

Overview

Recent media coverage in the [Independent Journal](#) has raised questions about how MCE buys energy, with some misunderstandings about how California's electricity market and reporting rules work. We invite anyone interested in learning more about how energy procurement works in California to attend our Power Resources workshops on June 9 and June 16 from 4-6pm.

MCE provides more renewable energy, local control, and community benefits with competitive and stable rates.

- **More renewable energy:** MCE provides significantly more renewable electricity than PG&E (69% vs 23% per the California Energy Commission Power Content Label).
- **Community-first, not-for-profit:** Revenues are reinvested locally in bill discounts, customer rebates, clean energy projects, and workforce development, no shareholder profit. Governed by locally elected officials with transparent public meetings and Board oversight.
- **Competitive, stable rates:** Historically stable rates, with income-qualified discounts, bill assistance, and customer programs.

MCE provides 60-100% renewable energy for its customers, following the same state-required process used by all utilities in California. The concerns raised are not unique to MCE; they reflect how the larger electricity market is set up and regulated in California.

Executive Summary

1. **MCE's Commitment to Clean Energy:** MCE provides 60-100% renewable energy to customers. The concerns raised about MCE's clean energy content are based on misunderstandings about California's energy market regulations. MCE adheres to the state-required process for energy disclosure, and all utilities in California follow the same framework.
2. **Clarifying the 36% Clean Energy Claim:** The claim that MCE is only 36% clean is inaccurate. This figure was based on incomplete data and doesn't reflect MCE's full energy portfolio, which includes renewable energy and carbon-free resources. MCE's Light Green product comes from 60% renewable and 95% greenhouse gas-free contracted energy.
3. **Understanding Hedges and Energy Contracts:** Hedges are financial tools used by MCE to stabilize electricity prices and protect customers from price fluctuations in the market. Hedges are not energy purchases but serve as price protection mechanisms.
4. **Why MCE Uses Contracts with Natural Gas Suppliers for Resource Adequacy:** MCE, like all utilities, is required to secure Resource Adequacy (RA) to help ensure there is enough energy available statewide during times of high demand. The RA value of solar has dropped since MCE's launch, and most available RA supply comes from existing natural gas facilities. This doesn't count as part of MCE's energy supply.
5. **Gas and the Power Content Label:** The Power Content Label (PCL) only tracks the actual energy contracted for MCE customers. While MCE does buy some backup energy (RA)

from natural gas sources, it does not appear on the PCL because it is not part of the energy MCE provides for customers.

6. **MCE's Transparency in Reporting:** MCE is committed to transparency regarding its energy procurement practices, including financial hedges and RA contracts. These practices are publicly disclosed in board meetings and are distinct from the clean energy contracted for customers. MCE is working to clarify the complex reporting rules and to ensure stakeholders understand how these systems work in practice.
7. **MCE's Role in Building New Renewable Energy Demand:** MCE's long-term contracts and short-term renewable energy purchases are designed to increase the demand for renewable energy in the market. While existing renewable resources play a role in balancing energy supply, MCE is also focused on procuring new clean energy sources to expand its renewable energy portfolio.
8. **Addressing Claims About Energy Attributes:** MCE does not buy unbundled renewable energy certificates, sometimes referred to as "attributes". We use bundled contracts, which means we purchase both the renewable energy and the renewable energy certificate together, ensuring the energy is truly renewable. 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.

Question: Is MCE really only 36% clean?

Key Talking Point:

- Absolutely not. This calculation is deeply flawed, based on incomplete data, and fails to align with the official state guidelines.

Supporting Talking Points:

- The method used to calculate this percentage is misleading and doesn't give 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.
- MCE Light Green sources 60% of its energy from renewable resources and is 95% greenhouse gas-free.

Question: Does MCE buy unbundled renewable energy certificates (RECs) and just pay for credits while using fossil power?

Key Talking Point:

- No. 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.

Supporting Talking Points:

- 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.
- For anyone referencing former San Anselmo board member Ford Greene's concerns about unbundled RECs: Ford was a strong voice for using bundled renewable energy during his tenure, and we share his view that unbundled RECs are an insufficient tool. His concern is one MCE acted on – which is why we moved away from unbundled RECs.

Question: What are hedges?

Key Talking Point

- Hedges are financial tools MCE uses to stabilize electricity prices tied to CAISO market prices. They don't represent actual electricity purchased from specific power plants but help control price fluctuations.

Question: Why are Financial Hedges Needed?

Key Talking Point(s)

- Electricity must be delivered to customers in real time over a shared grid. Even with MCE's contracted clean energy, the market price of the electricity is set by the grid at specific locations and times, which creates price risk that must be managed.
- Hedges protect MCE and its customers from price spikes in the electricity market and allow MCE to provide renewable energy while keeping prices more predictable, even when renewable power is variable or when demand for electricity is unpredictable.
- This is crucial for maintaining both affordable and clean energy for everyone.

Supporting Talking Points

- Hedges help manage the fluctuating costs of electricity. Here's why they matter:
 - Hedges are like insurance for energy prices. They allow energy providers, like MCE, to lock in a fixed price for electricity in advance, protecting against sudden price changes in the market.
 - Hedges are important because the price of electricity can change a lot depending on factors like demand, weather, and the availability of renewable energy (such as sun or wind). Without hedges, MCE could end up paying a much higher price for electricity when demand is high or renewable sources

are scarce. Hedges help smooth out these fluctuations and keep prices more predictable for customers.

Question: Why are you paying for natural gas plants?

Key Talking Point

- MCE, like all electricity providers in California, is required to ensure there's enough power available in case it's needed 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 and other essential needs.

Supporting Talking Points

- 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 natural gas plants, because they can quickly provide electricity when needed on-demand.
- Resource Adequacy isn't energy that MCE directly supplies to customers, it's like backup power capacity that ensures the grid stays stable. MCE is following state rules to make sure we meet these requirements, but it doesn't count as part of the energy supply we procure for customers.
- MCE is working to procure more sources of clean, renewable Resource Adequacy like battery storage to reduce our use of capacity contracts with natural gas plants.

Question: Why doesn't natural gas appear on MCE's Power Content Label?

Key Talking Point

- The Power Content Label (PCL) shows where MCE's energy comes from, but it only tracks the actual energy MCE generates for customers. Some of the backup energy we buy to ensure the grid does not become unstable comes from natural gas, but this doesn't show up on the PCL because it's not part of the energy supplied to our customers.

Supporting Talking Points

- Even though we do buy some natural gas-backed capacity to meet the state's reliability requirements, MCE contracts for enough renewable energy to cover all our customers' demand on an annual basis, and that's what shows up on the PCL.

- Natural gas does not show up on the PCL because it's not part of the energy contracted for our customers.
- The state rules require this method of reporting, and all utilities in California follow the same system, set by the California Energy Commission.

Question: Why does MCE market itself as 60-100% renewable if it's more complicated than that?

Key Talking Point(s)

- 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. 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.

Supporting Talking Points

- State regulations dictate the way utilities in California report how clean their energy is but the regulations don't treat renewable energy differently based on how old or new the projects are. 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.
- 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 reporting rules can be complex, but we're committed to making sure people understand how it all works. We're not trying to hide anything, we just want to help explain it more clearly.

The Bottom Line: Even though energy supply and reporting can be complicated, MCE is committed to providing clean energy to our customers, helping grow the amount of renewable energy in the state, and phasing out polluting resources.