

Natural gas and resource adequacy

Recent articles have blurred an important distinction between energy purchases and capacity requirements. All load-serving entities, including CCAs and investor-owned utilities, must comply with state resource adequacy requirements, which ensure there is enough capacity available at all times for the California Independent System Operator (CAISO) to meet demand. Given today's resource mix, that still means the availability of natural gas is needed during certain hours to ensure grid stability. Blaming MCE for following these state rules is like blaming airlines for complying with FAA safety regulations. It is not the same as buying delivered natural gas generated for MCE customers.

These contracts are procured to meet reliability requirements and are not reported as energy deliveries on the Power Content Label as determined by the California Energy Commission. In other words, resource adequacy helps ensure the lights stay on, but it should not be confused with the renewable or greenhouse gas free energy content of MCE's service.

MCE has already taken steps to improve clarity in how it communicates power content, including retiring broader shorthand claims and aligning public language more closely with state reporting terminology.

MCE is actively working to reduce reliance on fossil-backed resource adequacy by investing in battery storage, contracting for clean firm resources that generate electricity whenever it's needed, and supporting policies that modernize reliability requirements. For example, MCE's contract for the 250MW Cormorant battery project in Daly City represents about 10% of MCE's current RA requirements and is expected to be online in August 2027.

Rates and affordability

The Board recently approved a 14% rate reduction and a temporary bill credit to provide relief for customers. MCE also approved substantial customer support investments, including \$10M bill credits for low-income households and small businesses and \$9M for customer programs that support electrification, electric vehicles, and resiliency.

Rate comparisons with PG&E are not static. They are heavily influenced by the Power Charge Indifference Adjustment, or PCIA, which is an exit fee charged by PG&E to CCA customers for legacy contracts. That fee can materially affect monthly comparisons and is outside MCE's control.

MCE remains focused on affordability, reliability, and clean energy goals together, not in isolation. Rates fluctuate over time for all providers and the majority of customer bills are shaped by system-wide changes in PG&E delivery and PCIA changes.

It's important to note that MCE costs represent only 30% of the customer's electricity bill and that doesn't include PG&E's gas charges. PG&E's position as a for-profit entity has resulted in some of the highest electricity rates in the country as well as catastrophic wildfires and deadly pipeline incidents.

Customer choice and opt outs

Customer choice is a core principle of the CCA model. MCE was created to give customers a

choice where one did not previously exist. Today, customers can choose MCE or PG&E, and we respect and support that choice.

At the same time, our goal is to provide a service that is our customers' first choice by delivering value through competitive rates, cleaner energy, and meaningful customer programs.

On a trailing 12-month basis, opt outs represent approximately 0.2% of MCE's total load. Opt outs have been more than offset, in terms of load and total accounts served, by continued growth in customer accounts over the same period. Our customer count and load served has continued to grow.

Executive compensation

Executive compensation should be evaluated in context, including the size and complexity of the organization, its budget, customer base, regulatory responsibilities, and leadership demands.

Dawn has 18 years of experience in her role as the CEO of a CCA. That's 5 years, or about 40% more, experience than the next longest-serving CEO (Sonoma Clean Power). Her compensation is commensurate with her level of experience and is reviewed and determined on an annual basis by MCE's Executive Committee.

It's worth noting that PG&E's CEO earned \$15.8 million in 2024 - 19 times MCE's salary - despite overseeing an organization with a long record of safety and financial failures including several bankruptcies.

MCE remains committed to responsible stewardship of public funds and to maintaining the leadership capacity needed to manage a large and complex public energy agency.

Public agency accountability

As a public agency, MCE operates under open meeting laws, public budget approval, public records requirements, and Board oversight. The Board and public have multiple avenues for engagement, and MCE is continuing to adjust governance processes in response to questions that have been raised.

The recent discussions about MCE highlight the very nature of our agency as a public entity. Media coverage, public debate, and subsequent board actions show that issues are surfaced and addressed in real time through accessible governing bodies. That stands in contrast to for-profit utilities like PG&E, where decision-making is behind closed doors and accountability ultimately lies with shareholders, with regulatory oversight serving as an indirect check.

The right standard is not whether questions exist. The right standard is whether MCE responds through public process, improved clarity, and responsible governance. That is what is happening now. Public alternatives to PG&E remain one of the most effective tools we have to deliver cleaner, more locally accountable power.

Bottom line

We appreciate the attention to these issues and understand that public trust must be earned and maintained. MCE remains focused on serving its communities through affordability, reliability, transparency, and clean energy progress, while continuing to bolster governance and communication where needed.