

Marin Clean Energy, California

May 27, 2026

This report does not constitute a rating action.

Credit Highlights

- S&P Global Ratings' issuer credit rating (ICR) on [Marin Clean Energy](#) (MCE), California is 'A'.
- The outlook is stable.

Rationale

Security

The ICR represents our view of MCE's capacity and willingness to meet its financial commitments as they come due and does not apply to any specific financial obligation. MCE has no debt outstanding, nor does it plan to issue any debt in the near term.

Credit overview

The ICR reflects MCE's broad, affluent, diverse, and predominantly residential customer base of about 603,000 total accounts (as of unaudited fiscal 2026) along with an overwhelmingly carbon-free energy portfolio, ample liquidity balances, and the absence of balance-sheet debt. The ICR also reflects the community choice aggregator's (CCA) very high retail rates, counterparty credit exposure, and the ease with which customers can transition back to the incumbent utility, Pacific Gas & Electric (PG&E).

The rating further reflects our view of MCE's:

- Very healthy liquidity totaling \$554 million or 244 days' operating expenses as of audited fiscal 2025 (estimated at similar levels as of unaudited fiscal 2026), which management forecasts will be sustained through at least 2030 and which acts as a substantial buffer to various operating risks;
- Broad and diverse service area throughout its 38 member cities, with high incomes;
- Diverse fuel mix consisting largely of renewable and noncarbon-emitting resources, including approximately 58 mostly long-term contracts; and
- Lack of debt outstanding and no plans to issue debt in the near term.

Partially offsetting the above strengths, in our view, are MCE's:

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Marin Clean Energy, California

- Ongoing risk of customer loss and limited ratemaking flexibility given direct competition with, and current rates higher than, incumbent investor-owned utility, PG&E (and well above state averages), with a cumulative participation rate of 87% that is below that of comparable peers, although monthly customer opt-outs have been negligible in recent years and rates are expected to converge to levels more proximate to PG&E's rates in fiscal 2027;
- Decrease in fixed charge coverage (FCC) in fiscal 2025 to 1.0x from 1.6x in fiscal 2024 (including transfers into or out of the rate stabilization fund) due to higher renewable energy and resource adequacy prices resulting from constrained supplies, tempered by energy costs estimated at 13% below budget in unaudited fiscal 2026 due to lower market costs; and
- Indirect exposure to wildfire risks and associated liabilities because of PG&E's transmission and distribution (T&D) assets in high wildfire risk zones, especially given California's strict liability standard, inverse condemnation, tempered by the absence of directly owned MCE T&D assets.

Environmental, social, and governance

Environmental physical risks include drought conditions that can limit hydro energy supply, which was about 29% of MCE's power purchases in fiscal 2025, and this can necessitate the purchase of more volatile short-term or spot market arrangements. We believe MCE faces limited environmental risks related to California's renewables portfolio standard goals because it has exceeded these targets well before the compliance date, with 63% eligible renewable energy in 2025, largely solar. However, in practice, the intermittency of renewable resources could frustrate the CCA from achieving California's ambitious greenhouse gas emission goals in the absence of advances in long-duration storage technology. MCE also faces indirect exposure to potential wildfires and resulting liabilities caused by PG&E's T&D assets.

We believe MCE has elevated exposure to social capital factors. Its residential customers pay rates that generally track, but are currently above, PG&E's rates, and PG&E's rates weighted by customer class were 55% above the state average according to the latest 2024 data from the Energy Information Administration; in our view, this limits MCE's financial flexibility. However, high rates are mitigated by well above-average effective buying incomes across MCE's territory and low delinquency rates. Because of the high unpredictability of federal policy--along with the economy's stressors and the associated financial pressures that consumers are facing--we are monitoring the strength and stability of electric utilities' revenue streams for evidence of delinquent payments or other revenue erosion. (See "[Economic Outlook U.S. Q2 2026: Curb Your Enthusiasm](#)," March 25, 2026.)

Finally, we view the utility's governance factors as credit supportive because they include proactive risk management and robust joint powers agency member agreements that limit both the ability and incentive for member departure. MCE maintains and updates as needed a reserve, investment, risk management, and debt management policy (if MCE ever decides to enter into debt obligations). However, the potential for retail customer opt-out is beyond management's control and tempers our view of the CCA's governance factors somewhat.

Outlook

The stable outlook reflects our expectation that, over the next one-two years, FCC will likely improve to levels we view as more commensurate with the rating and MCE's robust liquidity position will continue to act as a significant buffer to its exposure to power price spikes, counterparty risks, and customer opt-outs. The outlook further reflects our view that

exceptionally strong incomes across the service territory will continue to mitigate high rates, customer retention rates will remain stable, and MCE's resource portfolio will continue to limit its exposure to stringent emissions regulations.

Downside scenario

We could lower the rating over the next one-two years if FCC is sustained near fiscal 2025 levels, or if MCE's cost of power or energy storage, and/or significant counterparty nonperformance weaken financial metrics. We could also take a negative rating action if MCE experiences a sustained surge in customer opt-outs that leave it with meaningful surplus energy purchase commitments whose cost must be recovered through either liquidation into competitive wholesale markets or rate increases, although we view this as unlikely.

Upside scenario

We don't anticipate raising the rating within our outlook horizon given recently weak FCC in audited fiscal 2025 and our view of MCE's forecast FCC, which indicates limited upside, in part due to constrained rate flexibility.

Credit Opinion

MCE began retail service in 2010 as the first CCA in the state and serves more than 1 million people across 38 member communities in four San Francisco Bay Area counties. Customer counts have increased by about 26% from fiscal 2020 to 2025, and MCE began serving a new member city, Hercules, in April 2025, which added about 10,000 accounts. No additional expansions are currently planned. MCE derives 51% of its retail revenue from residential customers, which we believe provides it with revenue diversity and stability. We also believe MCE's large size provides significant economies of scale. No significant customer concentration exists and MCE does not serve, nor does it anticipate serving, data centers.

PG&E, on behalf of MCE, performs monthly retail electric meter readings, bills MCE's customers, collects customer payments, and conveys over its T&D systems the electricity MCE procures. PG&E segregates and remits to MCE the revenue it collects for MCE; this revenue is insulated from an investor-owned utility (IOU) bankruptcy. Retail electricity customers who migrated to MCE at the introduction of service in their area may return to their respective incumbent IOU with 60 days' notice. MCE does not impose fees on departing customers. We consider the relative ease with which customers can return to their previous electric utility a potential risk to MCE's revenue stream, although opt-outs during April 2024 through April 2026 averaged only 274 per month or just 0.05% of total accounts.

MCE's board sets the retail rates for the power it procures based on cost of service, although MCE lacks an automatic power cost adjustment mechanism. In addition to MCE's energy charges, the major components of the customer bills that PG&E prepares also include charges for energy delivery, administrative expenses, and the power charge indifference adjustment (PCIA). The PCIA is a legislatively created vehicle. It provides for the IOUs' recovery of those portions of pre-existing generation investments and energy procurement costs that market sales of energy surpluses created by customer migrations to CCAs do not financially support. The PCIA shields IOUs' non-CCA customers from the cost shifting that might otherwise occur due to the migration of retail customers to CCAs. The PCIA varies by customer class but decreased by about 90% from 2021 to 2023 and then increased modestly in fiscal years 2024 and 2025. MCE raised generation rates in January 2023 by 4 cents per kilowatt-hour (/kWh), somewhat offset by the reduction in

the PCIA. Demand rates were adjusted in April 2025 to 95% of PG&E's demand rates. Then, in April 2026, MCE implemented an average generation rate reduction of about 2 cents/kWh, a decrease of about 14%. In addition, MCE implemented a temporary generation rate reduction of 0.62 cents/kWh, to remain in effect through December 2026. MCE's cost-of-service model has resulted in its net rates (including the PCIA charge) exceeding those of PG&E for certain periods in the past, including 2024, but opt-out rates did not surge. Nevertheless, given that electric rates are still significantly above the state's average, and even though incomes are well above average, we believe long-term rate-raising flexibility is pressured.

MCE's power portfolio consists of largely noncarbon-emitting resources, in our view, with 58 purchased power agreements (PPAs) in place. Short- and intermediate-term contracts of five years or less represent just 10% of purchases, which exposes MCE to some re-contracting risk. For calendar 2025, eligible renewable energy represented 63% of supply, followed by large hydro (non-eligible renewable although not carbon-emitting) at 29%, nuclear at 6%, and unidentified market purchases of 2%. Given a meaningful amount of reliance on large hydro generation, drought conditions and/or demand spikes could lead to higher-than-anticipated spot market purchases (which occurred in 2024). In our view, high resource adequacy (RA), renewable energy credit (REC) prices, volatile energy costs, and short-term re-contracting risk could result in the need to raise rates, which could weaken rate competitiveness or affordability. In addition, although there is significant diversity among counterparties, there is still risk associated with the low-rated or unrated counterparties. However, MCE has a risk management policy to limit counterparty exposure and holds \$200 million from counterparties as credit and performance support. To mitigate the effects of price spikes and market volatility, MCE continues to add hedge contracts and targets keeping spot market purchases during a year between 5%-10%. MCE was in full compliance with RA requirements in 2025 and is adding storage capacity and long-term PPAs to continue to comply.

MCE does not have any debt, although historically it has had modest lease obligations. In terms of coverage metrics, S&P Global Ratings calculates FCC to reflect its view that MCE is funding its contracted power suppliers' recovery of investments in generation capacity. When calculating FCC, our proxy for suppliers' recovery of capital investment from their purchasers reduces operating expenses and imputes debt service by a matching amount. Applying that adjustment, S&P Global Ratings-calculated FCC was 1.03x in fiscal 2025 versus an average of about 1.3x during fiscal years 2021-2024, and as much as 1.6x in fiscal 2024. FCC was particularly high in fiscal 2024, largely due to the combination of the sizable generation rate increase and decline in PCIA. The net bill impact on MCE customers that year was muted due to a decrease in the PCIA netting out to about a 10% rate increase. Based on our calculations of management-provided projections, we expect FCC will average about 1.15x through fiscal 2030. These forecast FCC metrics remove from revenues any activity related to deposits or withdrawals from MCE's rate stabilization fund (RSF), which was \$70 million as of audited fiscal 2025. MCE's forecast indicates a \$62 million draw from the RSF in fiscal 2027 to minimize necessary rate increases. MCE's projections do not assume any rate increases, but management would consider them if needed.

At fiscal year-end March 31, 2025, MCE had a robust \$554 million in liquidity, including \$494 million in unrestricted cash and investments (which includes its \$70 million RSF), and a \$60 million revolving credit agreement, equivalent to 244 days of operating expenses. In our view, this provides a healthy cushion to temper exposures to potential customer departures, power supply price spikes, or supplier disruptions. Moreover, liquidity is projected to remain at least near these levels and potentially higher through fiscal 2030.

Marin Clean Energy, California--key credit metrics

	--Fiscal year ended March 31--		
	2025	2024	2023
Operational metrics			
Electric customer accounts	590,000	580,000	586,000
% of electric retail revenues from residential customers	51	49	54
Top 10 electric customers' revenues as % of total electric operating revenue	6	7	7
Service area median household effective buying income as % of U.S.	146	146	146
Financial metrics			
Gross revenues (\$000s)	841,579	783,199	644,822
Total operating expenses less depreciation and amortization (\$000s)	827,760	622,702	602,625
Debt service (\$000s)	546	802	952
Debt service coverage (x)	25.3	200.1	44.3
Fixed-charge coverage (x)	1.0	1.6	1.1
Total available liquidity (\$000s)*	553,793	481,380	227,729
Days' liquidity	244	282	138
Total on-balance-sheet debt (\$000s)	0	537	537
Debt-to-capitalization (%)	0	0	0

*Total available liquidity includes available committed credit line balances, where applicable. Debt service coverage--Revenues minus expenses divided by debt service. Fixed-charge coverage--Sum of revenues minus expenses minus total net transfers out plus capacity payments (or their proxy), divided by the sum of debt service plus capacity payments (or their proxy). Debt service relates to nominal lease obligations. N.A.--Not available.

Ratings List

Current Ratings

Marin Clean Energy, CA Issuer Credit Rating	A/Stable
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Public Power

Marin Clean Energy, CA Retail Electric	A/Stable
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