

These public comments submitted to MCE are unaltered and have not been assessed for accuracy. Any opinions expressed are attributable solely to the authors. MCE welcomes engagement and appreciates written input from the public. All letters from the public are available on our website [here](#).

MCE Tech Comm Item #9: Short-Term Procurement Consultation

From Nick Pappas <npappas@gmail.com>

Date Fri 3/6/2026 9:09 AM

To dmurphy-EXT <dmurphy@pinole.gov>; sandre@cityoflarkspur.org <sandre@cityoflarkspur.org>; DBailey@herculesca.gov <DBailey@herculesca.gov>; jmccormick@lovelafayette.org <jmccormick@lovelafayette.org>; Charles.Palmares@cityofvallejo.net <Charles.Palmares@cityofvallejo.net>

Cc tkullaway@sananselmo.gov <tkullaway@sananselmo.gov>; Mary.Sackett@marincounty.gov <Mary.Sackett@marincounty.gov>; Shanelle.Scales-Preston@bos.cccounty.us <Shanelle.Scales-Preston@bos.cccounty.us>; MCE Clerk <clerk@mcecleanenergy.org>

 1 attachment (169 KB)

2026_03_06_Tech Comm Consultation Report.pdf;

You don't often get email from npappas@gmail.com. [Learn why this is important](#)

Dear MCE Clean Energy Technical Committee (bcc: MCE Clean Energy Board),

Please see attached for my comments on [Item #9, Short-Term Power Contracting Update](#), on today's Technical Committee agenda.

This is a follow-up to the concerns I raised in my [February 18 comments](#) (below) outlining serious concerns with past deficiencies in the consultation process required by R.2020-04.

Thank you for your service representing our communities on the MCE board.

Nick Pappas

npappas@gmail.com

On Wed, Feb 18, 2026 at 2:40 PM Nick Pappas <npappas@gmail.com> wrote:

Dear MCE Board Chair Scales-Preston and MCE Board Members (bcc),

I am writing to draw your attention to recent revelations regarding apparent violations of the contract approval process presented by MCE staff at the 2/6 Technical Committee ([Staff Report \(p. 66\)](#), [video](#)). These revelations raise serious process, legal, and policy concerns, including potential legal risk for the board members involved in contract execution outside of established authorization protocols.

The attached technical memo is intended to support Board understanding of the situation and also provide important policy context on the implications of the board's current lack of oversight of MCE's short- and medium-term contracts as outlined in the Staff Report. These contracts represent the majority of MCE's annual budget and raise significant strategy and board policy questions which are not currently being presented to the board. Beyond the direct implications of this lack of oversight,

this process leaves the board under-prepared to engage with the substantive strategy and policy issues currently before you related to rates, risk, and the value of environmental offsets.

As an MCE customer observing this period of turmoil for the agency's finances and rates, its governance structure, the integrity of its environmental claims, and other issues, I am looking to you as our elected board for reassurance that the agency can move forward with stability and in a manner which will serve my interests as both an MCE customer and as an advocate for robust climate action. Thank you for taking the time to engage seriously with the issues raised here and for moving swiftly to address the process and cultural issues which have led us to this challenging moment.

Best,

Nick Pappas
MCE Customer
San Anselmo, CA

To: MCE Clean Energy Technical Committee (cc: MCE Clean Energy Board)
From: Nick Pappas, MCE Customer
Date: March 6, 2026

Re: Recommendations for Technical Committee Consultation on Short- and Medium-Term Contracting

Dear MCE Clean Energy Technical Committee,

I am writing to provide comments on [Item #9, Short-Term Power Contracting Update](#), which appears to support the Technical Committee's required oversight of short- and medium-term contracts pursuant to [Board Resolution 2020-04](#). These comments follow my [February 18, 2026 comments](#) outlining serious concerns with past deficiencies in the consultation process.

Oversight of short- and medium-term contracts is the most significant board responsibility delegated to the Technical Committee. Short- and medium-term transactions represent the majority of MCE's expenditures and risk in any given year. It is positive progress to see this oversight responsibility agendized and included in today's meeting.

However, the associated presentation – like the brief annual report at the February meeting – fails to engage meaningfully with any of the substantive or strategic issues necessary to support effective Technical Committee oversight of short-term procurement. While the staff report is informative and generally accurate, it is generic and superficial. The report provides no information on recent or planned procurement activity, provides no information on prices or market trends, and seeks no substantive input from the Technical Committee with which it intends to “consult.”

I do not believe that the limitations of the materials presented here are a reflection of any shortcomings of MCE's power resources team – the sophistication of the presenter and other procurement staff on these issues has been on regular display in recent board discussions. Rather, I am concerned that the limitations reflect an ongoing cultural resistance to meaningful engagement with the agency's elected board on the substantive or complex issues inherent in their governance responsibility. Whether this approach is intended to shield board members from complex themes, or to shield the agency from public oversight, this “board infantilization” is counterproductive and perilous for all involved.

It is important to emphasize that MCE's Board is the sole entity with financial oversight and risk management responsibility for the agency's procurement and financial health. While utility portfolio risk has traditionally been subject to extensive regulatory oversight from state experts and stakeholders, such oversight was removed in the formation of MCE, as state legislators entrusted all oversight responsibility solely to you as the elected board – including all decisions related to hedging practices, price exposure, risk tolerance, and other determinants of rates and solvency.

In this context, it is also important to emphasize that MCE's portfolio strategy is unconventional and relatively high risk in its reliance on short- and medium-term transactions to meet physical needs, a reality which is compounded by the complexity and volatility of the current energy market landscape. This is in contrast to conventional utility planning and procurement, which secures the vast majority of physical needs years (if not decades) in advance. In light of [recent state analyses](#) highlighting near-term market

tightness driven by new large loads (i.e. data centers), it is timely to revisit past hedging practices well ahead of anticipated market tightness.

Below are four expectations the Technical Committee should consider establishing to ensure you are sufficiently resourced to effectively fulfill your delegated responsibility under R.2020-04:

- **Standardized Reports:** Establish expectations for a standardized report (monthly) on recent, pending, and planned short-term transactions, price movements in relevant markets, policy developments impacting market prices, and regular updates on short-, medium-, and long-term market outlooks produced by planners and industry analysts.
- **Risk Modeling:** Establish a regular cadence (quarterly) to quantitatively review near-, medium-, and long-term risks as projected under a range of future pricing scenarios.
- **Hedging Strategies:** Establish a regular cadence (annual) for review and revision of hedging strategies for short- and medium-term products to be informed by market trends and risk tolerances.
- **Enforce Review Protocols:** Enforce the existing requirement for consultation with the Technical Committee on medium-term contracts (1-5 years) consistent with R.2020-04 and MCE's existing authorization template, which requires committee review.

As a final note, I am discouraged to see the limited and misleading response to recent greenwashing concerns I and others have raised related to short-term attributes. "Emissions and Additionality" (Slide 7) provides [no substantive response](#) to core issues raised, much like MCE's [prior response](#) to [MCL](#). First, the slide provides no response to the unequivocal non-additionality of carbon-free attributes, which represent approximately half of the short-term attributes claimed by MCE in any given year. Second, the implication that PCC1 attributes are largely sourced from "nose" (pre-delivery) transactions is not substantiated in historical data. While these deals may arise, and should be lauded as legitimate support for uncontracted renewable energy, they do not appear to be a large share of purchased attributes based on recent public data. To the extent MCE has refocused on procuring attributes from *otherwise uncontracted resources*, this would be a valuable strategic pivot which should be brought to the Technical Committee for consultation and formalization.

In light of the environmental and financial significance of these concerns, it has been disheartening to hear some board members and staff justify continuation of problematic past practices on the basis that the state has not yet formally intervened. This would not be the first occasion where "pushing the boundaries" on environmental claims has attracted undesirable attention, including not one but two statutory interventions on power content loopholes in the last decade. I would recommend against tempting a third.

Thank you for your service representing our communities. Your work on the Board and Technical Committee is critical for the long-term health and success of this agency.

Sincerely,



Nick Pappas

MCE Customer, San Anselmo, CA