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**Sierra Club Letter re: MCE Energy Procurement and Governance Concerns**

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**From** Julia Rose Manriquez Dowell <julia.dowell@sierraclub.org>

**Date** Wed 4/15/2026 1:16 PM

**To** Shanelle.Scales-Preston@bos.cccounty.us <Shanelle.Scales-Preston@bos.cccounty.us>

**Cc** MCE Clerk <clerk@mcecleanenergy.org>

 1 attachment (340 KB)

Sierra Club Letter to MCE.docx.pdf;

You don't often get email from julia.dowell@sierraclub.org. [Learn why this is important](#)

Dear Chair Scales-Preston and MCE Board Members,

I hope this email finds you well. I am submitting the attached comment letter related to Item #9 on tomorrow's MCE Board of Directors meeting agenda. This comment letter outlines Sierra Club's concerns with the current governance and lack of transparency at MCE, as well as resource procurement concerns.

Thank you for your time and attention to this matter. We would be happy to meet and discuss these concerns anytime. We would welcome any opportunity to work with MCE to address these concerns. Thank you.

Respectfully,  
Julia Dowell

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Julia Dowell (she/her)  
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*I am based in Long Beach, CA on unceded [Tongva Land](#).*



To: MCE Board of Directors  
From: Sierra Club  
Date: April 15, 2026  
Subject: MCE Energy Procurement and Governance Concerns

Dear MCE Board,

Thank you for your service as the elected governing board of MCE Clean Energy (“MCE”). Your role as local officials, elected by and responsive to the public, is a critical ingredient in the promise and success of the Community Choice Aggregation (“CCA”) model – a model that Sierra Club supports. Sierra Club chapters across the state have been, and continue to be, actively involved in the [formation](#), [expansion](#), and [deployment](#) of CCAs across the state.

However, we write to you today to express our concerns regarding recent revelations regarding MCE’s [energy procurement strategies](#), its [environmental marketing claims](#), and its response to recent engagement from environmental advocates about policy, transparency, and governance concerns.

Recent [findings](#) regarding MCE’s significant and ongoing financial relationships with fossil energy suppliers, including natural gas power plants in MCE’s frontline communities, are at stark odds with MCE’s public facing environmental claims and stated climate mission. MCE’s efforts to [dismiss the policy impacts of Resource Adequacy](#) transactions with fossil power plants – a leading priority for local and state environmental justice advocates – appears to reflect a misunderstanding of the environmental and health impacts of how MCE spends ratepayer funds.

Set against this backdrop, MCE’s [routine evasion of internally established transparency and accountability for these transactions](#) raises serious policy concerns for environmental advocates. These repeated violations, which took place over years and with the apparent knowledge of MCE’s internal staff, merit serious investigation and reform. We are alarmed that, in lieu of reinforcing existing transparency requirements, MCE appears to be moving to eliminate all transparency and oversight from its procurement processes. The justifications presented in R.2026-01 and the pending R.2026-02 for removing all Board and public oversight from the contract approval process appear to be primarily focused on edge cases which could easily be addressed with specific processes or carveouts, and in no way justify a wholesale elimination of the public process.

MCE is primarily accountable to its constituents with limited state oversight. In contrast to investor-owned utilities, MCE faces oversight from state regulators primarily on adhering to high-level environmental and reliability requirements. This gap in oversight requires active engagement and participation from the Board. While Sierra Club and its peers play an active role in the development of state and local energy policy requirements, the diffusion of energy contracting authority to dozens of

CCAs necessitates a transparent, public process through which local advocates can engage, ask questions, and provide public input.

Sierra Club urges the Board to reject [Resolution 2026-02](#), to re-establish the transparent, public process required under [R.2020-04](#), and to move swiftly to investigate and address the serious issues which have been raised with MCE's current procurement practices, including:

- **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.
- **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.
- **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.
- **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.

### **Addressing MCE's Fossil Energy Transactions**

Sierra Club strongly supports MCE's stated mission to decarbonize the electric grid and praises MCE's success in bringing forward new clean energy and storage projects to the grid. Sierra Club praises that approximately half of MCE's energy demand is now met through these new, long-term clean energy contracts.

However, we are deeply concerned that MCE's progress is considerably overshadowed by its recent environmental claims and that this inflated sense of progress appears to be being used to deflect legitimate public questions and concerns regarding the considerable progress remaining on MCE's path to 100% clean energy.

In reviewing MCE's state filings ([2019](#), [2023](#), [2025](#), and [Power Source Disclosure Program forms](#)), board [documents](#) and [budget](#), and comments from environmental advocates ([Marin Conservation League](#), [350 Marin](#), [the Clean Coalition](#), [individuals](#)), we understand that MCE continues to spend approximately half of its budget on fossil energy products, including both unspecified hedge energy (\$225 million) and RA contracts (\$105 million) which are primarily provided by natural gas suppliers. We are further concerned that MCE spends significant ratepayer funds on environmental attributes – often of questionable impact – to offset these purchases on its Power Content Label, typically structuring these transactions to exclude any energy hedging or clean capacity value that would typically come with a long-term power purchase agreement.

Reducing the environmental impact of Resource Adequacy is a top priority of Sierra Club and its local chapters. RA contracts are critical financial lifelines for the state's natural gas fleet, and provide the economic foundation for fossil power plants to participate in energy markets. These natural gas plants are often located in disadvantaged communities, as is the case for several of the RA transactions reported in MCE's Supply Plan filings to the California Energy Commission (CEC).

MCE's RA transactions include multiyear contracts with two large natural gas power plants in Pittsburg, CA – one of the most socioeconomically disadvantaged corners of MCE's service territory – as well as a natural gas and petroleum-burning facility operating as part of a large refinery complex in Carson. Similar transactions were executed with gas plants in Yuba City, Red Bluff, Gilroy, and Victorville. It is alarming that these transactions appeared to have neither received the required consultation with the Technical Committee nor were they later disclosed to the Board with any of the key details published in MCE's public filings to the CEC.

While MCE [markets itself](#) as a leader in decarbonizing RA, [recent state reporting](#) identifies MCE as the worst performer on clean RA among Bay Area CCAs. MCE met only 16% of its RA requirements with renewable or non-emitting sources in 2023. Sonoma Clean Power, a neighboring CCA formed several years after MCE, met 45% of its RA with clean resources in the same year; CleanPower SF, Central Coast Community Energy, Peninsula Clean Energy, and Silicon Valley Clean Energy all doubled MCE's performance.

Sierra Club is further concerned that MCE's "energy hedges" are simply gas transactions which are structured to evade state reporting requirements for gas energy purchases. Under this structure, MCE enters a fixed price arrangement with a broker; in turn, the broker enters into a contract with a natural gas power plant to provide energy and cover their exposure in the market. While these transactions are not inherently with gas suppliers, that is the typical course of action for the "Peak" and "Offpeak" products shown in [MCE's state reports](#). MCE has entered into dozens of these "hedge" transactions in recent years.

Finally, Sierra Club understands that MCE relies extensively on short-term attribute purchases – or products which appear indistinguishable from unbundled, short-term attributes – to remove these fossil emissions from its Power Source Disclosure documents. In reviewing MCE's state filings, it appears that many of these attributes are sourced from other utilities' long-term portfolios, presenting a classic case of "resource shuffling." Based on MCE's Power Source Disclosure filings, it appears that the vast majority of these attributes have come from neighboring utilities which backfill with unspecified fossil energy, with only limited examples of purchases from otherwise uncontracted clean energy resources.

Reliance on low-quality attributes to offset heavy reliance on the natural gas grid epitomizes the concerns Sierra Club and CEJA [raised at a recent CPUC workshop](#) focused on implementing SB 100 within the state's Integrated Resource Plan. MCE's emissions rely heavily on attributes which, by any policy measure, appear unbundled, appear to rely heavily on out-of-state and otherwise "reshuffled" products, are backed through "firming and shaping" from fossil generators, and fail to drive new resource development through long-term contracts.

Beyond these significant environmental policy concerns, these attributes represent considerable expenditures from MCE customers – unjustly adding to the energy burden for the 1.5 million people MCE serves for no apparent benefit or purpose beyond fleeting and illusory environmental claims. MCE proposes to spend \$54 million in the next fiscal year on these attributes, approximately \$90 per household, in addition to the hundreds of millions it will spend to back these paper attributes with fossil energy and capacity.

## **Moving Forward**

In light of these serious policy concerns, it is imperative that MCE's Board take these matters seriously and move swiftly to re-orient the agency in the right direction. The proposal to remove all transparency and oversight, providing nearly complete delegation to the CEO and individual board members behind closed doors, is a significant move in the wrong direction.

Sierra Club urges you to vote no on this problematic resolution and instead focus on realigning MCE's energy procurement with its core mission. This process is best achieved with transparency, input from the public, including environmental advocates, and critically, a growth mindset for the organization and its leadership.

Moving forward, we recommend that the Board adopt the following recommendations:

- **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.
- **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.
- **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.
- **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.

The CCA model was founded on the idea that local communities could do better than the status quo. MCE is at a critical juncture – a strategic pivot toward positive engagement and transparency with the environmental community is critical in rebuilding public trust and moving the agency forward in the right direction.

We look forward to your response and to a productive dialogue on how MCE can return to its role as a true leader in California's clean energy transition.

Sincerely,

Julia Dowell  
*Senior Campaign Organizer*  
*Sierra Club*