MCE Finance Committee Meeting
Thursday, August 27, 2026
10:00 a.m.

Lamorinda Music
81 Lafayette Circle
Lafayette, CA 94549
(Lafayette)

Larkspur City Hall
400 Magnolia Ave
Larkspur, CA 94939
(Larkspur)

Napa County Administration Building
1195 Third Street, Suite. 310
Napa, CA 94558
(Napa County)

MCE Concord Office
2300 Clayton Road, Suite 1500, Wind Room
Concord, CA 94520

Liz Alessio, County of Napa (Committee Chair)
John McCormick, City of Lafayette (Committee Vice Chair)
Stephanie Andre, City of Larkspur
Charles Palmares, City of Vallejo
Sally Wilkinson, City of Belvedere

Public comments may be made in person or remotely via the details below.

Remote Public Meeting Participation

Video Conference:
https://us02web.zoom.us/j/83911081030?pwd=nJ6IsCQuBVcnnsuayq5sFLAtljICvk.1
Phone: Dial (669) 900-9128, Meeting ID: 839 1108 1030, Passcode: 167504

Materials related to this agenda are available for physical inspection at MCE's offices in San Rafael at 1125 Tamalpais Avenue, San Rafael, CA 94901 and in Concord at 2300 Clayton Road Suite 1500, Concord, CA 94520.

DISABLED ACCOMMODATION: If you are a person with a disability who requires an accommodation or an alternative format, please contact MCE at (888) 632-3672 or ada-coordinator@mceCleanEnergy.org at least 72 hours before the meeting start time to ensure arrangements are made.

The Finance Committee may discuss and/or take action on any or all of the items listed on the agenda irrespective of how the items are described.

1. Roll Call

2. Public Open Time for Items Not on the Agenda (Discussion)

3. Consent Calendar (Discussion/Action)

   C.1. 7.29.26 Meeting Minutes

4. Report from Chief Executive Officer (Discussion)

5. Fiscal Year End 2026: Budget Results, Power Supply Variance, and Ratification of Certain Line Item Variances (Discussion/Action)

6. Financial Audit Fiscal Year End 2026 (Discussion)

7. Committee & Staff Announcements (Discussion)

8. Adjourn

The next regularly scheduled Finance Committee meeting will be September 24, 2026, at 10:00 a.m.

DRAFT

MCE SPECIAL FINANCE COMMITTEE MEETING MINUTES
Wednesday, July 29, 2026
10:00 A.M.

Present:	Liz Alessio, Napa County, Chair John McCormick, City of Lafayette Charles Palmares, City of Vallejo, joined at 10:07 a.m. Sally Wilkinson, City of Belvedere
Absent:	Stephanie Andre, City of Larkspur
Staff & Others:	Jesica Brooks, Executive Assistant and Lead Board Clerk Vicken Kasarjian, Acting CEO and COO Tanya Lomas, Board Clerk Linda Lye, Senior Legal Counsel Catalina Murphy, General Counsel Carlos Oblites, Chandler Asset Management Efren Oxlaj, Manager of Finance Justine Parmelee, VP of Internal Operations Maíra Strauss, Chief Financial Officer Jamie Tuckey, Chief Customer Officer

1. **Roll Call**
   (Video 0:00:00)
   Chair Alessio called the regular Finance Committee meeting to order at 10:00 a.m. with quorum established by roll call.

2. **Public Open Time for Items Not on the Agenda (Discussion)**
   (Video 0:00:54)
   There were no comments.

3. **Consent Calendar (Discussion/Action)**
   (Video 0:01:10)
   C.1 Approval of 6.25.26 Meeting Minutes

   Chair Alessio opened the public comment period and there were no comments.

Action: It was M/S/C (McCormick/Wilkinson) to **Approve Consent Calendar Item C.1.** Motion carried by unanimous roll call vote. (Absent: Andre and Palmares).

DRAFT

4. **Report from Chief Operating Officer (Discussion)**

(Video 0:02:04)

Vicken Kasarjian, Acting CEO and Chief Operating Officer, introduced this item and addressed questions from committee members.

Chair Alessio opened the public comment period and there were no comments.

5. **Review Draft of Management Analysis and Discussion with Draft Financial Statements Fiscal Year Ended (FYE) 2026 (Discussion)**

(Video 0:06:01)

Maíra Strauss, Chief Financial Officer, and Efren Oxlaj, Manager of Finance, presented this item and addressed questions from Committee members.

Chair Alessio opened the public comment period and there was a comment from member of the public, Dan Segedin.

Action: No action required.

6. **Overview of Policy 013: MCE's Reserve Policy (Discussion)**

(Video 0:38:13)

Maíra Strauss, Chief Financial Officer, presented this item and addressed questions from Committee members.

Chair Alessio opened the public comment period and there was a comment from member of the public, Dan Segedin.

Action: No action required.

7. **Proposed Amendment of Policy 014: MCE's Investment Policy (Discussion/Action)**

(Video 1:04:44)

Maíra Strauss, Chief Financial Officer introduced Carlos Oblites, Chandler Asset Management, who presented this item and addressed questions from Committee members.

Chair Alessio opened the public comment period and there were no comments.

Action: It was M/S/C (Wilkinson/McCormick) to **recommend to the Board of Directors approval of the Amendment of the Policy 014: MCE's Investment Policy.** Motion carried by unanimous roll call vote. (Absent: Andre).

8. <u>Committee & Staff Matters (Discussion)</u>

(Video 1:37:29)

There were no comments.

9. <u>Adjournment</u>

(Video 1:37:37)

Chair Alessio adjourned the meeting at 11:38 a.m. to the next scheduled Finance Committee Meeting on August 27, 2026.

____

Liz Alessio, Chair

Attest:

____

Justine Parmelee, Secretary

Empowering Our Clean Energy Future
CONTRA COSTA | MARIN | NAPA | SOLANO

August 27, 2026

TO: MCE Finance Committee

FROM: Maíra Strauss, Chief Financial Officer
Kaladhar R. Bollampali, Director of Power Systems and Analytics
Efren Oxlaj, Manager of Finance

RE: Fiscal Year End 2026: Budget Results, Power Supply Variance, and Ratification of Certain Line Item Variances (Agenda Item #05)

ATTACHMENT: A. Presentation on Fiscal Year End 2026: Budget Results, Power Supply Variance, and Ratification of Certain Line Item Variances
B. FYE 2026 Operating Fund Budget Comparison
C. FYE 2026 Operating Fund Budget Comparison – Contingency Applied
D. FYE 2026 Program Development Fund Budget Comparison
E. FYE 2026 Resiliency Virtual Power Plant Fund Budget Comparison
F. FYE 2026 Energy Efficiency Program Fund Budget Comparison
G. Resolution 2026-07 Ratifying Certain Line Item Variances Between Actual and Budgeted Amounts in MCE's Fiscal Year End 2026 Budget

Dear Finance Committee Members:

Summary:
This report analyzes MCE's actual results relative to the Board approved Budgets for the fiscal year ended (FYE) March 31, 2026, and requests ratification of certain line item variances between actual and budgeted amounts for FYE 2026 via Resolution 2026-07. On a budget basis, MCE closed the year with a change net position of $1.5 million[1], compared to a budgeted $16.6 million, representing a variance of about $15 million or 91%. The fiscal year was shaped by softer than expected demand due to mild summer weather in 2025 which suppressed load. Consequently, energy revenue finished 6.1% below budget. Meanwhile, MCE's cost of energy fell further, ending $113.0 million or 14.8% below budget on lower market prices, reduced volumes, and favorable CAISO market settlements. Part of that favorability was a matter of timing. A short-term renewable index+ contract, one of the final transactions used to close MCE's calendar year 2025 renewable position, delivered earlier than expected thus moving costs out of FYE 2026. The Renewable Portfolio Planning & Results section below discusses that transaction, its estimated financial impact across FYE 2025 and FYE 2026, and the procurement changes staff have since adopted.

[1] The change in net position shown here is a consolidated, budget-basis figure covering all of MCE's funds. It approximates the financial statements but does not tie exactly, as the statements include GASB accounting adjustments that the budget does not.

Furthermore, non-operating revenue exceeded projections on strong investment income, while operating expenses finished 6.8% below budget, and program spending reflected underspending on most customer programs partially offset by stronger than anticipated demand for MCE's EV incentives. As detailed herein, although MCE's total expenses and capital outlay fell well below budgeted amounts, some expenses have exceeded budgeted amounts listed within the line items of an applicable approved budget (MCE has four approved budgets and collectively they represent the MCE Budget). Staff requests the Finance Committee recommend to the Board of Directors for approval, Resolution 2026-07 Ratifying Certain Line Item Variances Between Actual and Budgeted Amounts in MCE's Fiscal Year End 2026 Budget.

A high-level summary of the MCE Budget is shown below.
Table 1. Summary of MCE's Budget Results

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Energy Revenue, Net	$ 764,392,000	$ 813,689,000	$ (49,297,000)	-6.1%
ORF Withdrawal/Transfer	(80,000,000)	13,000,000	(93,000,000)	-715.4%
Cost of Energy	(652,516,000)	(765,542,000)	113,026,000	-14.8%
Operating Expenses	(46,825,000)	(50,249,000)	3,424,000	-6.8%
Non-Operating Revenues	26,593,000	18,278,000	8,315,000	45.5%
Non-Operating Expenses	(1,019,000)	(3,503,000)	2,484,000	-70.9%
Program Expenses	(20,935,000)	(30,474,000)	9,539,000	-31.3%
Program Income	11,807,000	21,393,000	(9,586,000)	-44.8%
Change in Net Position	**1,497,000**	**16,592,000**	**(15,095,000)**	**-91.0%**
Capital Outlay	(5,684,000)	(15,999,000)	10,315,000	-64.5%
Total Expenses & Capital Outlay	**(726,979,000)**	**(865,767,000)**	**138,788,000**	**-16.0%**

Overview of MCE Fund Budgets

MCE's fiscal year runs from April 1 through March 31 of the following calendar year. For FYE 2026, your Board approved four budgets: the Operating Fund Budget, the Energy Efficiency Budget, the Program Development Fund Budget, and the Resiliency Virtual Power Plant (VPP) Fund Budget.

The Operating Fund Budget captures activities related to MCE's core functions including sales of electricity, cost of energy, operating expenses, non-operating revenues and expenses, and capital outlay. The Energy Efficiency Fund Budget is entirely funded by the California Public Utilities Commission for energy efficiency programs. The Program Development Fund is funded by 50% of the Deep Green premium and grants, and any additional transfers from the Operating Fund, subject to your Board's approval. This fund supports program incentives for electrification, electric vehicle (EV) adoption and EV charging stations. The Resiliency Virtual Power Plant Fund focuses on scaling MCE's efforts with virtual power plants and energy storage. This fund may include grants and Board approved transfers from the Operating Fund.

Energy Revenue

Table 2: Energy Revenue Results

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Energy Revenue	$ 780,138,000	$ 831,238,000	$ (51,100,000)	-6.1%
Uncollectible Accounts	(9,951,000)	(12,469,000)	2,518,000	-20.2%
MCE Cares Relief Program	(5,795,000)	(5,000,000)	(795,000)	15.9%
Bi-Directional Vehicle Charging	-	(79,500)	79,500	-100.0%
Energy Revenue, Net	**764,392,000**	**813,689,500**	**(49,297,500)**	**-6.1%**
Transfer/Withdrawal to ORF	(80,000,000)	13,000,000	(93,000,000)	-715.4%
Total Energy Revenue	**684,392,000**	**826,689,500**	**(142,297,500)**	**-17%**
Sales (MWh)	5,296,000	5,744,000	(448,000)	-7.8%
Average Retail Rate	$ 147.3	$ 144.7	$ 2.6	1.8%

Gross energy revenue came in at $780.1 million (6.1% below budget) due to lower sales volume. The cool summer temperatures in 2025 experienced across MCE's service area suppressed air conditioning related demand that the forecast had anticipated. As a result, sales volume came in 7.8% below forecast. A slightly higher average retail rate ($147.3 actual versus $144.7 budgeted, up 1.8%) partially offset the impact of the softer demand.

The following items reduced energy revenue:

- Uncollectible amounts totaled about $10 million, or 20.2% better than projections. Customer delinquencies were projected at 1.5% of sales, but actual results were closer to 1.3% suggesting stronger payment behavior from customers.
- The MCE Cares Relief Program cost $5.8 million, approximately 15.9% above budget. Spending exceeded projections due to the timing of program expenditures and delays in reducing participation as the program approached its funding limit. Program expenditures continued beyond the available budget as previously committed bill credits were honored and enrollment adjustments could not be fully implemented until customers progressed through their normal billing cycles. Management has since implemented enhanced budget monitoring, forecasting, reconciliation, and escalation procedures to strengthen oversight of future customer assistance programs.
- The Bi-Directional Vehicle Charging Tariff had no activity against a budget of $79,500.

After these items, net energy revenue was $764.4 million, or $49.3 million (6.1%) below budget, closely tracking the shortfall in gross revenue.

Revenue was further reduced by the Board approved $80.0 million transfer to the Operating Reserve Fund (ORF), representing a positive swing of $93.0 million for the fund since MCE had originally budgeted a $13.0 million withdrawal. The transfer strengthens MCE’s ability to provide rate stabilization capacity to help manage future energy market volatility and other financial risks. The transfer is also expected to replenish the ORF balance following the planned withdrawal in the current fiscal year.

Cost of Energy: $652,516,000 (14.8% below the Approved Budget)
The cost of energy represents the expenditures MCE incurs to procure the electricity it delivers to customers. It is the largest expense for the agency. It consists of payments to suppliers under long and short-term contracts for renewable, large hydroelectric, and other carbon-free electricity. Payments to reserve enough capacity (i.e. resource adequacy) to keep the grid reliable per state requirements, are also captured in this category. Other costs in this category include payments to hedge contract counterparties. Because MCE's renewable and clean energy contracts do not fully cover customer demand in every hour, the agency also enters into hedge contracts that lock in fixed prices for a portion of the system power it purchases through the California Independent System Operator (CAISO) market. Hedge contracts stabilize costs against price volatility. Finally, the cost of energy also captures the net cost of load, generation credits, and other charges settled through MCE's participation in the CAISO market. The cost of energy fluctuates from year to year with market conditions, including renewable energy prices, resource adequacy costs, CAISO market prices, hydroelectric availability, renewable generation output, congestion, contract terms, and the timing of procurement.

Table 3: Cost of Energy Results by the "Super Six" Categories[2]

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Hedge Contracts	$ 274,960,000	$ 265,050,000	$ 9,910,000	3.7%
Resource Adequacy	130,444,000	145,713,000	(15,269,000)	-10.5%
Renewable - Short Term	67,675,000	131,035,000	(63,360,000)	-48.4%
Renewable - Long Term	131,837,000	122,588,000	9,249,000	7.5%
Net CAISO Costs	19,234,000	85,084,000	(65,850,000)	-77.4%
Carbon Free - Large Hydro/ACS	28,367,000	16,072,000	12,295,000	76.5%
Total	**652,517,000**	**765,542,000**	**(113,025,000)**	**-14.8%**

Cost of energy totaled $652.5 million (14.8% below budget) driven largely by mild weather, softer customer demand, and favorable market prices which sharply lowered the agency's net CAISO costs. A shift of expenses to the previous fiscal year due to early deliveries from a short-term contract further reduced the cost of energy. The following drivers explain the results shown in Table 3.

- <u>Hedge Contracts</u> – total costs were higher than projections by about $9.9 million or 3.7% due to additional hedge contracts executed after the budget was set. However, the added volumes also lowered Net CAISO costs since hedge contracts are settled against CAISO system power costs. MCE pays a fixed price for hedge contracts and receives the floating CAISO price which offsets budgeted open positions for system power under Net CAISO Costs.
- <u>Resource Adequacy</u> – total costs were lower than projections by about $15.3 million or 10.5% due to surplus RA sales, portfolio optimizations, and a post-budget contract termination.
- <u>Renewable – Short Term</u> – Costs came in about $63.4 million, or 48.4%, below projections, representing the second largest variance in the portfolio and driven primarily by non-recurring factors. Most significantly, a supplier accelerated renewable deliveries into the prior

[2] Total shown in the table differs by about $1,000 from the total on the budget report due to rounding to the nearest one thousand of the individual categories shown. This rounding may impact subsequent tables shown.

fiscal year. This reduced FYE 2026 contract costs by approximately $36.4 million relative to budget, as a significant portion of the contract deliveries had already been recognized in FYE 2025. The costs were also lower because the approved budget overstated planned costs by about $10.3 million. In addition, MCE had a smaller open position for renewable energy than planned due to the softer demand which reduced the volumes MCE needed to cover. Finally, MCE terminated a short-term contract after the budget was set.

- Renewable – Long Term – costs came in about $9.2 million above projections. Costs are based on forecasted production by projects, but actual production can differ based on delivered energy, curtailment, and deemed delivered energy. As a result of MCE's three energy prepayments, about $13.8 million in savings was recognized during the fiscal year, reducing the costs for renewable energy from long term contracts by a like amount.
- Net CAISO Costs – Costs came in about $65.9 million or 77.4% below projections, the single largest favorable variance in the portfolio. Due to milder weather and consequently softer demand from customers, MCE purchased less energy in the CAISO market. Lower than forecasted spot-market prices reduced the cost of the energy MCE did purchase. As noted above, because MCE executed additional hedge contracts after the budget was set, a portion of costs effectively shifted out of the net CAISO line and into the hedge contracts line[3].
- Carbon Free – Large Hydro/ACS - costs were above forecast by about $12.3 million or 76.5% and reflects higher than expected deliveries associated with import RA purchases, which come with bundled carbon free energy. Import RA is necessary for compliance requirements.

In total, cost of energy came in at about $113.0 million below budget, largely offsetting the drop in energy revenue and significantly contributing to the results for the fiscal year.

Renewable Portfolio Planning & Results

The shift of renewable costs into the prior fiscal year traces back to a single short-term contract. That contract was one of the final transactions used to close MCE's calendar year 2025 renewable position, and the supplier delivered the contracted quantities much earlier than anticipated. Although executed to secure MCE's renewable targets, evolving 2025 energy demand later revealed the contract was unnecessary to fulfill the Board's renewable mandates.

The following section describes how the calendar year 2025 renewable position developed, the estimated financial impact of the additional procurement, and the changes staff have implemented in response.

Renewable procurement occurs in advance of actual customer load and resource generation. Because both are uncertain and Board approved renewable targets are firm annual targets, planning margins have historically been used to reduce the risk of falling short.

[3] The favorable Net CAISO variance and the unfavorable hedge variance are inversely related and partly offsetting.

The state Renewable Portfolio Standard (RPS) program provides flexibility across a multi-year compliance period, including the ability to apply excess procurement toward future compliance. In contrast, MCE's renewable targets are higher than state requirements, and its standard practice is to plan and procure renewable energy to meet annual targets within the year to which they apply. This creates a greater need to manage uncertainty within each year.

For 2025 calendar year, staff procured about 75% of forecast renewable need in advance. Actual load subsequently came in below forecast, while renewable supply declined by a smaller amount, resulting in a long renewable position. Once the long position became clearer following summer 2025, staff pursued opportunities to sell expected excess renewable supplies. The amount and value that could be sold were affected by market timing, liquidity, and prevailing prices.

Table 4: 2025 Renewable Position

2025 Renewable Position	Renewable Percentage	Notes	Estimated Financial Impact ($)
Board Target (Target)	64%	Weighted: 100% Deep Green & 60% Light Green	
Target + Loss Adjustment	68%	Target + 6% loss factor for reporting (effective 2025)	
Planned Target	75%	Target + 6% (loss factor) + 10% (planning margin)	
Actual Renewable Share of Actual Retail-Sales	77%	Actual Renewable Position	
Actual Position above Board Target	**+13%**	**64% → 77%**	**$73 million**

With perfect hindsight and knowledge of actual load and renewable supply, one of the final procurement transactions used to close the 2025 position would not have been necessary. That transaction contributed to the resulting long position and represents an estimated $72.8 million total financial impact. The impact was spread between two fiscal years: about $54.6 million in FYE 2025 and $18.2 million in FYE 2026[4]. The transaction largely contributed to the budget overrun observed in FYE 2025 as the supplier delivered the renewable energy quantities much earlier than anticipated.

The $72.8 million figure represents a perfect hindsight assessment based on actual conditions subsequently realized, rather than information that was fully known when the procurement decision was made. Staff have included this analysis to support your Board's oversight role and to document the procurement process changes already adopted, consistent with the agency's broader focus on strengthening financial and governance practices.

[4] On a budget basis, the FYE 2026 Approved Budget assumed about $6 million per month for this contract from April through December 2025 (about $54.6 million). Because the supplier delivered early, only $18.2 million was recognized in FYE 2026, leaving the $36.4 million favorable budget variance noted earlier ($54.6 million budgeted minus $18.2 million actual).

Improvements Implemented for FYE 2027

Staff has already implemented the following changes based on 2025 review:

- **Removed the historical 10% planning margin:** The 6% loss adjustment incorporated into the portfolio planning provides additional coverage relative to the retail sales, reducing the need for a separate planning margin.
- **Strengthened position monitoring:** Positions are reviewed on a more frequent basis using updated forecasts, best available metered data and market information to identify emerging risks and opportunities and assess **buy, sell, or hold** decisions.

Potential Future Policy Considerations

- **Flexible annual renewable targets** rather than firm annual targets, enabling a more price-responsive and value-driven procurement strategy.
- **Allowing excess renewable supply to count toward future Board targets,** like the flexibility available under the state RPS compliance framework.
- **Reassessing voluntary renewable target levels,** including the option of greater alignment with state requirements.
- **Flexibility to meet the loss-adjusted target** using either renewable energy or other carbon-free resources. Current policy guidance is not clearly defined.

Operating Expenses: $46,825,000 (6.8% below the Approved Budget)

Operating expenses capture the overhead essential to running MCE, ranging from personnel to occupancy costs. This category also includes a contingency budget that can be drawn upon to offset any overages in any of the operating expense line items. For FYE 2026, total operating expenses came in at $46.8 million or 6.8% under budget, consistent with results in prior years. Except for personnel, data manager fees, and communication services, all lines were below budget. To remain within the Board approved budgets, MCE utilized $296,000 in contingency funds to offset the above budget variance for personnel, data manager, and communication services.

Personnel: $25,484,000 (0.3% above the Approved Budget before applying contingency)

Personnel costs include full-time equivalent (FTE) MCE staff salaries and wages, employee benefits, retirement contributions, payroll taxes, and other employee-related expenses. Personnel costs can fluctuate based on staffing levels, vacancies, hiring timelines, and grant reimbursements that offset staffing costs.

Table 5: Personnel Expenses breakdown

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Expenses	$ 28,500,000	$ 29,517,000	$(1,016,000)	(3.4)%
Grant Reimbursements	(3,016,000)	(4,112,000)	1,095,000	(26.6)%
Total	**25,484,000**	**25,405,000**	**79,000**	**0.3%**

Personnel costs totaled $25.5 million, or 0.3% above budget. While personnel expenses were $1.0 million below budget, grant reimbursements were $1.1 million below budget. This more than offset the payroll savings and resulted in personnel costs ending $79,000 above budget.

The shortfall in grant reimbursements was primarily driven by lower than budgeted realized reimbursements associated with CPUC Energy Efficiency programs. Reimbursements were lower largely because labor costs charged to grant-funded activities came in below budget. Additionally, one grant-funded position included in the budget was not filled, resulting in both lower personnel expenses and lower corresponding grant reimbursements. Staffing changes during the year reduced the amount of labor charged to certain grant-funded projects, further decreasing grant reimbursements.

A portion of the grant reimbursements variance was also attributed to challenges with consistently tracking grant-related staff time. As of July 2026, MCE has fully transitioned grant timekeeping and reimbursement tracking to Euna Grants, following recommendations from MCE's external grant compliance consultant, Award Advisors. The updated process improves the accuracy of labor allocations, reimbursement claims, and grant compliance while centralizing all grant timekeeping into a single system. The system also provides greater visibility into estimated versus actual grant-funded staff hours, improving budget monitoring, staffing allocation, and reimbursement tracking.

Gross personnel expenses came in below budget largely because several positions budgeted to be filled during FYE 2026 remained vacant longer than anticipated or were eliminated during the year.

	FYE 2026 Actual	FYE 2026 Budget	Variance	Variance %
FTE Staff	108	117	(9)	(7.7)%

At the end of the fiscal year, personnel expenses reflected nine fewer FTE positions than assumed in the budget. The remaining FTE positions have already been filled or are expected to be filled during the current fiscal year.

Overall, savings generated by staffing vacancies were more than offset by lower than expected grant reimbursements, resulting in personnel costs ending modestly above budget.

Data Manager: $5,428,000 (2.9% above the Approved Budget before applying contingency) MCE's data manager provides a wide range of billing services, including billing management for MCE's customers, technical support for billing issues, and customer enrollment services. The charges are based on a fixed fee per customer account. Costs came in above budget for two reasons: First, total enrolled accounts were 5% higher than forecast, increasing the data manager's infrastructure and operational resources required to support the City of Hercules enrollment, and second, MCE requested additional billing and aging-balance reports that were not contemplated in the original budget.

Technical and Scheduling Consultants: $1,246,000 (11.0% below the Approved Budget)
These consultants schedule energy resources into the California Independent System Operator (CAISO) and assist MCE in managing risk more effectively. They also collaborate with staff to create advanced load management strategies and forecast costs related to market and regulatory changes. Costs came in below budget as staff worked with a more cost-effective vendor for forward price curves and congestion analysis.

Service Fees – PG&E: $2,603,000 (4.9% below the Approved Budget)
PG&E service fees consist of a fixed charge per customer account. The fees cover PG&E's costs for processing customer data and coordinating billing for MCE accounts. All community choice aggregators (CCAs) in PG&E's territory must pay this fee. The budget built in a rate increase for PG&E's per-account billing fee that the CPUC has not yet approved. Because the higher rate never took effect, actual costs came in below budget.

Legal and Policy Services: $1,125,000 (26.7% below the Approved Budget)
This line encompasses external legal and policy services that assist MCE in areas such as contract review for energy suppliers, non-energy vendors, regulatory proceedings, employment matters, and other agency functions. Results were below budget for a few reasons:

- Staff relied more on internal expertise for PPA reviews and engaged a more cost-effective vendor, thereby lowering the costs incurred for external counsel services.
- Staff budgeted for outside counsel services related to municipal finance that ultimately did not materialize.
- Staff also budgeted for outside counsel services to support MCE's Energy Efficiency Business Plan Application. Leveraging the last application, growing internal expertise, and creating efficiencies, Staff were able to decrease anticipated external spend.
- Lastly, MCE continues to leverage its membership with the California Community Choice Association (CalCCA) to participate in joint regulatory proceedings, thus reducing the budget for external policy services.

Communication Services: $2,288,000 (2.9% above the Approved Budget before applying contingency)
The majority of the variance reflects a customer noticing software tool that had been budgeted within General & Administrative but was subsequently determined to be a communications cost, given the customer noticing function it serves. Absent the software tool cost classification, this line would be within the Approved Budget.

Other Profession Services: $4,205,000 (11.5% below the Approved Budget)
Other professional services cover external contractors that support MCE across a range of key business functions. This includes external services such as accounting, auditing, benefits administration, grant writing, and information technology (IT). This category also includes

costs associated with the development and maintenance of MCE's customer relationship management (CRM) software and data analytics infrastructure. The following drivers led to results coming in below budget:

- Spending on grant writing consultants was lower than planned as changes in federal funding priorities reduced the number of viable grant opportunities. In response, MCE adopted a more targeted approach, supporting municipal-led applications as a sub applicant rather than serving as the primary applicant. This strategy reduced both staff effort and the need for outside consulting assistance.
- Consulting expenses associated with asset ownership and congestion revenue rights optimization initiatives were lower than budgeted, as the anticipated work did not move forward during the year. In addition, consulting costs related to the Remedial Action Scheme project were below budget due to delays in negotiations outside of MCE's control.
- Spending on staff training and coaching services was below budget, as certain nonessential training programs were deferred and demand for employee coaching services was lower than anticipated.

General and Administrative: $4,196,000 (15.5% below the Approved Budget)
This category includes items such as load forecasting tools, software licenses for agency-wide tools, insurance, recruitment for open positions, membership dues for the California Community Choice Association (CalCCA) and other office expenses, including registration and traveling costs. The following drivers led to results coming in below budget:

- Costs tied to one of MCE's storage optimization software were significantly under budget due to a vendor invoicing delay. The vendor did not bill MCE for most of the year; staff are working to secure the outstanding invoices, and a portion of the cost is expected to shift into the current fiscal year.
- Costs tied to marketing tools were lower than budgeted due in part to the reclassification of the customer noticing software noted under Communication Services.
- The cost for Microsoft 365 licenses was deferred for about eight months. Following the onboarding of MCE's new IT Systems Manager, staff determined that a budgeted step-up in Microsoft 365 licensing could be deferred until the Microsoft migration formally began in December 2025, as the higher licensing tier was not required until staff transitioned to Outlook mailboxes.
- Participation in conferences and associated travel was lower than budgeted. Staff attended fewer events than the budget anticipated, reducing registration, airfare, lodging, and related travel expenses for the year.

Occupancy: $250,000 (44.8% below the Approved Budget)
This category includes lease payments for the MCE's Concord office. Maintenance costs for both the Concord and San Rafael office locations are also included. Spending finished below

budget because certain maintenance work was needed less than anticipated, several larger projects were pushed to next fiscal year, and the timing of MCE's move provided a few additional months of complimentary rent.

Contingency: $296,000 (80.3% below the Approved Budget)
MCE maintains a budgeted contingency that can be drawn upon to absorb overages in individual operating expense line items. For FYE 2026, approximately $296,000 of the $1.5 million budgeted contingency was applied to cover the spending above budget described for Personnel, Communication Services, and Data Manager.

Grant Income: $4,962,000 (51.4% above the Approved Budget)
Results were above budget primarily due to the amount of funding received from the CPUC for MCE's Disadvantaged Communities Green Tariff (DAC-GT)[5]. Grant receipts are disbursed by the CPUC based on MCE's Annual Budget Advice Letter filing rather than MCE's internal budget figure. The filing applicable to FYE 2026 was overstated, as it double counted a portion of the DAC-GT program, including an embedded energy cost escalator. As a result, the CPUC paid more than the underlying program warranted. The overage represents a timing and reconciliation difference rather than a permanent increase in program funding. The inflated portion is expected to be adjusted through a true-up in future Annual Budget Advice Letter filings.

Other Income: $635,000 (Not budgeted)
Other income reflects damages paid to MCE by counterparties when a project fails to perform in accordance with its contract. MCE does not budget for these payments, as its forecasts assume that projects will perform as contracted and the magnitude of any potential damages is difficult to estimate in advance. As a result, amounts recorded in this category represent favorable variances to the budget.

Interest Income: $20,996,000 (40.0% above the Approved Budget)
Interest income reflects what MCE earns on its cash deposits, CDARS, and fixed income investments. Staff continue to invest MCE’s reserves according to the agency’s investment policy, focusing on safety, liquidity and return on investments. Earnings came in well above plan for three reinforcing reasons. First, lower energy costs left MCE holding more cash than expected, which earned additional interest. Second, although market rates eventually fell, they stayed higher than budgeted, lifting yields on both cash and investments relative to projections. Third, market rates declined over the course of the year, which raised the value of MCE's fixed income holdings. Each increase in the portfolio's value was recorded as an investment gain per accounting guidelines.

Banking Fees and Financing Costs: $270,000 (20.0% above the Approved Budget)

---

[5] The program provides income-qualified residential customers in disadvantaged communities with 100% renewable energy and a 20% discount on their electricity bills. The associated bill credits reduce MCE's revenue from electricity sales, and the grant income received from the CPUC offsets that reduction.

Costs exceeded budget due to a significant increase in MCE's Financial Security Requirement (FSR), a posting that California Community Choice Aggregators (CCAs) are statutorily required to maintain to cover hypothetical customer re-entry costs to the incumbent utility. A combination of lower PG&E generation rates and higher PCIA charges coupled with changes to the FSR calculation methodology further increased the posting amount for CCAs. As a result, MCE's minimum FSR rose substantially from its historical level, increasing the banking fees associated with maintaining the posting. The size and timing of the FSR are determined by PG&E through a confidential formula driven process. Changes are communicated to MCE 60 days before each posting date, placing this increase outside of MCE's control.

Capital Outlay and Interfund Transfers: $8,076,000 (56.1% below the Approved Budget)
Capital outlay totaled approximately $5.7 million, consisting of $5.4 million for the purchase of MCE's office, $282 thousand for related office improvements. MCE also transferred the $2.4 million Board approved amount to the Program Development Fund. The budget variance reflects the Remedial Action Scheme transmission upgrade, which was not undertaken during the year due to negotiation delays outside of MCE's control.

The following sections transition away from the Operating Fund to the Program Development Fund, the Resiliency Virtual Power Plant Fund and the Efficiency Fund budget results. These funds often support long-term project development (EV charger installation, battery storage or large energy-efficiency retrofits) that spans multiple fiscal years. It can be difficult to project the exact expenditure in any given year for those programs as they can vary based on customers' project timelines. Regardless, for externally funded grants, if the total expenditures are under the grant budget and represent eligible grant activities, MCE is reimbursed for those costs.

Program Development Fund

Total Revenue and Other Sources: $2,522,000 (8.4% below the Approved Budget)
As approved by your Board, MCE transferred $2.4 million to the Program Development Fund. The Approved Budget also included contributions of $260,000 from a Marin Community Foundation Grant to support EV Charging at Affordable Multifamily Properties and $100,000 in Community Benefits Funds. The variance is due to lower activity recognized against the Marin Community Foundation Grant due to EV Project timelines being delayed into the subsequent fiscal year. This fund carried a balance of $3.7 million at the start of the fiscal year.

Total Expenditures and Other Uses: $8,032,000 (23.3% above the Approved Budget)
Total expenditures came in above budget for the following reasons:

- Spending under MCE's transportation electrification programs totaled $7.0 million, ending the year 32.3% (approximately $1.7 million) above budget. As the federal EV tax credit approached its expiration at the end of September 2025, customers rushed to purchase electric vehicles before the credit was eliminated. This surge in EV purchases drove a sharp increase in demand for MCE's EV incentives, leading to higher than anticipated incentive payments and a need for additional program funding, which staff brought to your Board. To help address the shortfall, staff requested and received Board approval to increase the contract with Energy Solutions, the vendor that facilitates the incentive payouts, by approximately $600,000. This increase partially covered the $1.7 million overage[6]. Lastly, greater than forecasted EV charging project completions during the fiscal year further added to incentive payments under transportation electrification efforts.

- Spending under MCE's Heat Pump Water Heater Incentives program and Community Housing Grants was above budget due to higher than anticipated demand for the associated incentives. Since both programs supplement MCE's other program offerings, the extra spending allowed those related programs to keep going.
- Overages in the programs described above were partially offset by lower than planned spending under MCE's Emergency Water Heater Loaner.

The elevated spending on MCE's transportation electrification programs resulted in a year end deficit of approximately $1.8 million. The Approved Budget for the current fiscal year includes an $8.1 million transfer that eliminates this deficit in addition to funding the planned spending.

Resiliency Virtual Power Plant (VPP) Fund

Total Revenue and Other Sources: $294,000 (80.0% below the Approved Budget)
The Approved Budget included additional contributions of $200,000 in Federal Grants to support Energy Storage, $72,000 in funding from the Marin Community Foundation to support resiliency at critical facilities and a $1.2 million grant from the California Energy Commission (CEC) to scale MCE's virtual power plant (VPP) program. Work associated with this grant was significantly delayed as the transition away from a pilot version of the program took longer than expected. The anticipated program adaptations were not immediately possible to implement due to a potential conflict with prevailing wage concerns. Separately, three VPP summer solicitations took longer than expected to approve and launch. Consequently, MCE received less grant income but also incurred less expenses. Costs are expected to be rebalanced once the solicitations are completed and the project team can begin paying for equipment and integration costs. This fund carried a balance of $3.9 million at the start of the fiscal year.

Total Expenditures and Other Uses: $1,520,000 (65.5% below the Approved Budget)
Total expenditures came in below the budget for the following reasons:

- As described above, work for the CEC VPP Flex Grant program was significantly lower than projected leading to less costs incurred.
- MCE's Energy Storage program came in under budget as project activities did not reach scheduled milestones, largely due to delays in PG&E's permission-to-operate

[6] Although the Board approved roughly $600,000 in additional spending, the Program Development Fund budget was not amended to reflect this.

(PTO) approval process. As a result, project work and related expenditures shifted to later periods than planned.

- MCE Sync finished under budget as fewer incentives were claimed than forecasted and certain implementation activities, such as Application Programming Interface (API) integration work, were not fully completed as planned. MCE Sync incentives in FYE 2026 included the standard smart charging incentives and a new pilot program, ChargeWise, which offers dynamic rates for EV Charging that are aligned with wholesale electricity prices. Customers who opt into this pilot can take advantage of very low daytime pricing to earn EV charging credits.
- PeakFLEX expenditures were well below the budget as there was lower than expected enrollment in the program. In addition, the mild summer season limited participation days and associated performance payments.
- Federal Earmark for MCE's energy storage initiatives:
    - Grant funding: No project expenditures were incurred against the federal budget line item in FYE 2026 because activities remained on hold pending U.S. Department of Energy (DOE) authorization. DOE is currently conducting the National Environmental Policy Act review, which was expected to take approximately 1–3 months following submission on April 30, 2026. The DOE has recently informed MCE that due to internal capacity constraints the review process may take until early November 2026.
    - MCE Match Funding: Although the federally earmarked energy storage initiatives were delayed, MCE incurred modest costs for staff time on the grant as part of its cost sharing obligations. Expenditures were nonetheless below budget.
- Marin Community Foundation Resiliency at Critical Facilities: This line item incurred higher than anticipated expenditures during this reporting period due to project milestones, including Permission to Operate approval, being achieved sooner than originally projected.
- No costs were incurred for the San Rafael Office Resiliency Buildout project during the fiscal year because the project did not advance as originally anticipated.
- Richmond VPP Pilot: The pilot ended and the team started the transition to MCE's VPP Flex program, resulting in less expenses than projected.

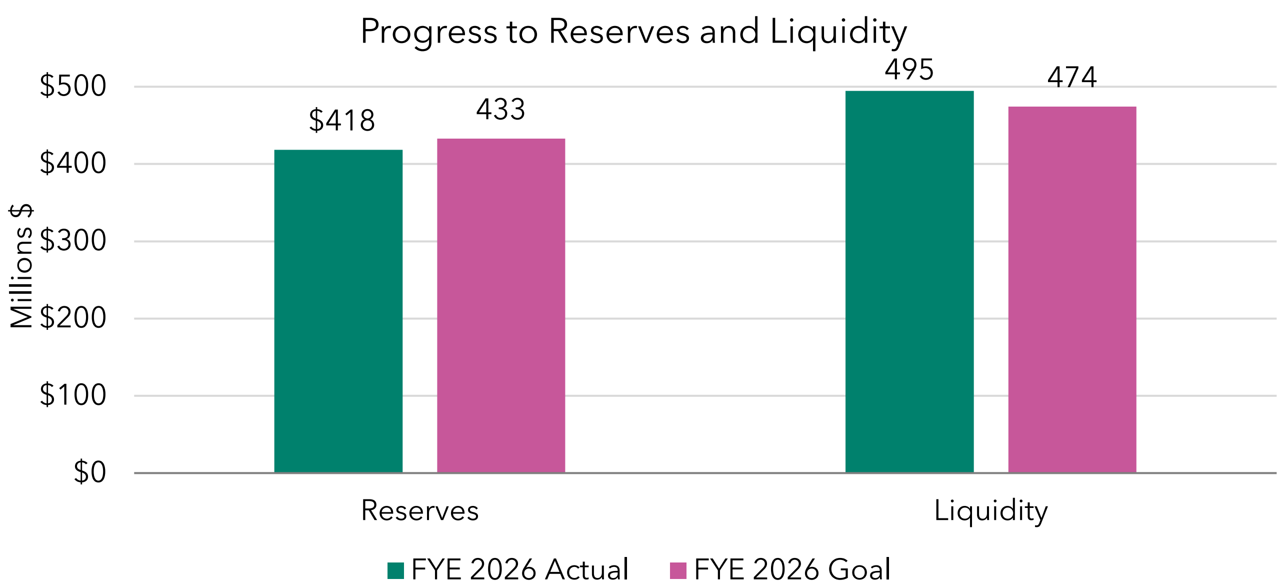
The fund balance at the end of the fiscal year for this fund was about $2.7 million.

Energy Efficiency Fund $11,383,000 (41.8% below the Approved Budget)
The energy efficiency (EE) fund supports the installation of energy efficient measures and retrofits for residential, commercial, industrial, and multifamily properties. The Energy Efficiency Fund programs are fully funded by the CPUC which follows a calendar year reporting cycle. Energy Efficiency Programs are required by the CPUC to budget funds in the year a project is reserved, even though most projects do not start and finish within the same year. The primary driver of the budget to actual variance is timing. Several EE programs show both revenue and expenses below budget, which may reflect differences between when program activity was originally budgeted to occur and when costs

are actually incurred, submitted, reimbursed, or recognized. In those cases, lower spending does not necessarily indicate a reduction in planned activity, but rather that costs are expected to occur later than originally budgeted.

The Low-Income Families and Tenants Program is fully funded by the CPUC. While the program overspent its projected FY budget due to projects completing earlier than expected, it did not exceed its total awarded CPUC budget.

Progress towards reserve goals and liquidity



At the close of FYE 2026, MCE's net position increased by $1.4 million[7], bringing the year-end total to $418.3 million. Net position represents the agency's reserves. Under Board-approved Policy 13 (Reserve Policy), MCE aims to maintain reserves equivalent to 60% of energy and operating expenses. Based on the actual expenses incurred, that target equated to about $433 million; MCE's actual reserves of $418.3 million represented about 97% of the goal. The target is a moving figure that shifts with actual energy costs and operating expenses. For example, in the prior fiscal year MCE fell short of the goal at 84%, reflecting a smaller change in net position alongside higher energy and operating costs. Measured by cash and cash equivalents plus investments, the ending liquidity position was $495 million, equivalent to 250 days or 10 days above the Policy goal of 240 days.

Resolution 2026-07

The proposed Resolution provides the opportunity for the Board to close out FYE 2026 and ratify past expenditures and reconcile MCE's expenditures that exceeded specific line items in the budgets, but did not exceed the MCE Budget as a whole. Discussion of overages of line items are

---

[7] As reported in the Statement of Revenues, Expenses, and Changes in Net Position.

listed earlier in this report. Table 6 below provides the specific line item expenditures for the Board to approve through the proposed resolution.

Table 6: Expenditures Exceeding Approved Budget Line items for FYE 2026

	FYE 2026 Actual	**FYE 2026 Budget**	**Variance $**	**Variance %**	**Fund**
Cost Relief Program (CARES)	5,795,000	5,000,000	795,000	15.9%	Operating
Banking Fees and Financing Costs	270,000	225,000	45,000	20.0%	Operating
San Rafael Office Building Purchase	5,401,000	5,400,000	1,000	0.0%	Operating
MCE Resiliency at Critical Facilities	275,000	72,000	203,000	281.9%	Resiliency VPP
Public Purpose Low Income Families and Tenants Pilot Program	1,323,000	800,000	523,000	65.4%	Energy Efficiency
Transportation Electrification Programs	7,024,000	5,310,000	1,714,000	32.3%	Program Development
Heat Pump Water Heater Incentives	620,000	540,000	80,000	14.8%	Program Development
Community Housing Grants	349,000	260,000	89,000	34.2%	Program Development

Staff recommends the Finance Committee recommend to the Board of Directors for approval, Resolution 2026-07 Ratifying Certain Line Item Variances Between Actual and Budgeted Amounts in MCE's Fiscal Year End 2026 Budget. This action will close out FYE 2026.

Fiscal Impact:
None.

Recommendation:
Receive information regarding the Fiscal Year End 2026: Budget Results, Power Supply Variance and Recommend to the Board of Directors for approval, Resolution 2026-07 Ratifying Certain Line Item Variances Between Actual and Budgeted Amounts in MCE's Fiscal Year End 2026 Budget.

Fiscal Year End 2026: Budget Results, Power Supply Variance, and Ratification of Certain Line Item Variances

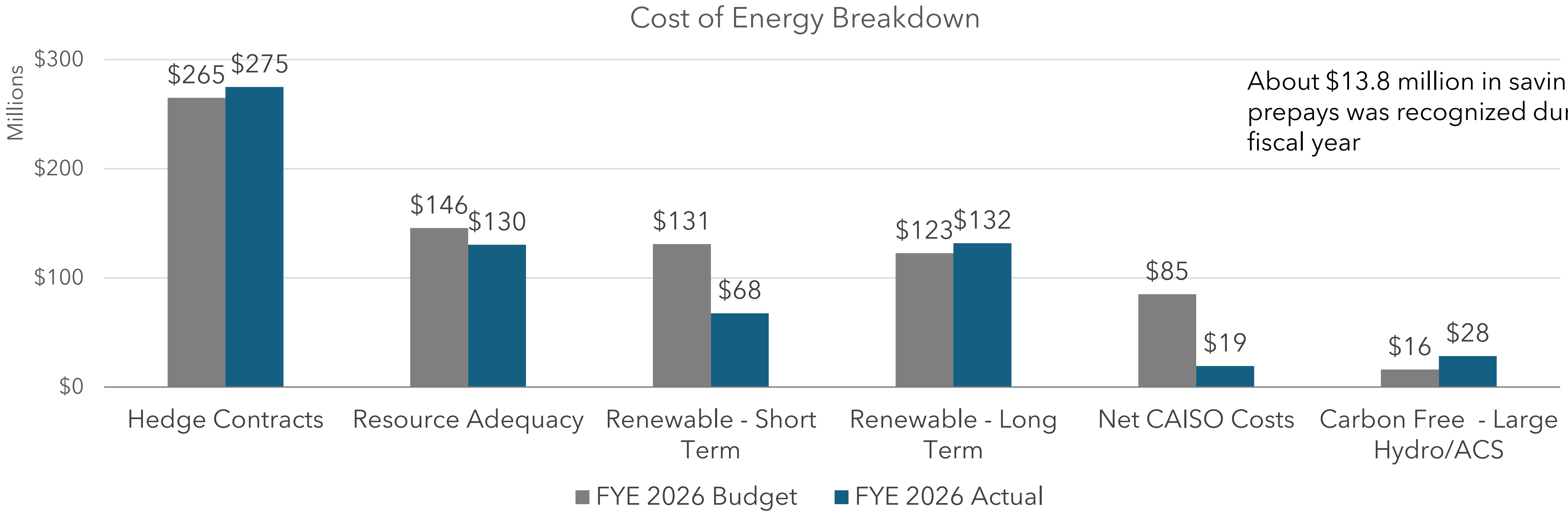
MCE Finance Committee

August 27th, 2026

FYE 2026 Budget Review

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Energy Revenue, Net	$ 764,392,000	$ 813,689,000	$ (49,297,000)	-6.1%
ORF Withdrawal/Transfer	(80,000,000)	13,000,000	(93,000,000)	-715.4%
Cost of Energy	(652,516,000)	(765,542,000)	113,026,000	-14.8%
Operating Expenses	(46,825,000)	(50,249,000)	3,424,000	-6.8%
Non-Operating Revenues	26,593,000	18,278,000	8,315,000	45.5%
Non-Operating Expenses	(1,019,000)	(3,503,000)	2,484,000	-70.9%
Program Expenses	(20,935,000)	(30,474,000)	9,539,000	-31.3%
Program Income	11,807,000	21,393,000	(9,586,000)	-44.8%
Change in Net Position	**1,497,000**	**16,592,000**	**(15,095,000)**	**-91.0%**
Capital Outlay	(5,684,000)	(15,999,000)	10,315,000	-64.5%
Total Expenses & Capital Outlay	**(726,979,000)**	**(865,767,000)**	**138,788,000**	**-16.0%**

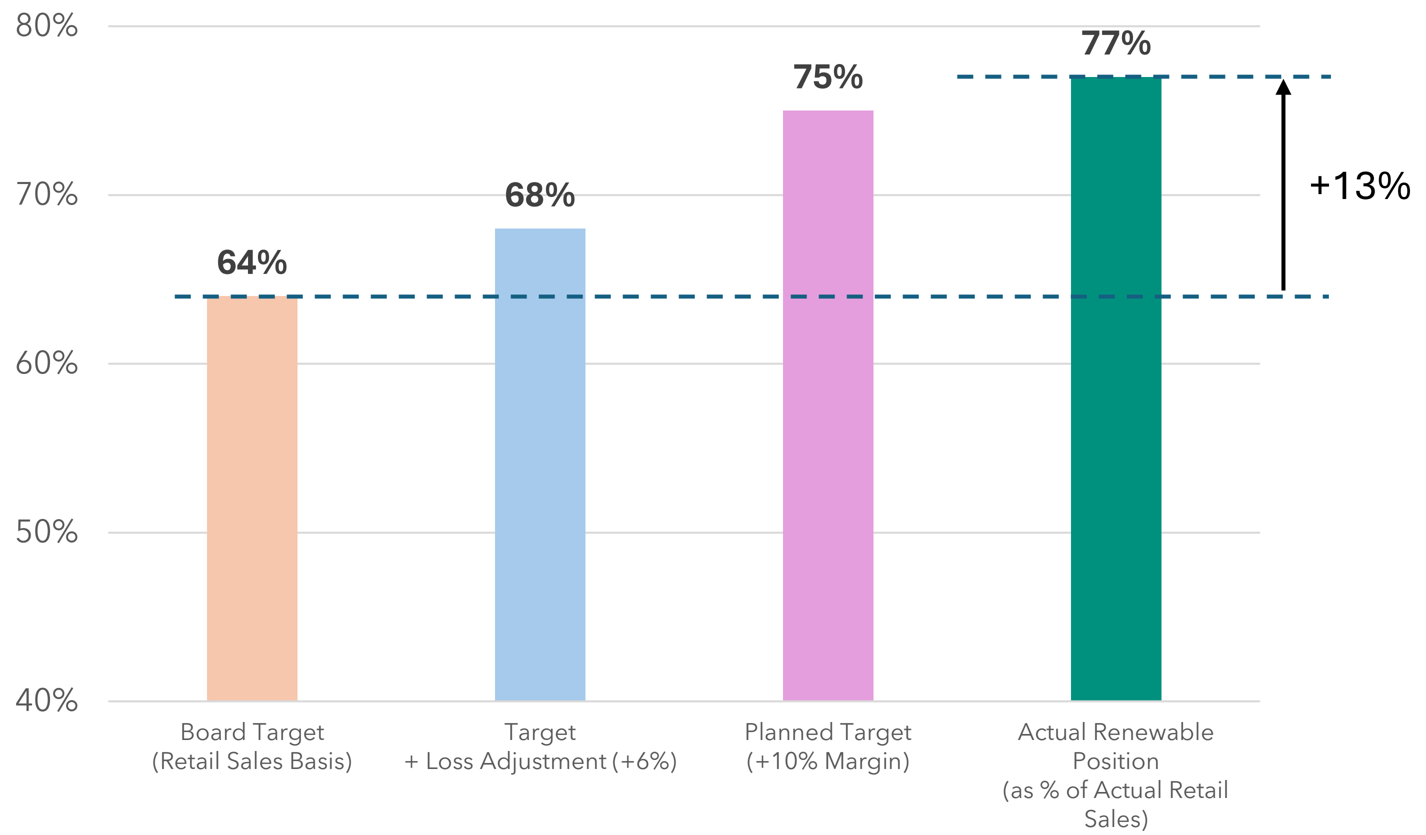
Cost of Energy



About $13.8 million in savings from prepays was recognized during the fiscal year

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Hedge Contracts	$ 274,960,000	$ 265,050,000	$ 9,910,000	3.7%
Resource Adequacy	130,444,000	145,713,000	(15,269,000)	-10.5%
Renewable - Short Term	67,675,000	131,035,000	(63,360,000)	-48.4%
Renewable - Long Term	131,837,000	122,588,000	9,249,000	7.5%
Net CAISO Costs	19,234,000	85,084,000	(65,850,000)	-77.4%
Carbon Free - Large Hydro/ACS	28,367,000	16,072,000	12,295,000	76.5%
Total	**652,517,000**	**765,542,000**	**(113,025,000)**	**-14.8%**

2025 Renewable Position



Note:

- 64% weighted renewable content, based on 100% Deep Green and 60% Light Green participation
- ~6% loss adjustment reflects CEC portfolio-level reporting (retail sales → grid) and provides additional coverage to the retail-sales-based Board target
- All percentages and dollar amounts are rounded

2025 Key Results:

- Lower load vs. expected → long position
- Some excess sold (Value impacted by market conditions)
- **Perfect-hindsight**: 13% excess | **$73M impact**

FY 2026/27 Improvements:

- **Removed** 10% planning margin
- **Enhanced** position monitoring

Future Policy Considerations:

- **Flexible annual targets** → price-responsive procurement strategy
- **Bank excess** for future years
- **Reassess renewable target** levels relative to state requirements

Operating Expenses

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Personnel	$ 25,484,000	$ 25,405,000	$ 79,000	0.3%
Data Manager	5,428,000	5,276,000	152,000	2.9%
Technical and Scheduling Consultants	1,246,000	1,400,000	(154,000)	-11.0%
Service Fees - PG&E	2,603,000	2,738,000	(135,000)	-4.9%
Legal and Policy Services	1,125,000	1,534,000	(409,000)	-26.7%
Communication Services	2,288,000	2,223,000	65,000	2.9%
Other Professional Services	4,205,000	4,754,000	(549,000)	-11.5%
General and Administrative	4,196,000	4,966,000	(770,000)	-15.5%
Occupancy	250,000	453,000	(203,000)	-44.8%
Contingency	-	1,500,000	(1,500,000)	-100.0%
Total	**46,825,000**	**50,249,000**	**(3,424,000)**	**-6.8%**

Personnel, Data Manager, and Communication Services are shown before Contingency. Applying contingency caps each line at its budgeted amount and shifts the combined overage, about roughly $296,000, to the Contingency line.

MCE Funded Program Budgets

Program	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %	Fund
Transportation Electrification	$ 7,025,000	$ 5,310,000	$ 1,714,000	32.3%	Program Development
MCE Sync	658,000	952,000	(294,000)	-30.9%	Resiliency VPP
Heat Pump Water Heater Incentives	620,000	540,000	80,000	14.8%	Program Development
Community Housing Grants	349,000	260,000	89,000	34.2%	Program Development
Energy Storage Program	52,000	306,000	(254,000)	-83.0%	Resiliency VPP
PeakFLEX	17,000	100,000	(83,000)	-83.0%	Resiliency VPP
Richmond VPP Pilot	12,000	171,000	(159,000)	-93.0%	Resiliency VPP
Emergency Water Heater Loaner	9,000	142,000	(133,000)	-93.7%	Program Development
San Rafael Office Resiliency Buildout	-	200,000	(200,000)	-100.0%	Resiliency VPP
Matching Funds:					
CEC VPP Flex Match	281,000	1,000,000	(719,000)	-71.9%	Resiliency VPP
Federal Earmark Match Expense	86,000	200,000	(114,000)	-57.0%	Resiliency VPP
Total	**9,108,000**	**9,181,000**	**(73,000)**	**-0.8%**	

Recommendation

Recommend to the Board of Directors for approval, Resolution 2026-07 Ratifying Certain Line Item Variances Between Actual and Budgeted Amounts in MCE's Fiscal Year End 2026 Budget.

Thank you!

MCE

mceCleanEnergy.org
info@mceCleanEnergy.org

MCE Operating Fund Without Contingency Applied
Approved Budget Comparison FYE 2026
From April 1, 2025 through March 31, 2026

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
ENERGY REVENUE				
OPERATING REVENUES	$ 780,138,000	$ 831,237,000	$ (51,099,000)	-6.1%
Transfer from Operating Reserve Fund	(80,000,000)	13,000,000	-	-
Cost Relief Program	(5,795,000)	(5,000,000)	(795,000)	15.9%
Bi-Directional Vehicle Charging Tariff	-	(80,000)	80,000	-100.0%
Uncollectible Accounts	(9,951,000)	(12,469,000)	2,518,000	-20.2%
REVENUE - ELECTRICITY NET	**684,392,000**	**826,689,000**	**(142,297,000)**	**-17.2%**
ENERGY EXPENSES				
Cost of Energy	652,516,000	765,542,000	(113,026,000)	-14.8%
NET ENERGY REVENUE	**31,876,000**	**61,147,000**	**(29,271,000)**	**-48%**
OPERATING EXPENSES				
Personnel	25,484,000	25,405,000	79,000	0.3%
Data Manager	5,428,000	5,276,000	152,000	2.9%
Technical and Scheduling Consultants	1,246,000	1,400,000	(154,000)	-11.0%
Service Fees - PG&E	2,603,000	2,738,000	(135,000)	-4.9%
Legal and Policy Services	1,125,000	1,534,000	(409,000)	-26.7%
Communication Services	2,288,000	2,223,000	65,000	2.9%
Other Professional Services	4,205,000	4,754,000	(549,000)	-11.5%
General and Administrative	4,196,000	4,966,000	(770,000)	-15.5%
Occupancy	250,000	453,000	(203,000)	-44.8%
Contingency	-	1,500,000	(1,500,000)	-100.0%
TOTAL OPERATING EXPENSES	**46,825,000**	**50,249,000**	**(3,424,000)**	**-6.8%**
OPERATING INCOME	**(14,949,000)**	**10,898,000**	**(25,847,000)**	**-237.2%**
NONOPERATING REVENUES				
Grant Income	4,962,000	3,278,000	1,684,000	51.4%
Other Income	635,000	-	635,000	-
Interest Income	20,996,000	15,000,000	5,996,000	40.0%
TOTAL NONOPERATING REVENUES	**26,593,000**	**18,278,000**	**8,315,000**	**45.5%**
NONOPERATING EXPENSES	-			
Banking Fees and Financing Costs	270,000	225,000	45,000	20.0%
Grant Expenses	749,000	3,278,000	(2,529,000)	-77.2%
TOTAL NONOPERATING EXPENSES	**1,019,000**	**3,503,000**	**(2,484,000)**	**-70.9%**
CHANGE IN NET POSITION	**10,625,000**	**25,673,000**	**(15,048,000)**	**-58.6%**
Budgeted Net Position Beginning of Period	416,863,000	416,863,000	-	-
Change in Net Position	10,625,000	25,673,000	(15,048,000)	-58.6%
BUDGETED NET POSITION END OF PERIOD	**427,488,000**	**442,536,000**	**(15,048,000)**	**-3.4%**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Software Transmission Upgrade	-	10,250,000	(10,250,000)	-100.0%
San Rafael Office Building Purchase	5,401,000	5,400,000	1,000	0.0%
Office Improvements and Retrofits	282,000	349,000	(67,000)	-19.2%
Transfer to Program Development Fund	2,392,000	2,392,000	-	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**8,076,000**	**18,391,000**	**(10,315,000)**	**-56.1%**
BUDGETED NET INCREASE IN OPERATING FUND BALANCE	**2,549,000**	**7,282,000**	**(4,733,000)**	**-65.0%**

MCE Operating Fund With Contingency Applied
Approved Budget Comparison FYE 2026
From April 1, 2025 through March 31, 2026

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
ENERGY REVENUE				
OPERATING REVENUES	$ 780,138,000	$ 831,237,000	$ (51,099,000)	-6.1%
Transfer from Operating Reserve Fund	(80,000,000)	13,000,000	-	-
Cost Relief Program	(5,795,000)	(5,000,000)	(795,000)	15.9%
Bi-Directional Vehicle Charging Tariff	-	(80,000)	80,000	-100.0%
Uncollectible Accounts	(9,951,000)	(12,469,000)	2,518,000	-20.2%
REVENUE - ELECTRICITY NET	**684,392,000**	**826,689,000**	**(142,297,000)**	**-17.2%**
ENERGY EXPENSES				
Cost of Energy	652,516,000	765,542,000	(113,026,000)	-14.8%
NET ENERGY REVENUE	**31,876,000**	**61,147,000**	**(29,271,000)**	**-48%**
OPERATING EXPENSES				
Personnel	25,405,000	25,405,000	-	0.0%
Data Manager	5,276,000	5,276,000	-	0.0%
Technical and Scheduling Consultants	1,246,000	1,400,000	(154,000)	-11.0%
Service Fees - PG&E	2,603,000	2,738,000	(135,000)	-4.9%
Legal and Policy Services	1,125,000	1,534,000	(409,000)	-26.7%
Communication Services	2,223,000	2,223,000	-	0.0%
Other Professional Services	4,205,000	4,754,000	(549,000)	-11.5%
General and Administrative	4,196,000	4,966,000	(770,000)	-15.5%
Occupancy	250,000	453,000	(203,000)	-44.8%
Contingency	296,000	1,500,000	(1,204,000)	-80.3%
TOTAL OPERATING EXPENSES	**46,825,000**	**50,249,000**	**(3,424,000)**	**-6.8%**
OPERATING INCOME	**(14,949,000)**	**10,898,000**	**(25,847,000)**	**-237.2%**
NONOPERATING REVENUES	-			
Grant Income	4,962,000	3,278,000	1,684,000	51.4%
Other Income	635,000	-	635,000	-
Interest Income	20,996,000	15,000,000	5,996,000	40.0%
TOTAL NONOPERATING REVENUES	**26,593,000**	**18,278,000**	**8,315,000**	**45.5%**
NONOPERATING EXPENSES	-			
Banking Fees and Financing Costs	270,000	225,000	45,000	20.0%
Grant Expenses	749,000	3,278,000	(2,529,000)	-77.2%
TOTAL NONOPERATING EXPENSES	**1,019,000**	**3,503,000**	**(2,484,000)**	**-70.9%**
CHANGE IN NET POSITION	**10,625,000**	**25,673,000**	**(15,048,000)**	**-58.6%**
Budgeted Net Position Beginning of Period	416,863,000	416,863,000	-	-
Change in Net Position	10,625,000	25,673,000	(15,048,000)	-58.6%
BUDGETED NET POSITION END OF PERIOD	**427,488,000**	**442,536,000**	**(15,048,000)**	**-3.4%**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Software Transmission Upgrade	-	10,250,000	(10,250,000)	-100.0%
San Rafael Office Building Purchase	5,401,000	5,400,000	1,000	0.0%
Office Improvements and Retrofits	282,000	349,000	(67,000)	-19.2%
Transfer to Program Development Fund	2,392,000	2,392,000	-	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**8,076,000**	**18,391,000**	**(10,315,000)**	**-56.1%**
BUDGETED NET INCREASE IN OPERATING FUND BALANCE	**2,549,000**	**7,282,000**	**(4,733,000)**	**-65.0%**

MCE
Program Development Fund
Approved Budget Comparison FYE 2026
From April 1, 2025 through March 31, 2026

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Revenue And Other Sources				
Transfer from Operating Fund and Deep Green Premium	$ 2,392,000	$ 2,392,000	$ -	0.0%
Marin Community Foundation Grant	30,000	260,000	(230,000)	-88.5%
Community Benefits Funds	100,000	100,000	-	0.0%
Total Revenue and Other Sources	**2,522,000**	**2,752,000**	**(230,000)**	**-8.4%**
Expenditures And Committed Funds				
Transportation Electrification Programs	7,024,000	5,310,000	1,714,000	32.3%
Heat Pump Water Heater Incentives	620,000	540,000	80,000	14.8%
Emergency Water Heater Loaner Fund	9,000	142,000	(133,000)	-93.7%
Marin Community Foundation EV Charging at Affordable Housing	30,000	260,000	(230,000)	-88.5%
Community Housing Grants	349,000	260,000	89,000	34.2%
Total Expenditures And Other Uses	**8,032,000**	**6,512,000**	**1,520,000**	**23.3%**
Net Increase (Decrease) in Fund Balance	(5,510,000)	(3,760,000)	-	0.0%
Fund Balance at Beginning of Period	3,738,000	3,760,000	-	-
Fund Balance at End of Period	**(1,772,000)**	**-**	-	**-**

MCE
Resiliency Virtual Power Plant Fund
Approved Budget Comparison FYE 2026
From April 1, 2025 through March 31, 2026

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Revenue And Other Sources				
CEC VPP Flex Grant	$ 19,000	$ 1,200,000	$ (1,181,000)	-98.4%
Federal Earmark Funding	-	200,000	(200,000)	-100.0%
Marin Community Foundation Grant	275,000	72,000	203,000	281.9%
Total Revenue and Other Sources	**294,000**	**1,472,000**	**(1,178,000)**	**-80.0%**
Expenditures And Other Uses				
CEC VPP Flex Grant Expenses	139,000	1,200,000	(1,061,000)	-88.4%
Energy Storage Program	52,000	306,000	(254,000)	-83.0%
CEC VPP Flex Grant Match	281,000	1,000,000	(719,000)	-71.9%
MCE Sync	658,000	952,000	(294,000)	-30.9%
PeakFLEX	17,000	100,000	(83,000)	-83.0%
Federal Earmark- Energy Storage	-	200,000	(200,000)	-100.0%
MCE Resiliency at Critical Facilities	275,000	72,000	203,000	281.9%
Federal Earmark Match Expense	86,000	200,000	(114,000)	-57.0%
San Rafael Office Resiliency Buildout	-	200,000	(200,000)	-100.0%
Richmond VPP Pilot	12,000	171,000	(159,000)	-93.0%
Total Expenditures And Other Uses	**1,520,000**	**4,401,000**	**(2,881,000)**	**-65.5%**
Net Increase (Decrease) in Fund Balance	(1,226,000)	(2,929,000)	-	-
Fund Balance at Beginning of Period	3,879,000	3,086,000	-	-
Fund Balance at End of Period	**2,652,000**	**157,000**	**-**	**-**

MCE
Energy Efficiency Fund
Approved Budget Comparison FYE 2026
From April 1, 2025 through March 31, 2026

	FYE 2026 Actua	FYE 2026 Budget	Variance $	Variance %
Revenue And Other Sources				
Public Purpose Energy Efficiency Program	$ 10,060,000	$ 18,761,000	$ (8,701,000)	-46.4%
Public Purpose Low Income Families and Tenants Pilot Program	1,323,000	800,000	523,000	65.4%
Total Revenue And Other Sources	**11,383,000**	**19,561,000**	**(8,178,000)**	**-41.8%**
Expenditures And Other Uses			-	
Public Purpose Energy Efficiency Program	10,060,000	18,761,000	(8,701,000)	-46.4%
Public Purpose Low Income Families and Tenants Pilot Program	1,323,000	800,000	523,000	65.4%
Total Expenditures And Other Uses	**11,383,000**	**19,561,000**	**(8,178,000)**	**-41.8%**
Balance	-	-	-	-

RESOLUTION 2026-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY RATIFYING CERTAIN LINE ITEM VARIANCES BETWEEN ACTUAL AND BUDGETED AMOUNTS IN MCE'S FISCAL YEAR END 2026 BUDGET

WHEREAS, Marin Clean Energy (MCE) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 et seq.); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Fairfield, the City of Hercules, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, in Fiscal Year End 2026 (FYE 2026), MCE's total actual expenses and capital outlay were $138,788,000 lower than total budgeted amounts, as set forth in the high level summary of the MCE Budget shown below:

	FYE 2026 Actual	FYE 2026 Budget	Variance $	Variance %
Energy Revenue, Net	$ 764,392,000	$ 813,689,000	$ (49,297,000)	-6.1%
ORF Withdrawal/Transfer	(80,000,000)	13,000,000	(93,000,000)	-715.4%
Cost of Energy	(652,516,000)	(765,542,000)	113,026,000	-14.8%
Operating Expenses	(46,825,000)	(50,249,000)	3,424,000	-6.8%
Non-Operating Revenues	26,593,000	18,278,000	8,315,000	45.5%
Non-Operating Expenses	(1,019,000)	(3,503,000)	2,484,000	-70.9%
Program Expenses	(20,935,000)	(30,474,000)	9,539,000	-31.3%
Program Income	11,807,000	21,393,000	(9,586,000)	-44.8%
Change in Net Position	**1,497,000**	**16,592,000**	**(15,095,000)**	**-91.0%**
Capital Outlay	(5,684,000)	(15,999,000)	10,315,000	-181.5%
			-	
Total Expenses & Capital Outlay	**(726,979,000)**	**(865,767,000)**	**138,788,000**	**-19.1%**

WHEREAS, although FYE 2026 total expenditures were well within total budgeted amounts, actual expenses for certain line items exceeded budgeted amounts; and

WHEREAS, in order to formally close FYE 2026, MCE desires to ratify these variances between actual and budgeted amounts in these line items and reconcile MCE's expenditures with the FYE 2026 MCE Budget.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of MCE does hereby resolve, determine, and order as follows:

The Fiscal Year End 2026 expenditures shown below in Table 1 are hereby ratified and authorized by the Board.

Table 1: Expenditures Exceeding Approved Budget Line items for FYE 2026

	FYE 2026 Actual	**FYE 2026 Budget**	**Variance $**	**Variance %**	**Fund**
Cost Relief Program (CARES)	5,795,000	5,000,000	795,000	15.9%	Operating
Banking Fees and Financing Costs	270,000	225,000	45,000	20.0%	Operating
San Rafael Office Building Purchase	5,401,000	5,400,000	1,000	0.0%	Operating
MCE Resiliency at Critical Facilities	275,000	72,000	203,000	281.9%	Resiliency VPP
Public Purpose Low Income Families and Tenants Pilot Program	1,323,000	800,000	523,000	65.4%	Energy Efficiency
Transportation Electrification Programs	7,024,000	5,310,000	1,714,000	32.3%	Program Development
Heat Pump Water Heater Incentives	620,000	540,000	80,000	14.8%	Program Development
Community Housing Grants	349,000	260,000	89,000	34.2%	Program Development

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 17th day of September 2026, by the following vote:

	AYES	**NOES**	**ABSTAIN**	**ABSENT**
County of Marin				
County of Contra Costa				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Fairfield				
City of Hercules				
City of Lafayette				
City of Larkspur				

City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				
City of Pinole				
City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

____
CHAIR, MCE

Attest:

____
SECRETARY, MCE

August 27, 2026

TO:	MCE Finance Committee
FROM:	Maíra Strauss, Chief Financial Officer and Treasurer Efren Oxlaj, Manager of Finance
RE:	Financial Audit Fiscal Year Ended 2026 (Agenda Item #06)
ATTACHMENTS:	A. Baker Tilly Presentation on 2026 Financial Statement Audit Auditor’s Report to Governing Body B. Reporting and Insights from the Fiscal Year 2026 Audit: Marin Clean Energy C. Final Audited Financial Statements Fiscal Year 2026

Dear Finance Committee Members:

Summary:
MCE's fiscal year runs from April 1 through March 31. Following completion of the annual audit process, staff are presenting the final audited financial statements for Fiscal Year Ended (FYE) 2026. At its July 29, 2026 meeting, the Finance Committee reviewed a draft Management's Discussion and Analysis (MD&A) and draft financial statements and provided feedback, which was incorporated into the final MD&A. The financial statements have since been finalized following completion of audit procedures by Baker Tilly and MCE's accounting firm, Maher Accountancy.

Overview:
The audited financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and accompanying notes. As reflected in the audited financial statements, MCE ended FYE 2026 with total net position of approximately $418.3 million and an Operating Reserve Fund balance of $150.0 million. Operating revenues totaled approximately $701.4 million, operating expenses totaled $721.3 million, and nonoperating revenues totaled $21.4 million, resulting in an increase in net position of approximately $1.4 million for the fiscal year.

Representatives from Baker Tilly, MCE's independent external auditor, will present the results of the audit, including the auditor's opinion on the financial statements and required auditor communications.

Fiscal Impacts:
None.

Recommendation:
Discussion only.

bakertilly

Marin Clean Energy

2026 Financial Statement Audit

Auditor’s Report to Governing Body

August 27, 2026

Agenda

01 / Audit Results

02 / Required Communication to Governing Body

03 / Impact of Future Standards

04 / Discussion

Credible audit leadership, proven utility experience

A dedicated Baker Tilly team with relevant experience across community choice aggregation, public power, energy markets, and regional utility organizations.

Relevant client experience

COMMUNITY CHOICE & AUTHORITIES

- Clean Power Alliance of Southern California
- Redwood Coast Energy Authority
- California Community Choice Financing Authority

ENERGY MARKETS & OPERATIONS

- California Independent System Operator
- Electric Reliability Council of Texas
- The Energy Authority
- Balancing Authority of Northern California

PUBLIC POWER & MUNICIPAL UTILITIES

- Sacramento Municipal Utility District
- Modesto Irrigation District
- Imperial Irrigation District
- Seattle City Light
- Gainesville Regional Utilities

REGIONAL, GENERATION & JOINT ACTION ENTITIES

- MSR Public Power Agency
- MSR Energy Authority
- Transmission Agency of Northern California
- Energy Northwest
- Lower Colorado River Authority
- Grand River Dam Authority

Engagement leadership

Aaron Worthman, CPA
Principal
28 years of experience

Ryan Theiler, CPA
Senior Audit Manager
10 years of experience

bakertilly

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the basic financial statements, whether due to fraud or error. Included in that assessment is a consideration of MCE's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the basic financial statements prepared by management, with the oversight of the Board of Directors:
  - Are free from material misstatement
  - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Our audit of the basic financial statements does not relieve management or the Board of Directors of their responsibilities.

Planned scope and timing

- Audit focus
- Based on our understanding of MCE and the environment in which you operate, we focused our audit on the following key areas:

– Key transaction cycles

– Areas with significant estimates

– Implementation of new accounting standards including GASB 101 – *Compensated Absences*

- Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about MCE's current year results.

Key areas of focus and significant findings

- **Other key areas of emphasis**
- We also focused on other areas that did not meet the definition of a significant risk but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Net position calculations	Financial reporting and required disclosures

Audit approach and results

- Audit performed in accordance with *Generally Accepted Auditing Standards*
- Audit objective – reasonable assurance that financial statements are free from material misstatement
- Financial statements of MCE received an *Unmodified Opinion*
- There were no material weaknesses or significant deficiencies in controls

Auditor communication to those charged with governance

Auditor responsibility & independence

Board responsibility

Accounting policies and estimates

Baker Tilly agrees with MCE's accounting policies and disclosures

There was no adjustment to the financial statements

No other audit findings or concerns

Other Recommendations

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts You	Effective Date
103	Financial Reporting Model Improvements	✓	3/31/2027
104	Disclosure of certain capital assets	✓	3/31/2027
105	Subsequent events	✓	3/31/2028

Discussion

Contributors

Aaron Worthman, CPA

Principal

aaron.worthman@bakertilly.com
+1 512 975 7281

Ryan Theiler, CPA

Senior Manager

ryan.theiler@bakertilly.com
+1 608 240 2571

bakertilly

Reporting and insights from the fiscal year 2026 audit:

Marin Clean Energy

March 31, 2026

Executive summary

August 20, 2026

To the Board of Directors
Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

We have completed our audit of the financial statements of Marin Clean Energy (MCE) for the year ended March 31, 2026, and have issued our report thereon dated August 20, 2026. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas MCE should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Aaron Worthman, Principal: Aaron.Worthman@bakertilly.com or +1 (512) 975 7281
- Ryan Theiler, Senior Manager: Ryan.Theiler@bakertilly.com or +1 (608) 240 2571

Sincerely,

Baker Tilly US, LLP

Aaron Worthman

Aaron Worthman, CPA
Principal

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of MCE’s internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Directors:
    - Are free from material misstatement
    - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Board of Directors of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Directors, including:

- Internal control matters
- Qualitative aspects of MCE’s accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of MCE and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about MCE's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Net position calculations	Financial reporting and required disclosures
Power management and related expenses		

Internal control matters

We considered MCE's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of MCE's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by MCE are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during fiscal year 2026. We noted no transactions entered into by MCE during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.

- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Unbilled revenue	Evaluation of the T+12 data that is submitted to CAISO	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for MCE or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MCE’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of MCE's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditors' report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and MCE that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with MCE's related parties.

Other matter

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at https://www.bakertilly.com/insights/audit-committee-resource-page.

Capital project oversight

Public sector capital projects face increasing pressure from cost escalation, supply chain disruption, regulatory complexity and heightened scrutiny around transparency and accountability. Strong planning, governance and controls are critical across the full project life cycle, from feasibility and funding strategy through execution and closeout.

Independent oversight helps chart a clear course from planning to delivery. Our teams work alongside leadership to strengthen governance, establish financial and contractual controls, align funding with project goals and monitor performance throughout execution, helping projects stay on schedule, within budget and aligned with community priorities.

Succession planning

An aging workforce, rising retirement rates and competition for specialized talent make succession planning a fiscal and operational a priority for public sector organizations.

By identifying critical roles, assessing workforce risk, building internal talent pipelines and integrating succession planning with broader workforce strategies, Baker Tilly helps organizations preserve institutional knowledge and maintain continuity, today and into the future.

Economic development

Successful economic development depends on disciplined planning, sound financial analysis and coordinated execution. Public sector leaders must balance incentives, infrastructure investment, funding opportunities and stakeholder priorities while maintaining fiscal responsibility.

Baker Tilly's supports local governments with strategic and financial planning, incentive structuring and negotiation, tax increment financing administration, project financing, grant strategy, and economic and fiscal impact analysis. This integrated approach helps leaders move from vision to action, strengthening communities and advancing sustainable, long-term growth.

Management representation letter

August 20, 2026

Baker Tilly US, LLP
4807 Innovation Lane
P.O. Box 7398
Madison WI 53711

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audits of the financial statements of Marin Clean Energy (MCE) as of March 31, 2026 and 2025 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of MCE and the respective changes in financial position and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. GAAP. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 14, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of MCE required by U.S. GAAP to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with U.S. GAAP.

6. All events subsequent to the date of the financial statements and for which U.S. GAAP require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

8. The effects of all known actual or threatened litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9. Guarantees, whether written or oral, under which MCE is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management,

    b. Employees who have significant roles in internal control, or

    c. Others where the fraud could have a material effect on the financial statements.

13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators or others.

14. Except as otherwise disclosed by counsel, we have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse, whose effects should be considered when preparing financial statements.

15. We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

Other

16. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in, financial reporting practices.

17. We have not identified any noticed investigations of MCE by a regulatory agency or legal proceedings that have been initiated with respect to the periods under audit.

18. MCE has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.

19. We are responsible for compliance with federal, state and local laws, regulations and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts and IRS arbitrage regulations; and we have identified and disclosed to you all known federal, state and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

20. For the periods under audit, there are no known:

    a. Material violations or possible violations of budget ordinances, federal, state and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by U.S. GAAP.

    c. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

21. For the periods under audit, we are not aware of any violations or instances of noncompliance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq., including matters related to open meetings, agenda posting requirements, closed sessions, or public notice requirements, that would have a material effect on the financial statements or related disclosures.

22. MCE has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

23. Except as otherwise disclosed by counsel, MCE has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

24. The financial statements include all component units as well as joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.

25. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

26. MCE has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.

27. Provisions for uncollectible receivables, if any, have been properly identified and recorded.

28. Deposits and investments are properly classified, valued and disclosed (including risk disclosures, collateralization agreements, valuation methods and key inputs, as applicable).

29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

30. The auditing standards define an annual report as "a document or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity's operations and the entity's financial results and financial position as set out in the financial statements." Among other items, an annual report contains, accompanies or incorporates by reference the financial statements and the auditor's report thereon. We do not prepare an annual report.

31. The operations and rate setting process meet the condition for application of accounting for regulated operations as outlined in GASB Statement No. 62. All regulatory items included in the financial statements have been approved and are being accounted for in accordance with specific action taken by the regulatory body and as such the expectation of future recovery or refund is reasonable.

32. We have appropriately disclosed MCE's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.

33. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

34. We have previously implemented GASB Statement No. 87, *Leases,* and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.

35. We have identified any leases or other contracts that are required to be reported as leases and are in agreement with the key assumptions used in the measurement of any lease related assets, liabilities or deferred inflows of resources.

36. We have assessed the impact of GASB Statement No. 96, *Subscription-Based Information Technology Arraignments* and determined the impact of the statements to be immaterial.

37. We have implemented GASB Statement No. 101, *Compensated Absences* and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.

38. We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.

39. As a member of California Community Choice Financing Authority (CCCFA), MCE does not have an obligation for CCCFA's outstanding debt.

40. We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB Statement No. 72–*Fair Value Measurement*. In addition, our disclosures related to fair value measurements are consistent with the objectives outlined in GASB Statement No. 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

Sincerely,

Maira Strauss
Signed: Maira Strauss (Aug 20, 2026 12:24:54 PDT)
Maira Strauss, Chief Financial Officer

Signed: Vicken Kasarjian (Aug 20, 2026 14:42:23 PDT)
Vicken Kasarjian, Acting Chief Executive Officer, and Chief Operating Officer

Client service team

Aaron Worthman, CPA
Principal

4807 Innovate Lane
Madison, WI 53718
United States

T +1 (512) 975 7281 | Madison
aaron.worthman@bakertilly.com

Ryan Theiler, CPA
Senior Manager

4807 Innovate Lane
Madison, WI 53718
United States

T +1 (608) 240 2571 | Madison
ryan.theiler@bakertilly.com

Accounting changes relevant to Marin Clean Energy

Future accounting standards update

GASB statement number	Description	Potentially impacts you	Effective date
103	Financial reporting model improvements	✔	3/31/2027
104	Disclosure of certain capital assets	✔	3/31/2027
105	Subsequent events	✔	3/31/2028

Further information on upcoming GASB pronouncements.

Changes to the financial reporting model

GASB Statement 103, *Financial Reporting Model Improvements*, builds on Statement 34 by providing key targeted improvements to the financial reporting model. Its requirements are designed to:

- Enhance the effectiveness of governmental financial reports in providing information essential for decision making and assessing a government's accountability, and
- Address certain application issues.

The targeted improvements contained in Statement 103 establish or modify existing accounting and financial reporting requirements related to:

- Management's discussion and analysis: While the overall requirements do not substantially change management's discussion and analysis, the modifications are meant to improve the analysis included in this section and provide details about the items that should be discussed as currently known facts, decisions, or conditions expected to have a significant financial effect in the subsequent period.

- Unusual or infrequent items (previously known as extraordinary and special items): The new statement simplifies GASB literature by eliminating the separate presentation of extraordinary and special items. Under the requirement of Statement 103, applicable items will either be identified as unusual or infrequent, or both.

- Presentation of the proprietary fund statement of revenues, expenses and changes in fund net position: The changes are designed to improve consistency around the classification of items in these statements by better defining what should be included in operating revenues and expenses and nonoperating revenues and expenses including, for example, the addition of subsidies received or provided as a new category of nonoperating revenues and expenses.

- Major component unit information, and budgetary comparison information: Statement 103 is designed to improve the consistency of the reporting of major component unit information and budgetary comparison information by specifying required placement of that information.

Revisions to disclosures for certain capital assets

Governments are required to provide information on capital assets in the footnotes to the financial statements as outlined in GASB Statement No. 34. Recent standards have impacted the accounting and reporting for capital assets and as a result GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* to provide enhanced disclosures for certain capital assets, including

(a) Lease assets reported under Statement No. 87, intangible right-to-use assets reported under Statement No. 94 and subscription assets reported under Statement No. 96 should all be disclosed separately, and by major class of underlying asset. In addition, if there are any other intangible assets reported, they should also be disclosed separately.

(b) Capital assets that are held for sale should have the ending balance with separate disclosure for historical cost and related accumulated depreciation as well as any outstanding debt for which the asset is pledged as collateral disclosed by major class of asset. Assets held for sale are defined as those for which the government has decided to pursue the sale, and it is probable that the sale will be finalized within one year of the financial statement date.

While these changes are focused on footnote disclosures, it is important to plan ahead to ensure the required information is available for implementation.

Updated guidance for the financial reporting of subsequent events

GASB Statement No. 105, *Subsequent Events, which supersedes GASB Statement No. 56*, is intended to enhance consistency in the application of requirements for subsequent events.

The Statement defines subsequent events as transactions or other events that occur after year end but before the date the financial statements are available to be issued. The date the financial statements are available to be issued is the date at which (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP) and (b) approvals necessary for issuance have been obtained, or typically the opinion date. The definition of subsequent events in this Statement modifies the subsequent events time frame throughout the GASB literature.

The Statement also clarifies:

- The different types of subsequent events (recognized and nonrecognized events)
- When note disclosures are required
- The information that should be included in those note disclosures

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
    - Identify types of potential misstatements
    - Consider factors that affect the risks of material misstatement
    - Design tests of controls, when applicable and substantive procedures
c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.
b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
d. We anticipate that the MCE will receive an unmodified opinion on its financial statements.
e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
f. Have you had any significant communications with regulators or grantor agencies?
g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
b. The detection or the possibility of fraud?

We also need to know if you have taken action in response to developments in financial reporting, laws, accounting standards, governance practices or other related matters, or in response to previous communications with us.

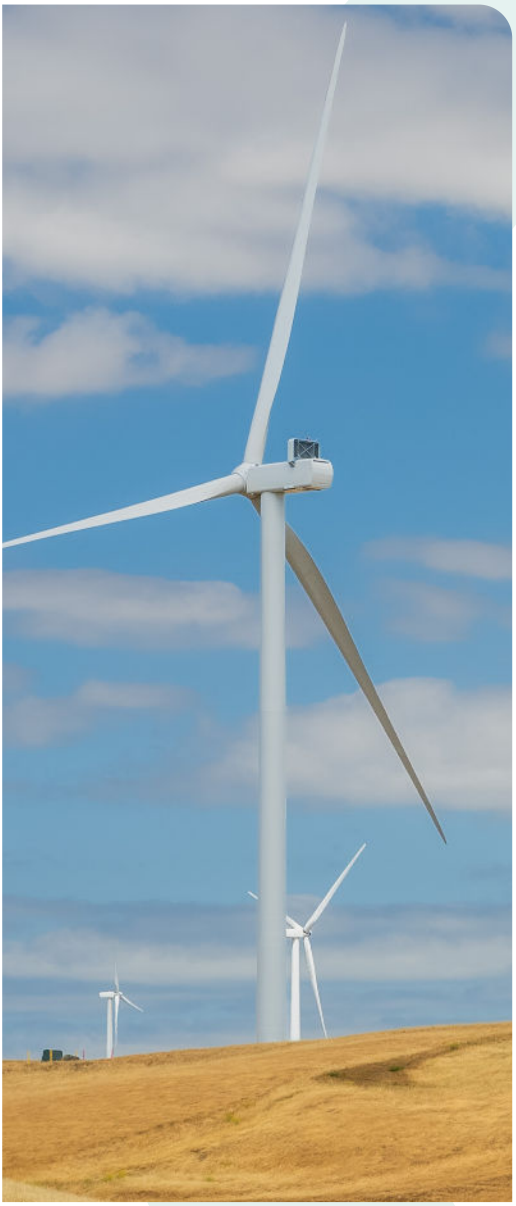
With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of January-March, and sometimes early in April. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork but may vary depending on a number of factors.

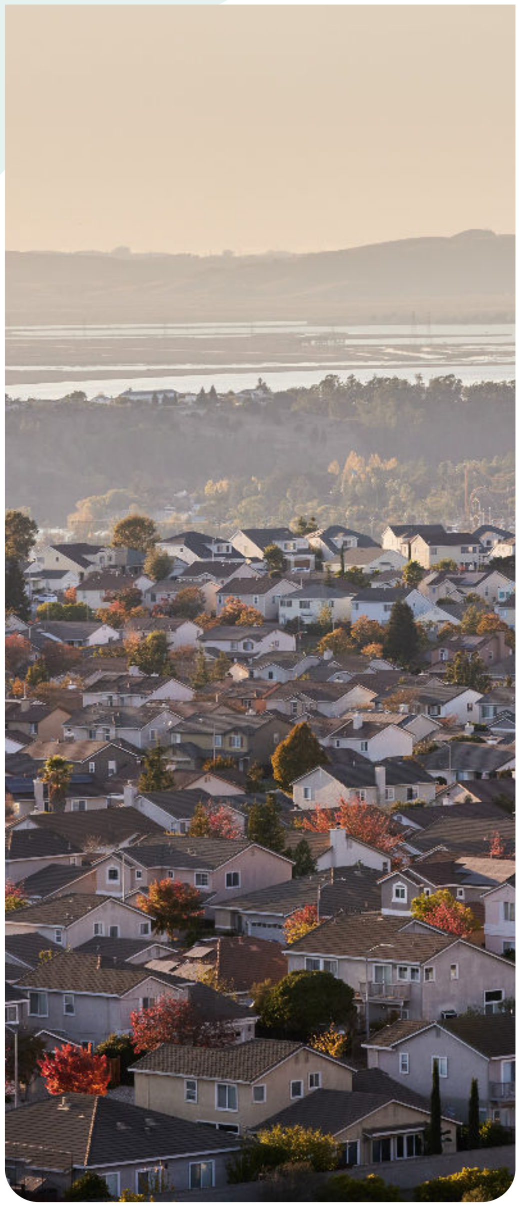
Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means or wish to provide other feedback. We welcome the opportunity to hear from you.

MCE

Financial Statements





Years ended March 31, 2026 & 2025
with Report of Independent Auditors

mceCleanEnergy.org

MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2026 AND 2025
TABLE OF CONTENTS

Independent Auditors' Report

To the Board of Directors of
Marin Clean Energy

Opinion

We have audited the accompanying financial statements of Marin Clean Energy (MCE), as of and for the years ended March 31, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the MCE's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of MCE as of March 31, 2026 and 2025, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MCE's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MCE's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the MCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
August 20, 2026

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED MARCH 31, 2026 AND 2025
(UNAUDITED)

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Marin Clean Energy's (MCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of MCE's finances. MCE's fiscal year runs from April 1 through March 31.

If you have questions about this report or require further information, please contact MCE at finance@mceCleanEnergy.org.

Overview of the Financial Statements

MCE's financial report contains basic financial statements:

- The *Statements of Net Position* include all of MCE's assets, liabilities, deferred inflows of resources, and net position and provide information about the nature and amounts of resources and obligations at a specific point in time.

- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of MCE's revenue and expenses for the years shown.

- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.

- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

(Continued)

Financial Summary

MCE's Net Position

	2026	2025	2024
Current assets	$ 479,004,853	$ 512,168,716	$ 426,376,427
Noncurrent assets			
Capital assets, net	6,189,785	555,816	863,432
Other noncurrent assets	174,819,822	166,328,849	164,792,317
Total noncurrent assets	181,009,607	166,884,665	165,655,749
Total assets	660,014,460	679,053,381	592,032,176
Current liabilities	91,705,235	192,190,329	118,346,661
Deferred inflows of resources	150,000,000	70,000,000	70,000,000
Net position:			
Net investment in capital assets	6,189,785	555,816	326,788
Restricted	17,581,784	15,000,000	15,000,000
Unrestricted	394,537,656	401,307,236	388,358,727
Total net position	$ 418,309,225	$ 416,863,052	$ 403,685,515

As of March 31, 2026, MCE's total net position was approximately $418 million, an increase of $1.446 million compared to March 31, 2025. See the discussion in the following section for the changes in the various components.

MCE's Changes in Net Position

	2026	2025	2024
Operating revenues	$ 701,422,195	$ 816,224,799	$ 767,779,391
Nonoperating revenues	21,369,348	25,354,208	15,420,160
Total income	722,791,543	841,579,007	783,199,551
Operating expenses	721,345,370	828,392,314	623,657,258
Nonoperating expenses	-	9,156	28,624
Total expenses	721,345,370	828,401,470	623,685,882
Change in net position	$ 1,446,173	$ 13,177,537	$ 159,513,669

For the year ended March 31, 2026, MCE's change in net position was an increase of approximately $1 million, a decrease of $12 million from the prior year. See the discussion in the following section for the changes in the various components.

Detailed Analysis

MCE continued to maintain a strong financial position during fiscal year 2026 while advancing its long-term objectives of rate stability, customer affordability, and prudent risk management. During the year, MCE increased its Operating Reserve Fund from $70 million to $150 million, remained debt-free, maintained investment-grade credit ratings, and strengthened its liquidity position. Although operating results were affected by the deferral of a portion of current-year revenues into reserves and by changes in energy market conditions, these actions reflect MCE's ongoing commitment to financial resilience and its ability to support customers through future market volatility. The following discussion highlights the key factors affecting MCE's financial performance and financial position during fiscal year 2026.

MCE's Operating Reserve Fund increased from $70,000,000 at the end of fiscal year 2025 to $150,000,000 at the end of fiscal year 2026. The Operating Reserve Fund allows MCE to defer revenues in years of strong financial performance for potential recognition in future periods when financial results may decline. The fiscal year 2026 deferral reduced the increase in net position but provides additional rate stabilization capacity to help MCE manage future energy market volatility and other financial risks.

Operating revenues decreased by $115,000,00 in fiscal year 2026 compared with fiscal year 2025. The decrease was primarily attributable to the $80,000,000 contribution to the Operating Reserve Fund, which is reported as a reduction of operating revenues. Retail electricity sales also declined by $36,000,000, reflecting slightly lower year over year electricity consumption. Mild weather during the summer of 2025 contributed to lower air-conditioning demand and, consequently, lower electricity load. MCE also receives revenue from sources other than retail customer sales, including grant revenue and liquidated damages resulting from electricity suppliers' noncompliance with contract provisions. Grant revenue increased modestly during the year, partially offsetting the decline in retail electricity sales.

Operating expenses decreased by $107,000,000 in fiscal year 2026 compared with fiscal year 2025. The decrease was primarily attributable to a $116,000,000 reduction in the cost of electricity. Several factors contributed to the lower cost of electricity. Renewable energy deliveries under a short-term contract occurred earlier than anticipated, shifting a significant portion of the related costs to fiscal year 2025. The contract allowed the seller discretion over the timing of deliveries within the applicable calendar year, and energy delivered under the contract was priced during a period of elevated renewable energy prices. As a result, fiscal year 2025 included a greater concentration of these higher-cost deliveries than fiscal year 2026.

Detailed Analysis (Continued)

Fiscal year 2026 costs also benefitted from lower electricity demand due to unusually cool weather, which contributed to lower California Independent System Operator (CAISO) market and settlement costs. Costs associated with renewable energy, resource adequacy, and contracts used to manage exposure to market price volatility were also lower than in the prior year. These decreases were partially offset by higher costs for certain carbon-free energy resources. Overall, the year over year decrease reflects the timing and pricing of contracted energy deliveries, lower customer demand, and more favorable energy market conditions during fiscal year 2026.

The table below summarizes the year-over-year change in MCE's main cost of energy categories.

	2026	2025	2024	$ change from 2026 to 2025	% change from 2026 to 2025
Energy contracts	$ 522,072,000	$ 626,255,000	$ 468,797,000	$ (104,183,000)	-17%
Resource adequacy	130,444,000	142,264,000	102,607,000	(11,820,000)	-8%
Total	$ 652,516,000	$ 768,519,000	$ 571,404,000	$ (116,003,000)	-15%

Energy contracts include PCC1 renewable energy agreements, non-renewable energy agreements, carbon free energy agreements, large hydro or asset-controlling supplier deals, and CAISO settlement costs.

Energy costs fluctuate based on retail load, market prices, renewable energy and resource adequacy requirements, contract terms, hydroelectric and renewable generation, CAISO settlements, congestion, and the timing and mix of procurement. The decrease in the cost of electricity was partially offset by increases in contract services, staff compensation, and other operating expenses necessary to support MCE's operations, regulatory requirements, customer programs, and expanded service area.

Current assets decreased from $512,000,000 at the end of fiscal year 2025 to $479,000,000 at the end of fiscal year 2026. The decrease primarily reflects a shift in the maturity composition of MCE's investment portfolio, including a $60,000,000 decrease in investments classified as current, partially offset by a $53,000,000 increase in unrestricted cash and cash equivalents. Current assets at the end of fiscal year 2026 were primarily comprised of cash and investments of $354,000,000, accounts receivable of $68,000,000, and accrued revenue of $29,000,000.

Capital assets are reported net of depreciation and amortization. Each year, the change is mostly due to capital asset acquisitions, less depreciation and amortization expenses. Capital assets include leasehold improvements, furniture and equipment, and real estate related to MCE's office premises. Capital assets, net of accumulated depreciation and amortization, increased from $600,000 at the end of fiscal 2025 to $6,000,000 at the end of fiscal year 2026. The increase primarily resulted from MCE's acquisition of land and an office building during fiscal year 2026.

Currently Known Facts, Decisions, or Conditions (continued)

Other noncurrent assets include investments of $175,000,000 and $166,000,000 at the end of fiscal years 2026 and 2025, respectively. MCE manages its investment portfolio in accordance with its adopted investment policy, with consideration given to safety, liquidity, maturity, diversification, and anticipated cash-flow requirements.

Current liabilities decreased from $192,000,000 at the end of fiscal year 2025 to $92,000,000 at the end of fiscal year 2026. The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by MCE at the end of the fiscal year. Accrued cost of electricity was approximately $59,000,000 and $158,000,000 at the end of fiscal years 2026 and 2025, respectively. The fiscal 2025 balance was comparatively high because it included substantial uninvoiced deliveries under a renewable energy contract executed during a period of elevated renewable energy prices. The fiscal 2026 balance included a lower amount of delivered energy for which invoices had not yet been received at year-end. Accordingly, the decrease primarily reflects differences in the amount and cost of delivered, but uninvoiced energy included in the accrual at each fiscal year-end. Accrued cost of electricity may fluctuate from year to year based on the timing and volume of energy deliveries, supplier invoicing and settlement activity, contractual payment terms, and the prices applicable to the products delivered.

Significant Capital Asset and Long-Term Financing Activity

MCE does not own assets used for electric generation or distribution. Included in capital assets are office equipment, such as computers, furniture, leasehold improvements and real estate. In July 2025, MCE purchased an office building and land for $5,400,000.

MCE does not have any outstanding financing debt. MCE has a revolving credit agreement with Royal Bank of Canada with a credit line of $60 million that was effective until May 2026 and subsequently amended as described in Currently Known Facts, Decisions, or Conditions.

MCE signs renewable energy agreements, procures electricity and electrical capacity and signs other power purchase agreements to comply with state law and elevated voluntary targets for renewable and greenhouse gas-free products as described in its Integrated Resource Plan. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities ("LSEs"), such as MCE, to gradually increase the amount of renewable energy they procure for their customers.

Currently Known Facts, Decisions, or Conditions (continued)

As of March 31, 2026, MCE had executed RPS contracts of ten years or more in duration that are projected to meet MCE's Senate Bill 350 long-term contracting requirements. Additionally, MCE is planning to continue its long-term RPS procurement as opportunities arise. Expected obligations under power purchase agreements totaled approximately $6.0 billion as of March 31, 2026 and $5.9 billion as of March 31, 2025. Actual future costs under these agreements may vary based on the timing and volume of energy deliveries, contract performance, and curtailment. MCE manages these risks by aligning procurement with forecast customer demand, diversifying its portfolio by technology, project location, contract term, delivery profile, and supplier. MCE also maintains counterparty credit, collateral, liquidity, and energy-risk-management practices.

Effective April 1, 2026, MCE implemented a 14% reduction in customer generation rates. MCE also implemented a temporary bill credit of $0.0062 per kilowatt-hour through December 2026 and approved an additional $10.0 million for the MCE Cares Credit program, which provides bill assistance to qualifying residential and small-business customers. These rate actions were adopted in consideration of declining forecasted energy costs, MCE's revenue requirements, rate competitiveness, and increases in the Power Charge Indifference Adjustment, or PCIA, charged by PG&E to MCE customers. The rate reduction, temporary bill credit, and expanded customer assistance are expected to reduce fiscal year 2027 operating revenues compared with the amounts that would have been generated under the prior rates schedule. To partially offset this reduction, MCE's Board approved the recognition of $62.0 million of previously deferred Operating Reserve Fund revenue during fiscal year 2027. Actual operating results may vary based on customer electricity usage, weather, market conditions, and future rate actions.

The PCIA is a state-authorized charge assessed and collected by PG&E from customers receiving generation service from community choice aggregators, including MCE. Changes in the PCIA do not directly affect MCE's reported revenues or expenses; however, they affect customers' total electricity bills and may influence MCE's rate competitiveness, customer participation, and future rate-setting decisions. The 2026 increase in the PCIA was one of the factors considered by MCE when approving the generation-rate reduction, temporary bill credit, and expansion of customer bill assistance. MCE will continue to monitor regulatory proceedings and changes in PG&E charges when evaluating future rates and customer programs.

In May 2026, S&P Global Ratings affirmed MCE's A issuer credit rating with a stable outlook. The rating assessment cited MCE's liquidity, diversified renewable energy portfolio, broad customer base, customer retention, and absence of outstanding debt. Fitch Ratings also maintained MCE's A- issuer default rating following its December 2025 review. MCE's investment-grade ratings support its ability to negotiate energy supply agreements and access financing and liquidity facilities on favorable terms.

Currently Known Facts, Decisions, or Conditions (continued)

In July 2026, following a 45-day extension, MCE finalized an amendment to its revolving credit agreement with Royal Bank of Canada. The amendment extended the facility through May 2027 and increased the available commitment from $60 million to $80 million. As of the date of this report, MCE had no outstanding borrowings or standby letters of credit under the facility. The facility provides an additional source of liquidity for operating and energy procurement requirements.

MCE continues to evaluate a Remedial Action Scheme, or RAS, in coordination with CAISO and PG&E to reduce curtailment affecting a contracted solar project in California's Central Valley. If implemented, the software-based solution may improve project deliverability and reduce curtailment-related energy costs. MCE budgeted approximately $10.2 million of capital outlay for the project in fiscal year 2027. The project's timing, ownership structure, implementation costs, regulatory approvals, and ultimate financial effects remain subject to technical evaluation and negotiations.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY

STATEMENTS OF NET POSITION

MARCH 31, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	$ 242,125,512	$ 189,331,563
Cash equivalents - restricted for grant purposes	16,270,080	22,294,426
Cash equivalents - restricted for security reserve	17,581,784	15,000,000
Accounts receivable, net of allowance	67,953,267	63,716,419
Accrued revenue	29,032,067	32,246,942
Other receivables	18,803,237	22,849,094
Prepaid expenses	1,071,840	2,372,584
Investments	78,048,161	138,291,067
Deposits	8,118,905	26,066,621
Total current assets	479,004,853	512,168,716
Noncurrent assets		
Investments	174,622,647	166,170,227
Capital assets, net of depreciation and amortization	6,189,785	555,816
Deposits	197,175	158,622
Total noncurrent assets	181,009,607	166,884,665
Total assets	660,014,460	679,053,381
LIABILITIES		
Current liabilities		
Accrued cost of electricity	58,642,896	158,422,801
Accounts payable	4,433,294	3,980,165
Other accrued liabilities	10,160,357	5,353,759
User taxes and energy surcharges due to other governments	1,341,808	1,282,378
Security deposits - energy suppliers	856,800	856,800
Advances from grantors	16,270,080	22,294,426
Total current liabilities	91,705,235	192,190,329
DEFERRED INFLOWS OF RESOURCES		
Operating Reserve Fund	150,000,000	70,000,000
NET POSITION		
Net position		
Net investment in capital assets	6,189,785	555,816
Restricted	17,581,784	15,000,000
Unrestricted	394,537,656	401,307,236
Total net position	$ 418,309,225	$ 416,863,052

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
OPERATING REVENUES		
Electricity sales, net	$ 768,857,882	$ 801,542,634
Rate stabilization	(80,000,000)	-
Grant revenue	11,829,585	14,393,254
Other revenue	734,728	288,911
Total operating revenues	701,422,195	816,224,799
OPERATING EXPENSES		
Cost of electricity	652,516,462	768,519,084
Contract services	23,707,524	22,184,759
Staff compensation	28,475,316	24,719,274
Other operating expenses	16,417,632	12,336,595
Depreciation and amortization	228,436	632,602
Total operating expenses	721,345,370	828,392,314
Operating loss	(19,923,175)	(12,167,515)
NONOPERATING REVENUES (EXPENSES)		
Investment income	21,369,348	25,354,208
Finance costs	-	(9,156)
Nonoperating revenues (expenses), net	21,369,348	25,345,052
CHANGE IN NET POSITION	1,446,173	13,177,537
Net position at beginning of year	416,863,052	403,685,515
Net position at end of year	$ 418,309,225	$ 416,863,052

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 782,441,917	$ 811,751,482
Receipts from grantors	6,228,908	12,584,238
Receipts of security deposits	18,988,991	4,118,400
Receipts from wholesale sales and other operating activities	23,803,994	61,191
Payments to suppliers for electricity and collateral	(769,518,931)	(705,397,207)
Payments for other goods and services	(39,785,558)	(35,595,730)
Payments for deposits and collateral	(449,563)	(21,226,265)
Payments for staff compensation	(27,094,705)	(22,614,450)
Payments of taxes and surcharges to other governments	(13,249,249)	(12,818,095)
Net cash provided (used) by operating activities	(18,634,196)	30,863,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of lease liabilities	-	(545,801)
Payments to acquire capital assets	(5,612,405)	(324,986)
Net cash used by capital and related financing activities	(5,612,405)	(870,787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	23,355,477	16,641,296
Proceeds from sales and maturities of investments	115,447,674	47,017,973
Purchase of investments	(65,205,163)	(78,375,562)
Net cash provided (used) by investing activities	73,597,988	(14,716,293)
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,351,387	15,276,484
Cash and cash equivalents at beginning of year	226,625,989	211,349,505
Cash and cash equivalents at end of year	$ 275,977,376	$ 226,625,989
Reconciliation to the Statement of Net Position		
Cash and cash equivalents - unrestricted	$ 242,125,512	$ 189,331,563
Cash equivalents - restricted for grant purposes	16,270,080	22,294,426
Cash equivalents - restricted for security reserve	17,581,784	15,000,000
Cash and cash equivalents	$ 275,977,376	$ 226,625,989
NONCASH INVESTING ACTIVITIES:		
Change in fair value of investments	$ (667,708)	$ 8,712,912
Change in interest receivable	$ (1,318,421)	$ 81,606

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2026 AND 2025
(Continued)

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	2026	2025
Operating loss	$ (19,923,175)	$ (12,167,515)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization expense	228,436	632,602
(Increase) decrease in:		
Accounts receivable, net	(4,236,848)	(2,268,779)
Accrued revenue	3,214,875	(334,474)
Other receivables	2,727,436	(16,944,778)
Prepaid expenses	1,300,744	(1,400,381)
Deposits	18,539,430	(11,033,423)
Increase (decrease) in:		
Accrued cost of electricity	(99,779,905)	90,472,512
Accounts payable	453,129	(572,277)
Other accrued liabilities	4,806,598	2,640,346
User taxes and energy surcharges due to other governments	59,430	(5,994)
Security deposits - energy suppliers	-	(126,600)
Operating Reserve Fund contribution	80,000,000	-
Advances from grantors	(6,024,346)	(18,027,675)
Net cash provided (used) by operating activities	$ (18,634,196)	$ 30,863,564

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2026 AND 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008. As of March 31, 2026, the parties to its Joint Powers Agreement consist of the following local governments:

Contra Costa	Marin	Napa	Solano
Concord	Belvedere	American Canyon	Benicia
Danville	Corte Madera	Calistoga	Fairfield
El Cerrito	Fairfax	Napa	Vallejo
Hercules	Larkspur	St. Helena	Unincorporated area
Lafayette	Mill Valley	Yountville	
Martinez	Novato	Unincorporated area	
Moraga	Ross		
Oakley	San Anselmo		
Pinole	San Rafael		
Pittsburg	Sausalito		
Pleasant Hill	Tiburon		
Richmond	Unincorporated area		
San Pablo			
San Ramon			
Walnut Creek			
Unincorporated area			

MCE is separate from and derives no financial support from its members. MCE is governed by a Board of Directors whose membership is composed of elected officials representing one or more of the parties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY (Continued)

MCE's mission is to confront the climate crisis by eliminating fossil fuel greenhouse gas emissions, producing renewable energy, and creating an equitable community. MCE provides electricity to retail customers as a Community Choice Aggregation Program (CCA) under the California Public Utilities Code Section 366.2.

Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company. MCE administers energy efficiency programs that support the development, coordination, and implementation of energy efficiency projects in and around MCE's service area. The funding for energy efficiency programs is provided by ratepayers and regulated by the California Public Utilities Commission.

BASIS OF ACCOUNTING

MCE's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

MCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for use, it is MCE's policy to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, MCE defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. The Statement of Net Position presents restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes funding advanced from grantors and reserves required by MCE's line of credit agreement.

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities except for certificates of deposit which are stated at cost. MCE intends to hold its securities to maturity. Investments with a maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statement of Net Position.

MCE's Investment Policy permits the following types of investments:

Local Agency Investment Fund (LAIF)
United States Treasury obligations
Federal agency securities
Commercial paper
Certificates of deposits
Money market funds
Municipal securities
Corporate bonds
Collateralized mortgage obligations
Supranationals

OTHER RECEIVABLES

At March 31, 2026 and 2025, the balance of other receivables totaled approximately $18,803,000 and $22,849,000, respectively. These amounts primarily consist of receivables related to the resale of excess energy purchased, anticipated refunds from suppliers due to overpayments, and accrued investment income. These receivables are expected to be collected within the next fiscal year and are considered fully collectible.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require MCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

LEASE ASSETS AND LEASE LIABILITIES

MCE recognizes an asset and liability when it enters into certain leasing arrangements. The cost of the leased asset is amortized over the term of the leases. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. MCE's leased asset and liability are related to its office lease that expired in March 2025.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment costing over $5,000 that are expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, seven years for furniture, ten years for leasehold improvements, and 30 years for buildings. MCE does not own any electric generation, transmission, or distribution assets.

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts require the supplier to provide MCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent, depending on the length of the time the deposits will be held.

ADVANCES FROM GRANTORS

MCE received grant funding from various grantors. The amount in this category represents funds received by MCE but not yet expended to carry out specific goals. See Note 7 for additional information related to grants administered by MCE.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING RESERVE FUND

In March 2020, MCE created an Operating Reserve Fund (ORF) to allow MCE to defer revenue in years when financial results are strong for use in future years when financial results may decline. MCE's ORF Policy allows a deferral of revenues into the ORF when the increase in net position is projected to exceed 5% of total revenues in a fiscal year. The ORF Policy has a targeted maximum balance of 10% of the total revenues in the current fiscal year. In accordance with GASB Statement No. 62, the amount deposited into the fund is shown as a reduction in operating revenues and reported on the statements of net position as a deferred inflow of resources. Although the ORF Policy establishes a targeted maximum balance of 10% of current-year revenues, the Board approved a one-time waiver of the policy in fiscal year 2026 to permit a balance beyond this limit. Transfers to this fund were $80,000,000 and $0 in fiscal years 2026 and 2025, respectively.

NET POSITION

Net position is presented in the following components:

Net Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of restraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definitions of "net investment in capital assets" or "restricted."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPERATING AND NONOPERATING REVENUE

Operating revenues include energy sales to retail and wholesale customers, grant revenue earned from the delivery of program activities, and liquidated damages from suppliers that fail to meet delivery commitments. Operating revenues also include contributions to and distributions from the Operating Reserve Fund.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues.”

REVENUE RECOGNITION

MCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded. Revenue is presented net of estimated uncollectible amounts.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity, services, administrative expenses, and amortization and depreciation of capital assets. Nonoperating expenses include expenses relating to financing.

COST OF ELECTRICITY

During the normal course of business MCE purchases electrical power from numerous suppliers. Electricity costs include the cost of electricity and generation capacity arising from bilateral contracts with energy suppliers and for generation credits, load and other charges arising from MCE’s participation in the California Independent System Operator’s (CAISO) centralized market. The cost of electricity and capacity is recognized as “Cost of Electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COST OF ELECTRICITY (Continued)

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, MCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. MCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier. MCE purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program.

MCE purchases capacity commitments from qualifying electricity generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the electricity grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

MCE pays employees semi-monthly and fully satisfies its obligation for health benefits and contributions to its defined contribution retirement plan. MCE does not provide post-employment healthcare or other fringe benefits and accordingly, no related liability is recorded in these financial statements.

MCE provides compensated absences, including paid time off, which are accrued when earned and recorded as part of accrued liabilities. The liability includes leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The liability is measured using the employee's pay rate as of the financial statement date.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts reported in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements. These reclassifications did not result in any changes to previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest-bearing and non-interest-bearing accounts. MCE's deposits are subject to California Government Code Section 16521 which requires banks to provide 110% collateralization on public funds in excess of the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. Certain short-term investments with original maturities of less than three months are classified as cash and cash equivalents, which are not subject to the collateral requirement or FDIC coverage previously mentioned. Accordingly, the amount of risk is not disclosed. MCE monitors its risk on an ongoing basis.

3. ACCOUNTS RECEIVABLE

The balances of accounts receivable were as follows as of March 31:

	2026	2025
Accounts receivable from customers	$ 112,934,268	$ 98,746,419
Allowance for uncollectible accounts	(44,981,001)	(35,030,000)
Net accounts receivable	$ 67,953,267	$ 63,716,419

The majority of accounts receivable are collected within a few months after billing. MCE records and allowance for uncollectible accounts based on historical collection experience, customer aging, and other relevant factors. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to be successful in collecting older accounts.

4. INVESTMENTS

During the years ended March 31, 2026 and 2025, MCE held investments with original maturities of three months or more. As of March 31, the fair value of investments, except for certificates of deposit which are stated at cost, was as follows:

	2026	2025	Level
Current Investments:			
U.S. Treasury securities	$ 16,481,262	$ 11,423,887	1
U.S. agency obligations	5,517,068	1,509,316	2
Asset backed securities	-	1,720,609	2
Collateralized mortgage obligations	-	743,359	2
Mutual Funds 457(f) plan	1,046,879	-	2
Certificates of deposit	55,002,952	122,893,896	NA
Total current investments	$ 78,048,161	$ 138,291,067	

	2026	2025	Level
Noncurrent Investments:			
U.S. Treasury securities	$ 59,903,669	$ 52,915,296	1
U.S. agency obligations	6,555,936	13,082,124	2
Asset backed securities	17,685,499	19,432,656	2
Collateralized mortgage obligations	24,256,597	21,333,952	2
Corporate bonds	55,666,130	48,919,999	2
Municipal bonds	1,785,935	1,771,864	2
Supranational	8,768,881	8,714,336	2
Total noncurrent investments	$ 174,622,647	$ 166,170,227	

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

U.S. Treasury securities are classified as Level 1 inputs because they rely on unadjusted, quoted prices in active markets for identical assets.

Other investments, other than certificates of deposits, are classified as Level 2 inputs as they were valued using institutional bond quotes or valuations based on various market inputs.

4. INVESTMENTS (Continued)

FAIR VALUE MEASUREMENT (CONTINUED

Certificates of deposits are based on nominal value which is materially consistent with fair value.

In instances where inputs used to measure fair value fall into more than one level in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk. As of March 31, 2026 and 2025, MCE's investments were rated as follows:

	Standard & Poor's	
	2026	2025
Asset backed securities	NR- to AAA	NR- to AAA
Corporate bonds	BBB+ to AA+	A- to AAA
Municipal bonds	AA-	AA
Supranational	AAA	AAA
Certificates of deposit	NR	NR

MCE's investment policy addresses this risk. MCE's investment policy limits investments to those allowed by Section 53601 of the California Government Code that addresses the risk allowable for each investment.

CUSTODIAL CREDIT RISK

Cash and cash equivalents

Custodial credit risk is the risk that in the event of a financial institution failure, MCE's deposits may not be returned to MCE. MCE's deposits are subject to California Government Code Section 16521, which requires banks to collateralize public funds in excess of the FDIC limit of $250,000 by 110%.

4. INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK (CONTINUED)

As of March 31, 2026 and 2025, none of MCE's bank balances are known to be individually exposed to credit risk.

CUSTODIAL CREDIT RISK – INVESTMENTS

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, MCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of MCE's investments are exposed to custodial credit risk.

MCE's investment policy addresses this risk. All investments owned by MCE are to be held in safekeeping by a third-party custodian, acting as an agent for MCE under the terms of a custody agreement.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. MCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of investment maturities as of March 31, 2026:

		Investment Maturities	
Investment Type	**Fair Value**	**Under 1 Year**	**1-5 Years**
U.S. Treasury securities	$ 76,384,931	$ 16,481,262	$ 59,903,669
U.S. agency obligations	12,073,004	5,517,068	6,555,936
Asset backed securities	17,685,499	-	17,685,499
Collateralized mortgage obligations	24,256,597	-	24,256,597
Corporate bonds	55,666,130	-	55,666,130
Municipal bonds	1,785,935	-	1,785,935
Supranational	8,768,881	-	8,768,881
Mutual Funds 457f deposits	1,046,879	1,046,879	-
Certificates of deposit	55,002,952	55,002,952	-
	$252,670,808	$ 78,048,161	$ 174,622,647

4. INVESTMENTS (Continued)

INTEREST RATE RISK (Continued)

Following is a summary of investment maturities as of March 31, 2025:

		Investment Maturities	
Investment Type	**Fair Value**	**Under 1 Year**	**1-5 Years**
U.S. Treasury securities	$ 64,339,183	$ 11,423,887	$ 52,915,296
U.S. agency obligations	14,591,440	1,509,316	13,082,124
Asset backed securities	21,153,265	1,720,609	19,432,656
Collateralized mortgage obligations	22,077,311	743,359	21,333,952
Corporate bonds	48,919,999	-	48,919,999
Municipal bonds	1,771,864	-	1,771,864
Supranational	8,714,336	-	8,714,336
Certificates of deposit	122,893,896	122,893,896	-
	$304,461,294	$138,291,067	$ 166,170,227

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude of MCE’s investment in a single issuer. MCE manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on MCE.

As of March 31, 2026 and 2025, MCE’s investment portfolio was concentrated as follows:

		Percentage of Portfolio	
Issuer	**Investment Type**	**2026**	**2025**
Federal Home Loan Mortgage Corporation (Freddie Mac)	U.S. agency implicitly guaranteed	9.6%	7.3%

5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2026, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Land	$ -	$ 2,025,000	$ -	$ 2,025,000
Capital assets being depreciated and amortized:				
Furniture and equipment	783,928	80,239	(184,982)	679,185
Leasehold improvements	1,089,769	202,221	(1,072,028)	219,962
Software	307,245	180,000	-	487,245
Building	-	3,591,751	-	3,591,751
Total capital assets being depreciated and amortized:	2,180,942	4,054,211	(1,257,010)	4,978,143
Less accumulated depreciation and amortization	(1,625,126)	(228,436)	1,040,204	(813,358)
Total capital assets, net of depreciation and amortization	$ 555,816	$ 5,850,775	$ (216,806)	$ 6,189,785

Capital asset activity for the year ended March 31 2025, was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	$ 799,573	$ -	$ (15,645)	$ 783,928
Leasehold improvements	1,072,028	17,741	-	1,089,769
Software	-	307,245	-	307,245
Intangible assets-buildings	2,878,560	-	(2,878,560)	-
Total capital assets being depreciated and amortized:	4,750,161	324,986	(2,894,205)	2,180,942
Less accumulated depreciation and amortization	(3,886,729)	(632,602)	2,894,205	(1,625,126)
Total capital assets, net of depreciation and amortization	$ 863,432	$ (307,616)	$ -	$ 555,816

6. DEBT

LINE OF CREDIT AND LETTERS OF CREDIT

MCE has a $60 million revolving credit agreement with Royal Bank of Canada (RBC) that matures in May 2026. The agreement enhances MCE's overall liquidity for potential working capital needs, collateral requirements, and enhances MCE's investment credit rating. The agreement requires MCE to hold $15 million in an operating reserve account. See the subsequent event note for further details.

MCE had no standby Letters of Credit or amounts outstanding under its lines of credit agreement as of March 31, 2026, and 2025. Any unused balance is subject to a 0.33% fee per annum.

7. GRANTS

MCE administers various grants from the California Public Utilities Commission (CPUC), California Energy Commission, and other sources. MCE's primary source of grant funding is through its CPUC-funded Energy Efficiency (EE) programs. MCE administers several programs under this funding source. Grant revenues are recognized when corresponding eligible expenses are incurred.

The following is a summary of grant revenue for the years ended March 31:

	2026	2025
Operating grants:		
EE	$ 11,009,121	$ 10,160,223
Other	820,464	4,233,031
	$ 11,829,585	$ 14,393,254

8. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. On March 31, 2026 and 2025, MCE had 108 and 102 plan participants, respectively. MCE is required to contribute 10% of covered payroll to the Plan and contributed approximately $2,035,000 and $1,679,000 during the years ended March 31, 2026 and 2025, respectively. The Plan includes vesting provisions intended to encourage employee retention. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

9. NONQUALIFIED DEFERRED COMPENSATION PLAN

Marin Clean Energy sponsors a nonqualified deferred compensation plan under Section 457(f) of the Internal Revenue Code for certain eligible employees. The plan is structured as a retention incentive to qualified personnel still employed and is not subject to the contribution limits applicable to qualified plans.

Under the terms of the plan, eligible employees may receive deferred compensation benefits upon meeting specified vesting conditions. The benefits are subject to a substantial risk of forfeiture until the vesting date, at which point the deferred amounts become taxable to the employee.

As of March 31, 2026 and 2025, the total liability recognized in the statement of net position for the 457(f) plan was $1,157,000 and $498,000, respectively.

10. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased insurance policies from commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. There were no significant reductions in coverage compared to the prior year. There were no settled claims that exceeded coverage in any of the last three years.

From time to time, MCE may be a party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and MCE's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on MCE's financial position or results of operations.

10. RISK MANAGEMENT (Continued)

MCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with highly rated counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, MCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties. Further information about MCE's energy risk management policy can be found online at MCE's website.

11. PURCHASE COMMITMENTS

Power and Electric Capacity

In the ordinary course of business, MCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

MCE enters into power purchase agreements to comply with state law and voluntary targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following table details the obligations to purchase existing energy, renewable, and RA contracts as of March 31, 2026:

Year ended March 31,	
2027	$ 520,000,000
2028	460,000,000
2029	380,000,000
2030	370,000,000
2031	370,000,000
2032-51	3,900,000,000
Total	$ 6,000,000,000

12. LEASES

PROPERTY LEASE

On March 9, 2015, MCE entered into a ten-year non-cancelable lease for its San Rafael, California office premise. The rental agreement includes an option to renew the lease for five additional years. On December 12, 2017, MCE entered into a 68-month non-cancelable lease for its Concord, California office location. This lease was amended with a new expiration date of December 31, 2024. The leases have expired and there are no future minimum lease payments as of March 31,2025.

STORAGE CONTRACT ARRANGEMENTS

Related to providing electricity to its customers, MCE entered into energy storage agreements. Through these agreements, MCE obtains the right to control certain aspects of the nature and manner and use of the underlying facilities. The monthly payments made by MCE are variable and based on the performance of the underlying assets including the plant's available capacity, operating charging efficiency, and the seller's responsiveness to MCE's charging and discharge instructions. The variable payments under energy storage agreements are recognized as part of the cost of electricity on the Statement of Revenues, Expenses, and Changes in Net Position. Variable payments for the energy storage agreements totaled approximately $12,986,000 and $4,260,000 in fiscal years 2026 and 2025, respectively.

13. JOINT VENTURE

MCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member do not constitute an asset or reserve of that member.

13. JOINT VENTURE (Continued)

CCCFA issued the following bonds, excluding original issue premiums, which are to be used to finance energy purchases that will be delivered to MCE. No debt, liability, obligation of CCCFA is a debt, liability, or obligation of MCE.

Deal	Date issued	Amount Issued	Outstanding as of March 31, 2026	Outstanding as of March 31, 2025
2021A	November 2021	$ 602,655,000	$ 596,830,000	$ 598,715,000
2023G	December 2023	1,038,285,000	1,038,285,000	1,038,285,000
2025B	June 2025	1,062,605,000	1,062,605,000	-
		$ 2,703,545,000	$ 2,697,720,000	$ 1,637,000,000

MCE purchases energy from CCCFA in the same manner as it purchases energy from other suppliers. MCE purchased approximately $99,800,000 and $69,680,000 from CCCFA during the fiscal years ended March 31, 2026 and 2025, respectively. The outstanding commitments to purchase from CCCFA are included in Note 11. This amount represents executed energy contracts assigned to CCCFA as of March 31, 2026. Additional contracts may be assigned while the bond is outstanding.

The financial statements of CCCFA are available online at http://www.cccfa.org/key-documents.html.

14. CONTINGENCY

MCE is involved in pending contract related litigation. The complaint seeks damages of approximately $35 million, including attorney fees. MCE, after consultation with legal counsel, believes it has meritorious and complete defenses to the claims asserted. However, no assurance can be given as to the ultimate outcome of the litigation. Accordingly, no liability has been recorded in the accompanying financial statements.

15. SUBSEQUENT EVENT

In July 2026, MCE extended their revolving credit agreement with Royal Bank of Canada. The credit line is $80 million until May 2027.

16. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS

MCE implemented GASB Statement No. 102, *Certain Risk Disclosures*, which requires additional disclosures regarding concentrations and constraints that could impact MCE's financial position or results of operations. Implementation of this statement did not have a material effect on the financial statements.

GASB Statements No. 103, *Financial Reporting Model Improvements* and No .104, *Disclosure of Certain Capital Assets* are effective for fiscal years beginning after June 15, 2025. Management is evaluating the effect of implementation of this statement.

GASB Statements No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026. Management is evaluating the effect of implementation of this statement.