. As the clean energy landscape evolves, MCE staff continue to manage increasing technical and regulatory complexity, including advanced battery scheduling, layered power contracts, expanded oversight requirements, public records requests, and growing Board and community engagement. These demands require deep expertise, collaboration, and continuity. Retention supports institutional knowledge, strengthens cross-functional effectiveness, and reduces the financial and productivity costs associated with recruitment, onboarding, and ramp-up time. In alignment with HR best

practices, MCE remains focused on thoughtful workforce planning, internal career development pathways, and equitable compensation strategies to sustain the stability and expertise necessary to deliver reliable, affordable, and equitable clean energy to the communities we serve.

MCE continues to evaluate personnel-related expenses with fiscal responsibility in mind. In FY 2025/26, MCE transitioned from Kaiser PPO to Blue Shield PPO, resulting in a 5% saving, with a 4% increase in medical, dental, and vision costs compared to a projected 9% increase if we had stayed with Kaiser PPO. Additional cost containment measures included limiting promotions and scaling back the Board-approved internship program. These decisions were made thoughtfully, balancing financial stewardship with our responsibility to support staff.

Compensation and staffing levels are established through independent benchmarking, internal equity analysis, and a structured internal review and approval process. This ensures MCE remains competitive in recruiting and retaining specialized talent while promoting fairness and transparency. Salaries are adjusted annually based on the U.S. Bureau of Labor Statistics Consumer Price Index for the San Francisco Bay Area, alongside performance-based merit increases ranging from 1-5%. Beginning 2027, merit increases will shift to April 1 to align with the fiscal year, strengthening budget predictability and long-term financial planning.

Regular market reviews and equity analyses support our commitment to competitive compensation, pay equity, and bias mitigation. MCE's approach reflects a balance between fiscal responsibility and recognizing that investing in our staff is fundamental to delivering reliable, affordable, and equitable clean energy to the communities we serve.

The forecasted personnel costs represent a strategic investment in sustaining MCE's expertise, institutional knowledge, employee satisfaction, and long-term organizational health. To support increasing workload, regulatory complexity, and expanding Board and public engagement, the FY 2026/27 proposed budget includes five new positions across Power Resources, Finance, and Legal. These additions include a Power Resources Data Analyst and Power Resources Manager to strengthen portfolio management, contracting, compliance, and market operations; a Manager of Finance and Senior Strategic Finance Analyst to enhance risk management, financial analysis, reporting, and Board and Finance Committee support while expanding strategic leadership capacity; and a Grants Manager within Legal and Compliance to oversee a growing portfolio of grant-funded programs and heightened federal compliance requirements. Together, these positions are designed to preserve service, maintain strong fiscal oversight, and ensure MCE remains responsive, transparent, and well-positioned to meet the evolving needs of the communities we serve.

Data Manager: \$5,434,000 (3.0% increase from FY 2025/26 Approved Budget)

MCE's data manager provides a wide range of billing services, including billing management for MCE's customers, technical support for billing issues, and customer enrollment services. The charges are based on a fixed fee per customer account. The proposed increase for next fiscal year would align the budget with the actual costs incurred this year, which have trended slightly upward following the enrollment of the city of Hercules in April 2025.

Technical and Scheduling Consultants: \$1,588,000 (13.4% increase from FY 2025/26 Approved Budget)

These consultants schedule energy resources into the California Independent System Operator (CAISO) and assist MCE in managing risk more effectively. They also collaborate with staff to create advanced load management strategies and forecast costs related to market and regulatory changes. As battery scheduling and hourly matching of load and supply increase complexity of scheduling, there are increasing demands in this space. Technical services are primarily based on a fixed charge per MWh of electricity usage (load). Scheduling services are based on contracted amounts. Staff is proposing a 13.4% increase to cover the costs of changing the scheduling services provider. This transition would involve a period of vendor overlap late in the fiscal year, along with one-time transition and setup costs.

Service Fees - PG&E: \$2,608,000 (4.7% decrease from FY 2025/26 Approved Budget)

PG&E service fees consist of a fixed charge per customer account. The fees cover PG&E's costs for processing customer data and coordinating billing for MCE accounts. All community choice aggregators (CCAs) in PG&E's territory must pay this fee. This is a refinement from an earlier version of this staff report, which stated that fees had increased by 7 cents per account, from 35 cents to 42 cents. The amount has been adjusted downward to reflect the existing and continuing fee of 35 cents per account.

Legal and Policy Services: \$1,427,000 (7% decrease from FY 2025/26 Approved Budget)

This line encompasses external legal and policy services that assist MCE in areas such as contract review for energy suppliers, non-energy vendors, regulatory proceedings, employment matters, and other agency functions. The decrease in costs reflects a downward adjustment to align with actual spending trends. Additionally, MCE continues to leverage its membership with the California Community Choice Association (CalCCA) to participate in joint regulatory proceedings, thus reducing the budget for external policy services.

Communication Services: \$1,876,000 (15.6% decrease from FY 2025/26 Approved Budget)

Communication costs cover a wide range of marketing and community engagement activities including advertising, printing, mailing customer notices, community events and

sponsorships. The decrease reflects downward adjustments in large vendor contracts, particularly for marketing, in response to the tight budgetary environment. Similarly, staff has reduced the budget for sponsorship and industry membership, which should result in a smaller footprint at local events and other community-driven initiatives. This year over year decrease is intended to be a temporary reduction.

If desired by the Board, the Communications Services budget could be increased by \$175,000 to avoid any decreased local community and industry events and sponsorship opportunities. With this additional amount, the budget allocated for this line item would be equal to the current fiscal year budget for similar expenditures.

Other Professional Services: \$4,779,000 (0.5% increase from FY 2025/26 Approved Budget)

Other professional services cover external contractors that support MCE across a range of key business functions. This includes external services such as accounting, auditing, benefits administration, and information technology (IT). This category also includes costs associated with the development and maintenance of MCE's customer relationship management (CRM) software and data analytics infrastructure. The CRM platform organizes and connects the various customer data sets available to MCE and serves as the single source of truth for all customer-facing teams. MCE's data warehouse hosts comprehensive customer data, including hourly interval usage. The data analytics platform leverages the warehouse's data to support critical analyses such as customer segmentation, rate setting, and forecasting. Insights from these analyses help guide strategic decision making for MCE's various customer programs and rate setting process.

Staff kept this line flat. However, the line is seeing a small uptick to account for the planned governance assessment requested by your Board.

General and Administrative: \$5,492,000 (10.6% increase from FY 2025/26 Approved Budget)

This category includes items such as load forecasting tools, software licenses for agency-wide tools, insurance, recruitment for open positions, membership dues for the California Community Choice Association (CalCCA) and other office expenses.

The proposed budget reflects expected annual increases to the CalCCA membership dues, increased prices for data analytics tools, higher recruitment expenses for the technical positions to be filled, and increased premiums for building and cyber insurance.

Occupancy: \$417,000 (7.9% decrease from FY 2025/26 Approved Budget)

This category includes lease payments for the MCE's Concord office. Maintenance costs for both the Concord and San Rafael office locations are also included. The proposed budget reflects a decrease due to the shift to a smaller office in Concord which comes with a lower

monthly lease payment. Additionally, in response to the budgetary environment, staff is planning no major maintenance projects in the coming fiscal year.

Contingency: \$1,500,000 (No change from FY 2025/26 Approved Budget)

The proposed budget represents a buffer to cover unexpected costs in the previous operating expenses line items. No change is being proposed at this time.

Non-Operating Revenues and Expenses

Grant Income: \$5,018,000 (53.1% increase from FY 2025/26 Approved Budget)

MCE receives grants from government and non-profit organizations to support certain activities connected to MCE's mission. Grant income varies year to year as grants can be "one time" or can be provided to MCE under multiple year agreements. Some grants were completed in the current fiscal year, and others are starting or continuing in FY 2026/27. Some grant activities require a ramp-up time that can be hard to predict, and this can cause year-to-year budget variation. The following grants or portions thereof are included in the \$5,018,000 grant income line item in the proposed budget.

- \$3,951,000 - for the Disadvantaged Communities Green Tariff (DAC-GT)⁵ program to provide income-qualified, residential customers in disadvantaged communities with 100% renewable energy and a 20% bill discount. The amount is replenished annually. Funded by the California Public Utilities Commission.
- \$520,000 - for energy efficiency and electrification upgrades in single family homes in the Iron Triangle Neighborhood of Richmond under the Richmond Rising Grant Transformative Climate Communities from the Strategic Growth Council.
- \$435,000 - to support a participatory budgeting process in priority communities to guide the grant investment into EV charging stations and shared mobility options (Charged by Public Power). Funded by the U.S. Department of Energy.
- \$76,000 - for EV charging installations in disadvantaged Contra Costa communities in partnership with the Contra Costa Transportation Authority. Funded by the California Energy Commission.
- \$35,000 - to support the Home Energy Savings program. Funded by Chevron Inc.

Investment Income: \$14,139,000 (5.7% decrease from FY 2025/26 Approved Budget)

Investment income captures interest and income from MCE's fixed income portfolio. This line is decreasing against last year's budget due to lower interest rates. Potential liquidation of

⁵ The DAC-GT program reimburses MCE for bill credits it provides to customers. Because bill credits reduce what the customer owes, they reduce incoming sales revenue. As such, a matching expense for this grant would not show up in the grant expense section when reviewing budget reports with actuals. However, for budgeting purposes, grant income matches grant expenses as MCE can only recognize income when there's a matching expense. Grants are not additional income for the agency.

investments throughout the fiscal year for working capital is also likely, in response to the revenue shortfall driven by the rate reduction. Staff is conservatively assuming an average annual yield of 2.5% on all of MCE's holdings. MCE currently has about 43% of its cumulative position in a fixed income portfolio managed by Chandler Asset Management, about 41% in liquid money market funds, about 14% in CDARs issued by River City Bank, and about 3% in collateral at the California ISO. Staff continues to manage MCE's investment resources by adhering to the Board approved Investment Policy.

Banking Fees and Financing Costs: \$1,000,000 (344.4% increase from FY 2025/26 Approved Budget)

This line captures banking fees associated with MCE's credit facility with Royal Bank of Canada (RBC) which is due for renewal in early May. The increased proposed budget accounts for additional banking costs expected to meet the CPUC's Financial Security Requirement (FSR)⁶. The final security amount is still being determined, and actual costs could vary.

Grant Expenses: \$5,018,000 (53.1% increase from FY 2025/26 Approved Budget)

Grant expenses match grant income, as revenue is recognized only when corresponding expenses are incurred. As a result, these transactions net to zero and do not contribute additional income to MCE's bottom line.

Capital Expenditures

Staff is once again recommending \$10,250,000 to implement a Remedial Action Scheme (RAS) that would help alleviate some of the curtailment and congestion of certain power supply projects which could result in savings of up to \$20 million per year once implemented. Due to slow negotiations outside of our control, this potential investment has taken longer than expected. Lastly, \$147,000 is proposed to implement building improvements and retrofits, such as improvements to ADA accessibility and computer server upgrades at the San Rafael office.

Please note that per accounting guidelines, investments in long-term assets reduces cash on hand but does not directly impact the change in net position (bottom line) when the purchase takes place. Instead, the cost of the asset is spread over its useful life through depreciation.

Program Development Fund

Total Revenue and Other Sources: \$8,208,000 (198% increase from FY 2025/26 Approved Budget)

⁶ The California Public Utilities Commission (CPUC) Financial Security Requirement (FSR) is a mandatory security posting for Community Choice Aggregators (CCAs) and Electric Service Providers (ESPs), ensuring funds are available to cover costs if customers are involuntarily returned to the incumbent utility service.

Total revenue includes a proposed transfer of \$8 million from the Operating Fund which would cover the projected program spend and would eliminate the forecasted deficit of \$1.15 million in the current fiscal year. The deficit is a result of increased spending on the EV Instant Rebate Program due to a spike in EV sales prior to the Federal Tax Credits expiring and several projects in the EV Charging Program closing out earlier than expected. Approximately \$2.3 million of the transfer is attributable to 50% of the deep green premium. Additionally, \$131,000 in grants from the Marin Community Foundation for electric vehicle (EV) charging at affordable housing are also included.

Transportation Electrification Programs: \$5,984,000 (13% increase from FY 2025/26 Approved Budget)

Transportation electrification programs include:

- o Rebates for newly purchased and leased EVs for income-qualified residents.
- o Rebates for charging ports installed at workplaces and multifamily properties.
- o Outreach and education partnerships to increase access to electric transportation

EV Instant Rebate Program

The EV Instant Rebate Program provides point of sale rebates for owned or leased, new or used electric vehicles for income-qualified customers. A majority (85%) of participating customers surveyed indicated they would not have purchased an EV without MCE's rebate.

The combination of imposed tariffs and end of the Federal EV Tax Credits have resulted in a sharp drop nationally in EV adoption in October and November (reports of 30-40% nationwide), following a large spike from July-September. MCE's EV Instant Rebates program has seen similar trends; however, it is important to mention that even with the drop off, sales in October and November were still higher than those months last year.

To accommodate the spike in EV sales and to avoid closing the program mid-summer, MCE added \$1 mm to the EV Instant Rebate Program budget, utilizing funds that were otherwise underspent in the operating budget. Due to overwhelming demand, the program paused in late-November as all funds were exhausted.

The proposed budget would allow for 876 vehicle rebates in FY 2026/27 compared to 1,200 in FY 2025/26

EV Charging Program

The EV Charging Program provides funding for workplace or multifamily EV chargers. The proposed budget for the EV charging rebate program represents a 33% increase over FY 2025/26. The budget increase reflects the close out of a significant number of

projects in the current pipeline, an increase in the rebate level for L1 Charging and a higher level of customer project support.

Heat Pump Water Heater Incentives: \$682,000 (26% increase from FY 2025/26 Approved Budget)

These incentives help increase adoption of heat pump water heaters (HPWH). HPWHs can be two to three times more energy efficient than conventional gas water heaters leading to savings on utility bills and reduced carbon emissions.

While the overall Electrification Incentives budget is unchanged year over year, the allocation across sub-programs is shifting. The Emergency Water Heater Loaner program is closing, and the funding previously allocated to it is proposed to be reallocated to the enhanced electrification incentives within the Energy Efficiency programs, hence the 26% increase.

Community Housing Support: \$260,000 (No change from FY 2025/26 Approved Budget)

Community Housing Support provides funding for ancillary expenses (such as wiring, panel upgrades or basic repairs) that are barriers to installing, operating, and/or maintaining all electric equipment. These grants are provided to sites that support community housing, including homeless shelters, farmworker housing, and homes or units occupied by low-income households. There is no change in the year over year proposed budget for these grants.

The transfer from the Operating Fund combined with the expected program spending outlined above would yield an ending fund balance of \$0.

Board Options to Reduce Program Development Fund Transfer

Staff recommends approval of the proposed Program Development Fund transfer to support the portfolio of customer programs included in the FY 2026/27 budget. These programs advance MCE's mission to reduce greenhouse gas emissions and support customers.

The following options were provided to the Executive Committee for consideration. These options are structured to generate savings while avoiding impacts to active grant agreements or existing customer commitments. On March 2, 2026, the Executive Committee recommended fully funding the proposed Program Development Fund transfer.

- Option 1: Approve the Proposed Budget
 - Proposed Transfer: \$8,208,000
- Option 2: Reduce Funding for EV Instant Rebate Program
 - Savings: \$1,797,000
 - Revised Proposed Transfer: \$6,280,000

- Program Impact: Approximately 438 fewer income-qualified customers would receive EV rebates in FY 2026/27.
- Option 3: Eliminate Funding for EV Instant Rebate Program
 - Savings: \$3,595,000
 - Revised Proposed Transfer: \$4,483,000
 - Program Impact: Up to 876 income-qualified customers would not receive rebates in FY 2026/27. Survey data indicates approximately 85% of participants would not have purchased an EV without MCE's rebate.
- Option 4: Close EV Charging Program to New Applicants
 - Savings: \$800,000
 - Revised Proposed Transfer: \$7,277,000
 - Program Impact: No new charging projects would be accepted in FY 2026/27. Existing reservations would be honored and would require multi-year close-out funding.
- Option 5: Eliminate Electrification Incentives (Heat Pump Water Heater Incentives and Community Housing Grants)
 - Savings: \$942,000
 - Revised Proposed Transfer: \$7,135,000
 - Program Impact: Approximately 685 electrification measures would not be installed. This option may also impact MCE's ability to fully expend CPUC energy efficiency funding.

Resiliency Virtual Power Plant (VPP) Fund

Your Board approved the creation of the Resiliency VPP Fund in 2019 in response to power outages which significantly impact the safety, health, and welfare of MCE's customers, especially our vulnerable populations. Since then, the fund has expanded its scope to help scale MCE's virtual power plants efforts.

Like the Program Development Fund, this fund is financed by a transfer from the Operating Fund. Your Board has approved and transferred \$9 million from the Operating Fund since its inception. Portions of a \$750,000 grant from the Marin Community Foundation have also been added to this fund over the last four years.

Total Revenue and Other Sources: \$1,570,000 (7% increase from FY 2025/26 Approved Budget)

No transfer from the Operating Fund budget is needed at this time, however, the fund includes the following grants. Grant income is offset by an equivalent amount in expenses.

- \$1,200,000 - for integrating MCE's existing Customer Programs into the virtual power plant (VPP) across MCE's service area. Funded by the California Energy Commission (CEC).

- \$270,000 - for Resiliency at critical facilities in Marin. Funded by the Marin Community Foundation.
- \$100,000 - for solar paired with storage at critical facilities. Funded by a Federal Earmark.

CEC VPP Flex Grant Match: \$1,000,000 (No change from FY 2025/26 Approved Budget)

The \$1.2 million VPP grant from the CEC requires a \$1 million commitment from MCE. This amount would fulfill the requirement and cover the costs of certain consultants and software licenses for the virtual power plant being developed.

MCE Sync: \$927,000 (2.6% decrease from the FY 2025/26 Approved Budget)

MCE Sync helps customers shift their EV charging from peak hours and encourages charging during solar daytime hours through MCE's proprietary app. This program is partially supported by a grant from the California Energy Commission that was awarded to our implementer, EV. Energy, allowing MCE's contributions to remain flat despite enrollment goals increasing.

Energy Storage Program: \$137,000 (55.2% decrease from FY 2025/26 Approved Budget)

MCE's Energy Storage Program facilitates the adoption of customer-owned energy storage systems paired with on-site solar. MCE offers significant financial support including rebates, monthly bill credits, and performance-based payments to reduce upfront and out-of-pocket costs. This program has been closed to new applicants since FY 2024/25 and the costs associated with it will decrease over time as the remaining projects in the pipeline close out.

Federal Earmark Match Expense: \$100,000 (50.0% decrease from FY 2025/26 Approved Budget)

The Federal Earmark for Energy Storage requires MCE to provide matching funds, and this allocation would fulfill the match requirement for the fiscal year. Although there was funding in the FY 2025/26 budget for this program, it was based on forecasts for a program that had not yet launched. Due to contracting delays, no money was spent. The program has now launched successfully and is working on participation agreements with awardees. This is the budget that we anticipate spending this coming year.

Virtual Power Plant: \$30,000 (82.5% decrease from FY 2025/26 Approved Budget)

The VPP is beginning to transition away from a pilot to deployment across the larger service area through a combination of the CEC VPP Flex grant and MCE's match commitment. This line captures additional VPP expenses not tied to the grant. The recommended budget would provide incentives for non-battery electric panel upgrades and would cover ad-hoc costs for storing VPP devices.

Change in Net Position

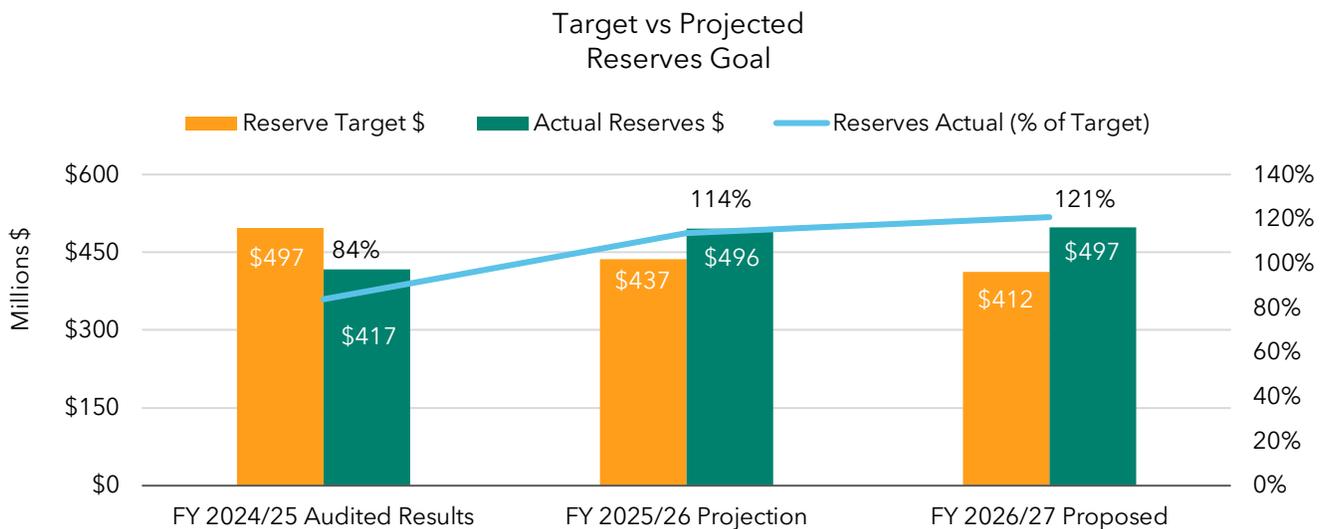
The change in net position is the bottom line and reflects all revenues minus all expenses.

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Consolidated Change in Net Position	16,492,500	1,593,000	(14,899,500)	(90.3%)

Based on the proposed budgets presented, MCE's consolidated change in net position, inclusive of program spending, would total \$1.6 million, a 90% decrease from the current fiscal year.

Reserves and Liquidity

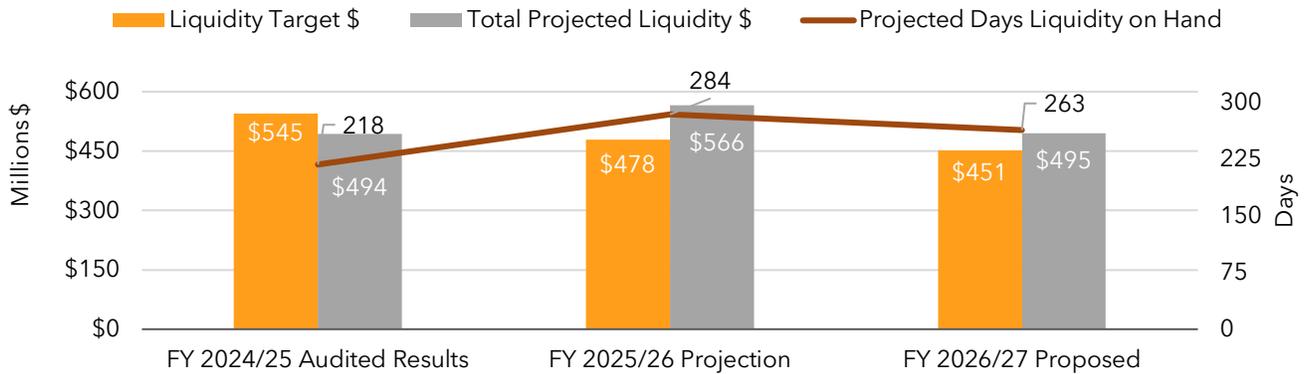
MCE's reserve target is to have 60% of expected cost of energy and operating expenses. Reserves are accounted for as the Net Position in MCE's financial statements. Based on the projections presented, MCE would end the fiscal year with a reserves level of \$497 million, above the goal by 21 percentage points.



MCE's liquidity target⁷ is to have 240 days of liquidity on hand. From a liquidity perspective, MCE would have sufficient cash to run the operations despite the revenue shortfall. Reserves were intentionally built to provide financial stability during periods of volatility and timing related impacts.

⁷ Days liquidity on hand is based on unrestricted cash and investments x 365/ (operating expenses + cost of energy, each for the current fiscal year). Projections are based on the forecasted net position minus proposed capital outlay.

Target vs Projected Liquidity Goal



Based on current projections, MCE would begin the year with 284 days of cash on hand. The revenue shortfall resulting from the rate reduction, temporary credit, and MCE Cares credit program would bring projected liquidity down to 263 days, 23 days above the FY 2026/27 target. Additionally, complying with the CPUC’s FSR could further reduce liquidity by the amount MCE must allocate to meet the requirement.

Recommendation:

Approve the Fiscal Year 2026/27 proposed budgets inclusive of a 2.05-cent rate reduction effective April 1, 2026, and a temporary 0.62-cent rate credit running April-December 2026.⁸

Consider increasing the Communications Services budget by \$175,000 to avoid any decrease in local community and industry events and sponsorship opportunities.

⁸ This item is an administrative matter as outlined in OR&R Article VI. Action requires a majority vote of the full membership of the Board for a motion to carry.



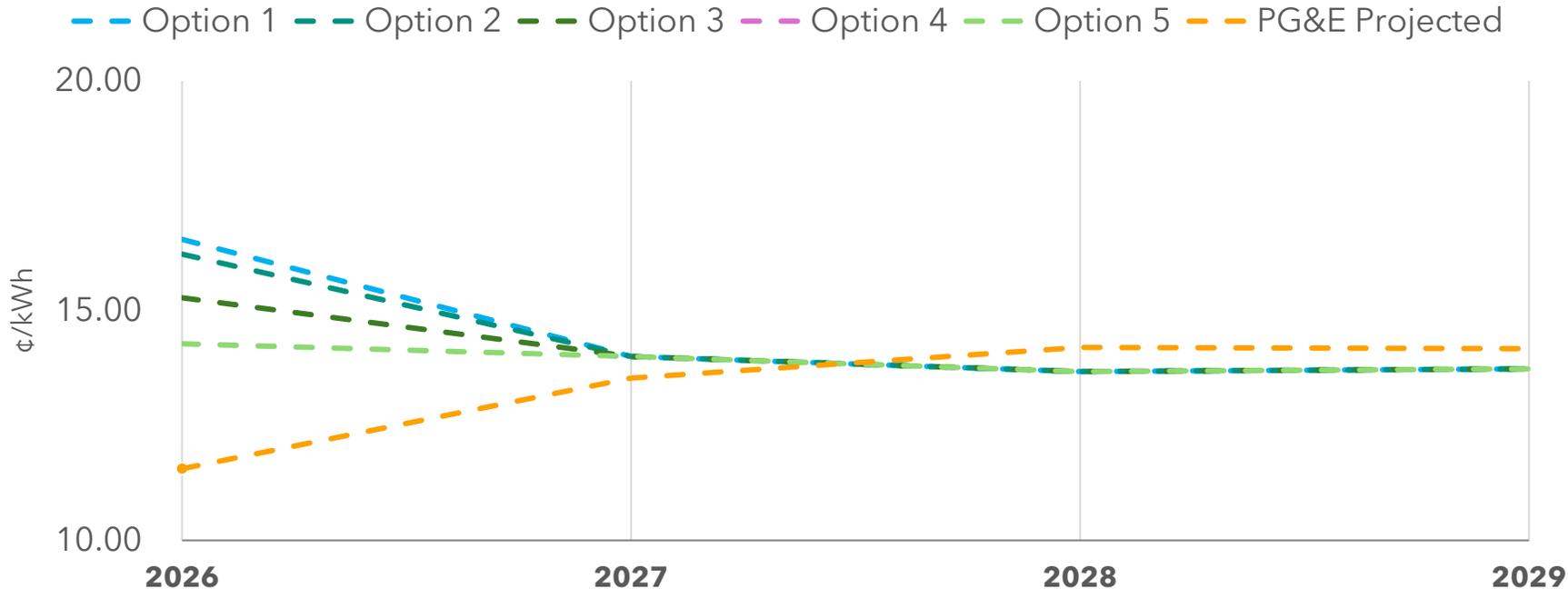
**Fiscal Year 2026/27
Budget Approval**

**Inclusive of Rate Reduction
Effective April 1, 2026**

MCE Board of Directors
March 19, 2026

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

FY 2026/27 Proposed Budget Overview

- The budget for FY 2026/27 is shaped by the following [proposed rate reduction](#):
 - The **2.05-cent (14% reduction)** rate reduction effective 4/1/2026
 - A **0.62-cent temporary** rate credit running April–December 2026
 - A **\$10 million** allocation to the MCE Cares Credit program
- The revenue shortfall is addressed by transferring **\$62 million** from the Operating Reserve Fund
- Cost of energy is decreasing significantly while operating expenses have been optimized to their lowest level possible
- Reserve and Liquidity goals are expected to be met
- The **change in net position** is projected at **\$1.6 million**, a 90% decrease YoY

Customers have been notified of the of the rate reduction. Example: our website displays the following:

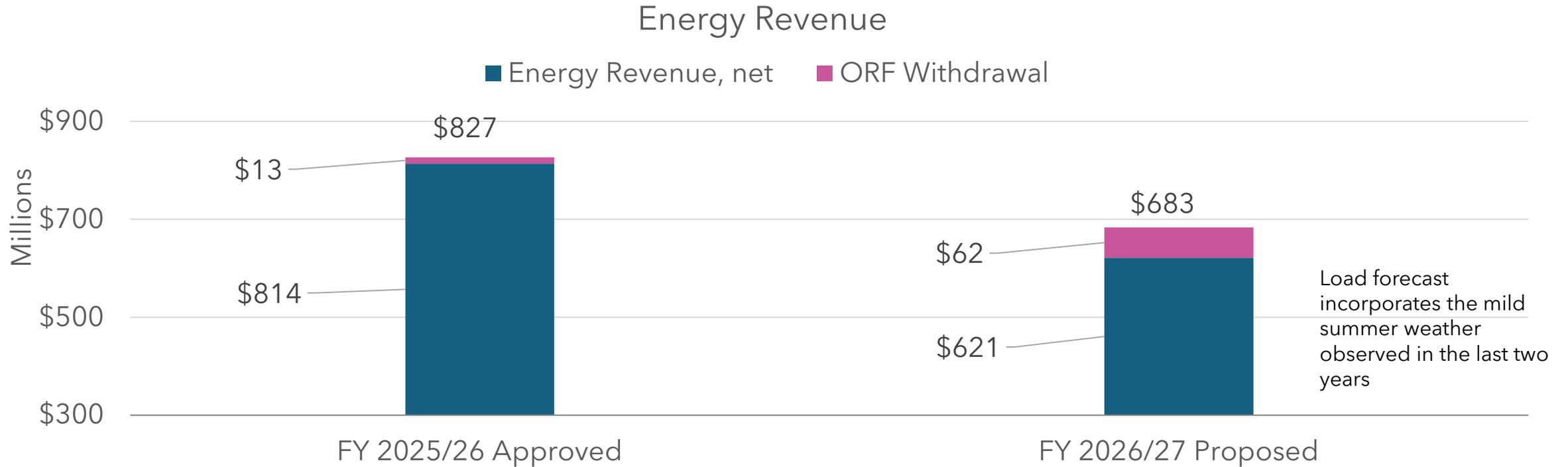
- “MCE’s board will consider its annual Fiscal Year 2026–27 budget and this proposed rate change at its March 19, 2026, meeting. If approved, the proposed rate change would take effect April 1, 2026.”

FY 2025/26 Projected Budget

	FY 2025/26 Approved	FY 2025/26 Projected	Variance \$	Variance %
Energy Revenue, Net	\$ 813,689,500	\$ 766,141,000	\$ (47,548,500)	(5.8%)
ORF Withdrawal	13,000,000	-	(13,000,000)	(100.0%)
Cost of Energy	(765,542,000)	(658,914,000)	106,628,000	(13.9%)
Operating Expenses	(50,249,000)	(47,212,000)	3,037,000	(6.0%)
Non-Operating Revenues, Net	14,775,000	27,671,000	12,896,000	87.3%
Program Expenses	(9,181,000)	(8,644,000)	537,000	(5.8%)
Consolidated Change in Net Position	16,492,500	79,042,000	62,549,500	379.3%

- Forecast for the current FY shows a change in net position of **\$79 million**
 - Includes actuals through January plus projections for remaining 2 months
- Energy revenue is down but energy costs have dropped even more sharply
 - Recall: **\$36.4mm** in energy costs was **shifted** to the previous FY due to earlier than anticipated deliveries
 - Other costs are trending below budget as a result of the 2025 mild summer weather and portfolio optimizations efforts
- Creates an **opportunity** to add funds to the **Operating Reserve Fund**

Energy Revenue and ORF Withdrawal



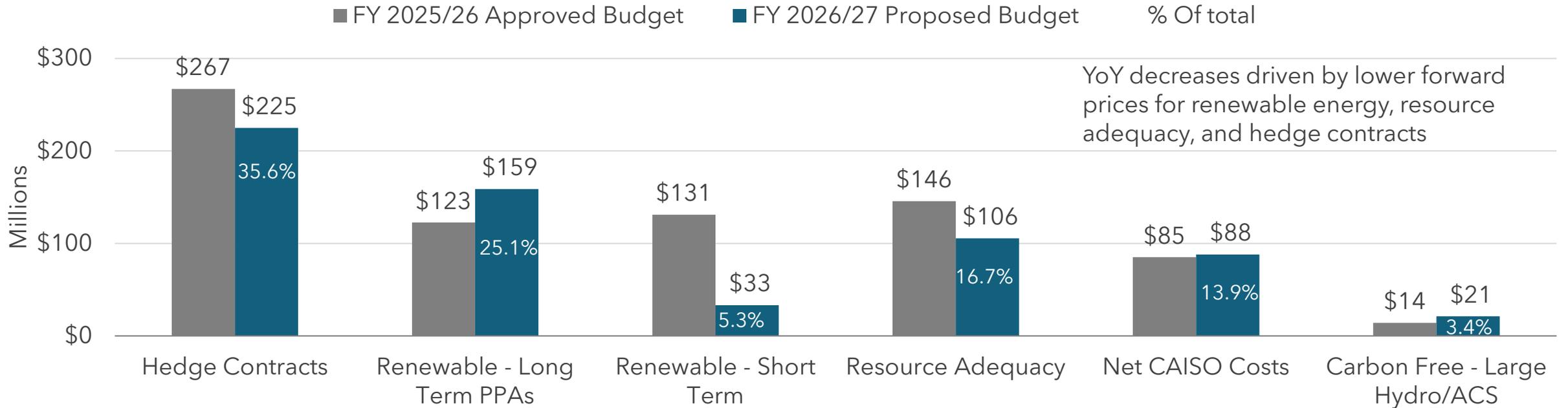
	<u>FY 2025/26 Approved</u>	<u>FY 2026/27 Proposed</u>	<u>Variance \$</u>	<u>Variance %</u>
Energy Revenue, net	\$813,689,500	\$621,291,000	\$(192,398,500)	(23.6%)
ORF Withdrawal	13,000,000	62,000,000	49,000,000	376.9%
Total	826,689,500	683,291,000	(143,398,500)	(17.3%)

Figures are shown net of uncollectibles and MCE Cares credit program

FY 2026/27 includes **\$10 million** for MCE Cares credit

Cost of Energy

Cost of Energy Breakdown



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%)

Operating Expenses

	<u>FY 2025/26</u> <u>Approved</u>	<u>FY 2026/27</u> <u>Proposed</u>	<u>Variance \$</u>	<u>Variance %</u>
TOTAL OPERATING EXPENSES	50,249,000	53,773,000	3,524,000	7.0%

- Captures overhead expenses MCE incurs to run the operations
- Some expenses are beyond MCE's control (tied to number of customer accounts or load)
- Staff thoroughly reviewed each budget line and optimized resources to reduce costs

Operating Expenses - Increases

	<u>FY 2025/26 Approved</u>	<u>FY 2026/27 Proposed</u>	<u>Variance \$</u>	<u>Variance %</u>
OPERATING EXPENSES				
Personnel	25,405,000	28,652,000	3,247,000	12.8%
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	2,608,000	(130,000)	(4.7)%
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	4,779,000	25,000	0.5%
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	53,773,000	3,524,000	7.0%

Data Management:

- Increased billing activity after City of Hercules enrollment

Technical & Scheduling Consultants:

- Potential changes to the services MCE relies on
- Temporary vendor overlap + one-time transition costs

General & Administrative:

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

Operating Expenses - Decreases

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
OPERATING EXPENSES				
Personnel	25,405,000	28,652,000	3,247,000	12.8%
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	2,608,000	(130,000)	(4.7)%
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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	53,773,000	3,524,000	7.0%

PG&E Service Fees:

- Shows decreases after revising the fee from 42 cents to 35 cents

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

Impact of 5 Proposed New Positions

Power Resources:

Data Analyst

Power Resources Manager

Finance:

Manager of Finance

Senior Strategic Finance Analyst

Legal:

Grants Manager



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



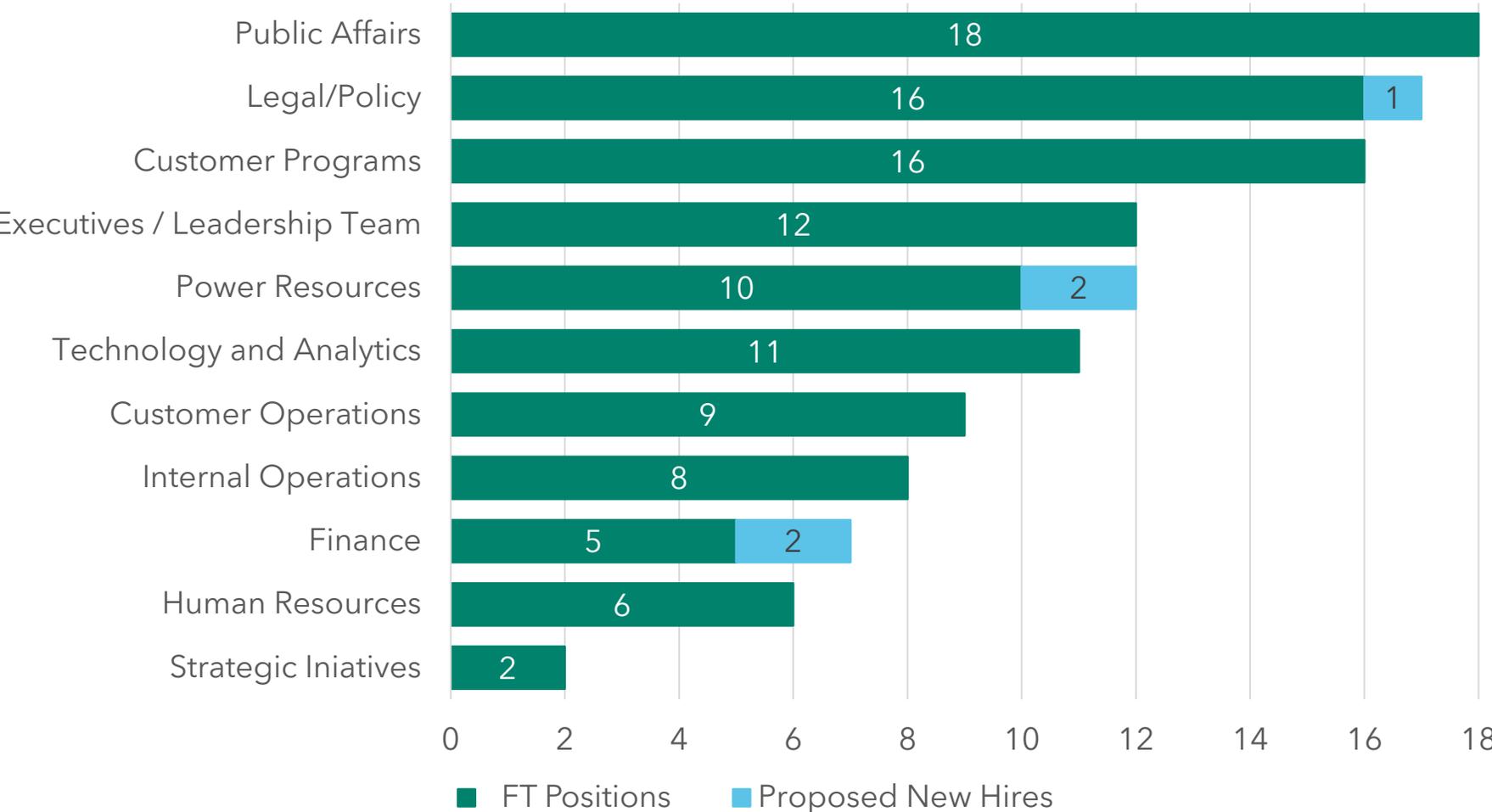
05

Growth of Strategic Finance Function

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

Department Positions

Department Full-Time Positions with Proposed New Positions



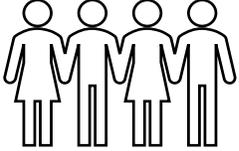
	<u>Count</u>
Adjusted* FY 2025/26 positions	117
Positions removed	-4
Positions entering FY 2026/27	113
New positions proposed for FY 2026/27	5
Total FY 2026/27 headcount	118

**Correction: An earlier version quoted 119 total FT for the current FY. We adjusted to 117 as the previous version counted two non-FT positions.*

- Total FT approved positions (including unfilled positions) count going from 117 to 118.
- Increase in personnel budget partially due to the annualized cost of 11 positions added in FY 2025/26, and partial cost for 5 proposed positions that are more technical or higher level than the positions they are repurposing, and an increase in benefits costs.

2025 Metrics (AB 2561 Compliance)

In 2025
MCE had a
5.2%
Vacancy
Rate



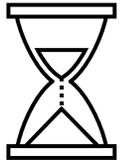
108 Current Full-Time Positions



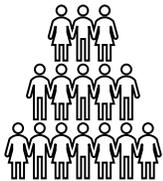
5 Current Vacant Positions



1.3 Months (40.9 days) Average time to hire



2.5 Months (73.5 Days) Average time to fill



107% Retention

(Calculated by: $(\text{End of year FT headcount} / \text{Start of year Headcount}) * 100$) as required by law)

Personnel - before grant reimbursements

	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Salaries	\$ 18,800,000	\$ 21,686,000	\$ 2,887,000	15.4%
Benefits	10,717,000	11,027,000	310,000	2.9%
Total Personnel Costs	29,517,000	32,714,000	3,197,000	10.8%

- Costs include medical, dental, vision benefits; employer taxes; ancillary benefits; retirement and retention; other (workers comp, PTO, etc.)
 - For full-time, part-time, and temporary staff

Key factors contributing to year-over-year increase:

- Full-year impact of the 11 new positions added in FY 2025/26
 - Most of which were hired mid-year and did not incur a full 12 months of cost in the current fiscal year
- Full-year impact of COLA and merit adjustments (1-5%) made in January 2026
- Addition of 5 new full-time roles to meet operational needs

CCA Average Fully Loaded Personnel Cost

CCA	Fiscal Year	Personnel Cost	Positions	Average Fully Loaded Personnel Cost
CPA	25/26	\$27,950,00	96	\$291,146
AVA	25/26	\$29,639,000	105	\$282,276
SVCE	25/26	\$18,870,000	67	\$281,642
MCE	Proposed 26/27	\$32,714,000 (pre-grant offset)	118	\$277,237 (pre-grant offset)
		\$28,652,000 (post grant offset)		\$242,814 (post grant offset)
MCE	25/26	\$29,600,000 (pre-grant offset)	117	\$252,991 (pre-grant offset)
		\$25,400,000 (post grant offset)		\$217,094 (post grant offset)
PCE	25/26	\$16,391,740	67	\$244,653
3CE	25/26	\$14,260,774	59	\$241,708
SDCP	25/26	\$21,115,541	94	\$244,633
SCP	25/26	\$12,781,000	60	\$213,017

MCE's personnel costs are shown both pre- and post-grant. Comparative CCA personnel costs are based on adopted FY 2025/26 budgets and reflect post-grant amounts, where applicable grant offsets exist.

YoY Salary and Benefits Breakdown

Driver	Impact
FY 25/26 Merit & COLA annualized	+\$1,734,000
FY 26/27 New FTEs (5)	+542,000
FY 25/26 Filled Positions (10) annualized	+506,000
FY 25/26 Promotions annualized	+427,000
Eliminated Merit Increases	(141,000)
Fewer planned promotions (33 → 20)	(100,000)
Lower expected COLA	(81,000)
Total Salary Impact	+\$2,887,000
Total Benefits Impact	+\$310,000

- Personnel cost changes reflect the full-year impact of previously Board approved positions filled during FY 2025/26 and merit adjustments approved by the Board in the prior fiscal year.

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	\$ 32,714,000	\$ 3,197,000	10.8%
Expected Grant Reimbursement	(4,112,000)	(4,061,000)	50,000	(1.2%)
Personnel	25,405,000	28,652,000	3,247,000	12.8%

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
- New Hires (5) salaries + benefits account for \$819,000 variance

Non-Operating Revenues, Net and Capital Outlay

	<u>FY 2025/26 Approved</u>	<u>FY 2026/27 Proposed</u>	<u>Variance \$</u>	<u>Variance %</u>
Non-Operating Revenues, Net	\$ 14,775,000	\$ 13,139,000	\$ (1,636,000)	-11%
Total Capital Expenditures, Interfund Transfers & Other	18,391,000	18,474,000	83,000	0.5%

Non-Operating Revenues

- Non-operating revenues come from interest and investment earnings on MCE's cash and fixed-income portfolio
 - Presented net of banking fees, which are increasing to cover the fees with the security MCE must post to meet the CPUC's Financial Security Requirement

Total Capital expenditures, Interfund Transfers and Other

- \$10.25mm for the RAS project
- \$8mm transfer to the Program Development Fund

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%
TOTAL REVENUE AND OTHER SOURCES	1,472,000	1,570,000	98,000	7%
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	30,000	(141,000)	(82.5%)
TOTAL EXPENDITURES	4,401,000	3,764,000	(637,000)	(14.5%)
Net Increase (Decrease) in Fund Balance	(3,721,000)	(2,194,000)	-	-
Fund Balance at Beginning of Period	4,361,000	2,615,000	-	-
Fund Balance at End of Period	640,000	421,000	-	-

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%)
EXPENDITURES				
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	-	-

Program Budgets

Program	FY 2026/27 Proposed
EV Instant Rebate Program	\$3,595,000
EV Charging Program	\$2,289,000
EV Education and Outreach	\$100,000
Energy Storage Program	\$137,000
MCE Sync	\$927,000
Heat Pump Water Heater Incentives	\$682,000
Community Housing Support	\$260,000
Virtual Power Plant	\$30,000
Matching Funds:	
DOE Storage Grant Match Funds	\$100,000
VPP Flex Match Funds	\$1,000,000
Total	9,120,000

Options for Programs

The Executive Committee recommended option 1, that the Board fully fund the proposed Program Development Fund, on March 2, 2026.

	Options	Savings	FY 2026/27 Proposed Transfer
1	Fully fund proposed Program Development Fund	NA	\$8,077,000
2	Reduce funding for EV Instant Rebate Program	\$1,797,000	\$6,280,000
3	Eliminate funding for EV Instant Rebate Program	\$3,595,000	\$4,483,000
4	Close the EV Charging Program to new applicants	\$800,000	\$7,277,000
5	Eliminate Electrification Incentives, Heat Pump Water Heater Incentives & Community Housing Support	\$942,000	\$7,135,000

Customer Program Funding Options

Option	Budget Impact	Program Impact
Close or scale back EV Instant Rebate Program	Savings of up to \$3,594,500	Up to 876 income-qualified customers will not receive a rebate for the purchase of an EV. 85% of participants have indicated via survey that they wouldn't have purchased an EV without MCE's rebate.
Close the EV Charging Program to new applicants	Savings of around \$800,000	Projects with existing reservations will still need to close out. Larger budget impacts in the coming FYs if we stop taking in new project reservations.
Eliminate Electrification Incentives (Heat Pump Water Heater Incentives & Community Housing Support)	Savings of \$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

FY 2026/27 Change in Net Position

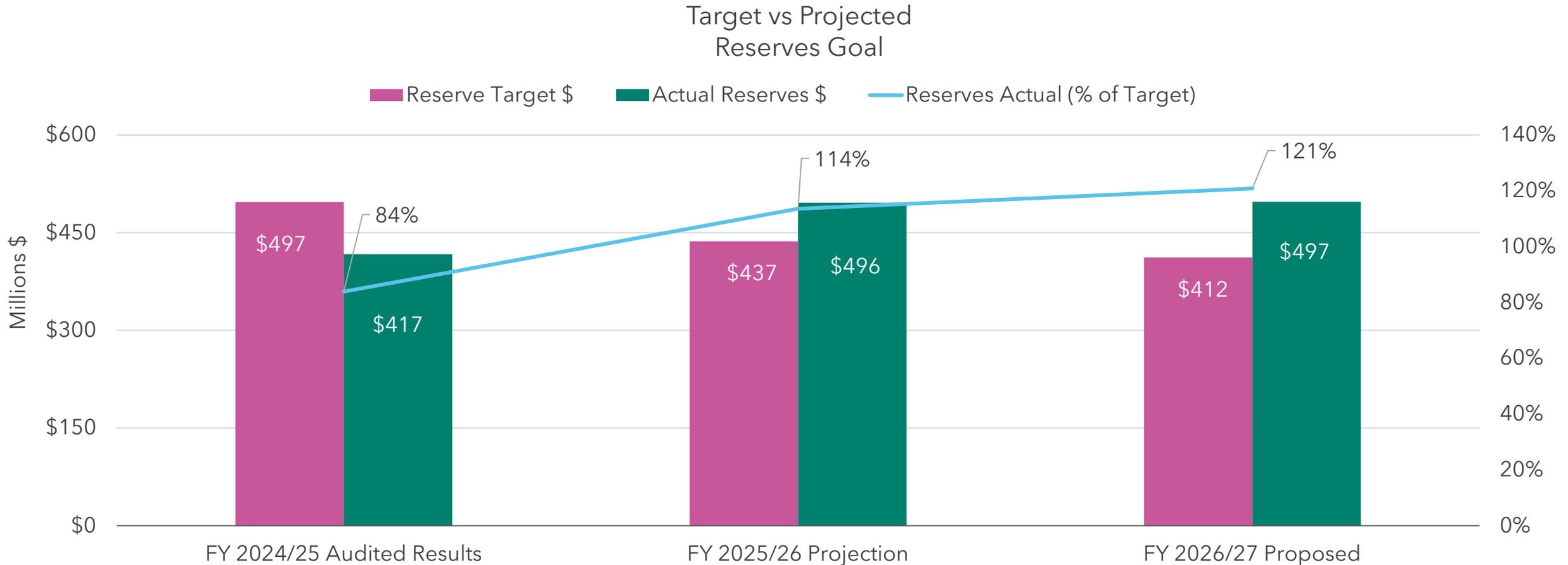
	FY 2025/26 Approved	FY 2026/27 Proposed	Variance \$	Variance %
Energy Revenue, Net	\$ 813,689,500	\$ 621,291,000	\$ (192,398,500)	(23.6%)
ORF Withdrawal	13,000,000	62,000,000	49,000,000	376.9%
Cost of Energy	(765,542,000)	(631,944,000)	133,598,000	(17.5%)
Operating Expenses	(50,249,000)	(53,773,000)	(3,524,000)	7.0%
Non-Operating Revenues, Net	14,775,000	13,139,000	(1,636,000)	(11.1%)
Program Expenses	(9,181,000)	(9,120,000)	61,000	(0.7%)
Consolidated Change in Net Position	16,492,500	1,593,000	(14,899,500)	(90.3%)

The consolidated change in net position is projected to total **\$1.6 million**, a 90% decrease year-over-year



**Progress towards
Reserves and Liquidity
Goals**

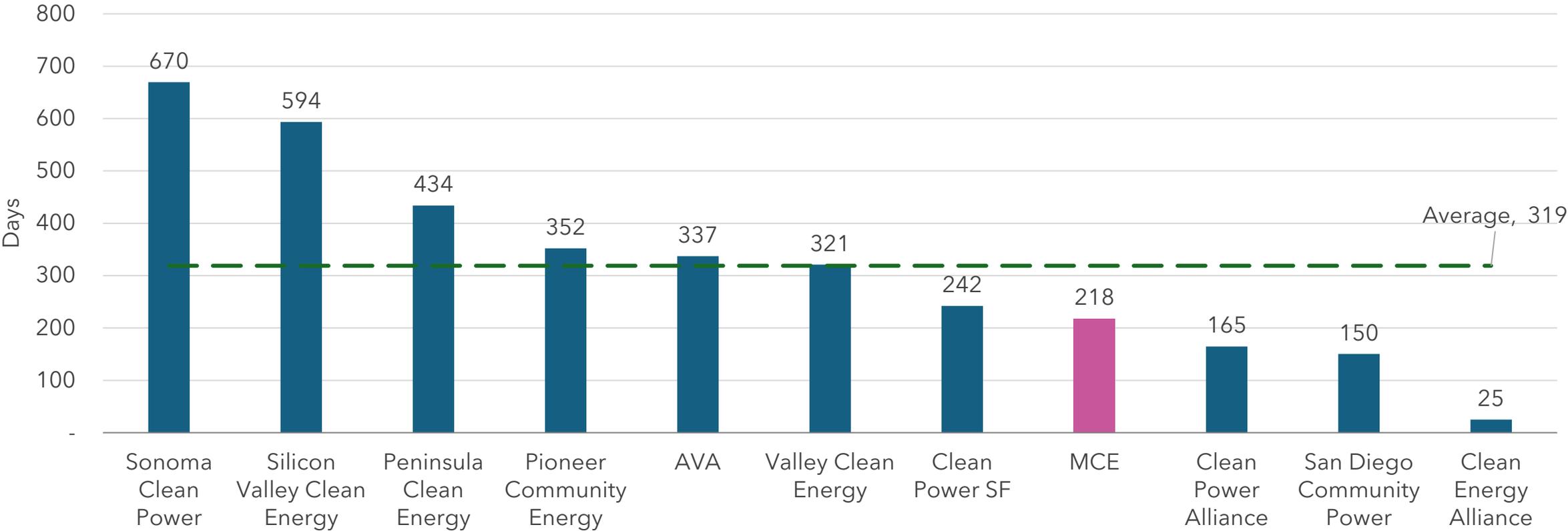
Reserves



- Reserves target is met and surpassed
- Numbers are inclusive of cost of energy reductions and withdrawals from the ORF

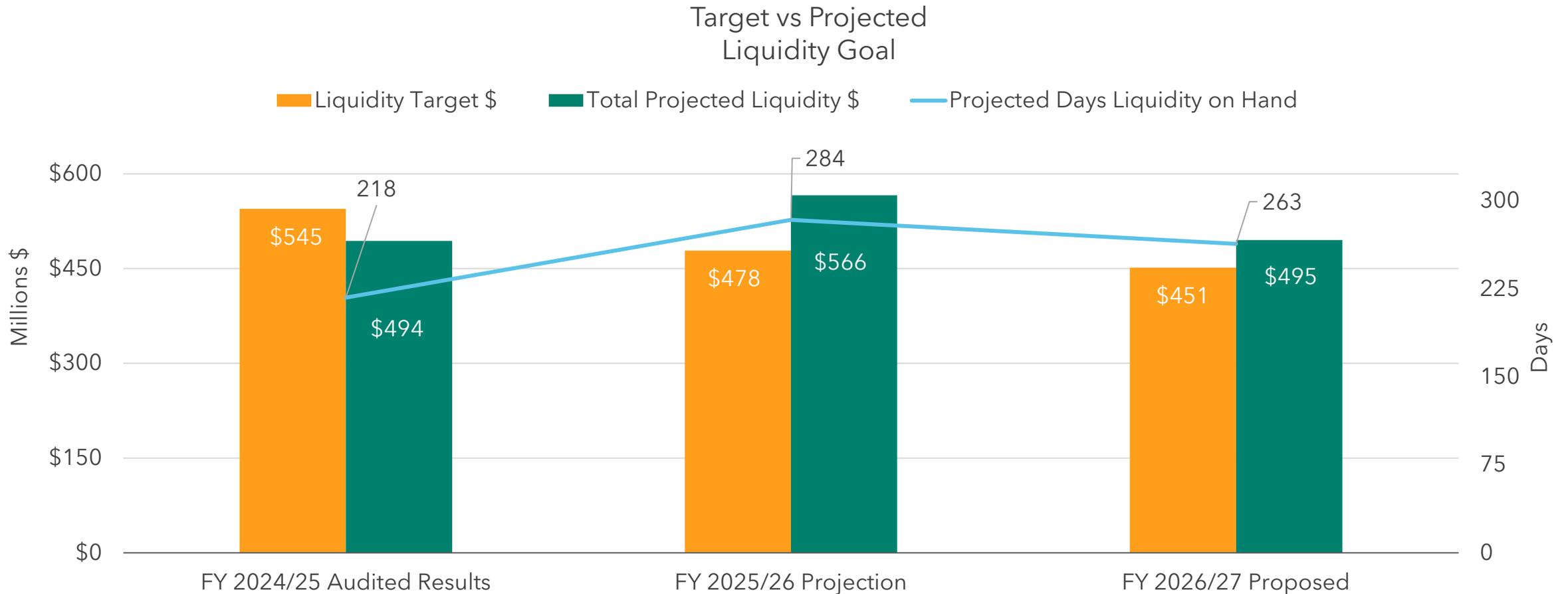
CCA Industry Days Liquidity on Hand

Days Liquidity on Hand
As of FY 2025/26 End



Metrics for peer CCAs based on ending net position and amounts in their rate stabilization fund, when applicable.

Liquidity



- Liquidity target is met and surpassed.
- Actual results may be lower due to the CPUC's Financial Security Requirement (FSR) which will require MCE to post security. Amounts are still being determined.

Recommendation

Approve the Fiscal Year 2026/27 proposed budgets inclusive of a 2.05-cent rate reduction effective April 1, 2026, and a temporary 0.62-cent rate credit running April-December 2026.

Consider increasing the Communications Services budget by \$175,000 to avoid any decrease in local community and industry events and sponsorship opportunities.



Thank you!



mceCleanEnergy.org
info@mceCleanEnergy.org

B. Proposed Budget Fiscal Year 2026/27

MCE Operating Fund
Proposed Budget Fiscal Year 2026/27
From April 1, 2026 through March 31, 2027

	FY 2025/26 Forecast	FY 2025/26 Approved	FY 2026/27 Proposed	Approved vs Proposed Variance \$	Approved vs Proposed Variance %
ENERGY REVENUE					
Operating Revenues	\$ 783,190,000	\$ 831,238,000	\$ 638,933,000	\$ (192,305,000)	(23.1%)
Uncollectible Accounts	(11,326,000)	(12,469,000)	(7,642,000)	4,827,000	(38.7%)
Cost Relief Program	(5,723,000)	(5,000,000)	(10,000,000)	(5,000,000)	100.0%
Bi-Directional Vehicle Charging Tariff	-	(79,500)	-	79,500	(100.0%)
Energy Revenue, net	766,141,000	813,689,500	621,291,000	(192,398,500)	(23.6%)
Transfer from Operating Reserve Fund	-	13,000,000	62,000,000	49,000,000	376.9%
Total Energy Revenue	766,141,000	826,689,500	683,291,000	(143,398,500)	(17.3%)
ENERGY EXPENSES					
Cost of Energy	658,914,000	765,542,000	631,944,000	(133,598,000)	(17.5%)
Net Electricity Revenue	107,227,000	61,148,000	51,347,000	(9,801,000)	(16.0%)
OPERATING EXPENSES					
Personnel	25,252,000	25,405,000	28,652,000	3,247,000	12.8%
Data Manager	5,370,000	5,276,000	5,434,000	158,000	3.0%
Technical and Scheduling Consultants	1,300,000	1,400,000	1,588,000	188,000	13.4%
Service Fees - PG&E	2,579,000	2,738,000	2,608,000	(130,000)	(4.7%)
Legal and Policy Services	1,374,000	1,534,000	1,427,000	(107,000)	(7.0%)
Communication Services	2,270,000	2,223,000	1,876,000	(347,000)	(15.6%)
Other Professional Services	4,659,000	4,754,000	4,779,000	25,000	0.5%
General and Administrative	4,145,000	4,966,000	5,492,000	526,000	10.6%
Occupancy	263,000	453,000	417,000	(36,000)	(7.9%)
Contingency	-	1,500,000	1,500,000	0	0.0%
Total Operating Expenses	47,212,000	50,249,000	53,773,000	3,524,000	7.0%
OPERATING INCOME	60,015,000	10,899,000	(2,426,000)	(13,325,000)	(122.3%)
NONOPERATING REVENUES					
Grant Income	4,986,000	3,278,000	5,018,000	1,740,000	53.1%
Other Income	693,000	-	-	-	-
Investment Income	22,923,000	15,000,000	14,139,000	(861,000)	(5.7%)
Total Nonoperating Revenues	28,602,000	18,278,000	19,157,000	879,000	4.8%
NONOPERATING EXPENSES					
Banking Fees and Financing Costs	261,000	225,000	1,000,000	775,000	344.4%
Grant Expenses	670,000	3,278,000	5,018,000	1,740,000	53.1%
Total Nonoperating Expenses	931,000	3,503,000	6,018,000	2,515,000	71.8%
CHANGE IN NET POSITION*	87,686,000	25,674,000	10,713,000	(14,961,000)	(58.3%)
Budgeted Net Position Beginning of Period	416,863,000	416,863,000	504,549,000	87,686,000	21.0%
Change in Net Position	87,686,000	25,674,000	10,713,000	(14,961,000)	(58.3%)
BUDGETED NET POSITION END OF PERIOD	504,549,000	442,537,000	515,262,000	72,725,000	16.4%
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER					
Software Transmission Upgrade	-	10,250,000	10,250,000	0	0.0%
San Rafael Office Building Purchase	5,401,000	5,400,000	-	(5,400,000)	(100.0%)
Office Improvements and Retrofits	349,000	349,000	147,000	(202,000)	(57.9%)
Transfer to Resiliency VPP Fund	-	-	-	-	-
Transfer to Program Development Fund	2,392,000	2,392,000	8,077,000	5,685,000	237.7%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	8,142,000	18,391,000	18,474,000	83,000	0.5%
BUDGETED NET INCREASE IN OPERATING FUND BALANCE	79,544,000	7,283,000	(7,761,000)	(15,044,000)	(206.6%)

For comparison purposes, the FY 2026/27 Proposed budget is shown along the current year's Approved Budget. Actuals through January 2026 plus projections through March 31, 2026 are shown in the Fiscal Year 2025/26 Forecast column.

*Change in net position before program expenses. See staff report for consolidated change in net position.



C. Proposed FY 2026/27 Program Development Fund Budget

MCE
Program Development Fund
Proposed Budget Fiscal Year 2026/27
From April 1, 2026 through March 31, 2027

	FY 2025/26 Forecast	FY 2025/26 Approved	FY 2026/27 Proposed	Approved vs Proposed Variance \$	Approved vs Proposed Variance %
REVENUE AND OTHER SOURCES					
Transfer from Operating Fund and Deep Green	\$2,392,000	\$2,392,000	\$8,077,000	\$5,685,000	237.7%
Marin Community Foundation Grant	27,000	260,000	131,000	(129,000)	-49.6%
Community Benefits Funds	100,000	100,000	0	(100,000)	-100.0%
TOTAL REVENUE AND OTHER SOURCES	\$2,519,000	2,752,000	\$8,208,000	\$5,456,000	198.3%
EXPENDITURES					
Transportation Electrification Programs	6,486,000	5,310,000	5,984,000	674,000	12.7%
Heat Pump Water Heater Incentives	540,000	540,000	682,000	142,000	26.3%
Emergency Water Heater Loaner Program	7,000	142,000	0	(142,000)	-100.0%
MCF - EV Charging at Affordable Housing	27,000	260,000	131,000	(129,000)	-49.6%
Community Housing Support	348,000	260,000	260,000	0	0.0%
TOTAL EXPENDITURES AND OTHER USES	7,408,000	6,512,000	7,057,000	545,000	8.4%
Net Increase (Decrease) in Fund Balance	(4,889,000)	3,760,000	1,151,000	-	-
Fund Balance at Beginning of Period*	3,738,000	3,760,000	(1,151,000)	-	-
Fund Balance at End of Period	(1,151,000)	0	0	-	-

***Beginning balance for FY 2025/26 Approved budget differs from FY 2025/26 Forecast due to delays in actual fund spending.**

For comparison purposes, the FY 2026/27 Proposed budget is shown along the current year's Approved Budget. Actuals through January 2026 plus projections through March 31, 2026 are shown in the Fiscal Year 2025/26 Forecast column.



D. Proposed FY 2026/27 Resiliency VPP Fund Budget

MCE
Resiliency VPP Fund
Proposed Budget Fiscal Year 2026/27
From April 1, 2026 through March 31, 2027

	FY 2025/26 Forecast	FY 2025/26 Approved	FY 2026/27 Proposed	Approved vs Proposed Variance \$	Approved vs Proposed Variance %
REVENUE AND OTHER SOURCES					
CEC VPP Flex Grant	\$112,000	\$1,200,000	\$1,200,000	\$0	0.0%
Federal Earmark Funding	0	200,000	100,000	(100,000)	(50.0%)
Marin Community Foundation Grant	203,000	72,000	270,000	198,000	275.0%
Transfer from Operating Fund	-	-	-	0	0.0%
TOTAL REVENUE AND OTHER SOURCES	315,000	1,472,000	1,570,000	98,000	7%
EXPENDITURES AND OTHER USES					
CEC VPP Flex Grant Expenses	112,000	1,200,000	1,200,000	0	0.0%
Energy Storage Program	55,000	306,000	137,000	(169,000)	(55.2%)
CEC VPP Flex Grant Match	309,000	1,000,000	1,000,000	0	0.0%
MCE Sync	800,000	952,000	927,000	(25,000)	(2.6%)
PeakFLEX	0	100,000	0	(100,000)	(100.0%)
Federal Earmark - Energy Storage	0	200,000	100,000	(100,000)	(50.0%)
MCF - Resiliency at Critical Facilities	203,000	72,000	270,000	198,000	275.0%
Federal Earmark Match Expense	85,000	200,000	100,000	(100,000)	(50.0%)
San Rafael Office Resiliency Buildout	0	200,000	0	(200,000)	(100.0%)
Virtual Power Plant	14,000	171,000	30,000	(141,000)	(82.5%)
TOTAL EXPENDITURES AND OTHER USES	1,578,000	4,401,000	3,764,000	(637,000)	(14.5%)
Net Increase (Decrease) in Fund Balance	(1,263,000)	(3,721,000)	(2,194,000)	-	-
Fund Balance at Beginning of Period*	3,878,000	4,361,000	2,615,000	-	-
Fund Balance at End of Period	2,615,000	640,000	421,000	-	-

***Beginning balance for FY 2025/26 Approved budget differs from FY 2025/26 Forecast due to delays in actual fund spending.**

For comparison purposes, the FY 2026/27 Proposed budget is shown along the current year's Approved Budget. Actuals through January 2026 plus projections through March 31, 2026 are shown in the Fiscal Year 2025/26 Forecast column.



E. Proposed FY 2026/27 Energy Efficiency Fund Budget

MCE
Energy Efficiency Fund
Proposed Budget Fiscal Year 2026/27
From April 1, 2026 through March 31, 2027

	FY 2025/26 Forecast	FY 2025/26 Approved	FY 2026/27 Proposed	Approved vs Proposed Variance \$	Approved vs Proposed Variance %
REVENUE AND OTHER SOURCES					
Public Purpose Energy Efficiency Program	\$ 10,162,608	\$ 18,761,000	\$ 14,380,000	\$ (4,381,000)	(23.4%)
Public Purpose Low Income Families and Tenants Pilot Program	1,586,995	800,000	-	(800,000)	(100.0%)
TOTAL REVENUE AND OTHER SOURCES	11,749,603	19,561,000	14,380,000	(5,181,000)	(26.5%)
EXPENDITURE AND OTHER USES					
Public Purpose Energy Efficiency Program	10,162,608	18,761,000	14,380,000	(4,381,000)	(23.4%)
Public Purpose Low Income Families and Tenants Pilot Program	1,586,995	800,000	-	(800,000)	(100.0%)
TOTAL EXPENDITURES AND OTHER USES	11,749,603	19,561,000	14,380,000	(5,181,000)	(26.5%)
BALANCE	0	0	0	-	-

For comparison purposes, the FY 2026/27 Proposed budget is shown along the current year's Approved Budget. Actuals through January 2026 plus projections through March 31, 2026 are shown in the Fiscal Year 2025/26 Forecast column.



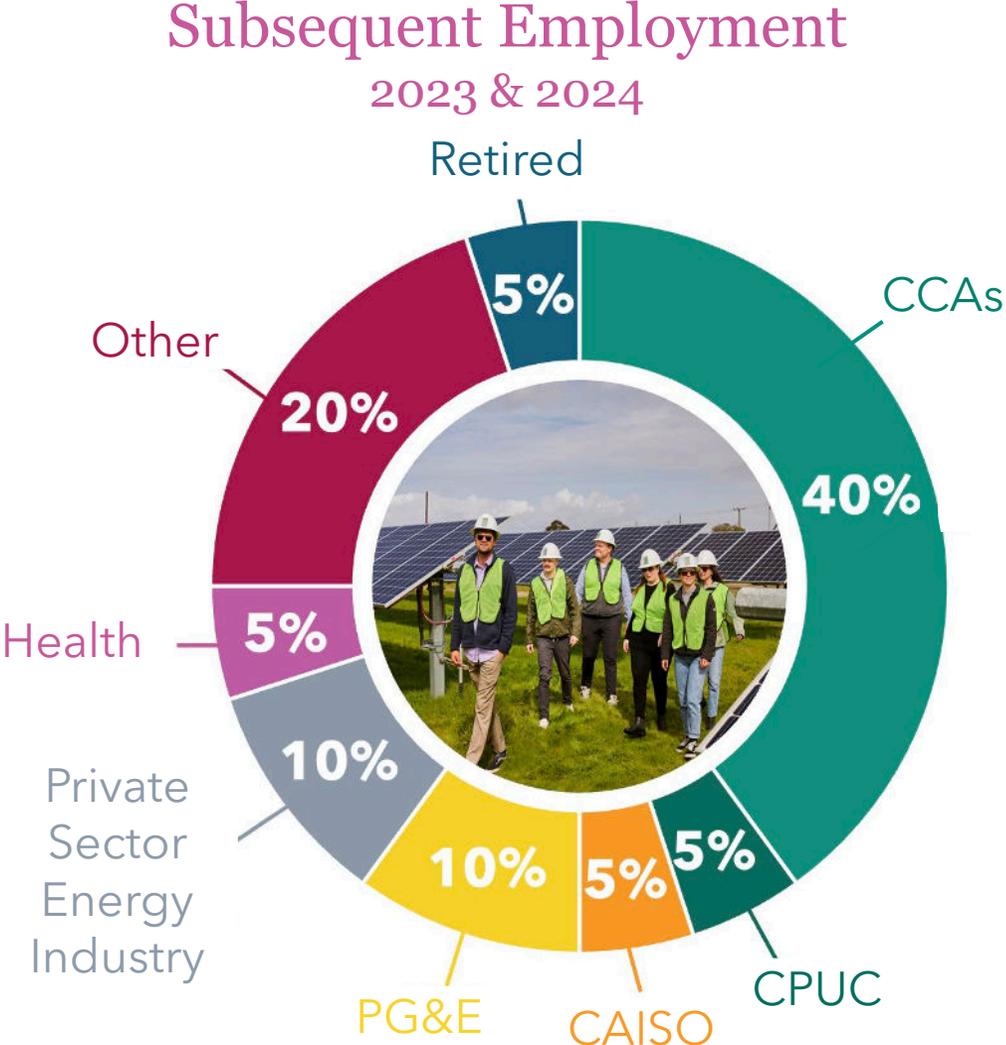
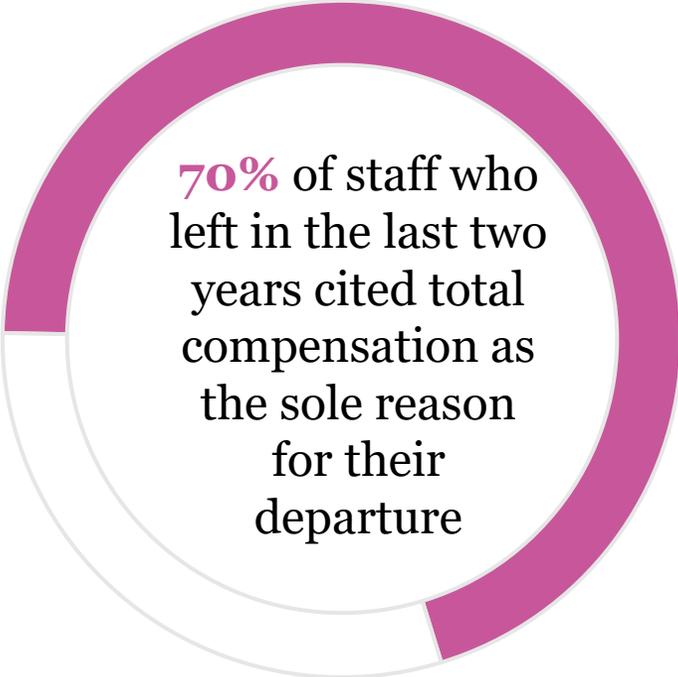
Update on Attracting and Retaining MCE Staff

December 4, 2024

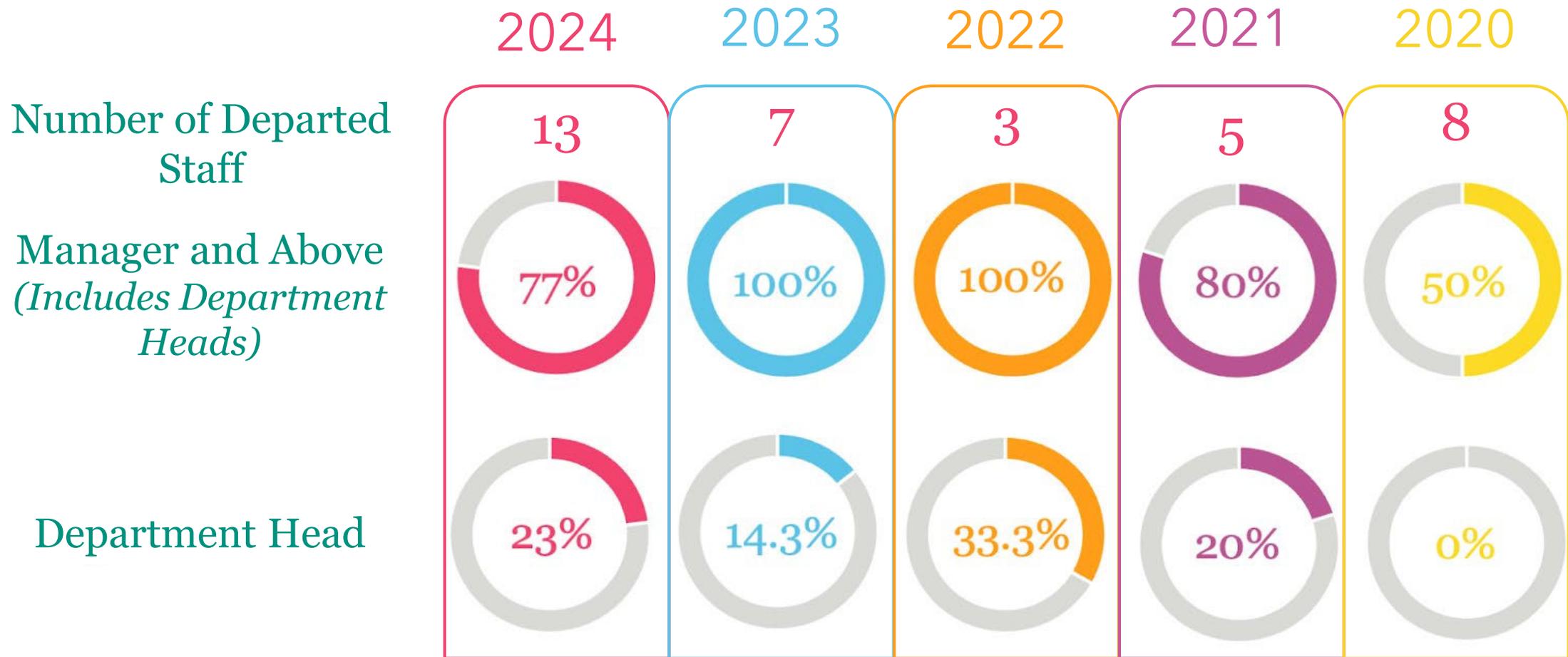


Energy Market - Challenges Attracting and Retaining Staff

- Competing with competitive industries such as: Other CCAs, Tech, Finance, IOUs, and regulatory bodies for top talent
- Limited talent pool for specialized skill sets

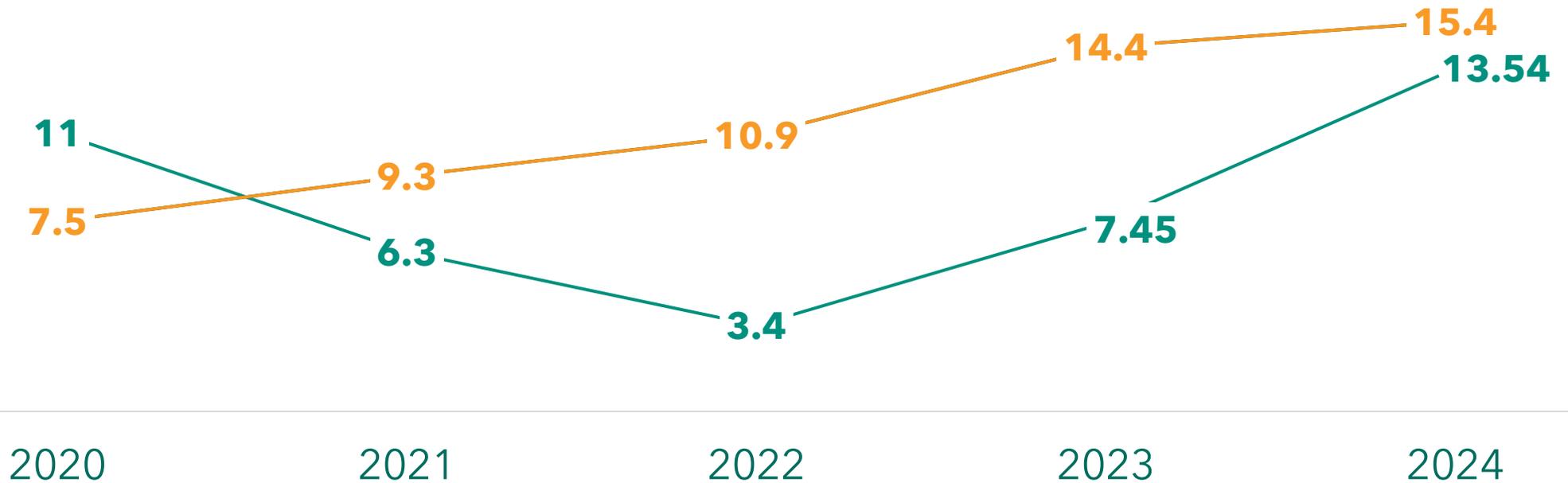


MCE Departing Staff Statistics



MCE and Industry Employee Turnover Rate

AVERAGE TURN-OVER RATE (%)



- MCE
- Energy Industry Average

Average Tenure at MCE vs Industry

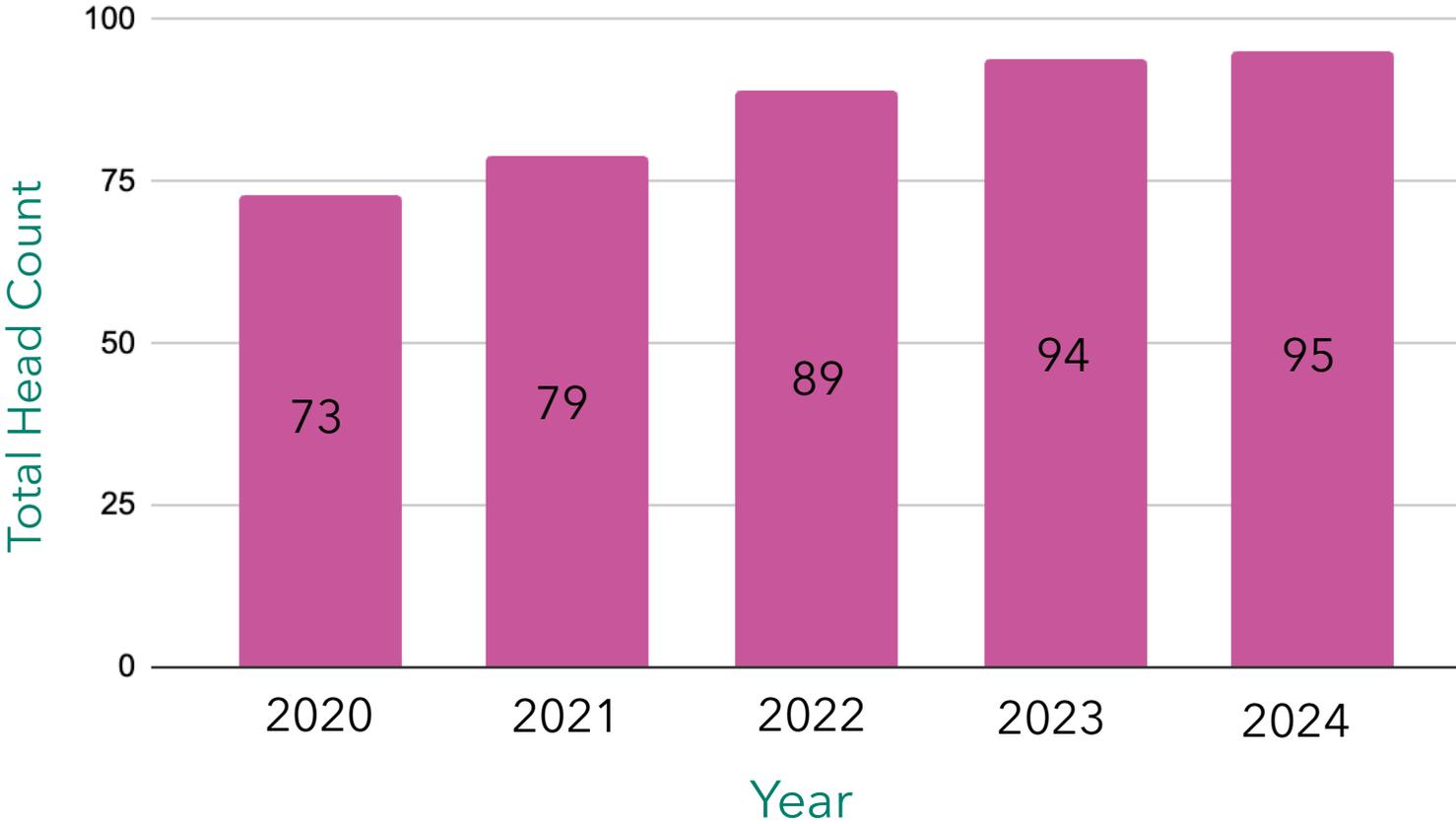
AVERAGE TENURE (YEARS)



- Utilities
- Local Governments
- MCE

Staff Size

Full-Time Staff Count



MCE Benefits



Health and Wellness



Paid Time Off



Lifestyle



Retirement



Retention



MCE Benefits



Health and Wellness

- Comprehensive Medical, Dental, and Vision insurance
 - 15 Therapy sessions
 - 15 Coaching sessions
 - Wellness benefit



Paid Time Off



Lifestyle



Retirement



Retention

MCE Benefits



Health and Wellness



Paid Time Off

- Vacation
- Personal Leave
- Sabbatical
- Sick Time and Bereavement Leave
 - Administrative Shutdown



Lifestyle



Retirement



Retention



MCE Benefits



Health and Wellness



Paid Time Off



Lifestyle

- Commuter Benefit
- Life Insurance
- Dependent Care
 - Hybrid Work
- Short-Term Disability Insurance



Retirement



Retention



MCE Benefits



Health and Wellness



Paid Time Off



Lifestyle



Retirement

- 401(a) employer contribution
- 457(b) employee contribution
- Health Retirement Account



Retention

MCE Benefits



Health and Wellness



Paid Time Off



Lifestyle



Retirement



Retention

- Agency Incentive
 - 457(f)



Training and Development

2023 & 2024



789

Virtual courses and trainings staff have taken



28

Certifications earned via MCE's Professional Development program



75

Promotions/ Succession (4 to internal leadership)



42

HR hosted trainings (25 of which were supervisor trainings)

Feedback at MCE



Annual Review

- Self-Evaluation
- Peer Review
- Upward Feedback
- Downward Feedback



Quarter Review

- Upward Feedback
- Downward Feedback



Ongoing

- Check-ins
- Coaching

Intentional In-person Moments

- Onboarding
- All-Staff Meetings
- Cross-Departmental Workshops
- Staff Retreat





Empowering Our Clean Energy Future

MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY
UNINCORPORATED SOLANO COUNTY | BENICIA | CONCORD | DANVILLE | EL CERRITO
FAIRFIELD | HERCULES | LAFAYETTE | MARTINEZ | MORAGA | OAKLEY | PINOLE
PITTSBURG | PLEASANT HILL | RICHMOND | SAN PABLO | SAN RAMON | WALNUT CREEK

Informational Reports

1. Legislative and Regulatory Update
2. Customer Accounts and Participation





March 19, 2026

TO: MCE Board of Directors
FROM: Sabrina Soldavini, Vice President of Policy
RE: Legislative and Regulatory Updates
ATTACHMENT: Regulatory Packet with Filings since the February Board Meeting

Dear MCE Board Members:

Summary:

Below is a summary of the key activities at the state and federal legislatures and the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and the California Independent System Operator (CAISO) impacting Community Choice Aggregation (CCA) and MCE.

I. California Legislature

The California bill introduction deadline was February 20th this year, and state legislators introduced close to 1,800 new bills in addition to more than 370 bills that are permitted to carry over from 2025. Among energy-related bills, affordability remains the top priority in Sacramento; legislators are paying particular attention to ensuring that the growth of data centers does not increase electricity costs for other customers. Legislators also introduced several bills intended to address the high cost and long timelines for building new transmission and interconnecting new electric generation.

Electrification continues to be a significant theme for state legislators as well, with several bills aimed at making it easier for different types of customers to electrify their homes, businesses, and vehicles. Staff will provide updates throughout the session on priority bills, including identifying specific bills that may be of particular interest to MCE member communities.

- a. Assembly Bill (AB) 1761 (Rogers) - PCIA Data Transparency

As previously mentioned, CalCCA is sponsoring AB 1761, authored by Assemblymember Chris Rogers (D-Santa Rosa), that would improve access and transparency for data used to

calculate the Power Charge Indifference Adjustment (PCIA) and other values derived from the PCIA calculation.

This transparency will enable two primary benefits. First, it will allow more parties to review complex data sets and calculation methodologies, which will increase the chance of catching any mistakes that could harm customers. Second, it will allow CCAs to better forecast our customers' PCIA rates earlier and more accurately, which will allow more time for a CCA to consider whether and how it can reduce the PCIA burden on our customers.

MCE encourages member communities to consider adopting a formal support position on AB 1761. As of the drafting of this staff report, the bill has been introduced but has not yet been set for hearing. On February 23rd MCE's Board Clerk circulated the author's fact sheet on the bill, along with a support letter template in case it is helpful for member communities' deliberative processes.

b. Senate Bill (SB) 1138 (Padilla) - Lowering Resource Adequacy Costs

CalCCA is also sponsoring SB 1138, authored by Senator Steve Padilla (D-Chula Vista), which will lower resource adequacy (RA) costs by aligning the rules for RA transactions with the rules for RA compliance.

As has been discussed at previous board meetings, the California Public Utilities Commission has recently changed the rules of its RA program. Previously, RA compliance was measured on a monthly basis, meaning that each load-serving entity (LSE) had to demonstrate that it had sufficient capacity under contract to meet its peak demand (plus a designated buffer amount) during each month of the year. The new rules require LSEs to demonstrate compliance on an hourly basis rather than a monthly basis.

However, the RA program is structured for LSEs to transact for RA on a monthly basis. This means that if an LSE needs additional capacity in just one or two hours out of a month, it must enter into a contract for the full month, rather than for only the hours it needs. As a result, LSEs like MCE are required to pay for more capacity than we need, and in hours where we don't need it. It's akin to having to buy a crate of oranges when you only need a few slices. This mismatch unnecessarily increases costs for all customers every year. CalCCA has estimated that in summer 2025 alone, California could have saved over \$100 million if LSEs were able to transact on an hourly rather than monthly basis.

SB 1138 addresses this problem by allowing RA load obligation trading on an hourly basis rather than a monthly basis, whereby an LSE that is short in a particular subset of hours could transact that obligation to another LSE with sufficient capacity in those hours. It protects statewide reliability by leaving the overall RA compliance obligations untouched, and promotes affordability by fine-tuning the way LSEs are allowed to optimize their portfolios,

address their obligations and eliminate wasteful spending. It will make California's RA program more transparent, predictable, efficient, and fair.

MCE encourages member communities to consider adopting a formal support position on SB 1138. As of the drafting of this staff report, the bill has been introduced but has not yet been set for hearing. On March 3rd MCE's Board Clerk circulated the author's fact sheet on the bill, along with a support letter template in case it is helpful for member communities' deliberative processes.

II. California Public Utilities Commission (CPUC)

a. Integrated Resource Planning (IRP)

In January, the CPUC issued a Proposed Decision (PD) ordering load serving entities (LSEs) under the CPUC's jurisdiction to procure an additional 6,000 MW of capacity to come online between 2029 and 2032. The CPUC proposes the additional procurement for reliability purposes due in part to projected load growth from data centers and electrification - including transportation electrification.

MCE worked with CalCCA to file comments in response to the PD in early February, asking the Commission to modify the PD to: 1) reassess the need to account for load forecast uncertainty; remove the 50 percent restriction on storage procurement; 3) increase compliance pathways that provide LSEs more ways to cost-effectively comply; 4) provide necessary clarity for LSE's as it relates to resource's NQC and compliance value; and 5) clarify how the procurement order impacts the magnitude of procurement considered by the Department of Water Resources.

In late February the CPUC issued a final Decision with the following revisions: 1) LSEs are required to procure 2000 MW of capacity each in 2030, 2031, and 2032; 2) Allows for flexible compliance provisions in case of delays outside of an LSE's control and/or unreasonably high costs; 3) Removes 50 percent restriction on storage procurement and instead requires that at least one-quarter of the procurement by 2032 must come from resources that have attributes that align with clean firm resources and/or long-duration storage resources; 4) Clarifies compliance provisions for co-located energy storage resources; and 5) Sets deadlines for CPUC staff to publish studies that finalize how resources will count towards the compliance requirements.

For MCE, the Decision requires 180 MW of incremental procurement on top of existing compliance requirements, with 60 MW each in 2030, 2031, and 2032. MCE can utilize any excess resources already under contract that are above currently mandated CPUC

requirements, however, the requirement on resource types and timing of resource accreditation studies may introduce further complexities.

Fiscal Impacts: MCE will be required to enter new procurement contracts for resources to come online between 2029 and 2032. The exact magnitude and cost of this procurement will depend on the final amount of incremental procurement required as well as future market/contract prices. MCE's procurement team will continue to provide updates as applicable.

a. Resource Adequacy (RA) Proceeding

On February 23, 2026, The CPUC released its report on hourly load obligation transactability within the SOD framework. The report advocates against implementing a transactability program, finding the potential gains do not outweigh the added complexity and risk of unintended consequences of hourly load obligation trading. MCE believes that this report severely misses the point that transactability is intended to address—affordability. MCE worked with CalCCA, who filed its initial rebuttal of the ED Report, along with CalCCA's proposals on Transactability Issues, on March 3, 2026. Comments focus on the need for an hourly load obligation trading system, as well as ways to optimize trading and validation processes to minimize administrative burden to the CPUC. MCE plans will work with CalCCA to file additional comments to refute the report on March 16, 2026.

MCE also worked with CalCCA to file Opening Comments on Track 1 proposals in the RA proceeding on March 6, 2026. Key recommendations include furthering CalCCA's proposal for separate data center load forecasts; accounting for the reliability value of energy-only resources, storage, and long-duration energy storage resources, and; rejecting proposals that would predetermine bidding and revenue allocations related to reliability capacity. These proposals work to address affordability concerns for CCAs and LSEs in general.

Fiscal Impact: There is no direct fiscal impact on MCE at this time.

c. California Climate Credit

In February 2026, the CPUC released a PD which proposes to pause the April 2026 distribution of the California Climate Credit. As this issue was not raised earlier in the proceeding (R.25-07-013), MCE worked with CalCCA to submitted comments in March 2026 requesting the Proposed PD be withdrawn - thus removing consideration of pausing the April Climate Credit. CalCCA's comments oppose the PD on procedural, customer confusion, and affordability grounds. In addition to the lack of notice provided about the change, removing the credit risks last-minute customer confusion among those who were anticipating the credit. Additionally, there are affordability concerns for those in winter-peaking regions of

the state, and challenges to IOUs who have already printed mailers explaining the Climate Credit.

In addition to the comments on the PD, CalCCA submitted another set of comments in early March 2026 that respond to the questions posed by the proceeding's Scoping Memo and Ruling. These comments highlight the need for changes to the Climate Credit to be informed by analysis, rather than holistic approaches. The comments also reiterate the importance of prioritizing the credit's affordability impacts and the need to improve customer understanding and awareness.

Fiscal Impact: There is no direct fiscal impact to MCE at this time. However, if the PD is approved, MCE (and all customers throughout the state) will not receive their climate credit in April - resulting in higher bills.

d. Transportation Electrification

In February 2026, MCE and a coalition of other CCAs (Ava Community Energy, Peninsula Clean Energy, San Jose Clean Energy, and Sonoma Clean Power) jointly filed a protest of PG&E's Advice Letter 7822-E which outlines PG&E's Low Carbon Fuel Standard (LCFS) Implementation Plan. The protest explains that PG&E's LCFS plan lacks the required details to ensure just, reasonable, and competitively neutral program implementation that includes coordination with CCAs operating electric vehicle (EV) programs that involve the same customers and load.

While the CCAs support PG&E's efforts to support the growth of EV adoption, the protest argues that PG&E failed to provide details around dual enrollment with CCA programs, and PG&E incorrectly suggested that dual participation policy would fall within Demand Response Order Instituting Rulemaking (OIR). Given there is no clear timeline for addressing dual participation in that proceeding, it is unreasonable to defer a critical program detail to a separate proceeding. PG&E also fails to show how its Residential Optimized Charging program will be marketed in a competitively neutral manner and fails to include Level 1 charging without a reasoned analysis.

In response to the Joint CCA's Protest, PG&E filed a response to the protest on February 26, 2026. PG&E's response continues to shift focus to the Demand Response OIR, and indicates their marketing and program requirements will be clear that customers have the choice to participate in CCA-managed programs. They also disagree with including Level 1 charging for multi-family housing. Looking ahead, MCE will continue to meet with Energy Division on these issues, ensuring that CCA-managed TE programs are appropriately marketed and receive competitive neutrality from IOUs.

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

b. Power Charge Indifference Adjustment (PCIA)

In February 2025, the CPUC issued an OIR to update Energy Resource Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) policies and processes. Per law, the CPUC is required to ensure “indifference” and prevent cost shifts between bundled and unbundled customers. This entails the Investor-Owned Utilities (IOUs), such as Pacific Gas & Electric (PG&E) recovering electricity costs from CCA customers that were incurred on their behalf before they departed PG&E service, and reducing those costs by the value of benefits that remain with PG&E customers. To facilitate this process, the Commission established the PCIA, a charge paid by all customers on the PG&E side of the bill.

In this proceeding, the CPUC is evaluating potential changes to the methodology of calculating the PCIA through three tracks.

Track 1:

Track 1 considered interim changes to the calculation of the Resource adequacy (RA) Market Price Benchmark (MPB), one of the inputs used to calculate the PCIA, on an expedited basis. The Commission voted out a Decision in Track 1 in 2025 that changed the calculation of the RA MPB and allowed the IOUs to apply this change to rates retroactively.

CalCCA filed an Application for Rehearing (AfR) followed by a Petition for Writ of Review (or appeal) on the Track 1 Decision in January 2026. The appeal argues that the Commission violated the indifference principle and acted illegally by approving retroactive application of the methodology and did so by relying on insufficient evidence. As part of this strategy, CalCCA also filed an AfR on Commission Decisions in the 2026 ERRA cases implemented these changes.

Track 2:

In January 2026, the Commission issued a Scoping Memo for Track 2 of this proceeding to consider the following issue: All 3 IOUs purchase resources and their associated Renewable Energy Certificates (REC) and bank a portion of them to use for compliance with the Renewable Procurement Standard (RPS) program at a later time. Customers that departed IOU service should receive value for the resources and RECs that they paid for. The Commission is currently evaluating how the IOUs should value RECs that they banked prior to 2019 and convey that value to departed customers.

In early March, CalCCA filed Opening Testimony in this proceeding. Customers that departed IOU service after the IOUs purchased and banked RECs prior to 2019 do not receive any value when IOUs use those RECs for current bundled customer compliance. CalCCA argued that this goes against the indifference principle that unbundled customers need to receive value for resources or attributes that they paid for. The current methodology

values the RECs at \$0 and therefore shifts costs onto unbundled customers. CalCCA proposed that the IOUs should be required to value any pre-2019 banked RECs at the current RPS MPB and credit to the appropriate PCIA vintage. As an alternative, the IOUs should be required to allocate those RECs to the appropriate LSE and that LSEs' RPS compliance obligation should be reduced accordingly.

Track 3

The Commission issued a Scoping Memo in Track 3 of this proceeding in February 2026 to consider additional PCIA related issues, including data access and timelines for the proceeding.

MCE will continue to actively engage in this proceeding through 2026 and provide updates as they become available.

Fiscal Impacts: There are no immediate fiscal impacts to MCE. The PCIA is a charge on the PG&E side of the bill, but changes to the PCIA impact MCE customers' overall bill and MCE's rate competitiveness.

II. California Energy Commission (CEC)

a. Integrated Energy Policy Report (IEPR)

In late February, the CEC published its 2025 updates to the California Energy Demand forecasts. The IEPR forecast is foundational for procurement and system planning in the state and is used in the CPUC's forecasting process for the Resource Adequacy and Integrated Resource Planning programs. The CEC also updated its 2024 edition of the demand forecast, which may be considered in the current IRP cycle.

In February 2026, the CEC sent its request to open a new docket for the 2026 IEPR Update for the Electricity and Gas Demand Forecast (26-IEPR-03). CalCCA met with CEC staff in March 2026, to discuss its priorities for the 2026 IEPR process, including CCA input into the load forecasting process, RA allocation, inaccurate opt-out assumptions, and known loads.

MCE will continue working with CalCCA to support proposals in the new IEPR process that enhance transparency and CCA input in the demand forecasts.

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

MCE Customer Accounts and Participation, as of February 1, 2026

Month over Month Change: January 1 - January 31, 2026

County	Jurisdiction	Account Summary				Residential		Non-Residential		Current Month +/-		Residential Month over Month	Non-Residential Month over Month	Total Month over Month	% Month over Month
		Total	MCE	PG&E	MCE Share	MCE Res	Res Partic.	MCE Non-Res	Non-Res Partic.	New Enroll	Opt Outs	Res Δ	Non-Res Δ	Total Δ	% Δ
Contra Costa	Concord	52,109	47,112	4,852	90.40%	42,241	90%	4,871	95%	632	21	11	-4	7	0.015%
Contra Costa	Contra Costa Co.	71,069	63,153	7,779	88.90%	57,834	89%	5,319	88%	778	41	100	-2	98	0.155%
Contra Costa	Danville	18,035	16,146	1,834	89.50%	14,594	90%	1,552	92%	173	6	42	-1	41	0.254%
Contra Costa	El Cerrito	12,035	11,013	999	91.50%	10,307	92%	706	92%	119	9	-5	2	-3	-0.027%
Contra Costa	Hercules	10,043	9,021	993	91.80%	8,468	90%	553	91%	99	25	18	-1	17	0.188%
Contra Costa	Lafayette	11,298	10,204	1,070	90.30%	9,167	91%	1,037	90%	109	4	-12	-3	-15	-0.147%
Contra Costa	Martinez	16,854	15,241	1,566	90.40%	13,888	90%	1,353	96%	187	11	-4	10	6	0.039%
Contra Costa	Moraga	6,442	5,784	644	89.80%	5,410	90%	374	91%	59	3	10	-2	8	0.138%
Contra Costa	Oakley	15,994	13,267	2,705	82.90%	12,385	82%	882	92%	119	9	14	-2	12	0.090%
Contra Costa	Pinole	8,037	7,317	684	91.00%	6,640	91%	677	93%	43	7	-7	-2	-9	-0.123%
Contra Costa	Pittsburg	25,847	23,050	2,733	89.20%	21,352	89%	1,698	92%	414	11	8	5	13	0.056%
Contra Costa	Pleasant Hill	16,184	14,643	1,493	90.50%	13,155	90%	1,488	94%	174	1	12	-3	9	0.061%
Contra Costa	Richmond	43,653	36,549	7,011	83.70%	33,384	84%	3,165	88%	531	24	21	3	24	0.066%
Contra Costa	San Pablo	10,671	9,349	1,304	87.60%	8,570	87%	779	91%	141	8	-3	4	1	0.011%
Contra Costa	San Ramon	32,584	29,802	2,667	91.50%	27,661	91%	2,141	96%	345	8	2	-4	-2	-0.007%
Contra Costa	Walnut Creek	38,128	34,385	3,616	90.20%	31,457	90%	2,928	92%	472	10	0	2	2	0.006%
Marin	Belvedere	1,121	944	175	84.20%	858	84%	86	90%	13	2	4	2	6	0.636%
Marin	Corte Madera	4,918	4,213	679	85.70%	3,555	85%	658	91%	37	2	6	-6	0	0.000%
Marin	Fairfax	3,690	3,159	528	85.60%	2,925	85%	234	88%	40	-	-2	0	-2	-0.063%
Marin	Larkspur	6,942	5,884	1,038	84.80%	5,244	85%	640	84%	76	2	-5	0	-5	-0.085%
Marin	Marin Co.	30,137	24,536	5,546	81.40%	22,222	81%	2,314	86%	248	12	32	0	32	0.130%
Marin	Mill Valley	6,763	5,856	894	86.60%	5,231	87%	625	88%	51	3	6	-3	3	0.051%
Marin	Novato	23,973	18,306	5,598	76.40%	15,984	76%	2,322	81%	208	20	0	12	12	0.066%
Marin	Ross	978	801	176	81.90%	708	81%	93	89%	11	-	3	0	3	0.375%
Marin	San Anselmo	5,975	5,110	851	85.50%	4,621	85%	489	88%	42	7	-4	-2	-6	-0.117%
Marin	San Rafael	27,674	22,917	4,697	82.80%	19,140	82%	3,777	86%	284	12	32	-6	26	0.113%
Marin	Sausalito	5,082	4,428	639	87.10%	3,672	88%	756	87%	65	1	9	-1	8	0.181%
Marin	Tiburon	4,549	3,806	739	83.70%	3,457	83%	349	87%	42	1	8	-1	7	0.184%
Napa	American Canyon	7,220	6,253	954	86.60%	5,593	86%	660	92%	59	1	-2	2	0	0.000%
Napa	Calistoga	2,564	2,385	173	93.00%	2,019	93%	366	96%	27	1	4	1	5	0.210%
Napa	Napa	34,413	30,774	3,409	89.40%	27,451	90%	3,323	94%	459	11	44	2	46	0.149%
Napa	Napa Co.	15,719	13,899	1,748	88.40%	10,048	88%	3,851	91%	92	3	12	-4	8	0.058%
Napa	St. Helena	3,489	3,227	243	92.50%	2,527	92%	700	95%	48	-	10	1	11	0.341%
Napa	Yountville	1,181	1,066	111	90.30%	893	90%	173	95%	11	1	-2	0	-2	-0.188%
Solano	Benicia	12,980	10,444	2,500	80.50%	9,006	80%	1,438	86%	123	5	11	1	12	0.115%
Solano	Fairfield	44,471	38,685	5,664	87.00%	35,016	87%	3,669	93%	574	27	-16	-6	-22	-0.057%
Solano	Solano Co.	10,772	9,075	1,665	84.20%	6,421	83%	2,654	87%	459	3	6	-5	1	0.011%
Solano	Vallejo	47,897	42,055	5,745	87.80%	38,663	88%	3,392	93%	615	50	37	-8	29	0.069%
Contra Costa	All	388,983	346,036	41,950	89.00%	316,513	89%	29,523	92%	4,395	198	207	2	209	0.060%
Marin	All	121,802	99,960	21,560	82.10%	87,617	82%	12,343	85%	1,117	62	89	-5	84	0.084%
Napa	All	64,586	57,604	6,638	89.20%	48,531	89%	9,073	93%	1,063	17	66	2	68	0.118%
Solano	All	116,120	100,259	15,574	86.30%	89,106	86%	11,153	91%	1,771	85	38	-18	20	0.020%
Grand Total		691,491	603,859	85,722	87.3%	541,767	87.3%	62,092	90.3%	8,346	362	400	-19	381	0.063%