



Dear Sierra Club (co: Julia Dowell),

Thank you for your letter "MCE Energy Procurement and Governance Concerns" dated April 15, 2026. Per your request, we are happy to respond with some clarifications and a strategy to address your concerns.

We'd first like to mention that many of the references in the letter appear to rely on incorrect and incomplete analysis and reporting from both the Marin Independent Journal and Marin Conservation League (MCL). While we appreciate MCL's intention behind raising these concerns, their analysis is inaccurate, based on an incomplete picture of MCE's procurement, and most importantly, a methodology of their own design that is not consistent with any state regulated power accounting methodology or policies.

The methodologies used by MCL are misleading and don't provide a full picture. The same approach would create a similarly incomplete analysis for any other utility in California, which is why it's not the standard used by the California Energy Commission.

Here is some additional information that may be valuable:

- **Attributes or Unbundled RECs:** MCE does not buy unbundled renewable energy certificates. We use bundled contracts, which means we purchase both the renewable energy and the renewable energy certificate together, ensuring the energy is truly renewable. This means MCE is purchasing real renewable energy that gets delivered into the grid, not just buying credits. We've had a policy in place for many years to ensure most of our purchases come from bundled renewable energy. In the 2024 power accounting year, MCE did receive a small allocation of unbundled RECs from PG&E (about 2%). These were allocated as part of a state effort to lower costs for customers.
- **Resource Adequacy:** MCE, like all electricity providers in California, is required to ensure there's enough power available to serve customers, including during times of high demand (like during hot summer days). This is called Resource Adequacy (RA). Without Resource Adequacy, the grid would become unstable, leading to power outages that could leave customers without electricity for critical needs like medical devices, refrigeration, and other essential needs.

While some of MCE's renewable energy contracts already include Resource Adequacy, the value of Resource Adequacy from solar and wind energy has been reduced by the state since MCE executed these contracts. To meet the required power availability, MCE also needs to buy Resource Adequacy from available sources, including existing natural gas plants, because they can quickly provide electricity when needed on-demand.

MCE is following state rules to make sure we meet these requirements, but it is not counted in the power content label as part of the energy supply we procure for customers.

- **MCE's Power Content and Environmental Marketing Claims:** MCE's renewable energy comes from specific contracts that match the amount of energy our customers use, annually. State regulations don't treat renewable energy differently based on how old the projects are or how long the contracts last. As a result, MCE follows the same rules every utility in California must follow for energy reporting under the California Energy Commission's Source Disclosure program. While we focus on securing new renewable energy through long-term contracts, we also rely on existing renewable sources and short-term contracts to ensure a steady supply of clean energy.

Based on standardized, state-regulated reporting, MCE's Light Green service in 2024 was 69% renewable with a greenhouse gas emissions intensity of 1lb/MWh. MCE's Deep Green service was 100% renewable with an emissions intensity of 0lb/MWh. Conclusions that MCE's power content is less renewable or greenhouse gas-free than determined by state methodology are incorrect.

Standardized reporting such as this does not capture every aspect of energy procurement, causing great complexity and misunderstanding in electricity supply reporting. We understand the confusion this has caused for customers and advocates, and we encourage questions and public discussion to better understand this process.

However, we do encourage that everyone applies the same standard methodology that the state uses when considering claims of renewable energy and greenhouse gas-free percentage. Applying alternative methodologies will result in erroneous conclusions and a lack of standardization across electricity providers. Inherently, this sets no standard at all, making it more likely to generate confusion, not less.

We'd also like to respond directly to your recommendations for MCE.

**Fulfill MCE's Clean RA Goal:** Develop and enact a robust, actionable plan to achieve MCE's stated 50% by 2030 clean RA goal through long-term investments in clean energy and storage capacity.

**Response:** MCE is moving diligently toward this clean RA goal. In fact, MCE set targets for clean capacity in its last integrated resources plan (IRP) update. Please see the following table that lists MCE's contracted clean capacity that has been added to MCE's portfolio since the last IRP. The contracted capacity is expected to come online in the next 6 years, and it exceeds the targets MCE set for itself.

**Displace Fossil Hedges with Clean Resources:** Develop and enact a robust, diverse portfolio of clean energy and storage resources intended to meet MCE's load on a 24/7 basis and reduce MCE's reliance on unspecified energy from wholesalers or the CAISO grid.

**Response:** As described in the table above, MCE is already on track to source a majority of its electricity and RA needs from long term renewable and storage resources. However, there are a few realities of doing business that we want to make you aware of:

1. MCE is limited to purchases of commercially available, cost-effective technologies when adding long-term resources to its portfolio. MCE's hourly load shape can only be partially met with the currently available technologies, at a reasonable cost to its customers. Although storage is dispatchable, MCE doesn't have full or direct control over its dispatch and cannot fully rely on it for hourly matching.
2. MCE, like most load-serving entities in California, participates in the CAISO markets and because of that, it will always have congestion and price exposure that will need to be mitigated with CAISO hedges. It is MCE's fiduciary duty to protect MCE's ratepayers from price volatility in CAISO markets and therefore, MCE relies on price hedges. Over time, as MCE adds additional clean fixed price supply contracts, its reliance on pure hedges will decrease, but it will not completely go away given that there will always be some difference between MCE's forecasted hourly load and forecasted fixed price hourly supply.
3. Lastly, MCE is a community choice aggregator, and its customer base is not fixed. MCE must plan its long-term portfolio in such a way that it takes into account load and supply uncertainty risk. For that specific reason, MCE needs to maintain some level of short-term contracts to balance supply and demand.

Additionally, for clarification, hedges do not represent a purchase by MCE of physical energy. Hedges are financial tools used by electricity providers to stabilize electricity prices tied to CAISO market prices. In conjunction with MCE's hedge contracts, MCE's counterparties may schedule physical power into the grid to hedge their own CAISO market exposure. However, there is no contractual obligation for MCE's counterparties to do this, and the physical energy, to the extent it is generated and scheduled, is not for MCE's customers. MCE uses hedges to put a cap on the price exposure in CAISO markets and separately buys specified renewable and greenhouse gas-free energy that gets delivered to the grid to meet MCE's board adopted targets for Light Green and Deep Green on an annual accounting basis.

For the reasons above, MCE will always need to do some level of energy hedging to prevent ratepayers from unnecessary exposure to price spikes in CAISO markets.

**End Resource Shuffling:** Cease the practice of purchasing short-term attributes to mask reliance on the gas-fired grid, present an honest baseline to customers and the public, and reallocate the savings toward meaningful, durable clean energy investments.

**Response:** Despite repeated assertions to the contrary, MCE does not purchase short-term attributes to mask reliance on the gas-fired fleet in the grid. MCE does use short-term contracts for

bundled renewable and greenhouse gas-free energy to help bridge the gap as we wait for new long-term resources to come online and to help keep costs lower for customers.

**Embrace Public Engagement and Transparency:** Establish a Board and Staff culture which embraces input, questions, and concerns from the public while striving to provide robust transparency into the agency's procurement policies and progress.

**Response:** MCE embraces transparency and Board oversight. Unfortunately, as a participant in the energy market, MCE must also navigate a variety of active market-sensitive information that cannot be shared publicly. This is true of all load-serving entities in California. Resolution 2026-02 provides MCE's Board more oversight, not less, by providing an established and approved pathway for contract approval, limits on what staff is able to contract for independently, and requiring that relevant Board members attend closed meetings where they are able to receive complete contracting data without any redactions - something that is not possible in a public setting. This resolution was carefully considered in relation to similar policies set by other CCAs and load-serving entities.

Once again, we appreciate the Sierra Club's support of MCE and CCA over the last 16 years and welcome the opportunity to discuss how we can do better. As a not-for-profit public agency started by and for the community, we recognize that the agency's success is built on trust and transparency. We ask that others sharing information about MCE apply those same standards and not continue to share misinformation that seeds confusion and alarm.

Best,

A handwritten signature in cursive script that reads "Jenna Tenney".

Jenna Tenney  
Director of Communications and Community Engagement