



MCE Board of Directors Meeting
Thursday, October 15, 2026
6:30 p.m.

1125 Tamalpais Avenue
San Rafael, CA 94901

2300 Clayton Road, Suite 1500
Concord, CA, 94520

City Hall Committee Room
955 School Street
Napa, CA 94559
(City of Napa)

Director Alessio (County of Napa) will be attending remotely
pursuant to Res. 2026-05 & Gov. Code 54953.8.7.

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

Remote Public Meeting Participation

Video Conference:

<https://us02web.zoom.us/j/89004877785?pwd=OTYzWGk4V2ptMFdIVGFScmw3NTlIdz09>

Phone: Dial (669) 900-9128, Meeting ID: 890 0487 7785, Passcode: 525690

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) 632-3674 or ada-coordinator@mceCleanEnergy.org at least 72 hours before the meeting start time to ensure arrangements are made.

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

Agenda Page 1 of 2

1. Roll Call/Quorum

Agenda Page 2 of 2

2. Board Announcements (Discussion)
 3. Public Open Time (Discussion)
 4. Report from Chief Executive Officer (Discussion)
 5. Consent Calendar (Discussion/Action)
 - C.1. Approval of 9.17.26 Meeting Minutes
 6. Proposed Fiscal Year End (FYE) 2027 Budget Amendment with Increased Temporary Rate Credit (Discussion/Action)
 7. Equitable Distribution of Customer Program Benefits (Discussion/Action)
 8. Governance Update (Discussion/Action)
 - a. Presentation from Leading Resources, Inc on Policy Workplan and Board Size Workplan
 - b. Proposed Second Amendment to the First Agreement with Leading Resources, Inc
 9. Board & Staff Matters (Discussion)
 10. Adjourn
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Informational Reports

- I.1 Approved Contracts for Energy Update
- I.2 Legislative and Regulatory Updates
- I.3 Bimonthly Customer Participation Reports
- I.4 Board Member Delegation Procedure

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MCE BOARD MEETING MINUTES
Thursday, September 17, 2026
6:30 P.M.

Present: Liz Alessio, County of Napa and Four Napa Cities/Town (American Canyon, Calistoga, St. Helena, and Yountville)
Stephanie Andre, City of Larkspur, joined at 6:34 p.m.
Dion Bailey, City of Hercules, joined at 7:15 p.m.
Eli Beckman, Town of Corte Madera, joined at 6:35 p.m.
Mark Belotz, Town of Danville
Kari Birdseye, City of Benicia
Monica Brown, County of Solano, left at 8:32 p.m.
Barbara Coler, Town of Fairfax
Craig DeVinney, Alternate, City of Walnut Creek, left at 10:20 p.m.
Arlene Kobata, City of Pittsburg, joined at 7:21 p.m.
Kevin Jacobs, City of Novato
Maika Llorens Gulati, City of San Rafael
Eduardo Martinez, City of Richmond
John McCormick, City of Lafayette
Aaron Meadows, City of Oakley, joined at 6:45 p.m.
Laura Nakamura, City of Concord
Beth Painter, City of Napa, left at 10:28 p.m.
Charles Palmares, City of Vallejo
Max Perrey, City of Mill Valley, joined at 6:38 p.m.
Jack Ryan, Alternate, Town of Tiburon
Mary Sackett, County of Marin
Mathew Salter, Alternate, Town of Ross
Shanelle Scales-Preston, County of Contra Costa, Chair
Amanda Szakats, City of Pleasant Hill
Holli Thier, Town of Tiburon, left at 8:36 p.m.
Sridhar Verose, City of San Ramon
Chantel Walker, Town of San Anselmo
Sally Wilkinson, City of Belvedere
Brianne Zorn, City of Martinez

Absent: Jill Hoffman, City of Sausalito
Devin Murphy, City of Pinole
Patricia Ponce, City of San Pablo
Manveer Sandhu, City of Fairfield
Graham Thiel, Town of Moraga
Carolyn Wysinger, City of El Cerrito

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Staff & Others: Jared Blanton, VP of Public Affairs
Karin Bloomer, Leading Resources, Inc.
Jesica Brooks, Lead Board Clerk and Executive Assistant
Eric Douglas, Leading Resources, Inc.
Alice Havenar-Daughton, VP of Customer Programs
Alcides Hernandez, Director of Rates
Vicken Kasarjian, Interim CEO & COO
Shaheen Khan, VP of Human Resources, Diversity, and Inclusion
Tanya Lomas, Board Clerk
Linda Lye, Senior Legal Counsel
Lindsay Meehan, Director of Human Resources
Catalina Murphy, General Counsel
Efren Oxlaj, Manager of Finance
Justine Parmelee, VP of Internal Operations
Mike Rodriguez-Vargas, Internal Operations Coordinator
Enyonam Senyo-Mensah, Manager of Internal Operations
Bill Slaton, Leading Resources, Inc.
Maira Strauss, Chief Financial Officer
Son Tran, Internal Operations Assistant
Jamie Tuckey, Chief Customer Officer

1. Roll Call

(Video [0:00:00](#))

Chair Scales-Preston called the regular meeting to order at 6:30 p.m. with quorum established by roll call.

Action: It was M/S/C (Alessio/Coler) to **Extend the meeting past the 10 p.m. stop time.** Motion carried by unanimous roll call vote. (Absent: Bailey, Hoffman, Kobata, Meadows, Murphy, Perrey, Ponce, Sandhu, Thiel, and Wysinger).

2. Public Open Time on Closed Session Matters

(Video [0:06:56](#))

Chair Scales-Preston opened the public comment period and there were no comments.

Begin Closed Session Chair Scales-Preston opened the closed session at 6:38 p.m.

3. Roll Call/Quorum

(Video [0:08:04](#))

Chair Scales-Preston returned the meeting to open session at 8:36 p.m. and quorum was established by roll call.

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Closed Session 2.A.

Action 1: It was M/S/C (Coler/Llorens Gulati) **to Reject the Government Claim Dated August 14, 2026, and Authorize Staff to Defend MCE in Any Legal Action Brought Based on The Issues Raised in That Claim. In addition, direction was provided by the Board.** Motion carried by unanimous roll call vote. (Absent: Hoffman, Murphy, Ponce, Sandhu, Thiel, and Wysinger).

Closed Session 2.B.

Action 2: It was M/S/C (Coler/Beckman) **to Reject the Government Claim Dated August 18, 2026, and Authorize Staff to Defend MCE in Any Legal Action Brought Based on The Issues Raised in That Claim. In addition, direction was provided by the Board.** Motion carried by unanimous roll call vote. (Absent: Hoffman, Murphy, Ponce, Sandhu, Thiel, and Wysinger).

4. Board Announcements (Discussion)

(Video [0:11:05](#))

There were comments from Directors Bailey, Alessio, and Coler.

5. Public Open Time (Discussion)

(Video [0:17:45](#))

Chairs Scales-Preston opened the public comment period and there were comments from members of the public, Brendan Sugrue, and Kara Vernor.

6. Report from Chief Executive Officer (Discussion)

(Video [0:24:39](#))

Vicken Kasarjian, Acting CEO and Chief Operating Officer, introduced this item.

Chair Scales-Preston opened the public comment period and there were no comments.

7. Consent Calendar (Discussion/Action)

(Video [0:27:37](#))

- C.1 Approval of 8.20.26 Meeting Minutes
- C.2 Proposed Amendment of Policy 014: MCE's Investment Policy
- C.3 Fiscal Year End 2026: Budget Results, Power Supply Variance and Ratification of Certain Line Item Variances
- C.4 MCE 2025 Power Source Disclosure Attestation

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

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Action 1: It was M/S/C (Martinez/Jacobs) **to Approve Consent Calendar Items C.2-C.4.** Motion carried by unanimous roll call vote. (Absent: Brown, Hoffman, Murphy, Ponce, Sandhu, Thiel, and Wysinger).

Action 2: It was M/S/C (Llorens Gulati/Perrey) **to Approve Consent Calendar Item C.1 with Staff's Recommended Amendments.** Motion carried by unanimous roll call vote. (Absent: Brown, Hoffman, Murphy, Ponce, Sandhu, Thiel, and Wysinger).

8. Selection of Heidrick & Struggles International, Inc. for Chief Executive Officer Search Services (Discussion/Action)

(Video [0:40:18](#))

Director McCormick, Chair of the Ad Hoc CEO Search Committee, introduced this item.

Chair Scales-Preston opened the public comment period and there were no comments.

Action: It was M/S/C (Wilkinson/Alessio) **Approve selection of Heidrick & Struggles International, Inc. for Chief Executive Officer Search Services for an amount not to exceed \$250,000, authorize staff to support the CEO Search Committee in negotiating the specific contract terms, and authorize the Board Chair to execute the contract for the services.** Motion carried by unanimous roll call vote. (Absent: Brown, Hoffman, Murphy, Ponce, Sandhu, Thiel, and Wysinger).

9. Deliver Findings of Governance Assessment (Discussion)

(Video [0:50:38](#))

Karin Bloomer, Eric Douglas, and Bill Slaton of Leading Resources, Inc. introduced this item and addressed questions from Board members.

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

Action: It was M/S/C (Scales-Preston/Alessio) to **Move Forward with the Recommendations Provided by Leading Resources Inc. and to Analyze Options for a Smaller Board and Bring it Back to a Future Board Meeting for Discussion.** Motion carried by unanimous roll call vote. (Absent: Brown, DeVinney, Hoffman, Murphy, Painter, Palmares, Ponce, Sandhu, Thiel, and Wysinger).

10. Report Out on Financial Audit Fiscal Year End 2026 (Discussion)

(Video [2:18:16](#))

Director Alessio, Chair of the Finance Committee, introduced this item and addressed questions from Board members.

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Chair Scales-Preston opened the public comment period and there were no comments.

No Action Required.

11. Board & Staff Matters (Discussion)

(Video [2:29:16](#))

There were no comments.

Re-open Closed Session Chair Scales-Preston re-opened closed session at 11:16 p.m.

Roll Call/Quorum Chair Scales-Preston returned the meeting to open session at 12:09 a.m. and quorum was established by roll call.

Closed Session 2.C.

Action: It was M/S/C (Sackett/Perrey) **to Appoint Vicken Kasarjian as Interim Chief Executive Officer and to Direct the Executive Committee to Establish the Compensation, Terms and Conditions of Employment, and Scope of Authority Associated with That Appointment; the Appointment Will Not Alter His Position as Chief Operating Officer.** Motion carried by roll call vote. 23-Yeas 5-Nos. (Nos: Bailey, Martinez, Szakats, Walker, and Zorn. Absent: Brown, DeVinney, Hoffman, Murphy, Painter, Palmares, Ponce, Sandhu, Thiel, and Wysinger).

12. Adjournment

(Video [2:35:09](#))

Chair Scales-Preston adjourned the meeting at 12:14 a.m. on September 18, 2026, to the next scheduled Board Meeting on October 15, 2026.

Shanelle Scales-Preston, Chair

Attest:

Justine Parmelee, Secretary



October 15, 2026

TO: MCE Board of Directors

FROM: Maíra Strauss, Chief Financial Officer and Treasurer
Alcides Hernandez, Director of Rates
Efren Oxlaj, Manager of Finance

RE: Proposed Fiscal Year End (FYE) 2027 Budget Amendment with Increased Temporary Rate Credit (Agenda Item #06)

ATTACHMENTS: A. Presentation FYE 2027 Proposed Increased Rate Credit and Budget Amendment
B. FYE 2027 Proposed Operating Fund Amended Budget
C. FYE 2027 Proposed Program Development Fund Amended Budget
D. FYE 2027 Proposed Resiliency VPP Fund Amended Budget
E. FYE 2027 Approved Energy Efficiency Fund Budget

Dear MCE Board Members:

Summary:

Since adoption of the FYE 2027 Budget, actual results and updated projections indicate that MCE is expected to perform materially better than assumed when the budget was approved. Based on actual results through July and updated projections for the remainder of the fiscal year, staff projects year-end change in net position of approximately \$7.7 million, compared to \$1.4 million in the approved budget, and no longer projects the need for the \$62.0 million Operating Reserve Fund withdrawal included in the approved budget. Based on this improved outlook, staff recommends a targeted FYE 2027 Budget Amendment to: (1) increase the authorized Operating Reserve Fund withdrawal from \$62.0 million to \$85.9 million to fund a temporary rate credit of up to \$0.03725/kWh from November 1, 2026, through March 31, 2027 to provide rate relief; (2) approve the line item amendments shown in Table 8, including updated energy revenue, cost of energy, grant income and expense, other income, Transportation Electrification, and Energy Storage Program amounts; and (3) present contingency as a separate Operating Fund category and authorize the Finance Department to apply contingency to any Operating Fund expense line item other than cost of energy. The proposed credit would remain in effect through March 31, 2027, at which time staff would return to the Board with recommendations as part of the FYE 2028 budget process.

On September 24th, the Finance Committee voted (4-years 1-no) to recommend that the Board increase the authorized Operating Reserve Fund withdrawal to fund the proposed increased credit, approving the proposed amended budget lines, and authorizing contingency as a separate category within the Operating Fund. The Finance Committee also recommended (4-years 1-no) that the Board

make an additional \$3,000,000 available at staff's discretion for customer programs. At this juncture, staff recommended that any additional amount for customer programs be reduced to \$1,000,000.

On October 5th, the Executive Committee voted (8-yeas 1-no) affirming the Finance Committee's recommendation to the Board to increase the authorized Operating Reserve Fund withdrawal to fund the proposed rate credit, approving the proposed amended budget lines, and authorizing contingency as a separate category within the Operating Fund. The Executive Committee also recommended (8-yeas 1-no) that the Board make an additional \$1,000,000 available at staff's discretion for customer programs.

Overview:

This report presents two related financial views: the current financial outlook and the Proposed Amended Budget. The outlook estimates where MCE is expected to end FYE 2027 based on actual results through July and updated projections for the remainder of the year. The Proposed Amended Budget reflects only the specific budget authority changes staff is requesting from your Board. Because this is a targeted amendment, all other budget authority would remain unchanged, and staff will continue to report significant variances through the normal Treasurer's quarterly reporting process.

The outlook reflects staff's best estimate based on information available at this time, but actual results may differ as conditions change. Key variables include CAISO market prices, load and usage patterns, contract performance, weather, and other market or regulatory developments that could affect revenues, power costs, reserves, or liquidity.

In March 2026, your Board approved the FYE 2027 Budget, including a 2.05 cent/kWh generation rate reduction effective April 1, 2026, a temporary 0.62 cent/kWh rate credit from April through December 2026, and a \$10 million allocation for the MCE Cares Credit program. Together, these measures were intended to provide broad rate relief while delivering additional targeted assistance to eligible residential and small commercial customers.

Current Financial Outlook

The approved budget assumes a \$62.0 million withdrawal from the Operating Reserve Fund (ORF) and a \$1.4 million change in net position. Under the current outlook, which reflects rates in place today and the temporary 0.62¢/kWh credit ending December 31, 2026 (the "status quo"), MCE would instead finish the fiscal year with a \$7.7 million change in net position and no ORF withdrawal.

The ORF balance grew from \$70 million to \$150 million in July 2026, when the Board approved setting aside \$80 million of FYE 2026 revenue. Drawing the budgeted \$62.0 million would leave an ending balance of \$88 million; because the outlook shows a positive change in net position without any withdrawal, the full \$150 million would remain intact. Table 1 below shows the ORF withdrawal, change in net position, and ORF balance under the approved budget and status quo outlook.

Table 1: ORF Withdrawal, Balance, and Change in Net Position.

	Status Quo			
	FYE 2027 Approved	FYE 2027 Outlook	Variance \$	Variance %
ORF Withdrawal	62,000,000	-	(62,000,000)	(100.0%)
Change in Net Position	1,423,000	7,728,000	6,305,000	443.1%
ORF Balance	88,000,000	150,000,000	62,000,000	70.5%

More details on the status quo outlook are provided below. Operating performance is projected to finish approximately \$68.3 million better than budget, enough to cover the \$62.0 million ORF withdrawal entirely and still improve the year end net position.

Table 2: FYE 2027 Outlook Under the Status Quo

	Status Quo			
	FYE 2027 Approved	FYE 2027 Outlook	Variance \$	Variance %
Energy Revenue, Net	\$ 621,291,000	\$ 636,950,000	\$ 15,659,000	2.5%
ORF Withdrawal	62,000,000	-	(62,000,000)	(100.0%)
Cost of Energy	(631,944,000)	(597,830,000)	34,114,000	5.4%
Operating Expenses	(52,443,000)	(49,287,000)	3,156,000	6.0%
Non-Operating Revenues	19,157,000	28,075,000	8,918,000	46.6%
Non-Operating Expenses	(6,018,000)	(1,611,000)	4,407,000	73.2%
Contingency	(1,500,000)	(550,000)	950,000	63.3%
Program Expenses	(25,201,000)	(22,695,000)	2,506,000	9.9%
Program Income	16,081,000	14,676,000	(1,405,000)	(8.7%)
Change in Net Position	1,423,000	7,728,000	6,305,000	443.1%
Capital outlay	10,397,000	167,000	(10,230,000)	(98.4%)
ORF Balance	88,000,000	150,000,000	62,000,000	70.5%

Table 2 compares the Board Approved FYE 2027 Budget to staff's current status quo outlook. The current outlook projects operating performance approximately \$68.3 million better than budget. Of that amount, \$62.0 million replaces the budgeted ORF withdrawal, leaving the reserve untouched, and the remaining \$6.3 million improves the projected change in net position from \$1.4 million to \$7.7 million.

Table 3: Sources of Favorable Operating Variance

	<u>Favorable / (Unfavorable)</u>
Cost of Energy	\$ 34,114,000
Energy Revenue, Net	15,659,000
Non-Operating Revenues	8,918,000
Non-Operating Expenses	4,407,000
Operating Expenses	3,156,000
Program Expenses	2,506,000
Contingency	950,000
Program Income	(1,405,000)
Total Favorable Operating Variance	68,305,000
Amount offsetting the budgeted ORF withdrawal	(62,000,000)
Improvement in Change in Net Position	6,305,000

The discussion below identifies the sources of the \$68.3 million favorable variance. The largest source is cost of energy, which is projected to finish at \$597.8 million, approximately \$34.1 million, or 5.4%, below budget. Table 4 presents the details by the “super six” procurement categories.

Table 4: FYE 2027 Cost of Energy Outlook

	FYE 2027 Budget	FYE 2027 Outlook	Variance \$	Variance %
Hedge Contracts	\$ 225,028,000	\$ 234,236,000	\$ 9,208,000	4.1%
Renewable - Long Term	158,798,000	137,914,000	(20,884,000)	(13.2%)
Renewable - Short Term	33,235,000	47,851,000	14,616,000	44.0%
Resource Adequacy	105,565,000	98,002,000	(7,563,000)	(7.2%)
Net CAISO Costs	88,104,000	55,971,000	(32,133,000)	(36.5%)
Carbon Free - Large Hydro/ACS	21,214,000	23,855,000	2,641,000	12.4%
Total	631,944,000	597,830,000	(34,114,000)	(5.4%)

Net CAISO costs are projected to finish at approximately \$56.0 million, about \$32.1 million below the budget projection, representing the largest favorable variance in the portfolio. CAISO market prices have remained below the levels assumed when the budget was adopted, reflecting ample solar and storage supply and moderate load conditions. Additional hedge contracts executed after the budget adoption increased hedge costs but reduced exposure to CAISO market purchases. MCE pays a fixed price under these contracts and receives the floating market price, offsetting budgeted open positions for system power under Net CAISO Costs.

Long-term renewable costs are projected to finish \$20.9 million below budget projections, while short-term renewable costs are projected to end \$14.6 million above. A significant portion of this movement reflects the reclassification of a \$14.7 million contract from the long-term renewable category to the short-term renewable category to more accurately reflect its nature. An additional \$3.5 million reflects higher than anticipated prepay savings resulting from updates to the timing and

recognition of annual prepay deposits. Long-term renewable costs are presented net of these prepay savings. The remaining variance is primarily attributable to portfolio management activities and differences between how costs are now expected to be incurred and how they were represented during the budget development process. On a combined basis, renewable procurement costs are projected to finish approximately \$6.3 million below budget.

Resource Adequacy is projected at \$98.0 million, approximately \$7.6 million below projections reflecting excess sales of RA as part of portfolio optimization efforts.

Partially offsetting these favorable results, hedge contracts are projected to finish at \$234.2 million, approximately \$9.2 million above budget due to additional hedge purchases after the budget was set. Similarly, carbon-free energy (large hydro and ACS) is projected at \$23.9 million, approximately \$2.6 million above budget.

The remaining favorable variance is spread across the following lines:

- Energy revenue, net, is projected to finish at \$637.0 million, approximately \$15.7 million above budget. Revenue is projected to be about 2.5% higher than the approved budget, while total energy consumption remains largely consistent. The minor variance primarily reflects differences in the load mix, customer class mix, seasonal usage patterns (summer vs. winter), and on-peak/off-peak consumption patterns.
- Non-operating revenues at \$28.1 million, approximately \$8.9 million above budget, primarily reflecting a one-time payment for damages received under an amendment to an energy storage service agreement approved by the Technical Committee in February 2026. This payment was not contemplated in the approved budget.
- Program expenses at \$22.7 million, approximately \$2.5 million below budget;
- Non-operating expenses at \$1.6 million, approximately \$4.4 million below budget;
- Operating expenses at \$49.3 million, approximately \$3.2 million below budget reflecting lower than budgeted spending under certain operating expense categories; and
- Contingency utilization of \$550,000. Staff already reserved approximately \$550,000 of contingency this fiscal year: \$250,000 under Other Professional Services for costs related to the CEO search, and \$300,000 under Legal and Policy for litigation and claims.
- Program income is projected at \$14.7 million, approximately \$1.4 million below budget, primarily reflecting lower expected spending against the virtual power plant grant found in the Resiliency Virtual Power Plant Fund. Because these funds reimburse program costs, less spending means less reimbursement.

Impact of the Proposed Additional Rate Credit

Table 5 compares the status quo revenue projection against the projection with the increased credit starting in November 2026 and ending in March 2027.

Table 5: Impact of Increased Credit under the Proposed Budget Amendment

	Status Quo	After Increased Credit		
	FYE 2027 Outlook	FYE 2027 Amended	Variance \$	Variance %
Energy Revenue, Net	\$ 636,950,000	\$ 554,158,000	\$ (82,792,000)	(13.0%)
ORF Withdrawal	-	85,906,000	85,906,000	NM
Change in Net Position	7,728,000	423,000	(7,305,000)	(94.5%)
ORF Balance	150,000,000	64,094,000	(85,906,000)	(57.3%)

Under the status quo outlook, no withdrawal from the Operating Reserve Fund is needed. The proposed increased credit reduces projected energy revenue, net by \$82.8 million, from \$637.0 million to \$554.2 million. To fund that reduction and the other amendments described below, the Proposed Amended Budget draws \$85.9 million from the ORF, leaving a year end fund balance of \$64.1 million.

Proposed Amended Budget Compared to Approved Budget

Table 6: Proposed Amended Budget compared to the Approved Budget¹

	FYE 2027 Approved	Proposed FYE 2027 Amended	Variance \$	Variance %
Energy Revenue, Net	\$ 621,291,000	\$ 554,158,000	\$ (67,133,000)	(10.8%)
ORF Withdrawal	62,000,000	85,906,000	23,906,000	38.6%
Cost of Energy	(631,944,000)	(597,830,000)	34,114,000	5.4%
Operating Expenses	(52,443,000)	(52,443,000)	-	0.0%
Non-Operating Revenues	19,157,000	27,320,000	8,163,000	42.6%
Non-Operating Expenses	(6,018,000)	(4,038,000)	1,980,000	32.9%
Contingency	(1,500,000)	(1,500,000)	-	0.0%
Program Expenses	(25,201,000)	(27,231,000)	(2,030,000)	(8.1%)
Program Income	16,081,000	16,081,000	-	0.0%
Change in Net Position	1,423,000	423,000	(1,000,000)	(70.3%)
Capital outlay	10,397,000	10,397,000	-	0.0%
ORF Balance	88,000,000	64,094,000	(23,906,000)	(27.2%)

Table 6 compares the proposed FYE 2027 Amended Budget to the Board Approved Budget currently in place. Only the line items listed below are proposed for amendment. All listed line items are included in the Operating Fund, except for Transportation Electrification program, which is included in the Program Development Fund, and the Energy Storage Program, which is included in the Resiliency Virtual Power Plant Fund.

Energy Revenue, net: \$554,158,000 (10.8% less than the Approved Budget)

Energy revenue after uncollectibles and the MCE Cares Credit program is decreasing by about \$67.1 million or 10.8% relative to the approved budget as a result of the proposed increased rate

¹ The Approved budget places contingency in Operating Expenses. This line is presented as its own category in this table and others for illustrative purposes in light of the proposed amendment.

credit. MCE Cares Credit would remain funded at \$10 million while uncollectibles would remain at 1.2% of sales, bringing the energy revenue, net figure to \$554.2 million as shown above and in Table 7 below.

Table 7: Energy Revenue breakout

Energy Revenue	Proposed			
	FYE 2027 Approved	FYE 2027 Amended	Variance \$	Variance %
Operating Revenues	\$ 638,933,000	\$ 570,977,000	\$ (67,956,000)	(10.6%)
Cost Relief Program	(10,000,000)	(10,000,000)	-	0.0%
Uncollectible Accounts	(7,642,000)	(6,819,000)	823,000	(10.8%)
Energy Revenue, net	621,291,000	554,158,000	(67,133,000)	(10.8%)

ORF Withdrawal: \$85,906,000 (38.6% more than the Approved Budget)

Your Board has already authorized a \$62.0 million withdrawal from the Operating Reserve Fund for FYE 2027 to fund the rate relief measures currently in place. The proposed amendment would increase that authorization by \$23.9 million, to \$85.9 million to fund the proposed increased rate credit of up to \$0.03725/kWh effective from November 1, 2026, through March 31, 2027.

Cost of Energy: \$597,830,000 (5.4% less than the Approved Budget)

Cost of energy is proposed to be amended to \$597.8 million, consistent with the amount shown in the financial outlook presented earlier. This reflects a decrease of \$34.1 million from the approved budget of \$631.9 million.

Grant Income: \$3,038,000 (39.5% less than the Approved Budget)

Grant income is proposed to decrease by about \$2 million, from approximately \$5.0 million to \$3.0 million, to reflect an updated estimate for the Disadvantaged Communities Green Tariff (DAC-GT)² program. The amount in the approved budget incorrectly included revenues that had already been received (in the prior fiscal year) and did not align with the timing of when MCE expects the California Public Utilities Commission (CPUC) reimbursements. The updated amount corrects these timing and forecasting assumptions.

Other Income: \$10,143,000 (% variance not meaningful relative to the Approved Budget)

Other Income is proposed to increase from \$0 to \$10.1 million reflecting \$10 million in damages payments to MCE related to project delays, plus approximately \$143,000 of other miscellaneous income MCE expects to receive as a participant in the Western Area Power Administration's (WAPA) Displacement Program.

² The DAC-GT program reimburses MCE for bill credits it provides to customers. Because bill credits reduce what the customer owes, they reduce incoming sales revenue. As such, a matching expense for this grant would not show up in the grant expense section when reviewing budget reports with actuals. However, for budgeting purposes, grant income matches grant expenses as MCE can only recognize income when there's a matching expense. Grants are not additional income for the agency.

Grant Expenses: \$3,038,000 (39.5% less than the Approved Budget)

Grant expense matches grant income. The proposed reduction reflects the adjustment to the DAC-GT program described earlier. Grant income offsets grant expenses.

Transportation Electrification Programs: \$6,984,000 (17% more than the Approved Budget)

Transportation Electrification Programs is a line item found in the Program Development Fund. These programs provide incentives for buying electric vehicles (EVs) and installing EV charging stations. The proposed amendment represents a \$1,000,000 increase that would be used to pay incentives on previously reserved projects that are closing out sooner than anticipated during the fiscal year. The increased budget would pay for approximately 612 new EV charging ports.

Heat Pump Water Heater Incentives: \$1,682,000 (147% more than the Approved Budget)

These funds support additional incentives through MCE's Energy Efficiency Programs to increase the adoption of heat pump water heaters (HPWH). HPWHs can be two to three times more energy efficient than conventional gas water heaters leading to savings on utility bills and reduced carbon emissions.

At its September 24, 2026 and October 5, 2026 meetings, staff presented the Finance Committee and Executive Committee, respectively, with a discussion item regarding potential additional funding for customer programs. Following those discussions, staff recommends that an additional \$1,000,000 be authorized for heat pump water heater incentives. This recommendation was supported by both the Finance and Executive Committees³.

If approved at the Board meeting, MCE's operating fund would show an increase in the transfer to the Program Development Fund equal to the \$2,000,000 being requested for the Transportation Electrification Programs and the Heat Pump Water Heater Incentives.

Energy Storage Program: \$167,000 (22% more than the Approved Budget)

MCE's Energy Storage Program is a program within the Resiliency Virtual Power Plant (VPP) Fund. The program facilitates the adoption of customer-owned energy storage systems paired with on-site solar. The proposed amendment reflects a \$30,000 increase for the Energy Storage Program to support the integration of non-residential batteries installed through the program into MCE's Distributed Energy Resource Management System (DERMS) Platform. No additional transfer from the Operating Fund would be required, as the existing Resiliency Virtual Power Plant Fund balance is sufficient to cover the proposed increase.

Contingency: \$1,500,000 (Unchanged from the Approved Budget)

³ Staff originally recommended an additional \$3 million for customer programs at the Finance Committee. Given MCE's broader budget priorities and the limited time remaining in the fiscal year to deploy the funding, staff recommended increasing additional customer program funding by only \$1 million at the Executive Committee meeting. Staff now brings the increase of \$1 million for customer program funding to your Board.

Staff is not proposing to change the contingency amount but recommends two changes to how it is presented and applied.

1) Contingency would be removed from operating expenses and shown as its own category within the Operating Fund budget. This means the operating expense lines would reflect planned spending only, making budget to actual comparisons cleaner and contingency usage visible on its own.

2) Staff recommends that your Board authorize the Finance Department to apply contingency to any expense line item except cost of energy in the Operating Fund. Unanticipated costs do not always land in the lines on which they were budgeted, and this change would allow staff to absorb them without returning to your Board for a mid-year amendment or post year ratification⁴. Line items eligible for contingency offsets would include: operating expenses, non-operating expenses, and revenue reducing cost relief programs (e.g. MCE Cares Credit program). The authority would apply only to the Operating Fund and would not extend to the Program Development, Resiliency VPP, or Energy Efficiency Funds.

Table 8: Summary of Proposed Budget Lines for Amendment

Budget Line	Approved Amount	Proposed Amended Amount	Change
Energy Revenue, Net	\$ 621,291,000	\$ 554,158,000	\$ (67,133,000)
ORF Withdrawal	62,000,000	85,906,000	23,906,000
Cost of Energy	631,944,000	597,830,000	(34,114,000)
Grant Income	5,018,000	3,038,000	(1,980,000)
Other Income	-	10,143,000	10,143,000
Grant Expenses	5,018,000	3,038,000	(1,980,000)
Transportation Electrification Programs	5,984,000	6,984,000	1,000,000
Heat Pump Water Heater Incentives	682,000	1,682,000	1,000,000
Energy Storage Program	137,000	167,000	30,000
Contingency*	1,500,000	1,500,000	-

*The amount for contingency is not changing, but its presentation and usage would be revised as discussed above.

Estimated Rates and Bill Impacts of the Proposed Increased Rate Credit

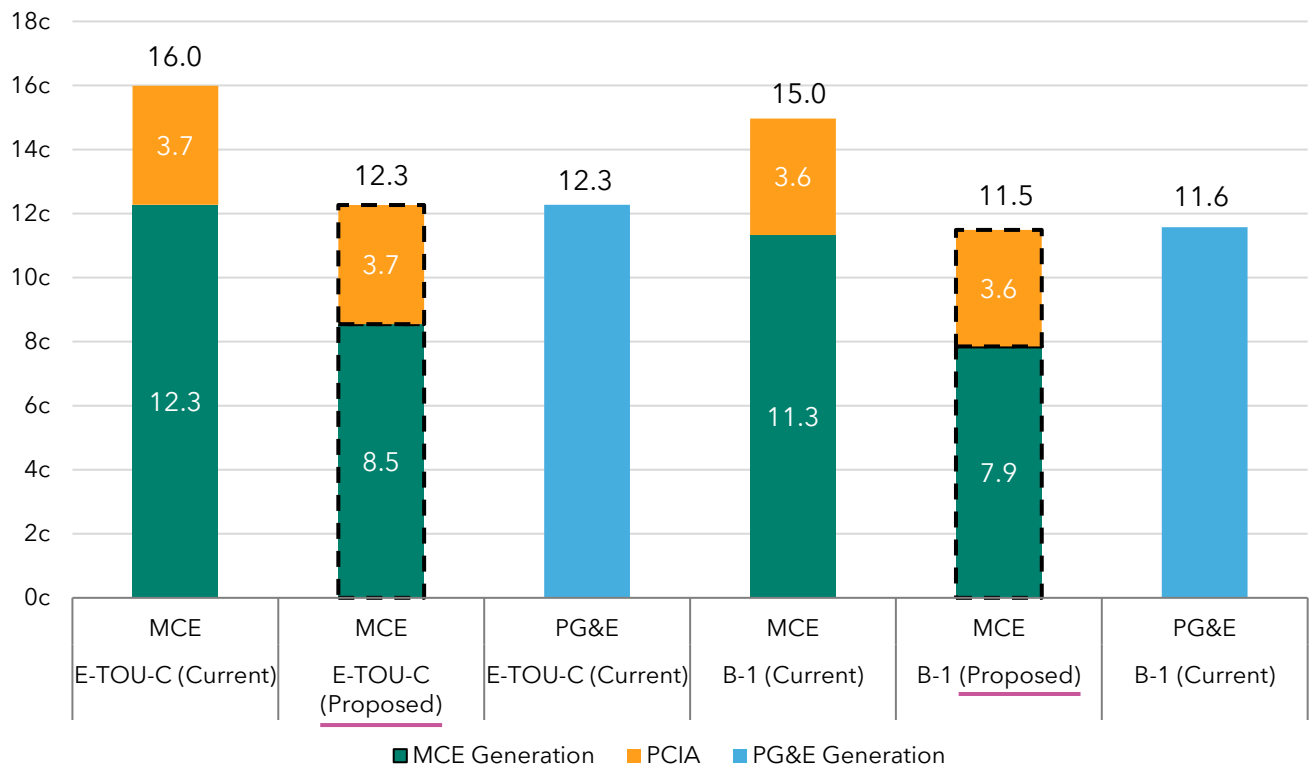
Updated FYE 2027 financial projections showed stronger than expected fiscal year 2027 results that can support additional funds to expand and increase the temporary rate credit that is set to expire on December 31. The proposal aims to provide additional rate credit while preserving the ability to reassess the credit after March 31, 2027. MCE would raise the existing temporary credit from \$0.0062 per kilowatt-hour up to \$0.03725 per kilowatt-hour for all customer rate plans, applying to

⁴ Staff would return to your Board for an amendment or ratification if costs exceed budget for cost of energy or in the Program Development, Resiliency VPP, or Energy Efficiency Funds.

usage from November 1, 2026, through March 31, 2027. The proposal would provide an additional credit of up to \$0.03105 per kilowatt-hour compared with the existing credit.

Figure 1 shows the change in average rates in cents per kWh for residential E-TOU-C customers under this proposal and assumed 2017 PCIA vintage year. Actual average rates for each customer vary depending on load pattern and vintage year. The proposed increased credit brings average MCE generation charges plus PCIA in line with PG&E for representative non-summer usage as shown in Figures 1 and 2 below.

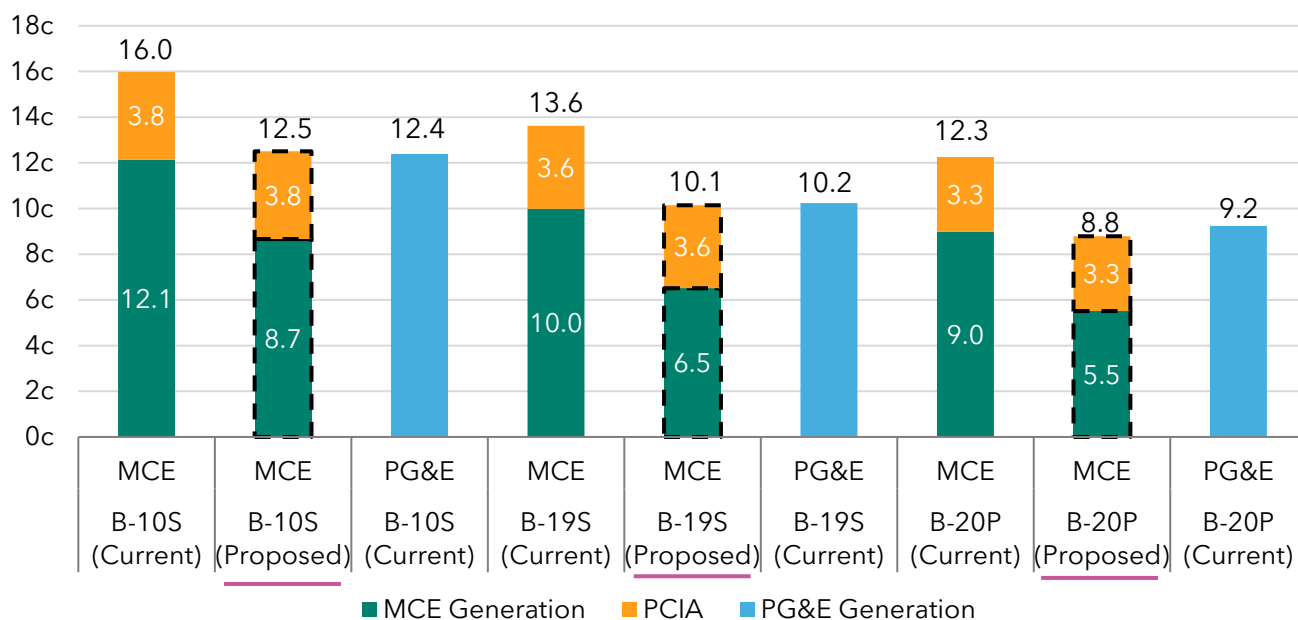
Figure 1: Residential and small commercial non-summer average generation rates (cents per kWh)



Estimated average generation rates for non-summer months from November through March based on forecasted energy sales. Assumes a 2017 PCIA vintage year and includes franchise fee as well. Values have been rounded up for simplicity. Actual average rates for each individual customer vary depending on usage pattern and vintage year.

Figure 2 shows average generation rates for medium and large commercial customers in cents per kWh for both MCE and PG&E, including the PCIA for the 2017 vintage year. The proposed increase to the rate credit would bring MCE's average rates for medium and large commercial customers in line with, or below, PG&E's rates for the same categories.

Figure 2: Medium and large commercial non-summer average generation rates (cents per kWh)



Estimated average generation rates for non-summer months from November through March based on forecasted energy sales. Assumes 2017 PCIA vintage year and includes franchise fee as well. The values were rounded up for simplicity. Actual average rates for each customer would vary depending on usage pattern and vintage year.

Because customers see monthly bills rather than average rates, Table 9 illustrates estimated MCE generation charges for non-summer months from November through March. The table compares current generation charges plus PCIA and Franchise Fee with the estimated reduction from the rate credit, assuming the current PCIA and franchise fee remain in effect.

Table 9: Monthly MCE generation charges plus PCIA and Franchise Fee for non-summer months

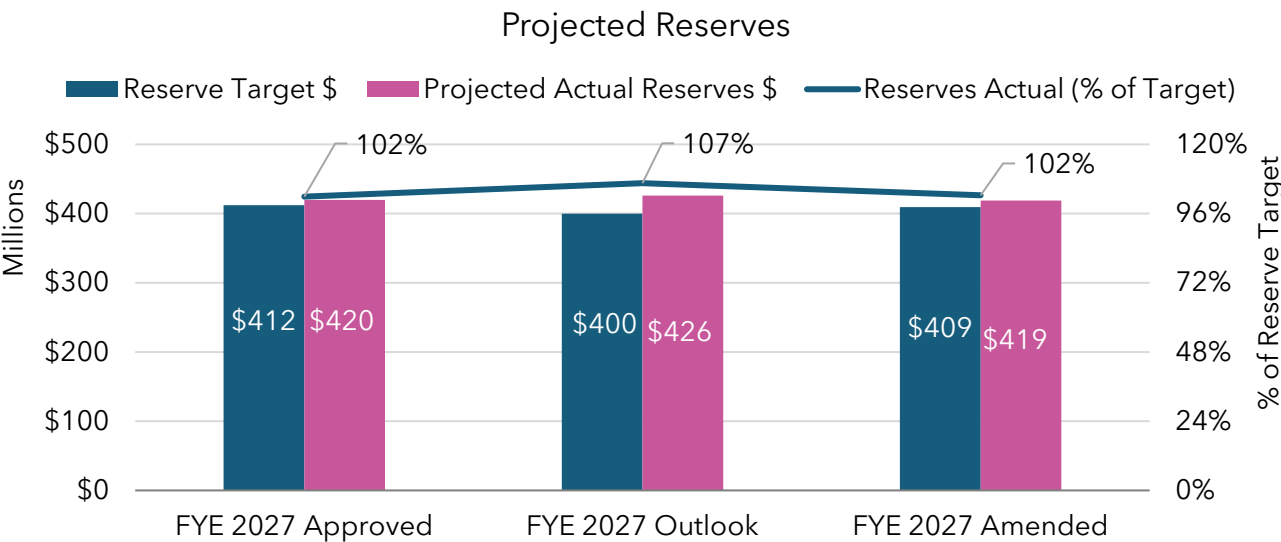
Customer Type	Monthly kWh Usage	Monthly Estimated Average MCE Generation Charges plus PCIA & Franchise Fee from Nov-Mar		
		Current (\$)	Rate Relief (\$)	Change (%)
Residential E-TOU-C	410	\$64.5	-\$14.2	-22%
Small Commercial B-1	1,100	\$164.6	-\$38.3	-23%
Medium Commercial B-10	14,000	\$2,237	-\$486	-22%
Large Commercial B-19S	195,000	\$26,555	-\$6,778	-26%
Large Commercial B-20P	725,000	\$88,843	-\$25,141	-28%

Estimated average generation charges for non-summer months from November through March at assumed average monthly usage, 2017 PCIA and franchise fee vintage year. Actual bill reduction in generation charges will depend on individual load pattern, rates and vintage year.

In summary, the current \$0.0062/kWh rate credit has provided timely customer relief, but MCE customer bills have remained higher than comparable PG&E bundled customer bills, mainly because of the Power Charge Indifference Adjustment (PCIA). The proposed extension and increase to the credit would help offset the temporary impact of the PCIA and bring MCE’s average generation charges in line with, or below, PG&E’s generation charges.

Fiscal Impacts:

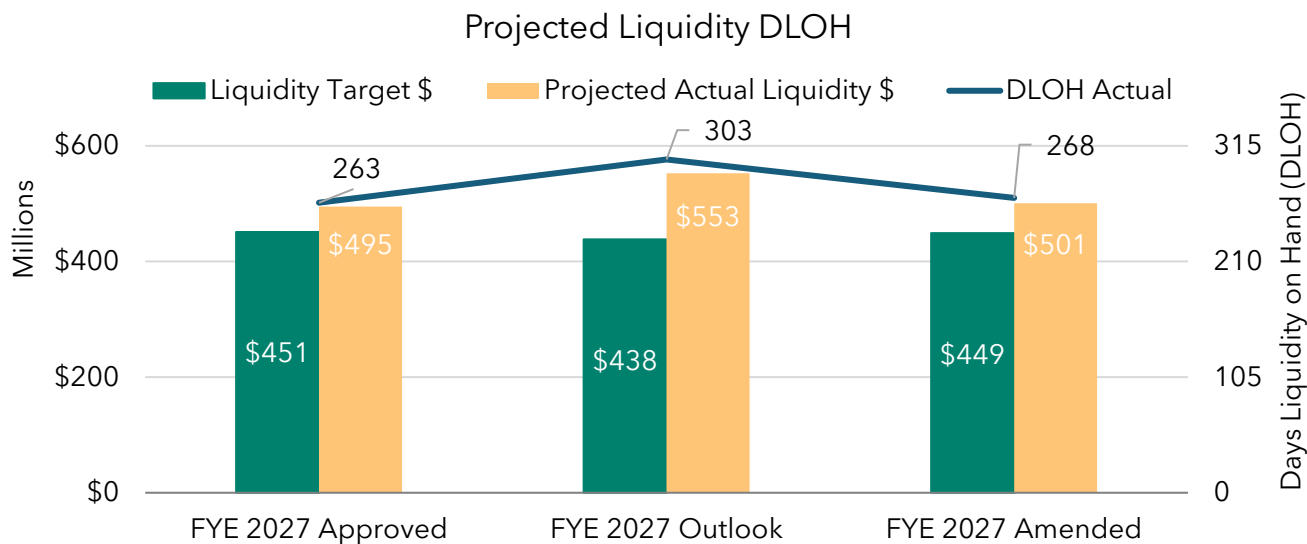
Figure 3: Projected Reserves⁵



MCE's reserve target is set at 60% of total expenses and therefore moves with projected spending. Under the approved budget, the target was \$412 million against projected reserves of \$420 million, or 102% of target. The status quo outlook projects lower total expenses, which lowers the target to \$400 million while reserves rise to \$426 million, improving coverage to 107%. Under the Proposed Amended Budget, expenses rise because certain lines remain at their approved amounts, raising the target to \$409 million and lowering reserves to \$419 million. Coverage remains above target in all three scenarios.

⁵ Reserves are accounted for as the net position as reported in the financial statements.

Figure 4: Projected Liquidity



MCE's liquidity target reflects 240 days of liquidity on hand (DLOH) and likewise scales with total expenses. The approved budget assumes a target of \$451 million against projected liquidity of \$495 million, equivalent to 263 DLOH. Under the status quo outlook, liquidity increases to \$553 million while the target declines to \$438 million, resulting in 303 DLOH. Under the proposed Amended Budget, the drop in revenue due to the increased rate credit reduces liquidity to \$501 million against a target of \$449 million, or 268 DLOH. Liquidity at 268 days on hand remains above both MCE's 240-day target and the 263 days assumed in the approved budget.

The \$67.1 million reduction in projected energy revenue, net relative to the Approved Budget described earlier does not translate into an equivalent reduction in liquidity. Revenue is recognized when customers are billed, while liquidity reflects cash on hand. Because the proposed increased rate credit applies to usage from November 1, 2026, through March 31, 2027, some of the reduced billing would not affect cash by fiscal year end. In addition, the ORF withdrawal recognizes revenue that MCE already holds; drawing on the ORF does not bring in new cash.

Recommendation:

Staff recommends that the Board approve the following actions, as discussed, recommended and approved by the Executive Committee on October 5, 2026 (8-years 1-no), and the Finance Committee on September 24, 2026 (4-years 1-no):⁶

1. Increasing the authorized Operating Reserve Fund withdrawal from \$62,000,000 to \$85,906,000 to fund a temporary increased rate credit of up to \$0.03725/kWh effective November 1, 2026, through March 31, 2027.

⁶ This item is an administrative matter as outlined in OR&R Article VI. Action requires a majority vote of the full membership of the Board for a motion to carry.

2. Approving the proposed amended budget lines as presented in Table 8 from this staff report.⁷
3. Authorizing contingency as a separate category within the Operating Fund budget, to be applied to any Operating Fund expense line item other than cost of energy.

⁷ For clarity, Table 8 includes the additional \$1 million for customer program funding recommended by staff, which ultimately was supported by both the Finance Committee (recommending \$3 million in additional spend) and the Executive Committee (recommending \$1 million in additional spend).



Proposed Fiscal Year End 2027 Budget Amendment with Increased Temporary Rate Credit

MCE Board of Directors

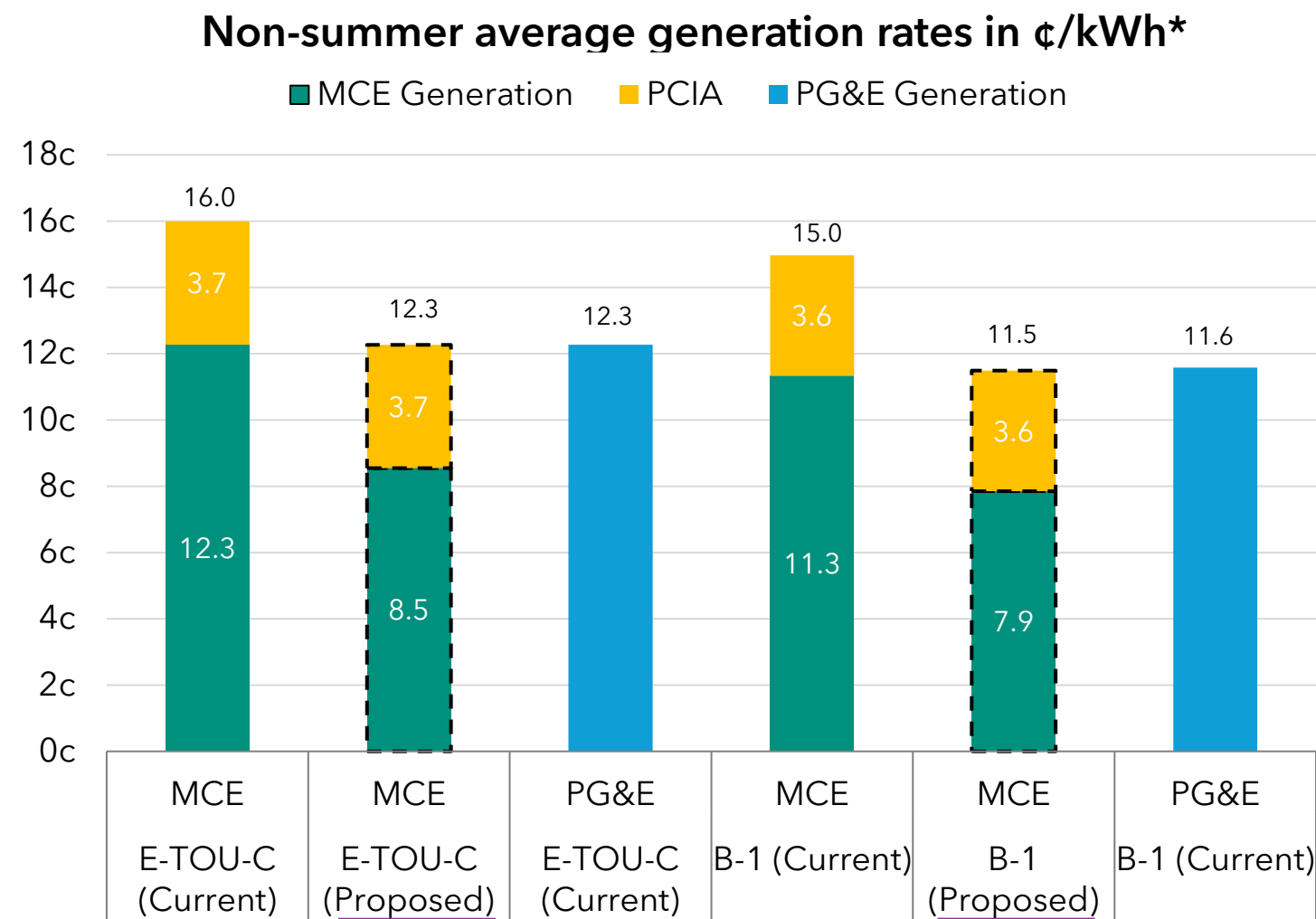
October 15, 2026

Summary

- **Favorable status quo outlook:** No Operating Reserve Fund (ORF) withdrawal is needed under the current outlook, and projected net position improves from **\$1.4M to \$7.7M**
- **Temporary rate credit:** Increase the rate credit from **0.62¢/kWh to up to 3.725¢/kWh** for usage from **November 1, 2026 through March 31, 2027**
- **Proposed budget amendment:** Authorize ORF withdrawal increase from \$62.0M to **\$85.9M** to fund the rate credit and other amendments
- **Financial targets remain strong:** Reserves remain at **103% of target** and liquidity at **268 days on hand**

Proposed Rate Relief Credit Adjustment

- **Current credit:** 0.62¢/kWh set to end December 31, 2026
- **Proposal:** Increase the existing credit from 0.62¢/kWh to up to 3.725¢/kWh across all customer rate classes.
- **Proposed effective period:** November 1, 2026, through March 31, 2027
- **Takeaway:** Proposed increased and extended credit brings average MCE costs, including generation charges and PG&E's PCIA, in line with or below comparable PG&E costs



* Average generation rate including PCIA for residential E-TOU-C rate and 2017 PCIA and franchise fee vintage year.

Estimated average bill reductions

Monthly estimated average MCE generation charges for non-summer months with PCIA and Franchise Fee (excluding delivery charges)*

Customer Type		Monthly kWh Usage	Current Charges (\$)	Proposed Rate Credit (\$)
	Residential E-TOU-C	410	\$64.5	-\$14.2
	Small Commercial B-1	1,100	\$164.6	-\$38.3
	Medium Commercial B-10	14,000	\$2,237	-\$486
	Large Commercial B-19S	195,000	\$26,555	-\$6,778
	Large Commercial B-20P	725,000	\$88,843	-\$25,141

* Average generation rate including 2017 PCIA and franchise fee vintage year. Actual bill reduction in generation charges will depend on individual load pattern, rates and vintage year.

Proposed Budget Amendment

Budget Line	Approved Amount	Proposed Amended Amount	Change
Energy Revenue, Net	\$ 621,291,000	\$ 554,158,000	\$(67,133,000)
ORF Withdrawal	62,000,000	85,906,000	+23,906,000
Cost of Energy	631,944,000	597,830,000	(34,114,000)
Grant Income	5,018,000	3,038,000	(1,980,000)
Other Income	-	10,143,000	+10,143,000
Grant Expenses	5,018,000	3,038,000	(1,980,000)
Transportation Electrification Programs	5,984,000	6,984,000	+1,000,000
Heat Pump Water Heater Incentives	682,000	1,682,000	+1,000,000
Energy Storage Program	137,000	167,000	+30,000
Contingency*	1,500,000	1,500,000	-

* Contingency remains unchanged, but its presentation and usage authority would be revised.

Proposed Budget Amendment

	FYE 2027 Approved	Proposed FYE 2027 Amended	Variance \$	Variance %
Energy Revenue, Net	\$ 621,291,000	\$ 554,158,000	\$(67,133,000)	(10.8%)
ORF Withdrawal	62,000,000	85,906,000	23,906,000	38.6%
Cost of Energy	(631,944,000)	(597,830,000)	34,114,000	5.4%
Operating Expenses	(52,443,000)	(52,443,000)	-	0.0%
Non-Operating Revenues	19,157,000	27,320,000	8,163,000	42.6%
Non-Operating Expenses	(6,018,000)	(4,038,000)	1,980,000	32.9%
Contingency	(1,500,000)	(1,500,000)	-	0.0%
Program Expenses	(25,201,000)	(27,231,000)	(2,030,000)	(8.1%)
Program Income	16,081,000	16,081,000	-	0.0%
Change in Net Position	1,423,000	423,000	(1,000,000)	(70.3%)
Capital outlay	10,397,000	10,397,000	-	0.0%
ORF Balance	88,000,000	64,094,000	(23,906,000)	(27.2%)

Legend: Red variances are unfavorable, green variances are favorable to the change in net position.

Variance \$ is calculated as Proposed Amended Budget less Approved Budget. Variance % is calculated as Variance \$ divided by the absolute value of the Approved Budget. Expenses are presented as negative amounts so the Variance \$ column reconciles to Change in Net Position. This methodology applies to this consolidated summary table.

Recommendation

Recommend to the Board of Directors approval of:

1. Increasing the authorized Operating Reserve Fund withdrawal from \$62,000,000 to \$85,906,000 to fund a temporary increased rate credit of up to \$0.03725/kWh effective November 1, 2026 through March 31, 2027.
2. Approving the proposed amended budget lines presented in Table 8 from the staff report.*
3. Authorizing contingency as a separate category within the Operating Fund budget, to be applied to any Operating Fund expense line item other than cost of energy.

*For clarity, Table 8 includes the additional \$1 million for customer program funding recommended by staff, which ultimately was supported by both the Finance Committee (recommending \$3 million in additional spend) and the Executive Committee (recommending \$1 million in additional spend).

Thank you!



mceCleanEnergy.org
info@mceCleanEnergy.org



MCE
Operating Fund
Proposed Amended Budget Fiscal Year End 2027
From April 1, 2026 through March 31, 2027

	Proposed			
	FYE 2027 Approved	FYE 2027 Amended	Variance \$	Variance %
ENERGY REVENUE				
Operating Revenues	\$ 638,933,000	\$ 570,977,000	\$ (67,956,000)	(10.6%)
Cost Relief Program	(10,000,000)	(10,000,000)	-	0.0%
Uncollectible Accounts	(7,642,000)	(6,819,000)	823,000	(10.8%)
Energy Revenue, net	621,291,000	554,158,000	(67,133,000)	(10.8%)
Transfer from Operating Reserve Fund	62,000,000	85,906,000	23,906,000	38.6%
Total Energy Revenue	683,291,000	640,064,000	(43,227,000)	(6.3%)
ENERGY EXPENSES				
Cost of Energy	631,944,000	597,830,000	(34,114,000)	-5%
NET ENERGY REVENUE	51,347,000	42,234,000	(12,227,000)	-24%
OPERATING EXPENSES				
Personnel	28,652,000	28,652,000	-	0.0%
Data Manager	5,434,000	5,434,000	-	0.0%
Technical and Scheduling Consultants	1,588,000	1,588,000	-	0.0%
Service Fees - PG&E	2,608,000	2,608,000	-	0.0%
Legal and Policy Services	1,427,000	1,427,000	-	0.0%
Communication Services	2,046,000	2,046,000	-	0.0%
Other Professional Services	4,779,000	4,779,000	-	0.0%
General and Administrative	5,492,000	5,492,000	-	0.0%
Occupancy	417,000	417,000	-	0.0%
TOTAL OPERATING EXPENSES	52,443,000	52,443,000	-	0.0%
OPERATING INCOME	(1,096,000)	(10,209,000)	(9,113,000)	831%
NONOPERATING REVENUES				
Grant Income	5,018,000	3,038,000	(1,980,000)	(39.5%)
Other Income	-	10,143,000	10,143,000	NM
Interest Income	14,139,000	14,139,000	-	0%
TOTAL NONOPERATING REVENUES	19,157,000	27,320,000	8,163,000	43%
NONOPERATING EXPENSES				
Banking Fees and Financing Costs	1,000,000	1,000,000	-	0.0%
Grant Expenses	5,018,000	3,038,000	(1,980,000)	(39.5%)
TOTAL NONOPERATING EXPENSES	6,018,000	4,038,000	(1,980,000)	(32.9%)
CONTINGENCY				
Contingency	1,500,000	1,500,000	-	0.0%
TOTAL CONTINGENCY	1,500,000	1,500,000	-	0.0%
CHANGE IN NET POSITION BEFORE PROGRAM EXPENSES	10,543,000	11,573,000	1,030,000	9.8%
Budgeted Net Position Beginning of Period	416,863,000	416,863,000	-	-
Change in Net Position	10,543,000	11,573,000	1,030,000	9.8%
BUDGETED NET POSITION END OF PERIOD	427,406,000	428,436,000	1,030,000	0.24%
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Software Transmission Upgrade	10,250,000	10,250,000	-	0.0%
Office Improvements and Retrofits	147,000	147,000	-	0.0%
Transfer to Resiliency VPP Fund	-	-	-	0.0%
Transfer to Program Development Fund	8,077,000	10,077,000	2,000,000	24.8%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	18,474,000	20,474,000	2,000,000	10.8%
	(7,931,000)	(8,901,000)	(970,000)	12.2%



MCE
Program Development Fund
Proposed Amended Budget Fiscal Year End 2027
From April 1, 2026 through March 31, 2027

	FYE 2027 Approved	Proposed FYE 2027 Amended	Variance \$	Variance %
REVENUE AND OTHER SOURCES				
Transfer from Operating Fund and Deep Green	\$8,077,000	\$10,077,000	\$2,000,000	24.8%
Marin Community Foundation Grant	131,000	131,000	-	0.0%
Community Benefits Funds	0	0	-	0.0%
TOTAL REVENUE AND OTHER SOURCES	\$8,208,000	\$10,208,000	\$2,000,000	24.4%
EXPENDITURES				
Transportation Electrification Programs	5,984,000	6,984,000	1,000,000	16.7%
Heat Pump Water Heater Incentives	682,000	1,682,000	1,000,000	146.6%
MCF - EV Charging at Affordable Housing	131,000	131,000	-	0.0%
Community Housing Support	260,000	260,000	-	0.0%
TOTAL EXPENDITURES AND OTHER USES	7,057,000	9,057,000	2,000,000	28.3%
Net Increase (Decrease) in Fund Balance	1,151,000	1,151,000	-	-
Fund Balance at Beginning of Period	(1,151,000)	(1,151,000)	-	-
Fund Balance at End of Period	0	0	-	-



MCE
Resiliency VPP Fund
Proposed Amended Budget Fiscal Year End 2027
From April 1, 2026 through March 31, 2027

	FYE 2027 Approved	Proposed FYE 2027 Amended	Variance \$	Variance %
REVENUE AND OTHER SOURCES				
CEC VPP Flex Grant	\$1,200,000	\$1,200,000	-	0.0%
Federal Earmark Funding	100,000	100,000	-	0.0%
Marin Community Foundation Grant	270,000	270,000	-	0.0%
Transfer from Operating Fund	-	-	-	0.0%
TOTAL REVENUE AND OTHER SOURCES	1,570,000	1,570,000	-	0%
EXPENDITURES AND OTHER USES				
CEC VPP Flex Grant Expenses	1,200,000	1,200,000	-	0.0%
Energy Storage Program	137,000	167,000	30,000	21.9%
CEC VPP Flex Grant Match	1,000,000	1,000,000	-	0.0%
MCE Sync	927,000	927,000	-	0.0%
Federal Earmark - Energy Storage	100,000	100,000	-	0.0%
MCF - Resiliency at Critical Facilities	270,000	270,000	-	0.0%
Federal Earmark Match Expense	100,000	100,000	-	0.0%
Virtual Power Plant	30,000	30,000	-	0.0%
TOTAL EXPENDITURES AND OTHER USES	3,764,000	3,794,000	30,000	0.8%
Net Increase (Decrease) in Fund Balance	(2,194,000)	(2,224,000)	-	-
Fund Balance at Beginning of Period	2,615,000	2,615,000	-	-
Fund Balance at End of Period	421,000	391,000	-	-



MCE
Energy Efficiency Fund
Approved Budget Fiscal Year 2026/27
From April 1, 2026 through March 31, 2027
No Changes

	<u>FYE 2027 Approved</u>
REVENUE AND OTHER SOURCES	
Public Purpose Energy Efficiency Program	\$ 14,380,000
Public Purpose Low Income Families and Tenants Pilot Program	-
TOTAL REVENUE AND OTHER SOURCES	14,380,000
 EXPENDITURE AND OTHER USES	
Public Purpose Energy Efficiency Program	14,380,000
Public Purpose Low Income Families and Tenants Pilot Program	-
TOTAL EXPENDITURES AND OTHER USES	14,380,000
BALANCE	<u><u>0</u></u>



October 15, 2026

TO: MCE Board of Directors

FROM: Jamie Tuckey, Chief Customer Officer
Alice Havenar-Daughton, VP of Customer Programs

RE: Equitable Distribution of Customer Program Benefits (Agenda Item #xx)

ATTACHMENTS: A. Customer Programs Update
B. Customer Programs Metrics Table
C. Presentation - Equitable Distribution of Customer Program Benefits

Dear MCE Board Members:

Summary:

MCE's Fiscal Year End (FYE) 2027 budget dedicates approximately \$10 million¹, or about 1.6% of projected energy revenues, to MCE-funded customer programs including EV Charging, EV Instant Rebates, MCE Sync, and Electrification Incentives. The FYE 2027 budget also includes the following additional funds to directly support Customer Programs: \$14.38 million from the California Public Utilities Commission (CPUC), \$1.276 million from the California Energy Commission (and \$1 million in MCE match funding), \$435,000 from the Department of Energy, \$35,000 from Chevron, \$100,000 from Federal Earmark funding (and \$100,000 in MCE match funding), \$520,184 from the Strategic Growth Council, and \$401,000 from Marin Community Foundation grants.

Historically, MCE has designed customer programs based on identified customer and community needs and MCE's mission and objectives. Eligible customers generally participate on a first-come, first-served basis, without geographic funding allocations or caps unless community-specific funding is provided through grants or other external sources. Program design, eligibility requirements, incentive levels, marketing, and outreach may be used to address differences in needs, barriers, opportunities, and participation across MCE's service area.

This report provides the Board with information regarding the distribution of customer program participation and benefits across MCE's service area and presents options for how MCE could define and implement equitable distribution of customer program resources and benefits going forward. These options include continuation of the current approach, proportional geographic funding allocations, equal geographic funding allocations, or a hybrid equity framework.

¹ This includes the proposed FYE 2027 Budget Amendment to be presented to the Board Oct. 15, 2026.

In considering these options, it is important to distinguish between program expenditures and program benefits. A portion of customer program funding supports service-area-wide costs, such as program implementation, administration, tools, and other activities that cannot readily be attributed to an individual community or county. As a result, expenditures alone may not provide a complete measure of how customer program resources and benefits are distributed.

Staff is seeking Board direction regarding the framework MCE should use to guide the equitable distribution of MCE-funded customer program resources and benefits, for which MCE has discretion over program design and funding allocation. Grant and grant-match funds are excluded because grants may impose specific geographic requirements or objectives, while CPUC-funded energy efficiency programs are excluded because the CPUC establishes the rules governing the use and distribution of those funds.

MCE also provides customer and community benefits through activities across our service area outside of the Customer Programs addressed in this report. These include, and are not limited to, customer credits, community sponsorships, and community partnership programs.

Background:

Equitable distribution can be considered in several ways. It may include consideration of customer and community needs, barriers to participation, opportunities for program impact, geographic participation, program benefits, and the distribution of expenditures that can reasonably be attributed to individual communities.

Equal, proportional, and equitable distribution represent different approaches to the distribution of customer program resources and benefits. Equal distribution would provide the same amount of funding to each community or county. Proportional distribution would allocate funding based on a selected characteristic, such as customer count, load, eligible population, or another relevant measure. Equitable distribution considers differences in customer and community needs, barriers, opportunities, and potential program benefits. The Board may consider these approaches, individually or in combination, in providing direction regarding the distribution of MCE customer program resources and benefits.

Under an approach that establishes geographic funding allocations or caps, programs could reach their allocation in one community or county while funding remains available elsewhere. This could require different program availability and marketing across jurisdictions and increase implementation complexity for customers, contractors, participating dealers, and other program partners. Reserving funding geographically also would not necessarily increase participation in communities experiencing lower demand. These implementation challenges are identified in the existing program analysis.

Under an approach that does not make use of funding caps, other targeted interventions could be used to address any inequalities in participation such as geographically targeted marketing, new partnership recruitment or an adjustment to program processes or incentive levels.

Options for Board consideration of MCE-funded customer programs follow:

Approach	Description	Advantages	Considerations / Tradeoffs
1. Current Approach - Needs-Based Program Design / First-Come, First-Served	Programs are designed based on identified customer and community needs, barriers, and opportunities. Eligible customers participate on a First-come, first-served basis without geographic funding caps.	Maintains broad customer access and program flexibility; allows programs to respond to identified needs; Straightforward to administer as the processes exist.	Participation and benefits vary across communities.
2. Proportional Geographic Funding Allocation	Allocate funding geographically based on a characteristic, such as total customer count, load, or eligible customer count.	Accounts for differences in the size and characteristics of communities.	Requires development of appropriate basis for program-specific proportionality. May leave funding unused in some communities and limit participation in others. Increased implementation and marketing complexity and cost.
3. Equal Geographic Funding Allocation	Allocate an equal amount of applicable program funding to each member community or county.	Clear and easily understood equal geographic allocation.	Does not account for significant differences in community size, customer count, load, need, or program demand. May leave funding unused in some communities and limit participation in others. Increased implementation and marketing complexity and cost.
4. Hybrid Framework	Establish appropriate participation or benefit benchmarks and monitor results of need-based, first come, first served programs (option 1). Targeted interventions	Balances flexibility with geographic distribution; allows strategies to reflect program objectives and the reasons for differences in	Requires development of appropriate metrics and benchmarks and criteria for when additional interventions should occur.

Approach	Description	Advantages	Considerations / Tradeoffs
	used where disparities are identified.	participation or benefits.	

Under option 2's proportional approach or number 4's hybrid approach, the Board could consider different measures for determining proportionality, including customer count, load, eligible population, or another relevant characteristic. The appropriate measure could also vary by program based on the customers or market the program is intended to serve.

Measuring Distribution of Customer Program Benefits

Not all customer program expenditures can reasonably be attributed to a specific community or county because some expenditures support implementation across MCE's service area. Distribution may therefore be evaluated using program participation, customer or community benefits, geographically attributable expenditures, or relevant program outcomes. Appropriate benchmarks may vary by program depending on the customers or market the program is intended to serve.

Current Participation within MCE Service Area

For reference, the table below shows the distribution of MCE customer accounts and load by county.

Table 1. MCE Service Area by County, including all member communities within each County

	MCE Customer Account Share	MCE Load Share
Marin	17%	16%
Contra Costa	57%	54%
Napa	10%	13%
Solano	17%	17%
Total	100%	100%

Historical participation data for MCE-funded programs are provided in the tables below using program-specific benchmarks intended to approximate the relevant target population.

Table 2. EV Instant Rebate Program

	EV Instant Rebate	
	Program Participation (2023-2026)	CARE Customer Share
Marin	17%	10%
Contra Costa	65%	58%
Napa	5%	8%
Solano	12%	24%

Data source: MCE CRM data

Table 3. EV Charging and MCE Sync

	EV Charging				MCE Sync	
	Installed Ports (2018-2026)	Reserved Ports (current)	Customer Account Share	Public Ports / 1,000 Residents	Program Participation	Registered EV Share
Marin	44%	31%	17%	6.1	24%	21%
Contra Costa	39%	30%	57%	2.3	60%	60%
Napa	13%	18%	10%	6.9	6%	6%
Solano	4%	22%	17%	2.0	9%	13%

Data source: MCE CRM data, California Energy Commission Electric Vehicle Chargers in California Dashboard, US Census Bureau, California Department of Motor Vehicles

Table 4. Electrification Incentives

	Electrification Incentives	
	Program Participation (2022-2026)	Customer Account Share
Marin	21%	17%
Contra Costa	65%	57%
Napa	3%	10%
Solano	11%	17%

Data source: MCE CRM data

These tables illustrate differences in program participation and benefits across MCE's service area relative to selected program-specific benchmarks. Differences from proportional benchmarks do not, on their own, determine whether program distribution is equitable. Program objectives, eligible populations, customer and community needs, barriers to participation, and other factors may also be relevant.

Timing of Potential Changes

MCE is currently operating within FYE 2027, and programs supported by the Board-approved budget are underway. Options 1 & 4 could be implemented immediately. Options 2 or 3 could require changes to funding allocations, program implementation, marketing, contracts, and tracking systems and could be implemented beginning FYE 2028 on April 1, 2027.

Fiscal Impact:

Expenditures associated with MCE-funded Customer Programs are included in the Board-approved FYE 2027 budget. The options presented in this report do not change the Board-approved budget.

Depending on the approach selected, Board direction may affect the distribution and utilization of program expenditures.

Recommendation:

Direct staff to utilize one of the following approaches for the distribution of MCE-funded customer programs:²

- Option 1. Current Approach - Needs-Based Program Design / First-Come, First-Served:** Continue the current approach without geographic funding allocations or caps, with biannual reporting to the Board on program participation and benefits.
- Option 2. Proportional Geographic Funding Allocation:** Allocate applicable customer program funding geographically based on a proportional measure. If selected, the Board should identify 1) whether funding should be allocated equally by community or by county and 2) the basis for proportionality, such as customer accounts, load, eligible population, or another measure.
- Option 3. Equal Geographic Funding Allocation:** Allocate an equal amount of applicable customer program funding geographically. If selected, the Board should identify whether funding should be allocated equally by community or by county.
- Option 4. Hybrid Framework:** Continue needs-based program design without geographic funding caps while monitoring participation and benefits against appropriate benchmarks and using targeted strategies to address identified disparities.

² This item is an administrative matter as outlined in OR&R Article VI. Action requires a majority vote of the full membership of the Board for a motion to carry.



October 15, 2026

TO: MCE Board of Directors

FROM: Jamie Tuckey, Chief Customer Officer
Alice Havenar-Daughton, VP of Customer Programs

RE: Equitable Distribution of Customer Program Benefits (Agenda Item #07)

ATTACHMENTS: A. Customer Programs Update
B. Customer Programs Metrics Table
C. Presentation - Equitable Distribution of Customer Program Benefits

Dear MCE Board Members:

Summary:

MCE's Fiscal Year End (FYE) 2027 budget dedicates approximately \$10 million¹, or about 1.6% of projected energy revenues, to MCE-funded customer programs including EV Charging, EV Instant Rebates, MCE Sync, and Electrification Incentives. The FYE 2027 budget also includes the following additional funds to directly support Customer Programs: \$14.38 million from the California Public Utilities Commission (CPUC), \$1.276 million from the California Energy Commission (and \$1 million in MCE match funding), \$435,000 from the Department of Energy, \$35,000 from Chevron, \$100,000 from Federal Earmark funding (and \$100,000 in MCE match funding), \$520,184 from the Strategic Growth Council, and \$401,000 from Marin Community Foundation grants.

Historically, MCE has designed customer programs based on identified customer and community needs and MCE's mission and objectives. Eligible customers generally participate on a first-come, first-served basis, without geographic funding allocations or caps unless community-specific funding is provided through grants or other external sources. Program design, eligibility requirements, incentive levels, marketing, and outreach may be used to address differences in needs, barriers, opportunities, and participation across MCE's service area.

This report provides the Board with information regarding the distribution of customer program participation and benefits across MCE's service area and presents options for how MCE could define and implement equitable distribution of customer program resources and benefits going forward. These options include continuation of the current approach, proportional geographic funding allocations, equal geographic funding allocations, or a hybrid equity framework.

¹ This includes the proposed FYE 2027 Budget Amendment to be presented to the Board Oct. 15, 2026.

In considering these options, it is important to distinguish between program expenditures and program benefits. A portion of customer program funding supports service-area-wide costs, such as program implementation, administration, tools, and other activities that cannot readily be attributed to an individual community or county. As a result, expenditures alone may not provide a complete measure of how customer program resources and benefits are distributed.

Staff is seeking Board direction regarding the framework MCE should use to guide the equitable distribution of MCE-funded customer program resources and benefits, for which MCE has discretion over program design and funding allocation. Grant and grant-match funds are excluded because grants may impose specific geographic requirements or objectives, while CPUC-funded energy efficiency programs are excluded because the CPUC establishes the rules governing the use and distribution of those funds.

MCE also provides customer and community benefits through activities across our service area outside of the Customer Programs addressed in this report. These include, and are not limited to, customer credits, community sponsorships, and community partnership programs.

Background:

Equitable distribution can be considered in several ways. It may include consideration of customer and community needs, barriers to participation, opportunities for program impact, geographic participation, program benefits, and the distribution of expenditures that can reasonably be attributed to individual communities.

Equal, proportional, and equitable distribution represent different approaches to the distribution of customer program resources and benefits. Equal distribution would provide the same amount of funding to each community or county. Proportional distribution would allocate funding based on a selected characteristic, such as customer count, load, eligible population, or another relevant measure. Equitable distribution considers differences in customer and community needs, barriers, opportunities, and potential program benefits. The Board may consider these approaches, individually or in combination, in providing direction regarding the distribution of MCE customer program resources and benefits.

Under an approach that establishes geographic funding allocations or caps, programs could reach their allocation in one community or county while funding remains available elsewhere. This could require different program availability and marketing across jurisdictions and increase implementation complexity for customers, contractors, participating dealers, and other program partners. Reserving funding geographically also would not necessarily increase participation in communities experiencing lower demand. These implementation challenges are identified in the existing program analysis.

Under an approach that does not make use of funding caps, other targeted interventions could be used to address any inequalities in participation such as geographically targeted marketing, new partnership recruitment or an adjustment to program processes or incentive levels.

Options for Board consideration of MCE-funded customer programs follow:

Approach	Description	Advantages	Considerations / Tradeoffs
1. Current Approach - Needs-Based Program Design / First-Come, First-Served	Programs are designed based on identified customer and community needs, barriers, and opportunities. Eligible customers participate on a First-come, first-served basis without geographic funding caps.	Maintains broad customer access and program flexibility; allows programs to respond to identified needs; Straightforward to administer as the processes exist.	Participation and benefits vary across communities.
2. Proportional Geographic Funding Allocation	Allocate funding geographically based on a characteristic, such as total customer count, load, or eligible customer count.	Accounts for differences in the size and characteristics of communities.	Requires development of appropriate basis for program-specific proportionality. May leave funding unused in some communities and limit participation in others. Increased implementation and marketing complexity and cost.
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Approach	Description	Advantages	Considerations / Tradeoffs
	used where disparities are identified.	participation or benefits.	

Under option 2's proportional approach or number 4's hybrid approach, the Board could consider different measures for determining proportionality, including customer count, load, eligible population, or another relevant characteristic. The appropriate measure could also vary by program based on the customers or market the program is intended to serve.

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Historical participation data for MCE-funded programs are provided in the tables below using program-specific benchmarks intended to approximate the relevant target population.

Table 2. EV Instant Rebate Program

	EV Instant Rebate	
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Timing of Potential Changes

MCE is currently operating within FYE 2027, and programs supported by the Board-approved budget are underway. Options 1 & 4 could be implemented immediately. Options 2 or 3 could require changes to funding allocations, program implementation, marketing, contracts, and tracking systems and could be implemented beginning FYE 2028 on April 1, 2027.

Fiscal Impact:

Expenditures associated with MCE-funded Customer Programs are included in the Board-approved FYE 2027 budget. The options presented in this report do not change the Board-approved budget.

Depending on the approach selected, Board direction may affect the distribution and utilization of program expenditures.

Recommendation:

Direct staff to utilize one of the following approaches for the distribution of MCE-funded customer programs:²

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² This item is an administrative matter as outlined in OR&R Article VI. Action requires a majority vote of the full membership of the Board for a motion to carry.



Attachment A: Customer Programs Update

The following tables provide key metrics on current MCE Customer Programs. CPUC-funded energy efficiency programs operate on a calendar year basis, whereas MCE-funded programs operate on a fiscal year basis. Accordingly, program results are presented in alignment with each funding cycle. Detailed information on each program is provided below the tables.

1. ENERGY EFFICIENCY

Home Energy Savings	
2026 (through August): 201 low- or moderate-income homes upgraded 84 no-cost heat pumps installed	
2025: 347 low- or moderate-income homes upgraded 119 no-cost heat pumps installed 2025 Program expenditures: \$2,623,613 - Value of no-cost projects delivered to customers: \$2,089,777 - Lifecycle Gross GHG Emissions Reductions: 4,753 MT/CO₂e \$ per MT/CO₂e: \$552	
Results from prior years (2019-2024): 1,700 single family homes upgraded - Saved participants over 500,000 kWh and over 7,000 therms - Program expenditures 2019-2024: \$9,800,000 - Customers save an average of \$143 per year on energy bills	
Results from Richmond Rising Grant (2023-present): 61 homes received solar installs 90 homes received energy efficiency upgrades 55 homes received electrification upgrades	
Funding	CPUC (\$2,800,000 annually), California Strategic Growth Council grant (\$2,800,000), Chevron grant (\$35,000)

Multifamily Energy Savings	
2026 (through August): - Upgrades completed at 2 properties (64 units) including 3 HP HVAC units, and 1 HPWH 3 properties (254 units) under rebate reservation, including 195 HP HVAC units, 61 HPWHs, 88 induction cooktops, 3 washers, and 138 other efficiency measures	

2025:

- 424 units at 12 properties upgraded
- \$3.26M in rebates distributed
- Lifecycle Gross GHG Emissions Reductions: 920 MT/CO₂e
- 2025 Program expenditures: \$988,112
- \$ per MT/CO₂e: \$1,073

Results from prior years (2013-2024):

- 4,700+ multifamily units upgraded
- Saved participants more than 1.4 million kWh and 108,000 therms (approximately \$666,240 in annual energy bill savings)
- Distributed nearly \$1.2 million in incentive payments to customers

Funding

CPUC (\$1,706,03 annually)

Flex Market Commercial Efficiency**2026 (through August):**

- 55 projects approved for install
- Forecasted to save 2,081,000 kWh annually
- Projects forecasted to earn \$842k in performance incentives

2025:

- 21 projects
- Forecasted to save 1,618,000 kWh annually (approximately \$485,400 in annual energy bill savings)
- Lifecycle Gross GHG Emissions: 3,332 MT/CO₂e
- 2025 Program expenditures: \$1,782,376
- \$ per MT/CO₂e: \$535

Results from prior years (2021-2024):

- Installed 103 projects that are forecasted to save over 8,650,000 kWh annually (approximately \$2,595,000 in annual energy bill savings)

Funding

CPUC (\$6,733,937 annually)

Flex Market Residential Efficiency**2026 (through August):**

- 228 sites submitted for eligibility
- 59 projects completed (HPWH and HP HVAC)

2025:

- Launched in mid-2025, focusing on heat pump water heaters
- 54 projects approved for installation
- Total Expenditures: \$192,092
- Lifecycle Gross GHG Emissions: 213 MT/CO₂e
- \$ per MT/CO₂e: \$903

Funding

CPUC (\$809,783 annually)

Small Business Energy Advantage

2026 (through August):

- 122 projects completed
- 1,210 businesses enrolled in MCE Cares

2025:

- 167 projects completed
- Average annual bill savings of \$490
- Over \$570,000 in incentives
- Total Expenditures: \$1,260,077
- GHG Emissions Reduction methodology is still being developed for this program

Results from prior years (2024):

- Provided 40 small businesses with over \$135,000 in incentives to install efficient equipment

Funding

CPUC (\$973,276 annually)

Energy Management

2026 (through August):

- Energy Coaching:
 - 28 customers participating
 - Forecasted savings: 2,489,886 kWh and 1,156,300 therms
- Capital Projects
 - 9 projects completed (pool covers and HPWHs)
 - 246,781 therms gas savings
 - \$787,444 in customer incentives

2025:

- Energy Coaching:
 - 29 properties participated in forecasted to save 1,091,918 kWh and 76,440 therms (approximately \$693,000 in annual bill savings)
- Capital Projects:
 - 4 projects savings 25,000 kWh and 4,000 therms annually
- Expenditures: \$1,157,848

- Lifecycle Gross GHG Emissions Reductions: 3,853 MT/CO2e
- \$ per MT/CO2e: \$300

Results from prior years (2016-2024):

- Energy Coaching:
 - \$240,000 in incentives to 12 participants
 - Saved over 3.7 million kWh of electricity and over 315,000 therms annually (approximately \$1,828,200 in annual energy bill savings)
 - 30 of MCE's top 250 Largest Customers have participating in Energy Coaching
- Capital Projects:
 - Over 1,000 projects
 - 13.5 million kWh and 1 Million therms saved
 - \$5.7M in rebates awarded

Funding	CPUC (\$1,775,805 annually)
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Green Workforce Pathways

2026 (through October):

- Placed 1 jobseeker with local electrification contractors in MCE's service area
- 16 contractors provided with stipends to attend industry training
- 47 job seekers provided with career readiness services
- 105 contractors or job seekers participated in workforce development training

2025:

- Placed 13 jobseekers with local electrification contractors in MCE's service area
- 23 contractors provided with stipends to attend manufacturer training
- 64 job seekers provided with career readiness services
- Launched the [Contractor Finder Tool](#) on MCE's website
- Hosted the E-Contractor Academy at MCE's Concord Offices and at the UA Local 342 JATC in Concord
 - 15 participants representing 13 small, minority, women-owned construction businesses, ranging across different trades from general, electrical, plumbing to HVAC, solar and seismic engineering
- GHG emissions reductions are not tracked for this program because it is a workforce program and does not directly influence the installation of equipment

Marin Community Foundation Grant:

- Launched the LIME Foundation's Next Gen Trades Academy in San Rafael
- ABC7 aired a [broadcast segment](#) in January 2026

Results from prior years (2021-2024):

- Placed 48 job seekers with local electrification contractors in MCE's service area

Supported 139 job seekers in career readiness workshops	
Funding	CPUC (\$1,055,940 annually), Marin Community Foundation Grant (\$380,000)

2. TRANSPORTATION ELECTRIFICATION

MCE Sync	
FY 2026/2027 (as of September): 2,069 vehicles with Smart Charging enabled (out of 3,091 connected vehicles) - Average year to date customer savings: \$53/EV	
FY 2025/2026: - Shifted out of peak: 773,169 kWh - Customer savings (avg): \$81.75/EV - Customer incentives (total): \$327,306.22 - Expenditures: \$720,769	
Chargewise Pilot: 522 vehicles on a Dynamic Rate with Smart Charging enabled 98% of charging shifted out of peak periods 30% of charging occurred during the day (9am-3pm) - Participants earned an average of \$19/month in dynamic rate credits in addition to the average monthly savings of \$11/month on their electricity bill - Participating customers have earned approximately \$120,000 in dynamic rate credits	
Funding	MCE Resiliency Fund FY 2025/26 (\$926,692)

EV Rebates	
FY 2026/2027 (through Sept.): - Program relaunched in late July. 85 rebates issued for EV purchase or lease using \$212,000 in MCE rebates 28 new vehicles (\$98,000 in MCE rebates) 57 used vehicles (\$114,000 in MCE rebates)	
FY 2025/2026: 1,297 rebates issued for EV purchase or lease using \$2,718,500 in MCE rebates 610 new vehicles (\$2,135,000 in MCE rebates) 687 used vehicles (\$1,374,000 in MCE rebates) - Lifecycle Gross GHG Emissions Reductions: 46,692 MT/CO₂e	

- Expenditures: \$3,900,000
- \$ per MT/CO₂e = \$84

Results from prior years (2022-2024):

EV Instant Rebates:

- 1,367 rebates for EV purchase or lease using \$4,170,000 in MCE rebates
 - 1,007 new vehicles (\$3,498,000 in MCE rebates)
 - 360 used vehicles (\$672,000 in MCE rebates)

EV Rebate Program (2019-2022):

- 347 rebates issued for EV purchase or lease using \$1,211,000 in MCE rebates

Funding	MCE Local Programs Fund FY25/26 (\$4,566,480)
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EV Charging Program

FY 2026/2027 (through August):

- 107 new charging ports installed, 534 under reservation
- \$460,000 in MCE incentives provided

FY 2025/2026:

- 397 new charging ports installed
- \$1,733,00 in MCE incentives provided (approximately 41% of project costs covered by MCE rebates)
- 126 Charging Planning Reports delivered (80% to low-income or disadvantaged communities)
- GHG Emissions Reductions are not tracked for this program because of the administrative burden of tracking charging station usage data

Results from prior years (2018-2024):

- 1,232 new charging ports installed using \$2,390,000 in MCE incentives

Charge up Contra Costa (2022-present):

- 92 ports installed in low-income communities in Contra Costa using \$545,000 in grant funding
- 128 additional ports under construction

Funding	MCE Local Programs Fund FY 2025/26 (\$1,710,745), CEC Grant - Charge Up Contra Costa (\$1,200,000), Marin Community Foundation Grant (\$180,000)
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Charged by Public Power

- Launched in 2024
- Collected over 600 survey responses
- Reached 131 focus group participants
- Call for Site Host Applications Completed in September 2026:
 - 7 eligible applications
 - Approved 6 to move forward with Stage 2: Conditional Selection, Project Development, and Pre-Award Review
 - 2 MFH sites, (1) school district, (2) CBOs, (1) local business
- GHG Emissions Reductions are not tracked for this program because of the administrative burden of tracking charging station usage data

Funding	DOE Grant (\$1,000,000)
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3. BUILDING ELECTRIFICATION

Heat Pump Water Heater Incentives

FY 2026/2027 (through August):

- 121 heat pump water heaters installed
- \$178,876 in MCE incentives

FY 2025/26:

- 216 heat pumps installed
- \$463,570 in MCE incentives
- Lifecycle Gross GHG Emissions Reductions: 2,862 MT/CO₂e
- \$ per MT/CO₂e = \$162

Results from prior Years (2022-2024):

- 600 heat pumps installed using \$854,000 in MCE incentives

Funding	MCE Local Programs Fund FY 2025/26 (\$800,000)
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4. ENERGY STORAGE PROGRAM

Energy Storage for Residents and Critical Facilities	
- Program closed to new applicants Results from prior Years (2020-2024): 1.25 MWh of non-residential storage installed at 13 sites 1.24 MWh of residential storage installed at 76 homes - Lifecycle Gross GHG Emissions Reductions: 4,820 MT/CO₂e - Cumulative MCE Expenditures: \$4,384,000 \$ per MT/CO₂e = \$910	
Funding	MCE Resiliency Fund FY 2025/26 (\$306,000), Marin Community Foundation Grant (\$750,000), Self Generation Incentive Program Funding (>\$1,000,000)

Department of Energy Storage Grant	
Current program status: 12 applications received 3 sites selected for federal funding - Currently undergoing NEPA review and project approval with the DOE	
Funding	DOE Grant (\$500,000), MCE Match Funding (\$500,000)

Solar Storage Credit	
1,560 active customers	
Funding	MCE Operational Funds FY 2025/26 (\$250,000)

Program Participation by Community

The following tables summarize community participation by county across MCE's customer programs.

Contra Costa County									
Community	Home Energy Savings	Multi-Family Energy Savings	Flex Market Commercial Efficiency	Small Business Energy Advantage	Energy Management	MCE Sync	EV Rebate	EV Charging	Energy Storage
Concord	✓	✓	✓	✓	✓	✓	✓	✓	
Danville	✓	✓	✓	✓	✓	✓	✓	✓	✓
El Cerrito	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hercules				✓		✓	✓		
Lafayette	✓			✓	✓	✓	✓		✓
Martinez	✓	✓	✓	✓	✓	✓	✓	✓	✓
Moraga	✓		✓	✓	✓	✓	✓	✓	✓

Oakley	✓	✓		✓	✓	✓	✓	✓	
Pinole	✓		✓	✓	✓	✓	✓	✓	✓
Pittsburg	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pleasant Hill	✓			✓	✓	✓	✓		
Richmond	✓	✓		✓	✓	✓	✓	✓	✓
San Pablo	✓	✓	✓	✓	✓	✓	✓	✓	✓
San Ramon	✓	✓		✓	✓	✓	✓	✓	✓
Walnut Creek	✓	✓	✓	✓	✓	✓	✓	✓	✓
Uninc. Contra Costa County	✓	✓		✓	✓	✓	✓		

Marin County

Community	Home Energy Savings	Multi-Family Energy Savings	Flex Market Commercial Efficiency	Small Business Energy Advantage	Energy Management	MCE Sync	EV Rebate	EV Charging	Energy Storage
Belvedere		✓			✓	✓	✓	✓	
Corte Madera	✓	✓			✓	✓	✓	✓	
Fairfax	✓	✓		✓	✓	✓	✓	✓	✓
Larkspur	✓	✓			✓	✓	✓	✓	
Mill Valley	✓	✓	✓	✓	✓	✓	✓	✓	✓
Novato	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ross						✓		✓	
San Anselmo	✓			✓	✓	✓	✓	✓	✓
San Rafael	✓	✓		✓	✓	✓	✓	✓	✓
Sausalito	✓	✓			✓	✓	✓	✓	✓
Tiburon	✓	✓			✓	✓	✓	✓	✓
Uninc. Marin County	✓	✓		✓	✓	✓	✓	✓	✓

Napa County

Community	Home Energy Savings	Multi-Family Energy Savings	Flex Market Commercial Efficiency	Small Business Energy Advantage	Energy Management	MCE Sync	EV Rebate	EV Charging	Energy Storage
American Canyon	✓			✓	✓	✓	✓	✓	✓
Calistoga	✓				✓	✓		✓	
City of Napa	✓	✓	✓	✓	✓	✓	✓	✓	✓
St. Helena	✓				✓	✓	✓	✓	
Yountville					✓	✓	✓	✓	

Uninc. Napa County	✓				✓	✓	✓	✓	✓
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Solano County									
Community	Home Energy Savings	Multi-Family Energy Savings	Flex Market Commercial Efficiency	Small Business Energy Advantage	Strategic Energy Management	MCE Sync	EV Rebate	EV Charging	Energy Storage
Benicia	✓	✓			✓	✓	✓	✓	✓
Fairfield	✓	✓	✓	✓	✓	✓	✓	✓	
Vallejo	✓	✓	✓	✓	✓	✓	✓	✓	
Uninc. Solano County	✓					✓			✓

Detailed Program Information

1. Home Energy Savings

Description: MCE's Home Energy Savings program aims to improve the comfort, efficiency and indoor air quality of low- and moderate-income households living in single family homes. The program offers free energy assessments and education with single point-of-contact customer service and free energy-efficient and electrification measures.

The program serves homeowners and renters whose household income is 200%-400% of the Federal Poverty Guidelines. This typically exceeds the income limit for services provided by programs like PG&E's Energy Savings Assistance program; however, income constraints often prevent this group from participating in market-rate programs.

Richmond Rising is an initiative funded by a \$35M grant awarded to the City of Richmond by the Strategic Growth Council. MCE was a sub awardee for this grant to expand Home Energy Savings and the installation of rooftop solar in Richmond.

2. Multifamily Energy Savings Program

Description: MCE's Multifamily Energy Savings program helps transform multifamily homes into healthier, more energy efficient, all-electric spaces. The program is designed to make electrification and energy upgrades easier by breaking down common barriers like high upfront costs, complex decision-making, and the technical expertise needed to get started. The program offers free energy assessments for common areas and units, support with contractor selection and project planning and rebates for in-unit and common area measure upgrades such as ENERGY STAR® appliances, efficient lighting, insulation, windows, and water fixtures, electrification upgrades including heat pumps, induction stoves, electric dryers, and panel upgrades.

3. Efficiency Flex Market

Description: MCE's Commercial Flex Market programs provide energy efficiency incentives directly to project developers or contractors known as aggregators. The incentives are based on metered energy savings, instead of traditional energy efficiency programs that utilize deemed or custom models. These programs do not limit the technology or energy saving strategies implemented, resulting in the opportunity to maximize energy efficiency and load-shifting projects. Because the incentive is paid directly to the aggregator, the value is passed along to the customer in the way that best drives the success of the project, either by reducing upfront costs or getting paid based on energy savings performance.

MCE's Residential Flex Market was relaunched in 2025 after contractors shared that the previous incentive process made it hard to manage cash flow between project completion and the later measurement period used to calculate payments. The updated program now provides an upfront rebate at installation based on estimated savings, plus a performance bonus a year later based on the project's actual energy savings.

4. Small Business Energy Advantage

Description: MCE's Small Business Energy Advantage program helps small businesses in underserved communities become more resilient by providing equitable access to bill-reducing energy efficient upgrades that improve health, comfort, and safety. Unlike traditional programs, MCE's Small Business Energy Advantage program focuses on businesses that have historically been overlooked, ensuring real-world impacts and lasting community benefits.

The program offers free energy assessments and tailored education for all enrolled businesses, no-cost and low-cost energy efficiency upgrades, ongoing support, including project planning, installation, and post-installation follow-up to ensure satisfaction and connect businesses to additional resources.

5. Energy Management

Description: The Energy Management program offers a long-term approach to help multifamily properties and businesses save money, earn financial incentives, and better manage their energy usage. Participants can access free onsite assessments, cohort-style training, individual coaching, and peer-to-peer learning to build a stronger energy culture within their organization. The program offers customized opportunities to change how existing equipment is used (rather than installing new equipment) so the customer can see significant bill savings with little to no-upfront cost. The Energy Management Program also offers incentives to offset the cost of capital improvement projects resulting in energy savings.

6. Green Workforce Pathways

Description: MCE's Green Workforce Pathways program supports both residential service contractors and job seekers. For contractors, the program provides no-cost training on cutting-edge clean technologies and connections to vetted job seekers to help grow their business. For job

seekers, the program offers individualized career support services and opportunities for paid positions with local energy contractors.

7. MCE Sync

Description: MCE Sync is a load-shifting app that helps EV drivers automate their EV charging at home to use the least expensive and cleanest energy on the grid. On average, 80% of EV charging happens at home, with every EV adding around 50% to a resident's overall electricity usage. As the EV market continues to grow, the importance of smart EV charging will be even more significant. Shifting electricity load toward lower-cost energy hours when more renewables are available bolsters grid resiliency from outages during critical periods.

In late 2024, MCE partnered with EV.Energy to launch ChargeWise, a CEC grant funded pilot. The ChargeWise Pilot deploys dynamic rates that align charging to wholesale electricity prices. Customers who opt into this pilot can take advantage of very low daytime pricing to earn EV charging credits. The customers are provided a credit for the difference between their based electricity rate and the dynamic rate offered by the pilot.

8. EV Charging

Description: MCE's EV Charging program provides multifamily properties and businesses with EV charging rebates, along with free technical assistance. The program offers:

- Up to \$4,500 per networked Level 2 charging port plus \$500 per L2 charging port for projects located in state-designated priority population areas and up to \$2,500 per networked L1 or L2 charging outlet
- Stackable rebates with other regional EV charging programs
- Technical assistance including a customized EV Charging Planning Report, which includes a site assessment, load study, available incentives, recommended vendors, and user pricing

9. Charged by Public Power

Description: MCE's Charged by Public Power program supports the planning and deployment of EV chargers and clean mobility options – such as bikeshare and carshare – in nine historically underserved communities across MCE's service area. Priority communities include Concord, Fairfield, Napa, Pittsburg, Richmond, San Pablo, San Rafael, Unincorporated Contra Costa County, and Vallejo.

To ensure community-driven decision-making, the program established the Community Electric Transportation Council (CETC), which includes representatives from local governments, transit agencies, and community-based organizations. The CETC plays a key role in shaping inclusive engagement strategies, assessing transportation needs through surveys and focus groups, and informing the design and placement of EV chargers based on direct community input.

10. Electrification Incentives

Description: To help increase adoption, MCE offers rebates to contractors for each energy-efficient heat pump water heater unit they install in the home of an MCE market-rate customer and slightly higher incentives for equipment installed in low- and moderate-income homes or multifamily properties. This can be combined with other energy efficiency rebates to further reduce costs.

11. Energy Storage for Residents and Critical Facilities

Description: MCE's Energy Storage Program provided rebates, monthly bill credits and for battery energy storage systems paired with solar, in exchange for allowing MCE to discharge the battery daily from 4-9pm to manage peak loads and mitigate high energy costs. The program is currently closed to new customers, but staff are continuing to support some customers through the installation process which includes PG&E project approval (Permission to Operate) and to provide performance payments to non-residential batteries for 7 years post installation.

12. Department Of Energy (DOE) Energy Storage Grant

Description: In 2025, MCE offered a grant to our municipal customers to support the installation of storage on municipal sites funded by a DOE Energy Storage Grant that was awarded to MCE. The batteries will be used to provide resiliency and to offset peak demand.

13. Solar Storage Credit

Description: MCE offers customers with solar and storage at their home a monthly bill credit (\$10-\$20) in exchange for automating their battery to discharge down to a 20% reserve margin daily from 4-9 p.m., except to prepare for or during a power outage.

Program	Funding Source	Funding Year	Equity	2023/FY23-24				2024/FY24-25				2025/FY25-26			
				Expenditures	GHG reductions	Number of customers served	\$/MTCO2E	Expenditures	GHG reductions	Number of customers served	\$/MTCO2E	Expenditures	GHG reductions	Number of customers served	\$/MTCO2E
Building Electrification				\$1,645,070				\$1,154,178				\$1,326,972			
Green Workforce Pathways	CPUC	CY	yes	\$613,466	n/a	see CP Update for detailed impacts	n/a	\$894,178	n/a	see CP Update for detailed impacts	n/a	\$863,402	n/a	see CP Update for detailed impacts	n/a
MCE Electrification Rebate	MCE	FY	yes	\$140,000	2,306	174 heat pumps	\$61	\$260,000	2,160	163 heat pumps	\$120	\$463,570	2,862	216 heat pumps	\$162
LIFT	CPUC	CY	yes	\$891,604	27	6 properties (197 units)	\$33,319	program closed							
Virtual Power Plant				\$1,128,430				\$851,784				\$720,769			
Resiliency Program	MCE	FY	yes	\$457,471	126	15 (650 kWh)	\$3,638	program closed to new applicants see CP Update for detailed impacts							
MCE Sync	MCE	FY		\$493,676	n/a	3,000 vehicles	n/a	\$851,784	n/a	3,200 vehicles	n/a	\$720,769	n/a	3,400 vehicles	n/a
Peak Flex	MCE & CPUC	CY		\$177,283	75	1,092	\$2,368	program closed							
Energy Efficiency				\$7,857,666	3198.67			\$8,751,904				\$8,004,118			
Multifamily Energy Savings	CPUC	CY	yes	\$561,642	31	9 properties (653 units)	\$17,955	\$635,293	206	6 properties (224 units)	\$3,084	\$988,112	920	12 properties (424 units)	\$1,074
Commerical (split into Efficiency Market and Small Business Energy Advantage)	CPUC	CY		\$960,812	1,011	41 projects	\$950	program split into Energy Management and Small Business Energy Advantage							
Home Energy Savings	CPUC	CY	yes	\$2,180,374	98	351 homes	\$22,207	\$3,047,960	6,816	315 homes	\$447	\$2,623,613	4,753	347 homes	\$552
Efficiency Flex Market (Commercial)	CPUC	CY		\$2,875,187	972	38 projects	\$2,958	\$2,774,846	1,317	17 projects	\$2,107	\$1,782,376	3,332	21 projects	\$535
Efficiency Flex Market (Residential)	CPUC	CY		program launched in 2025								\$192,092	213	21 projects	\$902
Energy Management	CPUC	CY		\$873,085	1,059	7 customers	\$824	\$2,019,197	5,704	25 customers	\$354	\$1,157,848	3,853	33 customers	\$301
AIR (moved into Energy Management)	CPUC	CY		\$406,566	27	6 projects	\$15,170	program moved into Energy Management							
Small Business Energy Advantage	CPUC	CY	yes	program launched in 2024				\$274,607	n/a	40 businesses	n/a	\$1,260,077	n/a	167 businesses	n/a
Home Energy Report															
Electric Vehicles				\$2,098,650				\$4,567,528				\$6,197,906			
EV Charging	MCE	FY		\$583,150	n/a	83 new ports	n/a	\$837,578	n/a	129 new ports	n/a	\$2,297,906	n/a	397 new ports	n/a
EV Rebate	MCE	FY	yes	\$1,515,500	15,876	441 vehicles	\$95	\$3,729,950	29,808	828 vehicles	\$125	\$3,900,000	46,692	1,297 vehicles	\$84
Total				\$12,729,816				\$15,325,394				\$16,249,765			



Equitable Distribution of Customer Program Benefits

MCE Board of Directors

October 15, 2026

Alice Havenar-Daughton, VP Customer Programs

Current Approach & Distribution Concepts

\$10M

FYE 2027 MCE-funded
Customer Programs

≈ 1.6% of projected
energy revenues

**based on proposed
FYE 2027 Budget
Amendment*

How programs operate today:

- Programs designed based on identified **customer and community needs, barriers, and opportunities**
- Eligible customers generally participate **first-come, first-served**
- There are generally **no geographic funding allocations or caps for MCE-funded programs**

Equal

Each community gets the same amount of funding.

Proportional

Each community gets an amount of funding based on selected characteristic.

Equitable

Considers needs, barriers, or greatest opportunities.

Current Participation Varies by Program & Community

EV Instant Rebate (2023 - 2026)

County	Program Participation	CARE Customer Share
Marin	17%	10%
Contra Costa	65%	58%
Napa	5%	8%
Solano	12%	24%

Electrification Incentives (2022 - 2026)

County	Program Participation	Customer Account Share
Marin	21%	17%
Contra Costa	65%	57%
Napa	3%	10%
Solano	11%	17%

EV Charging (2018 - 2026)

County	Installed Ports	Reserved Ports	Customer Account Share	Public Ports / 1,000 Residents
Marin	44%	31%	17%	6.1
Contra Costa	39%	30%	57%	2.3
Napa	13%	18%	10%	6.9
Solano	4%	22%	17%	2.0

MCE Sync Current (as of 2026)

County	Program Participation	Registered EV Share
Marin	24%	21%
Contra Costa	60%	60%
Napa	6%	6%
Solano	9%	13%

Options for Board Consideration

Four proposed approaches to distribution of MCE-funded customer programs

1

Current Approach

Needs-based program design; eligible customers participate first-come, first-served without geographic funding caps.

2

Proportional Geographic Allocation

Allocate funding geographically using a selected measure such as accounts, load, or eligible customers.

3

Equal Geographic Allocation

Allocate an equal amount of applicable funding to each community or county.

4

Hybrid Framework

Option 1 while monitoring results, reporting biannually to the Board, and intervening with targeted strategies to address disparities.

Key Advantages and Tradeoffs

APPROACH	ADVANTAGES	CONSIDERATIONS / TRADEOFFS
1. Current Approach - First-Come, First-Served	Maintains broad customer access and program flexibility; allows programs to respond to identified needs; Straightforward to administer as the processes exist.	Participation and benefits may vary across communities and may not be proportional to the customer accounts, load, or eligible population.
2. Proportional Geographic Funding Allocation	Accounts for differences in the size and characteristics of communities.	May leave funding unused in some communities and limit participation in others. Increased implementation and marketing complexity and cost.
3. Equal Geographic Funding Allocation	Clear and easily understood equal geographic allocation.	Doesn't account for significant differences in community size, customer count, load, need, or program demand. May leave funding unused in some communities and limit participation in others. Increased complexity and cost.
4. Hybrid Equity Framework	Balances flexibility with geographic distribution; allows strategies to reflect program objectives and the reasons for differences in participation or benefits.	Requires development of appropriate metrics and benchmarks and criteria for when additional interventions should occur.

Recommendation

Direct staff to utilize one of the following approaches for the distribution of MCE-funded customer program resources and benefits:

- 1. Current Approach - Needs-Based Program Design / First-Come, First-Served:** Continue the current approach without geographic funding allocations or caps, with biannual reporting to the Board on program participation and benefits.
- 2. Proportional Geographic Funding Allocation:** Allocate applicable customer program funding geographically based on a proportional measure. If selected, the Board should identify 1) whether funding should be allocated equally by community or by county and 2) the basis for proportionality, such as customer accounts, load, eligible population, or another measure.
- 3. Equal Geographic Funding Allocation:** Allocate an equal amount of applicable customer program funding geographically. If selected, the Board should identify whether funding should be allocated equally by community or by county.
- 4. Hybrid Equity Framework:** Continue needs-based program design without geographic funding caps while monitoring participation and benefits against appropriate benchmarks and using targeted strategies to address identified disparities.

Note on Timing: Options 1 & 4 could be implemented immediately. Options 2 or 3 could require changes to funding allocations, program implementation, marketing, contracts, and tracking systems and could be implemented beginning FYE 2028 on April 1, 2027.

October 15, 2026

TO: MCE Board of Directors

FROM: Eric Douglas, Senior Partner
Karin Bloomer, Partner
Bill Slaton, Senior Consultant

RE: Presentation from Leading Resources, Inc on Policy Workplan and Board Size Workplan (Agenda Item #08a)

ATTACHMENTS: A. Draft list of MCE Board governance policies
B. LRI's workplan
C. Board policies from the Sacramento Municipal Utility District (SMUD)
D. Initial list of options for reducing the Board's size to include in LRI's assessment
E. Presentation

Dear Board Members:

At MCE's September Board meeting, the Board voted to pursue development of LRI's recommended governance framework. It also asked LRI to assess options for reducing Board size and to complete both tracks of work on a shorter timeline than initially proposed. As follow-up to this Board direction, we have included in this packet the following items for your awareness:

- A. The draft list of MCE Board governance to develop with the Board in coordination with the governance ad hoc and MCE management.
- B. LRI's workplan for a) developing both the new governance structure and related policies and b) assessing various options for reducing the Board's size.
- C. Board policies from SMUD - this is one example of a comparable policy governance framework.

We have also included the following item for discussion and possible Board action:

- D. An initial list of options for reducing the Board's size to include in LRI's assessment.

Fiscal Impacts:

Fiscal impacts are incorporated in item #08b on the agenda this evening.

Recommendation:

Recommend Board of Directors approves or requests revisions to the initial list of options for reducing the Board's size to include in LRI's assessment.¹

¹ This item is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

Attachment A: Draft List of MCE Board Governance Policies

October 7, 2026

This is a preliminary list of policies we envision developing for MCE. These fit into the three categories of policy in our proposed policy governance framework. This list was developed in collaboration with senior management.

Governance Process (GP) Policies: These policies define the role of the Board and how the Board operates.

GP-1: Board Purpose and Role

- Define the Board's governance role, how it sets policy and provides oversight, and the limits on that role.

GP-2: Board Governance Focus and Job Description

- Define the major activities of the Board and how it assures effective governance.

GP-3: Board Work Plan and Agenda Planning

- Define the process by which the Board plans its work and sets agendas for Board meetings.

GP-4: Election of Board Chairperson and Officers

- Define the process and procedure for electing Board officers.

GP-5: Role of Board Chairperson and Committee Chairs

- Establish the expectations of the Board Chairperson and committee chairs.

GP-6: Board Committees

- Establish the role of committees, the manner in which committees are formed, how committee work is carried out.

GP-7: Guidelines for Board Member Behavior

- Establish guidelines for Board member conduct and behavior in public settings.

GP-8: Board Training, Education, and Onboarding

- Establish the expectation of regular Board education and onboarding.

GP-9: Board Review of Internal Records

- Establish the protocols for Board members to review internal records.

Strategic Direction (SD) Policies: These policies define the results the Board wants MCE to achieve.

SD-1: Mission and Vision

- Establish MCE's mission and vision.

SD-2: Energy Resource Mix

- Establish types of energy to procure and the renewable targets the Board wants MCE to meet in light of cost while meeting minimum compliance requirements.

Attachment B: LRI Workplan
October 7, 2026

Track 1: Implement recommended governance framework and develop related Board policies

Track 2: Assess options for downsizing MCE Board

	Timetable:	Board Topic:
1.	October 2026	▪ Share, for awareness, LRI workplan and draft list of MCE Board governance policies (Track 1) ▪ Discuss potential options for Board size assessment (Track 2) ▪ Gather feedback
2.	November 2026	▪ Share draft policies for feedback (Track 1): - Governance Process (GP): ▪ GP-1: Board Purpose and Role ▪ GP-2: Board Governance Focus and Job Description - Board Staff Linkage (BL): ▪ BL-1: Board-CEO Relationship ▪ BL-2: Board-General Counsel Relationship ▪ BL-3: Unity of Control
3.	December 2026	▪ Adopt the following Board policies (Track 1): - Governance Process (GP): ▪ GP-1: Board Purpose and Role ▪ GP-2: Board Governance Focus and Job Description ▪ Share draft policies for feedback (Track 1): - Strategic Direction (SD): ▪ SD-2: Energy Resource Mix ▪ SD-3: Rates ▪ SD-4: Financial Sustainability ▪ SD-5: Enterprise Risk Management
4.	January 2027 Retreat	▪ Adopt the following Board policies (Track 1): - Board Staff Linkage (BL): ▪ BL-1: Board-CEO Relationship ▪ BL-2: Board-General Counsel Relationship ▪ BL-3: Unity of Control - Strategic Direction (SD): ▪ SD-1: Mission and Vision (share and adopt) ▪ SD-2: Energy Resource Mix ▪ SD-3: Rates ▪ SD-4: Financial Sustainability ▪ SD-5: Enterprise Risk Management ▪ Share results of Board size assessment (Track 2): - Gather feedback - Discuss options to refine

	Timetable:	Board Topic:
5.	February 2027	▪ Share draft policies for feedback (Track 1): - Governance Process (GP): ▪ GP-3: Board Work Plan and Agenda Planning ▪ GP-4: Election of Board Chairperson and Officers ▪ GP-5: Role of Board Chairperson and Committee Chairs - Board Staff Linkage (BL): ▪ BL-4: Evaluating the CEO's Performance ▪ BL-5: Delegation to the CEO - Strategic Direction (SD): ▪ SD-6: Customer Satisfaction ▪ SD-7: Outreach and Communication
6.	March 2027	▪ Reserve for further discussion about Board size - and possible Board decision (Track 2)
7.	April 2027	▪ Adopt the following Board policies (Track 1): - Governance Process (GP): ▪ GP-3: Board Work Plan and Agenda Planning ▪ GP-4: Election of Board Chairperson and Officers ▪ GP-5: Role of Board Chairperson and Committee Chairs - Board Staff Linkage (BL): ▪ BL-4: Evaluating the CEO's Performance ▪ BL-5: Delegation to the CEO - Strategic Direction (SD): ▪ SD-6: Customer Satisfaction ▪ SD-7: Outreach and Communication
8.	May 2027	▪ Decide which option to pursue regarding Board size (Track 2)
9.	June 2027	▪ Share draft policies for feedback (Track 1): - Governance Process (GP): ▪ GP-6: Board Committees ▪ GP-7: Guidelines for Board Member Behavior ▪ GP-8: Board Training, Education, and Onboarding - Board Staff Linkage (BL): ▪ BL-6: Delegation to the CEO with Respect to Procurement ▪ BL-7: Delegation to the CEO with Respect to Energy Risk Management - Strategic Direction (SD): ▪ SD-8: Green Workforce ▪ SD-9: Information and Data Security

	Timetable:	Board Topic:
10	July 2027	▪ Adopt the following Board policies (Track 1): - Governance Process (GP): ▪ GP-6: Board Committees ▪ GP-7: Guidelines for Board Member Behavior ▪ GP-8: Board Training, Education, and Onboarding - Board Staff Linkage (BL): ▪ BL-6: Delegation to the CEO with Respect to Procurement ▪ BL-7: Delegation to the CEO with Respect to Energy Risk Management - Strategic Direction (SD): ▪ SD-8: Green Workforce ▪ SD-9: Information and Data Security
11	August 2027	▪ Share draft policies for feedback (Track 1): - Governance Process (GP): ▪ GP-9: Board Review of Internal Records - Board Staff Linkage (BL): ▪ BL-8: Delegation to the CEO with Respect to Budget ▪ BL-9: Delegation to the CEO with Respect to Grants ▪ BL-10: Delegation to the CEO with Respect to Community Sponsorship and Community Benefit Fund
12	September 2027 Retreat	▪ Adopt the following Board policies (Track 1): - Governance Process (GP): ▪ GP-9: Board Review of Internal Records - Board Staff Linkage (BL): ▪ BL-8: Delegation to the CEO with Respect to Budget ▪ BL-9: Delegation to the CEO with Respect to Grants ▪ BL-10: Delegation to the CEO with Respect to Community Sponsorship and Community Benefit Fund ▪ Preview next steps in implementation to establish: - Policy monitoring process and related calendar - Cadence of Board assessments - Board education work plan
13	October 2027	▪ Share draft policies for feedback (Track 1) - Board Staff Linkage (BL): ▪ BL-11: Delegation to the CEO with Respect to Real and Personal Property ▪ BL-12: Delegation to the CEO with Respect to the Settlement of Claims and Litigation ▪ BL-13: Delegation to the CEO with Respect to Products, Services and Programs

	Timetable:	Board Topic:
		▪ BL-14: Delegation to the CEO with Respect to Government Relations and Policy Advocacy
14	November 2027	- Adopt the following Board policies (Track 1): - Board-Staff Linkage (BL): ▪ BL-11: Delegation to the CEO with Respect to Real and Personal Property ▪ BL-12: Delegation to the CEO with Respect to the Settlement of Claims and Litigation ▪ BL-13: Delegation to the CEO with Respect to Products, Services and Programs ▪ BL-14: Delegation to the CEO with Respect to Government Relations and Policy Advocacy

SD-3: Rates

- Establish rate principles to determine rate competitiveness and equity among customers.

SD-4: Financial Sustainability

- Establish targets for credit rating, cash reserves, days liquidity on hand etc.

SD-5: Enterprise Risk Management

- Establish principles and goals for mitigating risks, including energy and financial risks.

SD-6: Customer Satisfaction

- Establish goals regarding customer service and satisfaction.

SD-7: Outreach and Communication

- Establish goals for community outreach and engagement.

SD-8: Green Workforce

- Update the Sustainable Workforce Guidelines that accompany Policy 011.

SD-9: Information and Data Security

- Establish goals regarding ownership of data from MCE, rules when provided to 3rd parties, and the types of technologies MCE wants to support based on risk.

Board-Staff Linkage (BL) Policies: These policies define the Board's relationship to the CEO and General Counsel, the delegations to the CEO, and related reporting requirements.

BL-1: Board-CEO Relationship

- Define the Board-CEO relationship and the respective areas of authority of the Board and of the CEO.

BL-2: Board-General Counsel Relationship

- Define the Board-GC relationship and the expectations of the General Counsel.

BL-3: Unity of Control

- Establish the principle that it is the Board that directs the CEO, not individual Board members.

BL-4: Evaluating the CEO's Performance

- Establish the manner in which the Board evaluates the CEO's performance.

BL-5: Delegation to the CEO

- Establish that the CEO is responsible for determining how to achieve the Board's SD policies within the boundaries of the Board's delegations to the CEO.
- Define the expectation of CEO to educate the Board and bring forward options and recommendations for the Board in the areas of the Board's authority.
- Establish that the CEO must keep the Board informed about any risks to MCE in those areas delegated to the CEO.

BL-6: Delegation to the CEO with Respect to Procurement

- Establish the authority of the CEO – and the limits on that authority – to enter into various contracts (amendments, single year, multi-year, etc.).
- Determine what level of information the Board wants on a consistent basis regarding energy procurement and how to address confidentiality challenges.

BL-7: Delegation to the CEO with Respect to Energy Risk Management

- Establish the authority of the CEO – and the limits on that authority – related to energy risk management.

BL-8: Delegation to the CEO with Respect to Budget

- Establish the authority of the CEO – and the limits on that authority – to make spending decisions based on changes in energy revenue, cost of energy, committed funds for CP reserved projects, and flexibility to spend within different categories (inclusive of contingency).

BL-9: Delegation to the CEO with Respect to Grants

- Establish the authority of the CEO – and the limits on that authority – to pursue different types of grant funds and grant funding agreements.

BL-10: Delegation to the CEO with Respect to Community Sponsorship & Community Benefit Fund

- Establish the authority of the CEO – and the limits on that authority – to determine sponsorships and the spending of community benefit funds.

BL-11: Delegation to the CEO with Respect to Real and Personal Property

- Establish the authority of the CEO – and the limits on that authority – to make decisions regarding the acquisition or sale of real and personal property.

BL-12: Delegation to the CEO with Respect to the Settlement of Claims and Litigation

- Establish the authority of the CEO – and the limits on that authority – to settle claims and litigation.

BL-13: Delegation to the CEO with Respect to Products, Services and Programs

- Establish the authority of the CEO – and the limits on that authority – to develop new products, services and programs for MCE.

BL-14: Delegation to the CEO with Respect to Government Relations and Policy Advocacy

- Establish the authority of the CEO – and the limits on that authority – to make decisions regarding MCE's positions with regard to federal, state and local policy advocacy.

Attachment C: Board Policies from SMUD

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD GOVERNANCE POLICIES**

TABLE OF CONTENTS

Governance Process

Purpose of Board	GP-1
Governance Focus	GP-2
Board Job Description	GP-3
Board/Committee Work Plan and Agenda Planning	GP-4
Election of Board President and Vice President	GP-5
Role of the Board President	GP-6
Guidelines for Board Member Behavior	GP-7
Board Committee Principles	GP-8
Board Committee Chairs	GP-9
Board Training, Orientation	GP-10
Board Review of Internal Records	GP-11
Board Compensation and Benefits	GP-12
Core and Key Values	GP-13
External Auditor Relationship	GP-14
Board Travel and Training Reimbursement	GP-15

Board-Staff Linkage

Board-CEO Relationship	BL-1
Board-Chief Legal Officer and General Counsel Relationship	BL-2
Board-Internal Auditor Relationship	BL-3

Attachment C: Board Policies from SMUD

Board-Special Assistant Relationship	BL-4
Unity of Control	BL-5
Evaluating the CEO's Performance	BL-6
Delegation to the CEO	BL-7
Delegation to the CEO with Respect to Procurement	BL-8
Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation	BL-9
Delegation to the CEO with Respect to Real and Personal Property	BL-10
Delegation to the CEO with Respect to the Settlement of Claims and Litigation	BL-11
Delegation to the CEO to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes	BL-12
Delegation to the CEO with Respect to Grants	BL-13
Delegation to the CEO with Respect to Products, Services and Programs	BL-14

Strategic Direction

Purpose Statement	SD-1A
Vision Statement	SD-1B
Competitive Rates	SD-2
Access to Credit Markets	SD-3
Reliability	SD-4
Customer Relations	SD-5
Safety Leadership	SD-6
Environmental Leadership	SD-7
Employee Relations	SD-8

Attachment C: Board Policies from SMUD

Resource Planning	SD-9
Innovation	SD-10
Public Power Business Model	SD-11
Ethics	SD-12
Economic Development	SD-13
System Enhancement	SD-14
Outreach and Communication	SD-15
Information Management and Security	SD-16
Enterprise Risk Management	SD-17
Diversified Business	SD-19

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-1
Title: Purpose of Board

The Board is the legislative body of the Sacramento Municipal Utility District. It operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of SMUD and communicate them in the form of policy.
- b) Identify and define those quantitative and qualitative results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Monitor the organization's performance against the results that the Board has established for SMUD.
- d) Make certain operational decisions as designated by law.
- e) Hire, evaluate and, when necessary, discharge the CEO.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-04	Date of Revision.
July 15, 2021	Resolution No. 21-07-08	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-2
Title: Governance Focus

The Board will govern with an emphasis on: (i) outward vision rather than an internal preoccupation; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and CEO roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactive thinking.

Specifically:

- a) The Board will cultivate a sense of group responsibility. It will be responsible for excellence in governing. The Board will be an initiator of policy and use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on SMUD's intended impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the Board president or committee chair to determine the appropriate manner of this feedback and evaluation.

Monitoring Method: Board Report

Frequency: Semi-Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-05	Date of Revision.
December 21, 2006	Resolution No. 06-12-13	Date of Revision.
October 16, 2008	Resolution No. 08-10-08	Date of Revision.
May 17, 2012	Resolution No. 12-05-09	Date of Revision.
July 15, 2021	Resolution No. 21-07-09	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-3
Title: Board Job Description

The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Regularly monitor and evaluate the performance of the CEO.
- c) Seek to understand the strategic viewpoints and values of our customers, owners, the community and other interested stakeholders.
- d) Develop and adopt Strategic Direction policies for SMUD that define the outcomes the Board wants SMUD to achieve – and refine those Directions as conditions warrant while recognizing the importance of providing predictable policy direction to the CEO and staff.
- e) Review the Strategic Directions regularly, on the timetable specified in each policy, and communicate to the CEO whether the Board finds SMUD to be in compliance. For the purpose of this policy, compliance is defined as substantially meeting the requirements of the Strategic Direction.
- f) Adopt the SMUD budget on an annual basis.
- g) Serve as ambassadors for SMUD and build relationships throughout SMUD's service territory and the region.
- h) Contract with an external independent auditor to audit SMUD's finances and procedures; such audits are to be performed on an annual basis.
- i) Set the rates, rules and regulations for services and commodities provided by SMUD.
- j) Take such other actions as may be required by law.

Monitoring Method: Board Report
Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 1, 2005	Resolution No. 05-12-11	Date of Revision.
March 5, 2009	Resolution No. 09-03-05	Date of Revision.
December 3, 2009	Resolution No. 09-12-04	Date of Revision.
January 20, 2010	Resolution No. 11-01-07	Date of Revision.
April 3, 2014	Resolution No. 14-04-03	Date of Revision.
June 19, 2014	Resolution No. 14-06-06	Date of Revision.
April 20, 2017	Resolution No. 17-04-08	Date of Revision.
July 15, 2021	Resolution No. 21-07-10	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-4
Title: Board/Committee Work Plan and Agenda Planning

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board: (i) focuses on the results the Board wants the organization to achieve; (ii) defines the conditions of SMUD that it considers acceptable and unacceptable; (iii) meets its other obligations as stated by law or policy; and (iv) continually improves its performance through education, feedback, and deliberation. The Board work plan shall guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings.

Specifically:

a) **Board Work Plan**

- i) The Board will develop each year a list of topics and issues that it wishes to explore in the coming years and maintain a work plan that will be regularly reviewed by the Board or a standing committee.
- ii) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.

b) **Board Agendas**

- i) Board agendas shall be posted on the SMUD website at www.smud.org least 72 hours prior to a regular Board meeting and at least 24 hours before a special Board meeting.
- ii) Only members of the Board and the Chief Executive Officer and General Manager (CEO) and his or her designees may place items on the Board agenda.
- iii) Items for placement on the agenda fall into the following categories:
 - Items generated by SMUD management;
 - Items placed on the agenda by a Board member;
 - Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President (see Meeting Procedures of the SMUD Board of Directors for details).
- iv) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a Board meeting.

- v) When a Board member wishes to invite people to make a presentation at a Board meeting, the Board member should coordinate with the Board President and CEO. When a Board member invites people to speak at a Board meeting during the public comment period, the Board member should notify the Board President in advance of the meeting to ensure the efficient management of public comment.
- vi) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member, prior to a motion and a second on the consent calendar.
- vii) A Board member may propose at the beginning of the meeting to pull an item from the agenda. Upon a motion and a second, the Board may vote to approve the agenda as revised.
- viii) Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code.
- ix) Whenever an item has been approved for consideration by the Board under paragraph b) viii) of this policy, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation.
- x) Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item.
- xi) Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items.

c) **Committee Agendas**

- i) Committee agendas shall be posted on the SMUD website at www.smud.org at least 72 hours prior to the committee meeting.
- ii) Items may be placed on a committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and his or her designees.
- iii) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a committee meeting.
- iv) When a Board member wishes to invite people to make a presentation at a committee meeting, the Board member should coordinate with the committee chair and the CEO. When a Board member invites people to speak at a committee meeting during the public comment period, the Board member should notify the committee chair in advance of the meeting to ensure the efficient management of public comment.
- v) Members of the public may request the opportunity to be listed on a committee agenda for purposes of making a presentation at a committee meeting on matters within SMUD's jurisdiction. The committee chair will review all complete presentation requests and may, at his or her discretion, direct the responsible staff to list the presentation on the committee's agenda. (See Meeting Procedures of the SMUD Board of Directors for details).

d) **Issuance of Agendas**

- i) The Board Secretary's office, under the direction of the CEO and the Board President, shall prepare and issue an agenda for each regular meeting and special meeting of the Board.
- ii) The Executive Management team, under the direction of the CEO and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.
- iii) Proposed Board agendas will be reviewed by the Board President and proposed committee agendas will be reviewed by the committee chair prior to the development of the relevant public notices.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
March 20, 2008	Resolution No. 08-03-07	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
March 5, 2009	Resolution No. 09-03-06	Date of Revision.
February 3, 2011	Resolution No. 11-02-02	Date of Revision.
January 16, 2014	Resolution No. 14-01-05	Date of Revision.
July 17, 2014	Resolution No. 14-07-03	Date of Revision.
September 21, 2017	Resolution No. 17-09-10	Date of Revision.
February 18, 2021	Resolution No. 21-02-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-5
Title: Election of Board President and Vice President

The Board shall elect each year a president and vice president to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January.
- b) The president and vice president shall be elected upon a vote of four or more Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.
- d) The president may serve no more than one full term in succession.
- e) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- f) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.
- g) The president and/or vice president shall be recalled upon a vote of four or more Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
February 15, 2024	Resolution No. 24-02-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-6
Title: Role of the Board President

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board behaves consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.
- b) The President shall preside over and facilitate Board meetings.
- c) The President shall ensure that meeting discussion focuses on those issues which, according to Board policy, belong to the Board to decide.
- d) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- e) The President shall appoint the chairs of standing committees.
- f) The President shall schedule and coordinate the annual process of evaluating the Chief Executive Officer and General Manager (CEO).
- g) The President shall ensure that the Board's agendas meet the goals of the annual work plan.
- h) The President shall ensure a process is in place for regularly evaluating the Board's adherence to Board policies.
- i) The President shall assure a Board meeting procedures manual is adopted.
- j) The President shall ensure the Board is effectively represented to outside stakeholders, organizations, and other groups.
- k) The President has no authority to supervise or direct the CEO, apart from authority expressly granted him or her by the Board.
- l) The President may delegate his or her authority, but remains accountable for its use.

Monitoring Method: Board Report
Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-04	Date of Revision.
December 21, 2006	Resolution No. 06-12-14	Date of Revision.
January 20, 2011	Resolution No. 11-01-08	Date of Revision.
February 20, 2014	Resolution No. 14-02-10	Date of Revision.
March 17, 2020	Resolution No. 20-03-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

Category: Governance Process
Policy No.: GP-7
Title: Guidelines for Board Member Behavior

The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in SMUD.

Specifically:

- a) Board members shall conduct themselves in accordance with all laws.
- b) Board members should conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- c) Board members are expected to demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
- d) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
 - i) Board members should recognize the lack of authority vested in them as individuals in their interactions with the CEO or with staff, except where explicitly Board authorized.
 - ii) In their interactions with the public, press or other entities, Board members should recognize the same limitation and the inability of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.
- e) Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to SMUD, to SMUD's owners and customers, or to other Board members and staff.
 - i) Each member of the Board is expected to support the Board's decision-making authority, irrespective of the member's personal position.
 - ii) Board members retain the right to criticize the decisions of SMUD, but in doing so should make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the CEO in advance when they plan to speak publicly in opposition to SMUD decisions and policies.

- f) Members should prepare themselves for Board deliberations.
- g) Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or customer and for which the Board member receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.

Monitoring Method: Board Report

Frequency: Semi-Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 6, 2006	Resolution No. 06-04-06	Date of Revision.
March 20, 2008	Resolution No. 08-03-05	Date of Revision.
July 15, 2021	Resolution No. 21-07-11	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-8
Title: Board Committee Principles

The Board may establish standing committees and the president may establish ad hoc committees based on need and input from the Board members.

Standing committees shall assist the Board in its ongoing work and activities. Standing committees shall be composed of three Board members, including a chair and vice-chair, who shall be appointed by the Board President. Any other Board member may attend and participate in the deliberations of any standing committee. Each standing committee shall have a charter describing the committee's purpose. If a standing committee lacks a quorum of members for any meeting, the President, Vice-President, or Committee chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board. Each ad hoc committee may be composed of two or three Board members, and shall include designation of a chair and a clear statement of purpose. Ad hoc committees are not required to provide public notice of their meetings under the Ralph M. Brown Act. Each ad hoc committee shall report back at a publicly noticed Board or standing committee meeting on its activities.

Specifically:

- a) All committees will ordinarily assist the Board by gaining education, considering alternatives and implications, and preparing policy alternatives.
- b) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- c) Board committees cannot exercise authority over staff nor interfere with the delegation from the Board to the CEO. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- d) As a general rule, items scheduled for Board action (including items requested by a Board member) shall first be presented to a standing committee for review.
- e) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue.

- f) This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-05	Date of Revision.
January 24, 2008	Resolution No. 08-01-07	Date of Revision.
March 20, 2008	Resolution No. 08-03-08	Date of Revision.
September 17, 2009	Resolution No. 09-09-10	Date of Revision. (Effective Date = January 1, 2010)
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-9
Title: Board Committee Chairs

The committee chairs shall preside over and facilitate committee meetings.

Specifically:

- a) Standing committee chairs shall approve the annual calendar of committee meetings.
- b) Standing committee meetings are generally scheduled monthly or as determined by the committee chair in consultation with the Board President and Board Office.
- c) Committee chairs shall reschedule and cancel meetings, in consultation with the Board President and Board Office.
- d) Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.
- e) Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.
- f) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- g) Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-06	Date of Revision.
February 18, 2021	Resolution No. 21-02-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-10
Title: Board Training, Orientation

The Board will invest in training, development and orientation to assure excellence in governance.

Specifically:

- a) Board members shall be offered and encouraged to receive training in the skills of effective governance, communication and decision making.
- b) The Board president and Board committee chairs shall be offered and encouraged to receive training in the facilitation of meetings.
- c) At least every two years, Board members shall receive training on sexual harassment prevention and laws related to ethics (conflict of interest requirements, government transparency, open and fair government processes). Training shall be made available annually.
- d) New Board members shall receive an orientation in the SMUD's governance policies.
- e) Board members shall be offered and encouraged to receive regular training with respect to understanding trends and developments in public power and the energy industry.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

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October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 1, 2005	Resolution No. 05-12-09	Date of Revision.
April 6, 2006	Resolution No. 06-04-07	Date of Revision.
April 19, 2007	Resolution No. 07-04-13	Date of Revision.
April 17, 2008	Resolution No. 08-04-10	Date of Revision.
August 20, 2009	Resolution No. 09-08-14	Date of Revision.
July 18, 2013	Resolution No. 13-07-03	Date of Revision.
March 17, 2016	Resolution No. 16-03-10	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-11
Title: Board Review of Internal Records

Board members may review any record of SMUD at any time, so long as confidentiality requirements are followed.

Specifically:

- a) Board member requests to inspect SMUD records shall be forwarded to the CEO, who will provide the requested files for review on SMUD premises.
- b) No confidential or original documents shall be taken from SMUD premises except with the authorization of the CEO.
- c) Board members shall follow the same confidentiality requirements applicable to SMUD employees dealing with such files. SMUD employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-12
Title: Board Compensation and Benefits

In keeping with the MUD Act, members of the Board of Directors are entitled to compensation for their service. Specifically:

- a) Each Board member may receive for each attendance at the meetings of the full Board, Board committee meetings, ad hoc committee meetings, publicly noticed SMUD workshops or meetings, other publicly noticed meetings where the Board member is representing the Board, state or federal legislative briefings or meetings where the Board member is representing the Board, meetings with SMUD customers or staff relating to SMUD business, community meetings or events where the Board member is representing SMUD, events where SMUD is being recognized, conferences and organized educational activities, the sum of \$317.00 per day of service. No director may receive compensation for more than ten (10) days in any one calendar month. Campaign and political meetings, events, and fundraisers are not compensable under this policy.
- b) Board member compensation shall be reviewed annually.
- c) Each Board member may also be reimbursed for expenses related to travel, meals, lodging and other actual and necessary expenses incurred in the performance of his or her official duties as described in subsection a). Reimbursement shall be in accordance with Internal Revenue Service regulations as established in Publication 463, or any successor publication.
- d) Each Board member may be reimbursed for computer and other technology purchases, rentals, and refurbishments that will aid them in the performance of their duties pursuant to reimbursement policies applicable to executive and senior leaders.
- e) Compensation forms shall be completed by a Director and distributed to the Board office. The Board shall review and approve compensation and any request for technology reimbursement at a regular Board meeting. Board member compensation, along with any requests for technology reimbursement, shall be placed on the consent calendar at each regular Board meeting, unless a Board member requests that it be placed on the discussion calendar.
- f) SMUD shall provide and contribute payment for health care benefits, equivalent to the contribution made to SMUD employees in the PAS employee group, to any Board member who elects such benefit, and additionally make an annual contribution payment of \$500 to a Flexible Spending Account.

- g) Subject to the applicable tax codes and IRS rules and regulations, and to the extent possible, SMUD shall direct payment to a SMUD defined contribution plan (either a 457(b) plan or a 401(k) plan) for each Director who elects to have such a benefit in the amount of 30% of compensation based on days of service. Directors who elect to receive this benefit must (1) have a SMUD defined contribution plan and (2) direct payment to the defined contribution plan of their choice at initial enrollment and then during (and only during) SMUD's open enrollment period for employee benefits.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 2, 2004	Resolution No. 04-12-03	Date of Revision.
December 1, 2005	Resolution No. 05-12-10	Date of Revision.
May 17, 2007	Resolution No. 07-05-08	Date of Revision.
July 16, 2009	Resolution No. 09-07-02	Date of Revision.
September 18, 2014	Resolution No. 14-09-07	Date of Revision.
December 20, 2018	Resolution No. 18-12-15	Date of Revision.
December 12, 2019	Resolution No. 19-12-05	Date of Revision.
June 15, 2023	Resolution No. 23-06-02	Date of Revision. (Effective Date = July 1, 2023)
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
February 15, 2024	Resolution No. 24-02-03	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-13
Title: Core and Key Values

In articulating its values, the Board distinguishes between “core” values and “key” values. Core values are deemed essential for the success of SMUD and for serving SMUD’s customers. Key values provide added value to our customers. Key values are subordinate to the core values.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

May 6, 2004

September 21, 2023

Resolution No. 04-05-04

Resolution No. 23-09-02

Date of Adoption.

Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-14
Title: External Auditor Relationship

The Board is responsible for hiring SMUD's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) After consulting with Board members, the Chair of the Finance and Audit Committee shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board member(s) will report their findings to the Board on a timely basis.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

August 21, 2008	Resolution No. 08-08-14	Date of Adoption.
March 17, 2020	Resolution No. 20-03-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Governance Process
Policy No.: GP-15
Title: Board Travel and Training Reimbursement

Board members shall have the opportunity to attend conferences, meetings, training, and various activities that are appropriate to their work as Directors and provide value to SMUD.

As part of this policy:

- a) Each Board member shall have an annual budget for travel and training, which shall be adjusted annually for inflation based on the Travel Price Index (July-June) and rounded to the nearest hundred dollars. The training budget shall include funds for attendance at community functions and baseline dues in organizations that further Board members' professional development, when accompanied by written justification.
- b) The Board shall approve its travel and training budget as part of the annual budget process. Budgeted travel and training funds shall expire at the end of each calendar year with no rollover option.
- c) The Board travel and training budget shall be managed by the Special Assistant to the Board as part of the Board Office budget.
- d) Requests for travel, training and events in excess of \$1,000 shall be accompanied by a written justification of the benefits to SMUD and consistency with Board policy and submitted to the Board Special Assistant.
- e) Written travel and training justifications required by sections a) and d) of this policy, along with a status report on the Board's travel and training budget and individual directors' expenditures, shall be distributed to all Board members monthly for the purposes of transparency and oversight.
- f) Board members shall submit all relevant travel and training receipts to Board Office staff within two weeks for reconciliation.
- g) Board members shall publicly report the results of their travel and training at a Board meeting.
- h) New Board members shall receive an orientation in the Board's travel and training policy.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

November 13, 2008	Resolution No. 08-11-07	Date of Adoption. (Effective Date = January 1, 2009)
August 20, 2009	Resolution No. 09-08-15	Date of Revision.
October 6, 2011	Resolution No. 11-10-02	Date of Revision.
December 1, 2016	Resolution No. 16-12-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
February 15, 2024	Resolution No. 24-02-04	Date of Revision.
June 20, 2024	Resolution No. 24-06-08	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-1
Title: Board-CEO Relationship

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of SMUD. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

- a) The Board of Directors is responsible for the following:
 - i) Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy.
 - ii) Make certain operational decisions as are designated by law.
 - iii) Hire, evaluate, and terminate the Chief Executive Officer and General Manager (CEO).
 - iv) Serve as a conduit of community input to the CEO.
- b) The CEO is responsible for the following:
 - i) Manage all operations and business affairs of SMUD.
 - ii) Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
 - iii) Prepare and submit to the Board for approval each year a budget to achieve the Board's strategic directives.
 - iv) Enforce SMUD ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the Chief Legal Officer and General Counsel and the Board Special Assistant), attend meetings of the Board and report on the general affairs of SMUD, and keep the Board advised as to the needs of SMUD.
 - v) Establish and enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
 - vi) Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD.
 - vii) Ensure the smooth continuous operation of SMUD in the event of the planned or unplanned absence of the CEO.

- viii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The CEO shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.
- ix) Perform other responsibilities as may be delegated by the Board either by resolution or through the CEO's contract of employment.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-05	Date of Revision.
December 6, 2007	Resolution No. 07-12-02	Date of Revision.
December 20, 2007	Resolution No. 07-12-13	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
January 21, 2010	Resolution No. 10-01-07	Date of Revision.
February 18, 2010	Resolution No. 10-02-11	Date of Revision.
January 20, 2011	Resolution No. 11-01-09	Date of Revision.
July 16, 2015	Resolution No. 15-07-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
June 20, 2024	Resolution No. 24-06-05	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-2
Title: Board-Chief Legal Officer and General Counsel Relationship

The Chief Legal Officer and General Counsel provides legal counsel to SMUD and to the Board. The Chief Legal Officer and General Counsel reports both to the Board and to the Chief Executive Officer and General Manager (CEO).

The Board of Directors is ultimately responsible for hiring and terminating the Chief Legal Officer and General Counsel. As a general practice, the Board and the CEO shall participate jointly in hiring and terminating the Chief Legal Officer and General Counsel.

The CEO is responsible for evaluating the Chief Legal Officer and General Counsel's performance. The CEO shall solicit the Board's input in evaluating the performance of the Chief Legal Officer and General Counsel, and the Board may, at its discretion, participate in that evaluation.

With respect to the Board, the Chief Legal Officer and General Counsel shall:

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting SMUD or the Board.
- d) When necessary, act independently of the CEO.
- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.
- g) Assist the Board and Board members in complying with applicable statutes and laws.

The Chief Legal Officer and General Counsel shall not provide legal counsel to Board members except in their role as Board members.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 6, 2006	Resolution No. 06-04-08	Date of Revision.
July 16, 2015	Resolution No. 15-07-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

Category: Board-Staff Linkage
Policy No.: BL-3
Title: Board-Internal Auditor Relationship

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to add value and improve SMUD's operations. The Internal Auditor's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

The Internal Auditor will govern the internal audit department by adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Internal Auditor reports to the Board of Directors. In addition, the Internal Auditor reports to the Chief Executive Officer and General Manager (CEO) for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

The CEO is responsible for hiring and terminating the Internal Auditor with the concurrence of the Board. As part of the hiring process, the CEO will recommend two qualified final candidates to the Board for its consideration. The CEO may rank the candidates in order of preference.

The CEO is responsible for the evaluation of the Internal Auditor's performance. The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor will assure that the internal audit department remains free from all conditions that threaten the ability of the auditors to carry out their responsibilities in an unbiased manner; including matters of audit selection, scope, procedures, frequency, timing, and report content.

The Internal Auditor shall conduct audit services as identified in the annual audit plan, investigations, and special projects requested by management, Chief Legal Officer and General Counsel, or the Board. The work of the Internal Auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- a) Adherence to plans, policies and procedures.
- b) Compliance with applicable laws and regulations.
- c) Effectiveness and application of administrative and financial controls.
- d) Effectiveness and efficiency of operations.
- e) Reliability of data.

- f) Safeguarding assets.
- g) Accuracy of the Strategic Direction monitoring reports.

The Internal Auditor in the performance of his or her duties shall have access to the Board of Directors and unlimited access to all activities, records, property and personnel of SMUD.

The Internal Auditor will maintain a quality assurance and improvement program that covers all aspects of the internal audit department.

The Board shall receive the results of all audits it requests and all results from the annual audit plan. Audit reports from the annual audit plan will be placed on a Board committee agenda for discussion as an information item. In addition, the Internal Auditor shall inform the Board of the results of any other audit when he or she reasonably determines that the audit indicates a significant financial, operational, or reputational risk to SMUD. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 20, 2006	Resolution No. 06-04-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-10	Date of Revision.
November 1, 2012	Resolution No. 12-11-08	Date of Revision.
August 20, 2015	Resolution No. 15-08-02	Date of Revision.
April 19, 2018	Resolution No. 18-04-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-4
Title: Board-Special Assistant Relationship

The Special Assistant helps the Board fulfill its various responsibilities. The Special Assistant serves under the direction and control of the Board.

The Board is responsible for hiring, evaluating, and terminating the Special Assistant.

The Chief Executive Officer and General Manager (CEO) shall have input into the Special Assistant's performance evaluation.

The CEO determines the compensation of the Special Assistant, but the Board may, at its discretion, provide to the CEO its recommendation regarding the Special Assistant's compensation.

The Special Assistant shall:

- a) Communicate Board members' requests to SMUD management and staff related to constituent affairs.
- b) Coordinate with SMUD management and staff in responding to Board member requests related to constituent affairs.
- c) Handle all other matters that are properly delegated to him or her by the Board.
- d) Notwithstanding these activities, the Special Assistant is not empowered to instruct or direct SMUD management or staff.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-5
Title: Unity of Control

Only decisions of the Board acting as a body are binding on the Chief Executive Officer and General Manager (CEO), the Chief Legal Officer and General Counsel, and the Internal Auditor.

Specifically:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO, Chief Legal Officer and General Counsel or Internal Auditor except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the CEO, Chief Legal Officer and General Counsel or Internal Auditor must refuse such requests that require, in their opinion, a material amount of staff time or funds.
- c) Board members may communicate directly with SMUD employees or contractors. However, the Board as a body and the Board members will never give direction to persons who report directly or indirectly to the CEO, with the exception of the Chief Legal Officer and General Counsel, Internal Auditor and Special Assistant. If individual Board members are dissatisfied with the response they receive, they may seek a resolution by the Board.
- d) Board members may provide feedback about staff, but Board members will refrain from evaluating, either formally or informally, any staff.
- e) The Board as a body will refrain from evaluating, either formally or informally, any staff other than the CEO, the Chief Legal Officer and General Counsel, the Internal Auditor, and the Special Assistant.
- f) Board members will refrain from attending any staff meetings unless explicitly invited by the CEO, the Chief Legal Officer and General Counsel, or the Internal Auditor.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 15, 2006	Resolution No. 06-06-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
June 20, 2024	Resolution No. 24-06-06	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-6
Title: Evaluating the CEO's Performance

The CEO's job performance shall be evaluated by comparing the organization's results, operations and their personal performance to the policies established by the Board.

Specifically:

- a) The Board shall evaluate the CEO's performance on an annual basis in December.
- b) The evaluation will be based on a review of the organization's performance and the CEO's performance against the Board's Strategic Direction policies and Board-Staff Linkage policies.
- c) The Board will use data to determine the degree to which Board policies are being met.
- d) In December, the CEO will propose performance criteria for the following year that represent their reasonable interpretation of achieving the results defined by the Board.
- e) Additional performance discussions and check-ins with the CEO should occur at mid-year.
- f) All policies that instruct the CEO shall be monitored at a frequency and by a method chosen by the Board.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-03	Date of Revision.
December 18, 2008	Resolution No. 08-12-16	Date of Revision.
November 19, 2009	Resolution No. 09-11-07	Date of Revision.
December 10, 2020	Resolution No. 20-12-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
June 20, 2024	Resolution No. 24-06-07	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-7
Title: Delegation to the CEO

The Board will instruct the Chief Executive Officer and General Manager (CEO) through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the CEO.

Specifically:

- a) The Board shall identify and define those results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- b) The Board shall develop policies that define the delegation to the CEO with regard to the CEO's authority.
- c) The CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of SMUD.
- d) The CEO shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SMUD to unreasonable risk. If the CEO reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SMUD's reputation; or (v) materially compromises the policies and goals established by the Board, the CEO shall timely inform the Board and may request the Board to take appropriate actions.
- e) The Board may change its delegation to the CEO at any time, subject to the conditions of the Board's contract with the CEO, thereby expanding or limiting the authority of the CEO. But as long as any particular delegation is in place, the Board will abide by the CEO's decisions in those areas that are delegated to him or her.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-02	Date of Revision.
December 6, 2007	Resolution No. 07-12-03	Date of Revision.
November 19, 2009	Resolution No. 09-11-06	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
August 20, 2015	Resolution No. 15-08-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-8
Title: Delegation to the CEO with Respect to Procurement

The procurement of goods and services is an integral part of SMUD operations. SMUD's procurement activities shall take place in accordance with the following principles:

- a) **Competition:** SMUD's procurement activities shall be competitive whenever practical.
- b) **Direct Procurement:** Direct procurement may be utilized when it is in SMUD's best interest. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.
- c) **Sole Source Procurement:** Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.
- d) **Inclusiveness:** SMUD's procurement practices shall promote inclusiveness of the entire contractor community in its contracting opportunities.
- e) **Economic Development:** SMUD's procurement practices shall promote the economic development of the community we serve.
- f) **Environmental Procurement:** SMUD shall minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.
- g) **Responsible Bidder:** SMUD shall only do business with reputable and responsible contractors. A Responsible Bidder demonstrates trustworthiness, quality, capacity, financial capability, fair labor practices, and experience to satisfactorily perform SMUD work through the bidding and evaluation process. In addition, SMUD will determine Responsible Bidders by considering a contractor's social, environmental ethical, and safety accountability where applicable.
- h) **Contractor Code of Conduct:** SMUD shall set minimum expectations or standards for all contractors to follow in the course of doing business with SMUD (in some cases by submitting data and reporting annually) including but not limited to, labor and human rights, environmental, social, governance (ESG), health and safety accountability, ethics and compliance, and diversity, equity, inclusion, and belonging practices.
- i) **Best Value Procurement:** SMUD may procure goods and services by the best value at the lowest cost methodology, where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.

- j) **Leveraged Procurement Agreement (LPA):** SMUD may procure goods and services where another lead public agency or organization competitively procures the same goods or services under applicable state and federal laws to streamline procurement processes and leverage collective buying power of multiple agencies to achieve cost savings and other benefits to SMUD. Leveraged procurement agreements are generally referred to by other public agencies as “Cooperative Purchasing Agreements.”
- k) **Strategic Alliances:** SMUD may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Contractor and SMUD work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by SMUD and the Contractor.
- l) **Supply Chain Risk:** SMUD’s procurement activities shall identify, manage, and mitigate supply chain risks through a coordinated effort across the enterprise.
- m) **Protest Policy:** SMUD shall ensure that contractors are afforded the opportunity to have their grievances heard through a fair protest process.
- n) **Delegation of Authority to the CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to perform and approve the procurement activities in accordance with the below matrix. This delegation includes the authority to amend contracts for time extensions or other changes that create no additional cost to SMUD.

<u>Category</u>	<u>Amount*</u>
Competitive Awards:	
Operational Inventory	\$11 million
Non-inventory Materials	\$11 million
Construction and Maintenance Services	\$11 million
Information Technology	\$11 million
Professional and Consulting Services	\$3 million
Rents and Leases	\$1 million
Sole Source:	
All types except Maintenance/Licensing Fees	\$1.5 million
Maintenance/Licensing Fees	\$3 million or original approved amount
Direct Procurement:	
Materials/Supplies/Services	\$50k**
Government Entities	\$1 million
Nonprofit Entities (services/goods)	\$1 million

<u>Category</u>	<u>Amount*</u>
Emergency Procurements:	
All types	\$2 million
Nonprofit Entities:	
Memberships/Project Participation Agreement	\$3 million
Contingencies:	
Board Awarded Contracts	Up to 10% of Contract Award

***The amounts for all categories except Direct Procurement Materials/Supplies/Services shall be adjusted automatically on an annual basis beginning Jan 1, 2024, consistent with the U.S. Bureau of Labor Statistics (BLS) published national consumer price index (CPI) per the Federal Reserve Bank of Minneapolis Average Annual CPI calculator.**

****The amount shall be adjusted automatically on an annual basis pursuant to the implicit price deflator as set forth in California Public Utilities Code section 12751, using the base year of 1997.**

Monitoring Method: CEO Report

Frequency: Quarterly

Versioning:

August 21, 2003	Resolution No. 03-08-07	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-04	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
October 1, 2009	Resolution No. 09-10-05	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
November 17, 2011	Resolution No. 11-11-06	Date of Revision.
March 15, 2012	Resolution No. 12-03-13	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
December 15, 2016	Resolution No. 16-12-18	Date of Revision.
July 16, 2020	Resolution No. 20-07-05	Date of Revision.
March 18, 2021	Resolution No. 21-03-04	Date of Revision.
June 15, 2023	Resolution No. 23-06-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
June 20, 2024	Resolution No. 24-06-03	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-9
Title: Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) The Chief Executive Officer and General Manager (CEO) is authorized to develop local, state and federal legislative, regulatory and budget positions consistent with Board policies, and communicate them to the Congress, the Legislature, regulatory agencies, local agencies and relevant stakeholders.
- b) When communicating a new position on local, state or federal legislation or budget proposals, the CEO will provide advance notice to the Board when feasible.

Monitoring Method: CEO Report

Frequency: Semi-Annual

Versioning:

October 21, 2004	Resolution No. 04-10-07	Date of Adoption.
December 18, 2008	Resolution No. 08-12-17	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
October 6, 2011	Resolution No. 11-10-01	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-10
Title: Delegation to the CEO with Respect to Real and Personal Property

Normal business operations require SMUD to engage in: (i) the acquisition, disposition, and lease of interests in real property; and (ii) the disposition and lease of surplus personal property.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority within the parameters that follow.
- b) **Real Property:**
 - i) Purchase, Sale or Exchange of Real Property. The purchase price does not exceed \$5 million and is no more than 115% of the appraised value of the property. The sale of real property shall be at fair market value and offered in accordance with California Government Code section 54220 et seq. and other applicable law. In an exchange of real property, SMUD shall remain financially whole or benefit from the transaction.
 - ii) Lease of SMUD Real Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.
 - iii) Option for Purchase of Real Property. The option price shall be commercially reasonable and not to exceed \$1,000/acre, with the option to be exercised only by the Board or consistent with Section b)i) of this policy.
 - iv) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted to third parties where SMUD's current or anticipated future operations are not adversely impacted. Lease, easements, licenses and rights-of-way from third parties may be obtained within 125% of fair market value.
 - v) Special Assessments, Governmental Fees and Property Taxes. Cast all ballots, negotiate, pay taxes, assessments, fees, levies or charges arising from or related to SMUD's ownership or other interests in real property.
- c) **Personal Property:**
 - i) Disposal of Surplus, Scrap or Obsolete Personal Property. The disposal of surplus, scrap, or obsolete personal property shall be done in accordance with applicable law.

- ii) Lease of SMUD Personal Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

September 21, 2006	Resolution No. 06-09-11	Date of Adoption.
December 7, 2006	Resolution No. 06-12-03	Date of Revision.
December 18, 2008	Resolution No. 08-12-11	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
May 16, 2024	Resolution No. 24-05-05	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-11
Title: Delegation to the CEO with Respect to the Settlement of Claims and Litigation

Normal business operations require SMUD to enter into settlements of: (i) claims and lawsuits filed against it and brought by SMUD against third parties; (ii) regulatory matters to which SMUD is a party; and (iii) other disputes with third parties ("Dispute" or "Disputes").

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO), upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
Tort Claims/Other Claims Under Workers' Compensation Laws	Up to SMUD's self-insured retention levels ¹
Condemnations Filed by SMUD:	
Up to 115% of Appraised Value	\$5 million
Greater than 115% of Appraised Value	\$500k
Condemnations Filed Against SMUD:	
85% or greater of Appraised Value	\$5 million
Less than 85% of Appraised Value	\$500k
All Other Disputes	\$500k

- b) **Reporting:** The CEO shall timely provide the Board with a summary of any significant settlement of a Dispute.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

October 19, 2006	Resolution No. 06-10-04	Date of Adoption.
December 7, 2006	Resolution No. 06-12-04	Date of Revision.
January 24, 2008	Resolution No. 08-01-06	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

¹ Amounts in excess of the self-insured retention levels are paid under insurance policies.

SMUD BOARD POLICY



Category: Board-Staff **Linkage**
Policy No.: BL-12
Title: Delegation to the CEO with Respect to Transactions
Involving Transmission and Wholesale Energy, Fuel,
and Environmental Attributes

As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental attributes; (ii) contracts for transmission, fuel transportation and fuel storage; and (iii) contracts to financially hedge or mitigate pricing, supply and market risks associated with the transactions above.

Delegation of Authority: The Chief Executive Officer and General Manager (CEO) is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

February 18, 2010	Resolution No. 10-02-12	Date of Adoption.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
June 17, 2021	Resolution No. 21-06-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-13
Title: Delegation to the CEO with Respect to Grants

SMUD's participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD's policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD's grant participation shall further SMUD's strategic directives, provide benefits to SMUD's customers and the community, and shall be consistent with the following principles.

- a) **Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.
- b) **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.
- c) **Local Grant Partners:** All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.
- d) **Delegation of Authority to the CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources is consistent with delegations under other Board-Staff Linkage policies, or is otherwise brought to the Board for approval as a budgeted project.
- e) **Reporting:** The CEO shall provide advance notice to the Board of grant commitments that create material financial, reputational, or operational risk.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

November 18, 2010	Resolution No. 10-11-10	Date of Adoption.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
November 19, 2020	Resolution No. 20-11-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
March 21, 2024	Resolution No. 24-03-05	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-14
Title: Delegation to the CEO with Respect to Products, Services and Programs

SMUD develops and provides innovative products, services and programs to benefit our customers, community and operations. These products, services and programs provide options to our customers, improve our operations, and further the purpose of Strategic Direction SD-19, Diversified Business.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority for the development and delivery of products, services and programs for SMUD customers.

In addition, the CEO is authorized to enter into strategic partnerships related to the development and delivery of innovative technologies, new business models, programs or services within and outside of the SMUD service area consistent with Strategic Direction SD-19.

The CEO shall seek prior Board approval for strategic partnerships that create a material financial, reputational, or operational risk.

- b) **Reporting:** The CEO shall provide advance notice to the Board prior to entering into new strategic partnerships.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

March 1, 2012	Resolution No. 12-03-08	Date of Adoption.
December 19, 2013	Resolution No. 13-12-14	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
December 21, 2017	Resolution No. 17-12-11	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-1A
Title: Purpose Statement

SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

May 1, 2003	Resolution No. 03-05-09	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 15, 2007	Resolution No. 07-11-11	Date of Revision.
June 19, 2008	Resolution No. 08-06-11	Date of Revision.
August 20, 2015	Resolution No. 15-08-10	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-1B
Title: Vision Statement

SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

December 2, 2004	Resolution No. 04-12-12	Date of Adoption.
April 19, 2007	Resolution No. 07-04-12	Date of Revision.
November 15, 2007	Resolution No. 07-11-10	Date of Revision.
June 19, 2008	Resolution No. 08-06-10	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
November 7, 2013	Resolution No. 13-11-02	Date of Revision.
August 20, 2015	Resolution No. 15-08-11	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-2
Title: Competitive Rates

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
 - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
 - ii) Reduce consumption during periods of high system demand;
 - iii) Encourage energy efficiency, conservation and carbon reduction;
 - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERS include but are not limited to rooftop solar, battery storage, and energy reduction applications);
 - v) Minimize the rate of change in the transition from one rate design to another;
 - vi) Provide customers flexibility and choices;
 - vii) Be as simple and easy to understand as possible;
 - viii) Address the needs of people with low incomes and severe medical conditions; and
 - ix) Equitably allocate costs across and within customer classes.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

May 1, 2003	Resolution No. 03-05-08	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
February 21, 2008	Resolution No. 08-02-06	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
January 21, 2010	Resolution No. 10-01-09	Date of Revision.
February 18, 2021	Resolution No. 21-02-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-3
Title: Access to Credit Markets

Maintaining access to credit is a core value of SMUD.

Therefore:

- a) For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.5 times.
- b) When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c) SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

May 1, 2003	Resolution No. 03-05-07	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-06	Date of Revision.
February 3, 2005	Resolution No. 05-02-04	Date of Revision.
January 24, 2008	Resolution No. 08-01-08	Date of Revision.
August 7, 2008	Resolution No. 08-08-03	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
June 17, 2010	Resolution No. 10-06-09	Date of Revision.
February 6, 2014	Resolution No. 14-02-03	Date of Revision.
February 15, 2018	Resolution No. 18-02-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-4
Title: Reliability

Meeting customer energy requirements is a core value of SMUD.

Therefore:

- a) SMUD will assure all customer energy requirements are met. This will be accomplished through the use of: (i) its generation resources and purchase power portfolio 100 percent of the time; and (ii) its transmission assets to assure an overall availability of at least 99.99 percent.

- b) SMUD will achieve distribution system reliability by:

Limiting the average frequency of outage per customer per year to:

- With major event: 0.99 – 1.33
- Excluding major event: 0.85 – 1.14

Limiting the average duration of outages per customer per year to:

- With major event: 67.5 – 93.3 minutes
- Excluding major event: 49.7 – 68.7 minutes

Ensuring that no individual circuits exceed these targets for more than two consecutive years. For circuits that exceed these targets for two consecutive years, a remedial action plan will be issued and completed within 18 months.

- c) SMUD will maintain the electric system in good repair and make the necessary upgrades to maintain load serving capability and meet regulatory standards.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

August 21, 2003	Resolution No. 03-08-10	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-07	Date of Revision.
September 2, 2004	Resolution No. 04-09-08	Date of Revision.
December 18, 2008	Resolution No. 08-12-13	Date of Revision.
October 1, 2009	Resolution No. 09-10-13	Date of Revision.
June 4, 2015	Resolution No. 15-06-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-5
Title: Customer Relations

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent. In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

August 21, 2003	Resolution No. 03-08-11	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-08	Date of Revision.
February 3, 2005	Resolution No. 05-02-05	Date of Revision.
April 17, 2008	Resolution No. 08-04-12	Date of Revision. (Rescinded)
June 5, 2008	Resolution No. 08-06-04	Date of Revision.
August 7, 2008	Resolution No. 08-08-03	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
April 21, 2016	Resolution No. 16-04-08	Date of Revision.
April 6, 2017	Resolution No. 17-04-02	Date of Revision.
August 20, 2020	Resolution No. 20-08-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-6
Title: Safety Leadership

Creating a safe environment for employees and the public is a core value of SMUD.

Through best practice methods and continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. SMUD commits to a proactive approach, including the active involvement of SMUD leadership, employees, contractors, and the community, as well as comprehensive monitoring of organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

- a) Workplace Safety
 - i) Reduce SMUD's injury severity incidents to 13 or less than by 2025, as measured by OSHA's Days Away Restricted Time (DART), a rate that demonstrates top quartile safety performance for similar size utilities using the Bureau of Labor Statistics (BLS) work-related safety data.
 - ii) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers' compensation program.
- b) Contractor Safety
 - i) Support contractors to reduce and eliminate potential hazards for Serious Injuries and/or Fatality (SIF) when conducting high risk work.
- c) Public Safety
 - i) Track and report injuries to the public related to SMUD operations or facilities.
 - ii) Implement measures to protect the public from injuries related to SMUD operations or facilities.

Monitoring Method: CEO Report

Frequency: Semi-Annual

Versioning:

August 21, 2003	Resolution No. 03-08-12	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
February 3, 2005	Resolution No. 05-02-06	Date of Revision.
November 15, 2007	Resolution No. 07-11-12	Date of Revision.
December 20, 2012	Resolution No. 12-12-11	Date of Revision.
August 21, 2014	Resolution No. 14-08-05	Date of Revision.
April 15, 2021	Resolution No. 21-04-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-7
Title: Environmental Leadership

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

- a) Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, including Tribal and other cultural impacts, conserving resources, and promoting equity within SMUD's diverse communities.
- b) Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.
- c) Promote the efficient use of energy by our customers.
- d) Advance the electrification of vehicles, buildings and equipment.
- e) Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

August 21, 2003	Resolution No. 03-08-13	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
July 21, 2005	Resolution No. 05-07-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-14	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
November 16, 2023	Resolution No. 23-11-07	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-8
Title: Employee Relations

Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

- a) SMUD shall attract and retain a highly qualified and diverse workforce.
- b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.
- c) SMUD shall engage its workforce in personal and professional development.
- d) SMUD's percentage of engaged employees as measured through the Engagement Index shall exceed 80%.
- e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.
- f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.
- g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD's workforce.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

May 6, 2004	Resolution No. 04-05-09	Date of Adoption.
February 5, 2009	Resolution No. 09-02-03	Date of Revision.
November 17, 2011	Resolution No. 11-11-08	Date of Revision.
August 15, 2013	Resolution No. 13-08-10	Date of Revision.
August 20, 2015	Resolution No. 15-08-05	Date of Revision.
October 6, 2016	Resolution No. 16-10-02	Date of Revision.
January 16, 2020	Resolution No. 20-01-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-9
Title: Resource Planning

It is a core value of SMUD to provide its customers and community with a sustainable power supply using an integrated resource planning process.

A sustainable power supply is one that reduces SMUD's greenhouse gas (GHG) emissions to serve retail customer load to Zero by 2030. Zero GHG emissions will be achieved through investments in energy efficiency, clean distributed energy resources, renewables portfolio standard (RPS) eligible renewables, energy storage, large hydroelectric generation, clean and emissions free fuels, and new technologies and business models. Additionally, SMUD will continue pursuing GHG savings through vehicle, building and equipment electrification.

SMUD shall assure reliability of the system, minimize environmental impacts on land, habitat, water and air quality, including Tribal and other cultural impacts, and maintain competitive rates relative to other California electricity providers.

To guide SMUD in its resource evaluation and investment, the Board sets the following energy supply goal:

Year	Greenhouse Gas Emissions (metric tons)
2020	2,318,000
2030 - beyond	0

In keeping with this policy, SMUD shall also achieve the following:

- a) Pursue energy efficiency and electrification to reduce carbon emissions by 365,000 metric tons from buildings and 1,000,000 metric tons from transportation in 2030 (the equivalent of 112,000 single family homes and 288,000 passenger vehicles electrified).
- b) Procure renewable resources to meet or exceed the state's mandate of 33% of SMUD's retail sales by 2020, 44% by 2024, 52% by 2027, and 60% of its retail sales by 2030 and thereafter, excluding additional renewable energy acquired for certain customer programs.
- c) In meeting GHG reduction goals, SMUD shall:
 - i) Emphasize local and regional benefits.
 - ii) Improve equity for under-served communities.

- d) Explore, develop, and demonstrate emerging GHG-free technologies and business models.
- e) Promote cost effective, clean distributed generation through SMUD programs.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

May 6, 2004	Resolution No. 04-05-11	Date of Adoption.
May 6, 2004	Resolution No. 04-05-12	Date of Revision.
September 15, 2004	Resolution No. 04-09-11	Date of Revision.
May 17, 2007	Resolution No. 07-05-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-15	Date of Revision.
December 19, 2009	Resolution No. 09-11-08	Date of Revision.
May 6, 2010	Resolution No. 10-05-03	Date of Revision.
May 19, 2011	Resolution No. 11-05-05	Date of Revision.
December 20, 2012	Resolution No. 12-12-12	Date of Revision.
October 3, 2013	Resolution No. 13-10-09	Date of Revision.
September 17, 2015	Resolution No. 15-09-11	Date of Revision.
October 20, 2016	Resolution No. 16-10-14	Date of Revision.
October 18, 2018	Resolution No. 18-10-11	Date of Revision.
January 16, 2020	Resolution No. 20-01-06	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision.
November 16, 2023	Resolution No. 23-11-06	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-10
Title: Innovation

Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values, and integrate emerging technologies and new business models into SMUD's customer offerings in a way that balances risk and opportunity and benefit our customers and community.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

September 2, 2004	Resolution No. 04-09-07	Date of Adoption.
September 20, 2018	Resolution No. 18-09-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-11
Title: Public Power Business Model

Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance. Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.

Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

September 15, 2004	Resolution No. 04-09-12	Date of Adoption.
October 21, 2010	Resolution No. 10-10-16	Date of Revision.
February 20, 2014	Resolution No. 14-02-09	Date of Revision.
January 12, 2017	Resolution No. 17-01-02	Date of Revision.
February 15, 2018	Resolution No. 18-02-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-12
Title: Ethics

Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest is paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things the code of conduct shall:

- a) Require high ethical standards in all aspects of official conduct;
- b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public;
- c) Require disclosure and reporting of potential conflicts of interest; and
- d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

November 18, 2004	Resolution No. 04-11-06	Date of Adoption.
December 20, 2007	Resolution No. 07-12-14	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
February 20, 2014	Resolution No. 14-02-08	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-13
Title: Economic Development

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

September 1, 2005	Resolution No. 05-09-09	Date of Adoption.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
June 20, 2013	Resolution No. 13-06-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-14
Title: System Enhancement

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of existing primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
 - i) Identified, after consultation with SMUD, a specific system enhancement project;
 - ii) Determined the project is in the public interest;
 - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
 - iv) Obtained and provided SMUD with all easements necessary for the project.
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
 - i) Project scale and/or cost when measured against available SMUD resources.
 - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
 - iii) Extent to which the costs are borne by others.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

November 3, 2005	Resolution No. 05-11-06	Date of Adoption.
August 7, 2008	Resolution No. 08-08-02	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
September 21, 2017	Resolution No. 17-09-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-15
Title: Outreach and Communication

Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

- a) SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
- b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c) SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

February 16, 2006	Resolution No. 06-02-08	Date of Adoption.
April 17, 2008	Resolution No. 08-04-12	Date of Revision. (Rescinded)
June 5, 2008	Resolution No. 08-06-04	Date of Revision.
December 3, 2009	Resolution No. 09-12-03	Date of Revision.
April 6, 2017	Resolution No. 17-04-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-16
Title: Information Management and Security

Proper management of cyber and physical information, as well as physical security, is a core value. Robust information management and physical security practices are critical to effective risk management and to ensure regulatory compliance, business resiliency and customer satisfaction. SMUD shall take prudent and reasonable measures to accomplish the following:

- a) **Information Security:** SMUD will protect customer, employee and third party information, and SMUD information systems are protected from unauthorized access, use, disclosure, disruption, modification, or destruction.
- b) **Physical Security:** SMUD will safeguard its employees while at work as well as customers and visitors at SMUD facilities. SMUD will also protect its facilities and functions that support the reliability of the electric system and overall operation of the organization from unauthorized access or disruption of business operations.
- c) **Customer Privacy:** SMUD will annually notify customers about the collection, use and dissemination of sensitive and confidential customer information. Except as provided by law or for a business purpose, SMUD will not disseminate sensitive and confidential customer information to a third party for non-SMUD business purposes unless the customer first consents to the release of the information. Where sensitive and confidential information is disseminated for a business purpose, SMUD will ensure: (i) the third party has robust information practices to protect the sensitive and confidential customer information, and (ii) use of the information by the third party is limited to SMUD's business purpose. SMUD will maintain a process that identifies the business purposes for which SMUD will collect, use and disseminate sensitive and confidential customer information.
- d) **Records Management:** SMUD will maintain the efficient and systematic control of the creation, capture, identification, receipt, maintenance, use, disposition, and destruction of SMUD records, in accordance with legal requirements and Board policies.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

August 7, 2008	Resolution No. 08-08-03	Date of Adoption.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
March 20, 2014	Resolution No. 14-03-08	Date of Revision.
December 21, 2017	Resolution No. 17-12-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-17
Title: Enterprise Risk Management

Effectively balancing and managing risk to further SMUD's policies and business goals is a core value of SMUD.

Therefore:

SMUD will implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD, including financial, supply, operational, physical and cyber security, climate change, legal, legislative and regulatory, and reputational risk.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

February 18, 2020	Resolution No. 10-02-10	Date of Adoption.
October 17, 2013	Resolution No. 13-10-13	Date of Revision.
December 20, 2018	Resolution No. 18-12-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

SMUD BOARD POLICY



Category: Strategic Direction
Policy No.: SD-19
Title: Diversified Business

Broadening and diversifying the products and services that SMUD offers is a key value. The desired results are to: a) generate new revenues that contribute to SMUD's long-term financial health; b) spur the creation of innovative products and services; c) capture the value of SMUD's brand and intellectual property; d) better leverage and optimize SMUD's assets; and e) enable SMUD to continue to attract and retain a talented workforce.

Therefore:

- a) SMUD shall broaden and diversify its lines of business, which may include:
 - i) Being an external service provider;
 - ii) Expanding wholesale energy market opportunities;
 - iii) Capitalizing on intellectual property and assets to develop products and services either solely or through strategic partnerships;
 - iv) Selling products and services aligned with SMUD's purpose and Strategic Directions.
- b) SMUD shall ensure any new lines of business:
 - i) Benefit SMUD's customers and our community;
 - ii) Achieve a balanced, diversified portfolio of rewards and risks;
 - iii) Create economic value without compromising SMUD's financial health;
 - iv) Do not pose unreasonable risk to SMUD's reputation;
 - v) Align with, leverage, and optimize SMUD's strengths, assets and expertise;
 - vi) Position SMUD for the future.

Monitoring Method: CEO Report

Frequency: Annual

Versioning:

December 21, 2017	Resolution No. 17-12-05	Date of Adoption.
March 21, 2019	Resolution No. 19-03-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-02	Date of Revision. [Current Policy]

**Attachment D: Initial List of Options for Reducing Board Size to Include in LRI
Assessment
October 7, 2026**

At the September 17, 2026 Board meeting, the MCE Board directed LRI to assess various options to reduce the size of the MCE Board.

This is an initial list of the options we would propose to include in our assessment.

1. Status quo: the model in which every party to the JPA has a seat on the Board.
2. Delegated model: The current language of the JPA provides the flexibility for MCE to reduce the number of Board members through delegation. At any time, a board member can choose to delegate their vote to another member of MCE within their county, so long as their town/city council has agreed and approved such a delegation.
 - This is the mechanism by which Director Alessio not only represents Napa County, but also Yountville, St. Helena, American Canyon, and Calistoga.
 - The Board could enact a policy and guidelines encouraging the cities in each county to adopt this model as a way to reduce the Board size.
3. A strong Executive Committee model: The Board could enact a policy strengthening the authority of the ExCom, entrusting the oversight of MCE to the Committee and delegating other Board responsibilities to the Committee.
 - It would entail developing a clear charter regarding what issues ExCom can decide versus the full Board.
 - It would entail developing clear expectations for membership on ExCom, along with terms and term limits, and the process for electing the ExCom Chair.
 - It would entail changing the frequency at which the full Board meets to quarterly or semi-annually.
4. A permanently downsized Board: This would be a more significant change resulting in a smaller Board.
 - One approach would be a 12-person Board, with one seat for each county, and two more seats distributed by some mechanism among the cities in each county.
5. A District-elected board: This would be similar to other utilities such as SMUD with Board members elected to specific terms from Districts.
 - It would entail determining the desired size of the Board.
 - It would entail determining the number of Districts and District boundaries.

MCE Governance Update and Discussion

Presentation by Leading Resources Inc. (LRI)
Karin Bloomer and Bill Slaton
MCE Board Meeting | October 15, 2026

Board Direction

At MCE's September Board meeting, the Board gave direction to LRI to:

- Facilitate the development of LRI's recommended governance framework and related Board governance policies.
- Assess options for reducing the Board's size.
- Complete the work on a shorter timeline than initially proposed.

In Your Board Packet

BOARD PACKET CONTAINS

- 01** Draft list of MCE Board governance policies

- 02** LRI's workplan

- 03** Board policies from Sacramento Municipal Utility District (SMUD)

- 04** Initial list of options for reducing the Board's size to include in LRI's assessment

Repeated Workflow of Policy Development

1

LRI drafts Board policies with Interim CEO and respective members of management team.

2

LRI shares draft Board policies with Governance Ad Hoc for feedback and revision.

3

LRI shares draft Board policies with the Board for feedback.

4

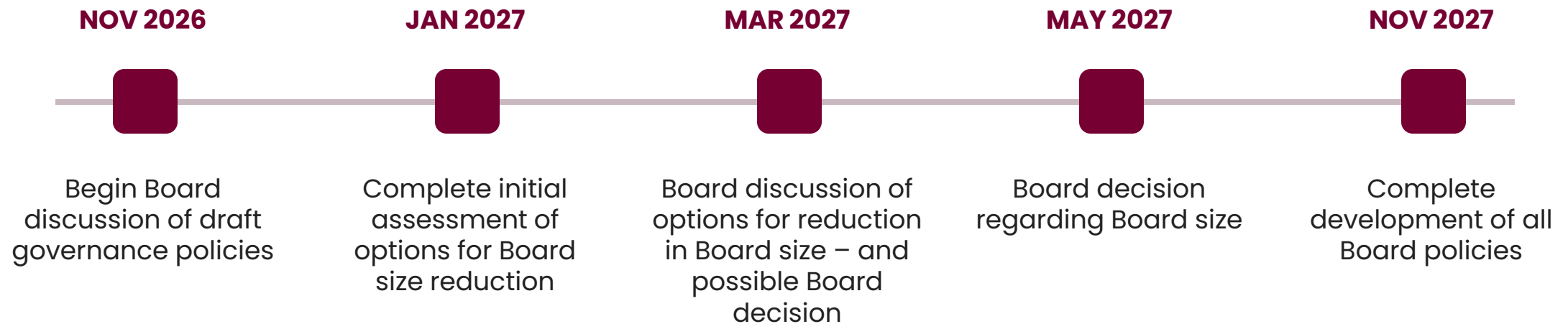
LRI incorporates feedback from the Board and consults with Governance Ad Hoc and management on changes.

5

LRI brings proposed Board policies with revisions to the Board for a vote to adopt.

Timeline

Per the Board's request, LRI's workplan aims to accelerate the implementation timeline.



Board Time Commitment

The workplan requires:

- 01** **Significant time at each Board meeting.**
 - 02** **At least 2 full-day Board retreats: in January and September 2027.**
-

Options for reducing the size of the MCE Board to include in LRI assessment

Initial List of Options for Reducing Board Size to Include in Assessment

- | | | |
|----------|---|--|
| 1 | Status quo | Every party to the JPA has a seat on the Board. |
| 2 | Delegated model | Reduce the size of the Board through delegation as allowed under the current JPA. |
| 3 | Strong Executive Committee model | Delegate more authority to the ExCom; reduce the frequency of Board meetings. |
| 4 | Permanently downsized Board | Based on a preferred Board size, determine a process for selecting representatives from each county. |
| 5 | District-elected board | Similar to other utilities such as SMUD with Board members elected to specific terms from Districts. |

Questions for the Board

01 Is the Board comfortable with this list of options to include in the assessment?

02 Are there other models the Board wishes LRI to include?



October 15, 2026

TO: MCE Board of Directors

FROM: Supervisor Shanelle Scales-Preston, representing Contra Costa County, Board Chair
Supervisor Liz Alessio, representing Napa County
Councilmember Kari Birdseye, representing the City of Benicia
Supervisor Mary Sackett, representing Marin County

RE: Proposed Second Amendment to the First Agreement with Leading Resources, Inc (Agenda Item #08b)

ATTACHMENTS: A. Proposed Second Amendment to the First Agreement with Leading Resources, Inc
B. First Agreement with Leading Resources, Inc
C. First Amendment to the First Agreement with Leading Resources, Inc

Dear Fellow Board Members:

Summary:

Leading Resources Inc. (LRI) has submitted a request for an amendment to its existing consulting services agreement with MCE to provide additional governance-related consulting services through November 2027. The proposed amendment (Attachment A) would increase the contract amount by \$494,180 to support implementation of governance recommendations, development of Board governance policies, evaluation of potential Board size modifications, and work associated with responding to recommendations contained in the Civil Grand Jury Report.

The request involves a significant increase in contract funding and supports work that extends beyond the scope originally contemplated when the contract was approved, including implementation of governance recommendations, evaluation of potential Board size changes, and additional efforts associated with responding to the Civil Grand Jury Report. Given the policy and governance implications of this work, as well as the Board's direct involvement in shaping the scope, schedule, and expected deliverables, the Ad Hoc Governance Assessment Committee is requesting the Board to review the proposed amendment, provide direction, and determine whether the requested expenditure aligns with its priorities and objectives.

Background:

In 2026, MCE engaged LRI to conduct a governance assessment and provide recommendations regarding Board governance practices and organizational governance structures. Since execution of the original agreement, the scope of work has evolved in response to Board direction, governance priorities, and the release of the Marin County Civil Grand Jury report regarding MCE governance practices.

LRI's original contract was approved in the amount of \$103,905. As of September 2026, LRI has expended approximately \$88,000 under the agreement. Based on reported September expenditures and current spending projections, staff estimates the remaining contract balance is sufficient to support work through the October 2026 Board meeting.

According to LRI, several factors have contributed to the need for additional funding, including:

- The Board's direction to accelerate development and implementation of governance policies.
- Coordination with Aleshire and Wynder and support related to MCE's response to the Civil Grand Jury Report and associated governance counsel efforts.
- Evaluation of options related to potential Board size modifications.
- A greater number of stakeholder interviews and related engagement activities than other projects have required.

The First Agreement with Leading Resources, Inc (Attachment B) was executed on June 22, 2026. An amendment (Attachment C) was executed on July 15, 2026, to address clerical errors. Both documents are provided as attachments to this committee memo.

Proposed Scope of Work:

If approved, the proposed amendment would allow LRI to continue governance consulting services through November 2027 and support two primary work streams:

Track 1: Governance Framework Implementation and Policy Development

LRI would assist the Board in implementing the recommended governance framework and developing a series of Board governance policies. The proposed workplan contemplates phased development, review, and adoption of governance policies addressing topics such as Board governance processes, Board-staff relationships, delegation of authority, strategic direction, Board committee practices, Board training and orientation, budget and grant delegation authorities, procurement oversight, risk management, information security, and related governance matters. LRI's work includes drawing upon framework in energy utilities and comparable agencies, and using those policies as a starting point for developing MCE's framework.

Track 2: Board Size Assessment

LRI would evaluate options related to the composition and size of the MCE Board of Directors, present findings and analysis to the Board, gather feedback, and support subsequent Board discussions regarding potential governance structure changes.

The proposed workplan begins with policy development and Board engagement activities beginning in November 2026 and contemplates implementation activities extending through November 2027. A senior consultant specializing in survey design and administration, Carrie Beam, is proposed to be added to the contract to support Track 2, the assessment of board size.

The anticipated hours and additional costs to MCE through March 31, 2027 are outlined below in Table 1. The anticipated hours and additional costs to MCE for April through November 2027 are outlined in Table 2.

Table 1. Projected consultant hours and costs through March 31, 2027.

Projected hours:	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total:
Eric Douglas (\$395/hr)	16	40	40	58	40	40	234
Karin Bloomer (\$350/hr)	36	40	40	58	40	40	254
Bill Slaton (\$350/hr)	18	20	20	30	20	20	128
Carrie Beam (\$350/hr)	0	12	16	12	8	0	48
Jessika Tramonte (\$125/hr)	12	12	12	12	12	12	72
Total	82	124	128	170	120	112	736

Projected costs:							
Douglas	\$6,320	\$15,800	\$15,800	\$22,910	\$15,800	\$15,800	\$92,430
Bloomer	\$12,600	\$14,000	\$14,000	\$20,300	\$14,000	\$14,000	\$88,900
Slaton	\$6,300	\$7,000	\$7,000	\$10,500	\$7,000	\$7,000	\$44,800
Beam	\$0	\$4,200	\$5,600	\$4,200	\$2,800	\$0	\$16,800
Tramonte	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$9,000
Budget request:	\$26,720	\$42,500	\$43,900	\$59,410	\$41,100	\$38,300	\$251,930

Table 2. Projected consultant hours and costs for April 1 - November 30, 2027.

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Total:
Projected hours:									
Douglas	34	34	34	34	34	40	33	32	275
Bloomer	35	35	35	35	35	40	35	35	285
Slaton	10	10	10	10	10	10	10	10	80
Tramonte	6	6	6	6	6	6	6	5	47
Total	85	85	85	85	85	96	84	82	693
Projected costs:									
Douglas	\$13,430	\$13,430	\$13,430	\$13,430	\$13,430	\$15,800	\$13,035	\$12,640	\$108,625
Bloomer	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$14,000	\$12,250	\$12,250	\$99,750
Slaton	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$28,000
Tramonte	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$625	\$5,875
Budget request:	\$29,930	\$29,930	\$29,930	\$29,930	\$29,930	\$34,050	\$29,535	\$29,015	\$242,250
Existing contract budget:									\$103,905
Total with existing:									\$598,085

Fiscal Impacts:

The additional \$251,930 through March 31, 2027, is an unbudgeted expense and funds will be reserved from contingency. The remaining \$242,250 will be incorporated into budget planning for Fiscal Year Ending 2028.

Recommendation:

Potential options for our Board's consideration:¹

1. Approve the Second Amendment to the First Agreement with Leading Resources, Inc, as presented, with a not to exceed amount of \$598,085.
2. Approve the Second Amendment to the First Agreement with Leading Resources, Inc., with integrated revisions as directed by the Board, and authorize the Interim CEO and Board Chair to finalize and execute the amendment.
3. Direct staff to continue negotiations with LRI and return with a revised proposal at a future meeting.

¹ This item is a general administrative matter. Action requires a majority vote of board members present for a motion to carry.

**SECOND AMENDMENT TO FIRST AGREEMENT
BY AND BETWEEN MARIN CLEAN ENERGY
AND LEADING RESOURCES, INC.**

This SECOND AMENDMENT is made and entered into on the date of the last signature below, by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and LEADING RESOURCES, INC. (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on June 22, 2026, and amended on July 15, 2026, to provide governance assessment services ("Agreement"); and

WHEREAS, Section 3 and Exhibit B to the Agreement provided for Contractor to be compensated in an amount not to exceed \$103,905 for the governance assessment services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to increase the contract amount by \$494,180 for total consideration not to exceed \$598,085; and

WHEREAS, Section 4 of the Agreement stated the Agreement shall terminate on July 15, 2027; and

WHEREAS, the parties desire to amend the Agreement to extend the time of the Agreement; and

WHEREAS, Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor to perform governance assessment services described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to remove and replace the fee and payment schedule therein.

NOW, THEREFORE, the parties agree to modify Section 3, Section 4, and Exhibit B as set forth below.

AGREEMENT

1. Section 3 is hereby amended to read as follows:

MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$598,085**.

2. Section 4 is hereby amended to read as follows:

TERM OF AGREEMENT:

This Agreement shall commence on **July 15, 2026** ("Effective Date"), and shall terminate on **December 31, 2027**, unless earlier terminated pursuant to the terms and conditions set forth in Section 12.

3. The fee and payment schedule in Exhibit B is hereby removed and replaced in its entirety to read as follows:

**EXHIBIT B
FEES AND PAYMENT SCHEDULE**

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

Contractor will bill monthly on a time and materials basis according to the below hourly rates and in accordance with the anticipated consultant hours and costs in Tables 1 and 2 (below) for completion of Phase 2 tasks. Contractor will bill for Services rendered the month prior.

HOURLY RATES:

Consultant*	Hourly Rate
Eric Douglas	\$395
Karin Bloomer	\$350
Bill Slaton	\$350
Carrie Beam	\$350
Jessika Tramonte	\$125

*In the case that a named consultant herein is no longer available, Contractor may provide a different consultant with substantially equal or better qualifications and experience, as is evidenced in writing.

Table 1. Anticipated Contractor hours and costs necessary through March 31, 2027.

Anticipated necessary hours:	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Total:
Eric Douglas	16	40	40	58	40	40	234
Karin Bloomer	36	40	40	58	40	40	254
Bill Slaton	18	20	20	30	20	20	128
Carrie Beam	0	12	16	12	8	0	48
Jessika Tramonte	12	12	12	12	12	12	72
Total	82	124	128	170	120	112	736
Anticipated necessary costs:							
Douglas	\$6,320	\$15,800	\$15,800	\$22,910	\$15,800	\$15,800	\$92,430
Bloomer	\$12,600	\$14,000	\$14,000	\$20,300	\$14,000	\$14,000	\$88,900
Slaton	\$6,300	\$7,000	\$7,000	\$10,500	\$7,000	\$7,000	\$44,800
Beam	\$0	\$4,200	\$5,600	\$4,200	\$2,800	\$0	\$16,800
Tramonte	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$9,000
Budget request:	\$26,720	\$42,500	\$43,900	\$59,410	\$41,100	\$38,300	\$251,930

Table 2. Anticipated Contractor hours and costs necessary between April 1, 2027 – November 30, 2027.

Anticipated necessary hours:	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Total:
Douglas	34	34	34	34	34	40	33	32	275
Bloomer	35	35	35	35	35	40	35	35	285
Slaton	10	10	10	10	10	10	10	10	80
Tramonte	6	6	6	6	6	6	6	5	47
Total	85	85	85	85	85	96	84	82	693
Anticipated necessary costs:									
Douglas	\$13,430	\$13,430	\$13,430	\$13,430	\$13,430	\$15,800	\$13,035	\$12,640	\$108,625
Bloomer	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$14,000	\$12,250	\$12,250	\$99,750
Slaton	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$28,000

Tramonte	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$625	\$5,875
Budget request:	\$29,930	\$29,930	\$29,930	\$29,930	\$29,930	\$34,050	\$29,535	\$29,015	\$242,250

Contractor shall be reimbursed for mileage at the applicable standard rate; such reimbursements shall not exceed \$7,500.

Contractor to provide an itemized invoice to MCE Vice President of Internal Operations for all Services rendered the month prior. Payment of itemized invoice is subject to MCE Vice President of Internal Operations' written approval. In no event shall the total cost to MCE for the Services provided herein exceed the **maximum sum of \$598,085** for the term of the Agreement.

4. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this SECOND Amendment on the day first written above.

MARIN CLEAN ENERGY:

CONTRACTOR:

By:

By:

Date:

Date:

Chairperson:

By:

Date:

**MARIN CLEAN ENERGY
STANDARD SHORT FORM CONTRACT
FIRST AGREEMENT
BY AND BETWEEN
MARIN CLEAN ENERGY AND LEADING RESOURCES, INC.**

THIS FIRST AGREEMENT ("Agreement") is made and entered into on 6/22/2026 by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and LEADING RESOURCES, INC., a California corporation with principal address at: 1930 N Street, Sacramento, California 95811, United States (hereinafter referred to as "Contractor") (each, a "Party," and, together, the "Parties").

RECITALS:

WHEREAS, MCE desires to retain Contractor to provide the services described in **Exhibit A** attached hereto and by this reference made a part hereof ("Services");

WHEREAS, Contractor desires to provide the Services to MCE;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. SCOPE OF SERVICES:

Contractor agrees to provide all of the Services in accordance with the terms and conditions of this Agreement. "Services" shall also include any other work performed by Contractor pursuant to this Agreement.

2. FEES AND PAYMENT SCHEDULE; INVOICING:

The fees and payment schedule for furnishing Services under this Agreement shall be based on the rate schedule which is attached hereto as **Exhibit B** and by this reference incorporated herein. Said fees shall remain in effect for the entire term of the Agreement ("Term"). Contractor shall provide MCE with Contractor's Federal Tax I.D. number prior to submitting the first invoice. Contractor is responsible for billing MCE in a timely and accurate manner. Unless otherwise specified in Exhibit B, Contractor shall email invoices to MCE on a monthly basis for any Services rendered or expenses incurred hereunder. Fees and expenses invoiced beyond ninety (90) days will not be reimbursable. The final invoice must be submitted within thirty (30) days of completion of the stated scope of services or termination of this Agreement. MCE will process payment for undisputed invoiced amounts within thirty (30) days.

3. MAXIMUM COST TO MCE:

In no event will the cost to MCE for the Services to be provided herein exceed the maximum sum of **\$103,905**.

4. TERM OF AGREEMENT:

This Agreement shall commence on **July 15, 2026** ("Effective Date") and shall terminate on **July 15, 2027**, unless earlier terminated pursuant to the terms and conditions set forth in Section 12.

5. REPRESENTATIONS; WARRANTIES; COVENANTS:

5.1. CONTRACTOR REPRESENTATIONS AND WARRANTIES. Contractor represents, warrants and covenants that (a) it is a corporation duly organized, validly existing and in good standing under the laws of the State of **California**, (b) it has full power and authority and all regulatory authorizations required to execute, deliver and perform its obligations under this Agreement and all exhibits and addenda and to engage in the business it presently conducts and contemplates conducting, (c) it is and will be duly licensed or qualified to do business and in good standing under the laws of the State of California and each other jurisdiction wherein the nature of its business transacted by it makes such licensing or qualification necessary and where the failure to be licensed or qualified would have a material adverse effect on its ability to perform its obligations hereunder, (d) it is qualified and competent to render the Services and possesses the requisite expertise to perform its obligations hereunder, (e) the execution, delivery and performance of this Agreement and all exhibits and addenda hereto are within its powers and do not violate the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it, (f) this Agreement and each exhibit and addendum constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, and (g) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.

5.2. COMPLIANCE WITH APPLICABLE LAW. At all times during the Term and the performance of the Services, Contractor shall comply with all applicable federal, state and local laws, regulations, ordinances and resolutions ("Applicable Law")

5.3. LICENSING. At all times during the performance of the Services, Contractor represents, warrants and covenants that it has and shall obtain and maintain, at its sole cost and expense, all required permits, licenses, certificates and registrations required for the operation of its business and the performance of the Services. Contractor shall promptly provide copies of such licenses and registrations to MCE at the request of MCE.

5.4. NONDISCRIMINATORY EMPLOYMENT. Contractor shall not unlawfully discriminate against any individual based on race, color, religion, nationality, sex, sexual orientation, gender identity, age or condition of disability. Contractor understands and agrees that Contractor is bound by and shall comply with the nondiscrimination mandates of all federal, state, and local statutes, regulations, and ordinances.

5.5. ASSIGNMENT OF PERSONNEL. The Contractor shall not substitute any personnel for those specifically named in its proposal, if applicable, unless personnel with substantially equal or better qualifications and experience are provided, acceptable to MCE, as is evidenced in writing.

6. INSURANCE:

At all times during the Term and the performance of the Services, Contractor shall maintain the insurance coverages set forth below. All such insurance coverage shall be substantiated with a certificate of insurance and must be signed by the insurer or its representative evidencing such insurance to MCE. The general liability policy shall be endorsed naming Marin Clean Energy and its employees, directors, officers, and agents as additional insureds. The certificate(s) of insurance and required endorsement shall be furnished to MCE prior to commencement of Services. Certificate(s) of insurance must be current as of the Effective Date, and shall remain in full force and effect through the Term. If scheduled to lapse prior to termination date, certificate(s) of insurance must be automatically updated before final payment may be made to Contractor. Each certificate of insurance shall provide for thirty (30) days' advance written notice to MCE of any cancellation or reduction in coverage. Insurance coverages shall be payable on a per occurrence basis only, except those required by Section 6.4 which may be provided on a claims-made basis consistent with the criteria noted therein.

Nothing in this Section 6 shall be construed as a limitation on Contractor's indemnification obligations in Section 17 of this Agreement.

Should Contractor fail to provide and maintain the insurance required by this Agreement, in addition to any other available remedies at law or in equity, MCE may suspend payment to the Contractor for any Services provided during any period of time that insurance was not in effect and until such time as the Contractor provides adequate evidence that Contractor has obtained the required insurance coverage.

6.1. GENERAL LIABILITY. The Contractor shall maintain a commercial general liability insurance policy in an amount of no less than **one million dollars (\$1,000,000) with a two million dollars (\$2,000,000)** aggregate limit. "Marin Clean Energy" shall be named as an additional insured on the commercial general liability policy and the certificate of insurance shall include an additional endorsement page (see sample form: ISO - CG 20 10 11 85).

6.2. AUTO LIABILITY. Where the Services to be provided under this Agreement involve or require the use of any type of vehicle by Contractor in order to perform said Services, Contractor shall also provide comprehensive business or commercial automobile liability coverage including non-owned and hired automobile liability in the amount of one million dollars combined single limit (\$1,000,000).

6.3. WORKERS' COMPENSATION. The Contractor acknowledges that the State of California requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code. If Contractor has employees, it shall comply with this requirement and a copy of the certificate evidencing such insurance or a copy of the Certificate of Consent to Self-Insure shall be provided to MCE prior to commencement of Services.

6.4. PROFESSIONAL LIABILITY INSURANCE. Contractor shall maintain professional liability insurance with a policy limit of not less than \$1,000,000 per incident. If the deductible or self-insured retention amount exceeds \$100,000, MCE may ask for evidence that Contractor has segregated amounts in a special insurance reserve fund, or that Contractor's general insurance reserves are adequate to provide the necessary coverage and MCE may conclusively rely thereon. Coverages required by this subsection may be provided on a claims-made basis with a "Retroactive Date" prior to the Effective Date. If the policy is on a claims-made basis, coverage must extend to a minimum of twelve (12) months beyond termination of this Agreement. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "retroactive date" prior to the Effective Date, Contractor must purchase "extended reporting" coverage for a minimum of twelve (12) months after termination of this Agreement.

7. RESERVED

8. SUBCONTRACTING:

The Contractor shall not subcontract nor assign any portion of the work required by this Agreement without prior, written approval of MCE, except for any subcontract work expressly identified herein in Exhibit A. If Contractor hires a subcontractor under this Agreement (a "Subcontractor"), Subcontractor shall be bound by all applicable terms and conditions of this Agreement, and Contractor shall ensure the following:

- 8.1. Subcontractor shall comply with the following terms of this Agreement: Sections 9, 10, Exhibit A.
- 8.2. Subcontractor shall provide, maintain and be bound by the representations, warranties and covenants of Contractor contained in Section 5 hereof (as may be modified to be applicable to Subcontractor with respect to Section 5.1(a) hereof) at all times during the Term of such subcontract and its provision of Services.
- 8.3. Subcontractor shall comply with the terms of Section 6 above, including, but not limited to providing and maintaining insurance coverage(s) identical to what is required of Contractor under this Agreement, and shall name MCE as an additional insured under such policies. Contractor shall collect, maintain, and promptly forward to MCE current evidence of such insurance provided by its Subcontractor. Such evidence of insurance shall be included in the records and is therefore subject to audit as described in Section 9 hereof.
- 8.4. Subcontractor shall be contractually obligated to indemnify the MCE Parties (as defined in Section 17 hereof) pursuant to the terms and conditions of Section 17 hereof.
- 8.5. Subcontractors shall not be permitted to further subcontract any obligations under this Agreement.

Contractor shall be solely responsible for ensuring its Subcontractors' compliance with the terms and conditions of this Agreement made applicable above and to collect and maintain all documentation and current evidence of such compliance. Upon request by MCE, Contractor shall promptly forward to MCE evidence of same. Nothing contained in this Agreement or otherwise stated between the Parties shall create any legal or contractual relationship between MCE and any Subcontractor, and no subcontract shall relieve Contractor of any of its duties or obligations under this Agreement. Contractor's obligation to pay its Subcontractors is an independent obligation from MCE's obligation to make payments to Contractor. As a result, MCE shall have no obligation to pay or to enforce the payment of any monies to any Subcontractor.

9. RETENTION OF RECORDS AND AUDIT PROVISION:

Contractor shall keep and maintain on a current basis full and complete records and documentation pertaining to this Agreement and the Services, whether stored electronically or otherwise, including, but not limited to, valuation records, accounting records, documents supporting all invoices, employees' time sheets, receipts and expenses, and all customer documentation and correspondence (the "Records"). MCE shall have the right, during regular business hours, to review and audit all Records during the Term and for at least five (5) years from the date of the completion or termination of this Agreement. Any review or audit may be conducted on Contractor's premises or, at MCE's option, Contractor shall provide all records within a maximum of fifteen (15) days upon receipt of written request from MCE. Contractor shall refund any monies erroneously charged. Contractor shall have an opportunity to review and respond to or refute any report or summary of audit findings, and shall promptly refund any overpayments made by MCE based on undisputed audit findings.

10. DATA, CONFIDENTIALITY AND INTELLECTUAL PROPERTY:

10.1. OWNERSHIP AND USE RIGHTS.

- a) **MCE Data.** Unless otherwise expressly agreed to in writing by the Parties, MCE shall retain all of its rights, title and interest in MCE's Data. "MCE Data" shall mean all data or information provided by or on behalf of MCE, including but not limited to, customer Personal Information; energy usage data relating to, of, or concerning, provided by or on behalf of any customers; all data or information input, information systems and technology, software, methods, forms, manuals, and designs, transferred, uploaded, migrated, or otherwise sent by or on behalf of MCE to Contractor as MCE may approve of in advance and in writing (in each instance); account numbers, forecasts, and other similar information disclosed to or otherwise made available to Contractor. MCE Data shall also include all data and materials provided by or made available to Contractor by MCE's licensors, including but not limited to, any and all survey responses, feedback, and reports subject to any limitations or restrictions set forth in the agreements between MCE and their licensors.
- b) **Intellectual Property.** Unless otherwise expressly agreed to in writing by the Parties, any and all materials, information, or other intellectual property created, prepared, accumulated or developed by Contractor or any Contractor Party, which includes any employees, members, officers, Subcontractors, and agents of Contractor (each, a "Contractor Party," and, collectively, the "Contractor Parties") under this Agreement ("Intellectual Property"), including finished and unfinished inventions, processes, templates, documents, drawings, computer programs, designs, calculations, valuations, maps,

plans, workplans, text, filings, estimates, manifests, certificates, books, specifications, sketches, notes, reports, summaries, analyses, manuals, visual materials, data models and samples, including summaries, extracts, analyses and preliminary or draft materials developed in connection therewith, shall be owned by MCE. MCE shall have the exclusive right to use Intellectual Property in its sole discretion and without further compensation to Contractor or to any other party. Contractor shall, at MCE's expense, provide Intellectual Property to MCE or to any party MCE may designate upon written request. Contractor may keep one file reference copy of Intellectual Property prepared for MCE solely for legal purposes and if otherwise agreed to in writing by MCE. In addition, Contractor may keep one copy of Intellectual Property if otherwise agreed to in writing by MCE.

- c) **Intellectual Property shall be owned by MCE upon its creation.** Contractor agrees to execute any such other documents or take other actions as MCE may reasonably request to perfect MCE's ownership in the Intellectual Property.
- d) **Contractor's Pre-Existing Materials.** If, and to the extent Contractor retains any preexisting ownership rights ("Contractor's Pre-Existing Materials") in any of the materials furnished to be used to create, develop, and prepare the Intellectual Property, Contractor hereby grants MCE on behalf of its customers and the CPUC for governmental and regulatory purposes an irrevocable, assignable, non-exclusive, perpetual, fully paid up, worldwide, royalty-free license to use, reproduce, display, prepare and develop derivative works, perform, distribute copies of any intellectual or proprietary property right of Contractor or any Contractor Party solely as incorporated into or as necessary to use the Intellectual Property for MCE's business purposes and for disclosure to the CPUC for governmental and regulatory purposes related thereto. Unless otherwise expressly agreed to by the Parties, Contractor shall retain all of its rights, title and interest in Contractor's Pre-Existing Materials. Any and all claims to Contractor's Pre-Existing Materials to be furnished or used to prepare, create, develop or otherwise manifest the Intellectual Property must be expressly disclosed to MCE prior to performing any Services under this Agreement. Any such Pre-Existing Material that is modified by work under this Agreement is owned by MCE.

10.2. EQUITABLE RELIEF. Each Party acknowledges that a breach of this Section 10 would cause irreparable harm and significant damages to the other Party, the degree of which may be difficult to ascertain. Accordingly, each Party agrees that MCE shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of MCE Data, in addition to any other rights and remedies that it may have at law or otherwise; and Contractor shall have the right to obtain immediate equitable relief to enjoin any unauthorized use or disclosure of Contractor's Pre-Existing Materials, in addition to any other rights and remedies that it may have at law or otherwise.

11. FORCE MAJEURE:

A Party shall be excused for failure to perform its obligations under this Agreement if such obligations are prevented by an event of Force Majeure (as defined below), but only for so long as and to the extent that the Party claiming Force Majeure ("Claiming Party") is actually so prevented from performing and provided that (a) the Claiming Party gives written notice and full particulars of such Force Majeure to the other Party (the "Affected Party") promptly after the occurrence of the event relied on, (b) such notice includes an estimate of the expected duration and probable impact on the performance of the Claiming Party's obligations under this Agreement, (c) the Claiming Party furnishes timely regular reports regarding the status of the Force Majeure, including updates with respect to the data included in Section 10 above during the continuation of the delay in the Claiming Party's performance, (d) the suspension of such obligations sought by Claiming Party is of no greater scope and of no longer duration than is required by the Force Majeure, (e) no obligation or liability of either Party which became due or arose before the occurrence of the event causing the suspension of performance shall be excused as a result of the Force Majeure; (f) the Claiming Party shall exercise commercially reasonable efforts to mitigate or limit the interference, impairment and losses to the Affected Party; (g) when the Claiming Party is able to resume performance of the affected obligations under this Agreement, the Claiming Party shall give the Affected Party written notice to that effect and promptly shall resume performance under this Agreement. "Force Majeure" shall mean acts of God such as floods, earthquakes, fires, orders or decrees by a governmental authority, civil or military disturbances, wars, riots, terrorism or threats of terrorism, utility power shutoffs, strikes, labor disputes, pandemic, or other forces over which the responsible Party has no control and which are not caused by an act or omission of such Party.

12. TERMINATION:

12.1. If the Contractor fails to provide in any manner the Services required under this Agreement, otherwise fails to comply with the terms of this Agreement, violates any Applicable Law, makes an assignment of any general arrangement for the benefit of creditors, files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it, otherwise becomes bankrupt or insolvent (however evidenced), or becomes unable to pay its debts as they fall due, then MCE may terminate this Agreement by giving five (5) business days' written notice to Contractor.

12.2. Either Party hereto may terminate this Agreement for any reason by giving thirty (30) calendar days' written notice to the other Party. Notice of termination shall be by written notice to the other Party and be sent by registered mail or by email to the email address listed in Section 19.

12.3. In the event of termination not the fault of the Contractor, the Contractor shall be paid for Services performed up to the date of termination in accordance with the terms of this Agreement so long as proof of required insurance is provided for the periods covered in the Agreement or Amendment(s). Notwithstanding anything contained in this Section 12, in no event shall MCE be liable for lost or anticipated profits or overhead on uncompleted portions of the Agreement. Contractor shall not enter into any agreement, commitments or subcontracts that would incur significant cancellation or termination costs without prior written approval of MCE, and such written approval shall be a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12. Also, as a condition precedent to the payment of any cancellation or termination charges by MCE under this Section 12, Contractor shall have delivered to MCE any and all Intellectual Property (as defined in Section 10.1(b)) prepared for MCE before the effective date of such termination.

12.4. MCE may terminate this Agreement if funding for this Agreement is reduced or eliminated by a third-party funding source.

12.5. Without limiting the foregoing, if either Party's activities hereunder become subject to law or regulation of any kind, which renders the activity illegal, unenforceable, or which imposes additional costs on such Party for which the parties cannot mutually agree upon an acceptable price modification, then such Party shall at such time have the right to terminate this Agreement upon written notice to the other Party with respect to the illegal, unenforceable, or uneconomic provisions only, and the remaining provisions will remain in full force and effect.

12.6. Upon termination of this Agreement for any reason, Contractor shall and shall cause each Contractor Party to bring the Services to an orderly conclusion as directed by MCE and shall return all MCE Data (as defined in Section 10.1(a) above) and Intellectual Property to MCE.

12.7. Notwithstanding the foregoing, this Agreement shall be subject to changes, modifications, or termination by order or directive of the California Public Utilities Commission ("CPUC"). The CPUC may from time to time issue an order or directive relating to or affecting any aspect of this Agreement, in which case MCE shall have the right to change, modify or terminate this Agreement in any manner to be consistent with such order or directive.

12.8. Notwithstanding any provision herein to the contrary, Sections 2, 3, 8.4, 9, 10, 12, 15, 16, 17, 18, 19, 20, 21, 22, 24 and Exhibit B of this Agreement shall survive the termination or expiration of this Agreement.

13. ASSIGNMENT:

The rights, responsibilities, and duties under this Agreement are personal to the Contractor and may not be transferred or assigned without the express prior written consent of MCE.

14. AMENDMENT; NO WAIVER:

This Agreement may be amended or modified only by written agreement of the Parties. Failure of either Party to enforce any provision or provisions of this Agreement will not waive any enforcement of any continuing breach of the same provision or provisions or any breach of any provision or provisions of this Agreement.

15. DISPUTES:

Either Party may give the other Party written notice of any dispute which has not been resolved at a working level. Any dispute that cannot be resolved between Contractor's contract representative and MCE's contract representative by good faith negotiation efforts shall be referred to Legal Counsel of MCE and an officer of Contractor for resolution. Within 20 calendar days after delivery of such notice, such persons shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary to exchange information and to attempt to resolve the dispute. If MCE and Contractor cannot reach an agreement within a reasonable period of time (but in no event more than 30 calendar days), MCE and Contractor shall have the right to pursue all rights and remedies that may be available at law or in equity. All negotiations and any mediation agreed to by the Parties are confidential and shall be treated as compromise and settlement negotiations, to which Section 1119 of the California Evidence Code shall apply, and Section 1119 is incorporated herein by reference.

16. JURISDICTION AND VENUE:

This Agreement shall be construed in accordance with the laws of the State of California and the Parties hereto agree that venue shall be in Marin County, California.

17. INDEMNIFICATION:

To the fullest extent permitted by Applicable Law, Contractor shall indemnify, defend, and hold MCE and its employees, officers, directors, representatives, and agents ("MCE Parties"), harmless from and against any and all actions, claims, liabilities, losses, costs, damages, and expenses (including, but not limited to, litigation costs, attorney's fees and costs, physical damage to or loss of tangible property, and injury or death of any person) arising out of, resulting from, or caused by: a) the negligence, recklessness, intentional misconduct, or

fraud of all Contractor Parties; b) the failure of a Contractor Party to comply with the provisions of this Agreement or Applicable Law; c) any defect in design, workmanship, or materials carried out or employed by any Contractor Party or d) any claim, allegation, or determination by any governmental agency, court, or other tribunal that any employee, agent or subcontractor of Contractor performing services under this Agreement is or was a common law employee of MCE, including but not limited to claims for wages, overtime, employee benefits, payroll taxes, penalties, unemployment insurance, workers' compensation coverage, or other employment-related obligations.

18. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF MCE:

MCE is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.). Pursuant to MCE's Joint Powers Agreement, MCE is a public entity separate from its constituent members. MCE shall solely be responsible for all debts, obligations, and liabilities accruing and arising out of this Agreement. No Contractor Party shall have rights and nor shall any Contractor Party make any claims, take any actions, or assert any remedies against any of MCE's constituent members in connection with this Agreement.

19. INVOICES; NOTICES:

This Agreement shall be managed and administered on MCE's behalf by the Contract Manager named below. All invoices shall be submitted by email to:

Email Address:	invoices@mcecleanenergy.org
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All other notices shall be given to MCE at the following location:

Contract Manager:	Monique McCool
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MCE Address:	1125 Tamalpais Avenue San Rafael, CA 94901
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Email Address:	contracts@mcecleanenergy.org
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Telephone No.:	(415) 464-6049
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Notices shall be given to Contractor at the following address:

Contractor:	Eric Douglas
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Address:	1930 N Street, Sacramento, California 95811, United States
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Email Address:	edouglas@leadingresources.com
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Telephone No.:	916-325-1195
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20. ENTIRE AGREEMENT; ACKNOWLEDGMENT OF EXHIBITS:

This Agreement along with the attached Exhibits marked below constitutes the entire Agreement between the Parties. In the event of a conflict between the terms of this Agreement and the terms in any of the following Exhibits, the terms in this Agreement shall govern.

	☒	<u>Check applicable Exhibits</u>	<u>CONTRACTOR'S INITIALS</u>	<u>MCE'S INITIALS</u>
<u>EXHIBIT A.</u>	X	Scope of Services	Initial ED	Initial VH
<u>EXHIBIT B.</u>	X	Fees and Payment	Initial ED	Initial VH

21. SEVERABILITY:

Should any provision of this Agreement be held invalid or unenforceable by a court of competent jurisdiction, such invalidity will not invalidate the whole of this Agreement, but rather, the remainder of the Agreement which can be given effect without the invalid provision, will continue in full force and effect and will in no way be impaired or invalidated.

22. INDEPENDENT CONTRACTOR:

Contractor is an independent contractor to MCE hereunder. Nothing in this Agreement shall establish any relationship of partnership, joint venture, employment or franchise between MCE and any Contractor Party. Neither MCE nor any Contractor Party will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent, except as otherwise expressly provided for herein.

23. TIME:

Time is of the essence in this Agreement and each and all of its provisions.

24. THIRD PARTY BENEFICIARIES:

The Parties agree that there are no third-party beneficiaries to this Agreement either express or implied.

25. FURTHER ACTIONS:

The Parties agree to take all such further actions and to execute such additional documents as may be reasonably necessary to effectuate the purposes of this Agreement.

26. PREPARATION OF AGREEMENT:

This Agreement was prepared jointly by the Parties, each Party having had access to advice of its own counsel, and not by either Party to the exclusion of the other Party, and this Agreement shall not be construed against either Party as a result of the manner in which this Agreement was prepared, negotiated or executed.

27. DIVERSITY SURVEY:

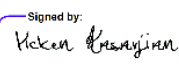
Pursuant to Senate Bill 255 which amends Section 366.2 of the California Public Utilities Code, MCE is required to submit to the California Public Utilities Commission an annual report regarding its procurement from women-owned, minority-owned, disabled veteran-owned and LGBT-owned business enterprises ("WMDVLGBTBE"). Consistent with these requirements, Contractor agrees to provide information to MCE regarding Contractor's status as a WMDVLGBTBE and any engagement of WMDVLGBTBEs in its provision of Services under this Agreement. Concurrently with the execution of this Agreement, Contractor agrees to complete and deliver MCE's Supplier Diversity Survey, found at the following link: <https://form.asana.com/?k=jSGYk4x3sf2dHfSzywc2fg&d=163567039999692> (the "Diversity Survey") within thirty (30) days of the Effective Date of this Agreement. Because MCE is required to submit annual reports and/or because the Diversity Survey may be updated or revised during the term of this Agreement, Contractor agrees to complete and deliver the Diversity Survey, an updated or revised version of the Diversity Survey or a similar survey at the reasonable request of MCE within thirty (30) days of receiving said request, and to otherwise reasonably cooperate with MCE to provide the information described above. Contractor shall otherwise reasonably cooperate with MCE to provide all such information and ensure submission in the timeframe reasonably requested by MCE.

28. COUNTERPARTS:

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

APPROVED BY**MARIN CLEAN ENERGY:**

By: 
ACC4B8FA2E834F3...

Name: Vicken Kasarjian

Title: Acting CEO, and COO

Date: 6/22/2026

CONTRACTOR:

By: 
8D0037A87A3E4BD...

Name: Eric Douglas

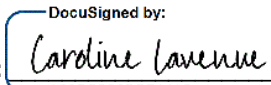
Title: Senior Partner

Date: 6/22/2026

MODIFICATIONS TO STANDARD SHORT FORM

☒ **Standard Short Form Content Has Been Modified**

List sections affected: 10.1(d) (modified)

Approved by MCE Counsel: 
A90D5C38DBF141C
Caroline Lavenue

Date: 6/22/2026

EXHIBIT A SCOPE OF SERVICES

Contractor shall provide the following Services under the Agreement as requested and directed by MCE Internal Operations staff, up to the maximum time/fees allowed under this Agreement:

Contractor shall perform and complete an assessment of MCE's governance structure in two phases: Phase 1 is conducting an assessment; Phase 2 is facilitation and implementation.

For PHASE 1, Contractor shall:

Conduct an assessment of MCE, including but not limited to:

- Gathering input from MCE Board members, members of committees, staff, key stakeholders, and relevant external benchmarks as determined in consultation with the CEO and Board Chair;
- Evaluating governance components, including board structure, processes, people, resources, and operating culture;
- Evaluating communication protocols between board and staff; and
- Identifying governing constraints (legal, political, representational, etc.).

Based on the learnings gained in this assessment, Contractor shall:

- Develop findings and recommendations by identifying strengths, gaps, and actionable opportunities for agency improvement;
- Engage MCE's Board in reviewing preliminary findings and shaping recommendations prior to presentation to quorum of the Board.
- Deliver findings to quorum of the Board that include comprehensive evaluation, implementation considerations, and a clear action plan.

Phase 1 Tasks:	Estimated Completion Timeline:
Task 1.1. Meet with the Board chair and vice chair to clarify their goals for this engagement.	1 week after Effective Date (contingent on scheduling)
Task 1.2. Review background information, including all relevant governance materials.	2 weeks after Effective Date
Task 1.3. Develop detailed work plan for the first phase of the engagement.	3 weeks after Effective Date
Task 1.4. Conduct individual interviews with board members, CEO and senior executives.	8 weeks after Effective Date (contingent on scheduling)
Task 1.5. Prepare and administer a Board governance assessment survey.	10 weeks after Effective Date
Task 1.6. Prepare findings and recommendations.	12 weeks after Effective Date
Task 1.7. Present findings and recommendations to Board leadership and relevant committee(s). Facilitate discussion about areas of focus for improvement.	14 weeks after Effective Date (contingent on scheduling)
Task 1.8. Present findings and recommendations to full Board. Facilitate discussion about next steps.	16 weeks after Effective Date (contingent on scheduling)
Task 1.9. Develop workplan for Phase 2.	18 weeks after Effective Date

For PHASE 2, Contractor shall facilitate refinements to the Agency's governance structure identified in PHASE 1 by completing the following tasks:

Phase 2 Tasks:	Completion Timeline:
Task 2.1. Meet with the Board chair and vice chair to clarify their goals for this Phase 2.	20 weeks after Effective Date
Task 2.2. Facilitate meetings of a committee to develop recommended improvements to Board governance. This could include developing new or refined governance structures, new or refined governance policies, redefined roles and responsibilities and refined business processes. (Assumes 12 meetings). The appropriate committee referenced in this task will be determined during Phase 1.	Weeks 20-36 after Effective Date
Task 2.3. Facilitate decisions by full Board to adopt recommendations of committee. (Assumes 3 meetings)	Weeks 36-42 after Effective Date
Task 2.4. Prepare recommendations for subsequent work and present to Board or Board committee.	44 weeks after Effective Date

Based on findings from PHASE 1, Contractor will also scope out an organizational assessment concurrent with PHASE 2 and present to MCE Board leadership and senior management for consideration. Subject to MCE's written confirmation, Contractor shall prepare and deliver a formal proposal detailing the specific scope and budget of an organizational assessment.

Assumptions and Understandings:

MCE understands that Contractor will need and MCE will provide Contractor with access to all relevant governance materials, including Board policies and procedures, the organizational chart, and delegations to MCE's CEO.

EXHIBIT B
FEES AND PAYMENT SCHEDULE

For Services provided under this Agreement, MCE shall pay Contractor in accordance with the amount(s) and the payment schedule as specified below:

Contractor will bill monthly on a time and materials basis according to the below hourly rates and in accordance with the estimated costs per subtask for services rendered the month prior:

Consultant*	Hourly Rate
Eric Douglas	\$395
Karin Bloomer	\$350
Bill Slaton	\$350
Jessika Tramonte	\$125

*In the case that a named consultant herein is no longer available, Contractor may provide a different consultant with substantially equal or better qualifications and experience, as is evidenced in writing.

Phase 1 Tasks:	Hours				Estimated Cost**
	Eric	Karin	Bill	Jessika	
Task 1.1. Meet with the Board chair and vice chair to clarify their goals for this engagement.	2	0	2	1	\$1,615
Task 1.2. Review background information, including all relevant governance materials.	2	0	2	0	\$1,490
Task 1.3. Develop detailed work plan for the first phase of the engagement.	2	0	1	0	\$1,140
Task 1.4. Conduct individual interviews with board members, CEO and senior executives.	36	0	12	4	\$18,920
Task 1.5. Prepare and administer a Board governance assessment survey.	8	0	2	8	\$4,860
Task 1.6. Prepare findings and recommendations.	8	2	8	1	\$6,785
Task 1.7. Present findings and recommendations to Board leadership and relevant committee(s). Facilitate discussion about areas of focus for improvement.	8	2	4	2	\$5,510
Task 1.8. Present findings and recommendations to full Board. Facilitate discussion about next steps.	4	2	2	2	\$3,230
Task 1.9. Develop workplan for Phase 2.	8	6	2	1	\$6,085
Phase 1 Totals	78	12	35	19	\$49,635
Phase 2 Tasks:	Hours				Cost
	Eric	Karin	Bill	Jessika	
Task 2.1. Meet with the Board chair and vice chair to clarify their goals for this second phase of work.	4	4	0	1	\$3,105

Task 2.2. Facilitate meetings of a committee to develop recommended improvements to organizational governance. This could include developing new or refined governance structures, new or refined governance policies, redefined roles and responsibilities and refined business processes. (Assumes 12 meetings)	30	30	8	12	\$26,650
Task 2.3. Facilitate decisions by full Board to adopt recommendations of committee. (Assumes 3 meetings)	18	18	0	3	\$13,785
Task 2.4. Prepare recommendations for subsequent work and present to Board or Board committee.	4	2	2	2	\$3,230
Phase 2 Totals	56	54	10	18	\$46,770
Project Totals	134	66	45	37	\$96,405

**Upon written request of the Contractor, and written approval of MCE Vice President of Internal Operations, funds may shift between the subtasks of Phases 1 and 2 to accomplish the scope of services outlined in this Agreement.

Contractor shall be reimbursed for mileage at the applicable standard rate; such reimbursements shall not exceed \$7,500.

Contractor to provide an itemized invoice to MCE Vice President of Internal Operations for all Services rendered the month prior. Payment of itemized invoice is subject to MCE Vice President of Internal Operations' written approval. In no event shall the total cost to MCE for the Services provided herein exceed the **maximum sum of \$103,905** for the term of the Agreement.

**FIRST AMENDMENT TO FIRST AGREEMENT
BY AND BETWEEN MARIN CLEAN ENERGY
AND Leading Resources, Inc.**

7/15/2026

This FIRST AMENDMENT is made and entered into on _____, by and between MARIN CLEAN ENERGY (hereinafter referred to as "MCE") and Leading Resources, Inc. (hereinafter referred to as "Contractor").

RECITALS

WHEREAS, MCE and Contractor entered into an agreement on June 22, 2026, to perform governance assessment services for MCE ("Agreement"); and

WHEREAS, Exhibit A to the Agreement specified the tasks Contractor will complete for the governance assessment services for MCE as described in the scope therein; and

WHEREAS, the parties desire to amend the Agreement to modify the scope of work of the Agreement; and

WHEREAS Exhibit B to the Agreement specified the fee and payment schedule MCE would use to compensate Contractor for the governance assessment services for MCE described within the scope therein; and

WHEREAS, the parties desire to amend the Agreement to modify the fee and payment schedule therein.

NOW, THEREFORE, the parties agree to modify Exhibit A and Exhibit B as set forth below.

AGREEMENT

1. The first sentence of Exhibit A is hereby amended to include MCE's Board of Directors and shall read as follows:

Contractor shall provide the following Services under the Agreement as requested and directed by MCE's Board of Directors with MCE's Vice President of Internal Operations serving as the MCE staff point person, up to the maximum time/fees allowed under this Agreement:

2. In Exhibit A and Exhibit B, the description for Task 1.1 is hereby amended to read as follows:

Task 1.1. Meet with the Ad Hoc Governance Assessment Committee to clarify their goals for this engagement.

3. In Exhibit A and Exhibit B, the description for Task 1.4 is hereby amended to include "confidential" and shall read as follows:

Task 1.4. Conduct confidential individual interviews with board members, CEO and senior executives.

4. In Exhibit A and Exhibit B, the description for Task 2.1 is hereby amended to read as follows:

Task 2.1. Meet with the Ad Hoc Governance Assessment Committee to clarify their goals for this Phase 2.

5. Except as otherwise provided herein all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this FIRST Amendment on the day first written above.

MARIN CLEAN ENERGY:

Signed by:
By: *Vicken Kasnyian*
ACC4B8FA2E834F3...
Date: 7/15/2026

CONTRACTOR:

By:

Date:

[Signature]
07/15/26



October 15, 2026

TO: MCE Board of Directors
FROM: Bill Pascoe, Senior Power Procurement Manager
RE: Approved Contracts for Energy Update (Agenda Item #I.1)

Dear MCE Board Members:

Summary:

This report summarizes contracts for energy procurements entered into by the Chief Executive Officer or their delegate and, if applicable, the Chair of the Technical Committee, since the last report was prepared for the regular Board meeting in September 2026. This summary is provided to your Board for information purposes only and no action is needed.

Review of Procurement Authorities:

In November 2020, your Board adopted Resolution 2020-04 which included the following provisions:

The CEO and Technical Committee Chair, jointly, are hereby authorized, after consultation with the appropriate Committee of the Board of Directors, to approve and execute contracts for Energy Procurement for terms of less than or equal to five years. The CEO shall timely report to the Board of Directors all such executed contracts.

The CEO is authorized to approve and execute contracts for Energy Procurement for terms of less than or equal to 12 months, which the CEO shall timely report to the Board of Directors.

The CEO is required to report all such contracts and agreements to the MCE Board of Directors on a timely basis.

<u>Item Number</u>	<u>Month of Execution</u>	<u>Purpose</u>	<u>Average Annual Contract Amount</u>	<u>Contract Term</u>	<u>Date of consultation with IAC (if applicable)</u>
1	September 2026	Purchase of Renewable Energy	\$621,600	1 Year or less	N/A
2	September 2026	Purchase of California Carbon Allowances	\$1,384,635	1 Year or less	N/A
3	September 2026	Sale of Carbon Free Energy	\$150,000	1 Year or less	N/A

4	September 2026	Purchase of Resource Adequacy	\$37,500	1 Year or less	N/A
5	September 2026	Sale of Resource Adequacy	\$22,500	1 Year or less	N/A
6	September 2026	Sale of Import Allocation Rights	\$53,000	1 Year or less	N/A
7	September 2026	Sale of Import Allocation Rights	\$87,000	1 Year or less	N/A
8	September 2026	Sale of Import Allocation Rights	\$108,750	1 Year or less	N/A
9	September 2026	Sale of Import Allocation Rights	\$18,600	1 Year or less	N/A
10	October 2026	Sale of Import Allocation Rights	\$988,380	1 Year or less	N/A

Contract Approval Process:

Energy procurement is governed by MCE's Energy Risk Management Policy as well as Board Resolutions 2020-04 and 2026-01. The Energy Risk Management Policy (Policy) has been developed to help ensure that MCE achieves its mission and adheres to its procurement policies established by the MCE Board of Directors (Board), power supply and related contract commitments, good utility practice, and all applicable laws and regulations.

The evaluation of every new energy contract is based upon how to best fill MCE's open position. Factors such as volume, notional value, type of product, price, term, collateral threshold and posting, and payment are all considered before execution of the agreement.

After evaluation and as part of the overall approval process, an approval matrix is implemented whereby the draft contract is routed to key MCE departments and consultants for review, input, and approval. Typically, contracts are routed for commercial, technical, legal, and financial approval, and are then typically routed through the Chief Operating Officer for approval prior to execution. The table below lists the MCE departments and consultants (and examples of relevant staff) assigned to review and approve, before the contract is forwarded to the next stage of review.

Review Owner	Review Category
CB Hall (MCE, Director of Power Resources)	Procurement/Commercial
John Dalessi (Pacific Energy Advisors)	Technical Review
Steve Hall (Hall Energy Law)	Legal

Nathaniel Malcolm (MCE, Senior Commercial Counsel)	Legal (Process & CPUC Compliance)
Maira Strauss (MCE, Chief Financial Officer)	Credit/Financial
Vicken Kasarjian (Interim CEO and COO)	Executive

Pursuant to Resolution 2020-04, contracts for terms of less than or equal to 12 months can be approved and executed by the CEO.

Pursuant to Resolution 2020-04 and Resolution 2026-01, MCE consults with the Interim Advisory Committee (IAC) regarding potential contracts for terms of 1-5 years. After consultation with the Interim Advisory Committee, the CEO and Technical Committee Chair are jointly authorized to approve and execute the agreement.

Fiscal Impacts:

Expenses and revenue associated with these Contracts and Agreements that are expected to occur during FYE 2027 are within the FYE 2027 Operating Fund Budget. Expenses and revenue associated with future years will be incorporated into budget planning as appropriate.

Recommendation:

Information only.



October 15, 2026

TO: MCE Board of Directors
FROM: Sabrinna Soldavini, Vice President of Policy
RE: Legislative and Regulatory Updates (Agenda Item# I.2)
ATTACHMENT: Regulatory Filings

Dear Board Members:

Summary:

Below is a summary of the key activities at the state and federal legislatures and the California Public Utilities Commission (CPUC), California Energy Commission (CEC), and the California Independent System Operator (CAISO) impacting Community Choice Aggregation (CCA) and MCE.

I. California Legislature

The Governor's deadline to sign or veto bills passed by the Legislature was on September 30th, and unless a special session is called, the legislative business of the state for 2026 has concluded. The table below summarizes the final outcomes of all bills on which MCE took a position this year.

Bill Number and Author	Subject	MCE Position	Status
AB 1761 (Rogers)	Power Charge Indifference Adjustment (PCIA) data transparency	Support	Vetoed
SB 1138 (Padilla)	Resource Adequacy (RA) hourly transactability	Support	Held in Assembly
AB 2111 (Papan)	Transmission planning	Support	Signed
AB 1684 (Ward)	Cooling systems in common interest developments	Support	Signed

AB 2508 (Hoover)	Funding for Public Purpose Programs including energy efficiency	Oppose	Held in Assembly
AB 2383 (Zbur)	Electricity service for large data centers	Neutral	Signed
SB 1282 (Becker)	Vehicle grid integration	Support	Held in Senate
AB 2313 (Berman)	Alternatives to gas distribution service line replacements	Support	Signed
AB 2369 (Rogers)	Resource adequacy and full capacity deliverability status	Support	Vetoed
SB 1265 (Richardson)	GoGreen Financing Program	Support	Held in Assembly
AB 1577 (Bauer-Kahan)	Data centers: reporting on energy usage	Support	Signed

II. California Public Utilities Commission (CPUC)

a. Resource Adequacy (RA) Proceeding

The RA proceeding aims to ensure the reliability of California's electricity supply by requiring all load serving entities (LSEs), including MCE, to procure sufficient capacity resources to meet their load plus a Planning Reserve Margin (PRM). Rulemaking (R).25-10-003 was opened by the CPUC to continue to refine the program and adopt future requirements.

The PRM for 2026-2027 is set to 18% of an LSE's monthly RA requirement. In Track 2 of the RA proceeding, the CPUC is conducting its 2026 Loss of Load Expectation (LOLE) studies. The LOLE studies model statewide grid reliability, and the CPUC will use the final LOLE results to set the PRM for 2028, ultimately impacting MCE's RA procurement obligations. On September 15, 2026, the CPUC held a workshop for parties to share their draft results for the 2028 LOLE studies and implied PRM values. The CPUC's updated LOLE study implied 2028 PRM values of 21% in the summer months (May–Sep) and 19% in the off-season months. However, after incorporating new RA

accreditation methods from the Unforced Capacity framework (to be implemented in 2028), the updated PRM values ranged from 13.6-16.4% across the year.

MCE worked with CalCCA to submit an alternative LOLE study proposal highlighting the value of focusing on cost-effectiveness while still achieving a reliable grid. CalCCA presented the draft results of this study at the September Workshop, re-iterating the value of considering cost-effectiveness in the PRM calibration and advocating for fair inputs and assumptions regarding grid reliability conditions.

Parties will file their final LOLE results by November 2, with a following formal comment period. After the comment period ends in December, the CPUC plans to make their recommendation for 2028-2029 PRM requirements.

Fiscal Impacts: There is no direct fiscal impact on MCE at this time. However, changes to RA requirements ultimately affect MCE's procurement costs. All else being equal, RA procurement costs are likely to track with PRM changes, with PRM increases leading to cost increases, and vice versa.

b. Power Charge Indifference Adjustment (PCIA)

In February 2025, the CPUC issued an Order Instituting Rulemaking (OIR) to update Energy Resource Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) policies and processes. Per law, the CPUC is required to ensure "indifference" and prevent cost shifts between bundled and unbundled customers. This entails the Investor-Owned Utilities (IOUs), such as Pacific Gas & Electric (PG&E) recovering electricity costs from CCA customers that were incurred on their behalf before they departed PG&E service and reducing those costs by the value of benefits that remain with PG&E customers. To facilitate this process, the Commission established the PCIA, a charge paid by all customers on the PG&E side of the bill.

In this proceeding, the CPUC is evaluating potential changes to the methodology of calculating the PCIA through three tracks.

Track 1

A decision in Track 1 of the proceeding was voted out by the Commission in 2025 that changed the calculation of the RA Market Price Benchmark (MPB), one of the inputs to the PCIA calculation, and allowed the IOUs to apply this change to rates retroactively. CalCCA filed an Application for Rehearing (AfR) followed by a Petition for Writ of Review (Petition) on the Track 1 Decision with the Court of Appeal, Third Appellate District in December of 2025. The Petition argues that the CPUC acted illegally by approving retroactive application of the methodology and did so by relying on insufficient evidence.

CalCCA's Petition was summarily rejected in June 2026. In July 2026, CalCCA filed its Petition for review with the Supreme Court of California, which was granted in late September. Now that the Supreme Court has granted CalCCA's petition, the case will go back to the Court of Appeal, Third Appellate District, to be heard.

Track 2

Track 2 of the PCIA proceeding considered the valuation of pre-2019 banked Renewable Energy Certificates (RECs). In August, the CPUC issued a Proposed Decision (PD) in Track 2. The PD affirmed the Commission's ruling from prior ERRA Forecast cases, allowing the IOUs to value pre-2019 banked RECs at zero. MCE supported CalCCA in filing Opening and Reply comments on the PD in early September, urging the Commission to reject the PD on the basis of legal violations and legal error, and to replace the PD with an Alternate Decision that properly and fairly values the pre-2019 banked RECs to provide appropriate value for departed load customers (such as MCE customers) who paid for those RECs.

The Commission voted out a Final Decision with no changes on September 17.

Track 3

In August, the CPUC issued a Scoping Ruling in Track 3 of this proceeding outlining the remaining PCIA issues to be considered in this proceeding. The Scoping Ruling proposes to break Track 3 into three phases: Track 3A, Track 3B, and Track 4.¹

Track 3A will begin in Q4 2026, and the schedule for Track 3B is expected to be issued later this year, with the majority of procedural issues to be addressed throughout 2027.

Prior to the start of Track 3, the Commission has ordered the Joint IOUs, CalCCA, and any other interested parties to engage in a Meet and Confer process to discuss each party's data needs and file a report with the Commission regarding the conclusion of the process at the end of October 2026. MCE and CalCCA have engaged in this process with the Joint IOUs throughout September to discuss the data that is necessary for the CCAs to equitably and adequately analyze the impact of potential proposals for changes to the PCIA.

MCE staff will continue to actively engage in this proceeding and provide updates as they become available.

Fiscal Impacts: There are no immediate fiscal impacts to MCE. The PCIA is a charge on the PG&E side of the bill, but changes to the PCIA impact MCE customers' overall bills and MCE's rate competitiveness.

The Track 2 Decision is expected to increase the PCIA, all else equal, but is unknowable at this time because the impacts are 1) considered confidential information that CCA's cannot directly access, and 2) will be dependent on PG&E's future decisions on how and when to utilize pre-2019 banked RECs for compliance. Integrated Resource Planning

¹ For descriptions of the issues under each track, see MCE Board of Directors Meeting Packet, September 17, 2026. <https://mcecleanenergy.org/wp-content/uploads/2026/09/MCE-Board-Meeting-Packet-September-2026.pdf>.

The Integrated Resources Planning (IRP) proceeding is an “umbrella” procurement planning proceeding overseen by the CPUC that considers all of the CPUC’s policies and programs to ensure the state has a safe, reliable, and cost-effective electric supply.

2027-2028 Transmission Planning Process (TPP) portfolio

On August 31, the Commission issued a Ruling seeking comments on recommended electricity resource portfolios for use in the California Independent System Operator’s (“CAISO’s”) 2027-2028 TPP, as well as input on a proposal to procure geographically targeted energy storage in response to a cancelled transmission upgrade. Commission staff updated modeling assumptions to reflect newer information that changes near-term availability of certain wind and geothermal resources, particularly out-of-state wind, which increases reliance on solar and storage in the near term.

The Commission also recommends revising the intermediate greenhouse gas (“GHG”) targets from 30 million metric ton (“MMT”) by 2030 and 25 MMT by 2035 to 38 MMT and 30 MMT, respectively, while maintaining the 8 MMT target for 2045.

CalCCA filed Opening Comments in response to the Ruling recommending that the Commission: (1) use the most up to date market information to ensure the portfolios reflect the best available information; (2) retain the original intermediate GHG targets and use an updated demand forecast to make continued progress towards SB 100 goals; (3) refrain from issuing geographically targeted procurement and conduct further analysis to ensure that a procurement order is the most cost-effective path to resolve transmission constraints; and (4) recognize that the portfolios developed for transmission planning serve different purposes than near- to mid-term procurement requirements, emphasizing the need for planning ahead for transmission infrastructure buildout.

Fiscal Impacts: There are no immediate fiscal impacts to MCE.

c. Climate Credit

The Climate Credit proceeding is evaluating potential modifications to the California Climate Credit, which is funded through revenues generated by California's Cap-and-Invest Program and distributed to residential gas and electric customers. In June 2026, the CPUC issued a Phase 1B Proposed Decision that establishes key priorities and guiding principles for this stage of the proceeding and presents several alternative credit distribution methodologies.

Options under consideration include climate zone-based tiers, baseline usage-based tiers, targeted support for lower-income customers, such as CARE and FERA participants, and a fully volumetric approach that ties credit allocations directly to energy consumption.

In September, CalCCA and Southern California Edison (SCE) jointly filed a formal proposal.

In the Joint Proposal, CalCCA and SCE maintain that the current climate credit distribution approach remains the fairest and most cost-effective method available, as it provides a simple, uniform benefit

to all eligible customers. Alternative distribution mechanisms, such as adjustments based on climate zone or baseline energy usage, would introduce significant administrative complexity while doing little to improve equity or fairness. However, if the Commission determines that changes to the existing structure are necessary, it is recommended that providing an enhanced climate credit to CARE and FERA customers would better advance equity objectives in a targeted manner without undermining the simplicity and efficiency of the current program.

Fiscal Impacts: There are no immediate fiscal impacts to MCE. However, the proceeding considers alternative ways to distribute the climate credit, which directly impacts customer bills.

d. High Distributed Energy Resources (DERs) Future

The High DER Future proceeding aims to prepare the grid for a high number of DER connections to the distribution-level grid. The proceeding includes three tracks, with two phases each for Tracks 1 and 3: (1) Distribution Planning and Execution Process (DPEP) and Data Improvements; (2) Distribution System Operator (DSO) Roles and Responsibilities; and (3) Smart Inverter Operationalization (SIO) and Grid Modernization Planning.

Track 2 focuses on the roles and responsibilities of a potential DSO, including a “DER Orchestration Framework,” including data access and coordination between the IOUs and CAISO on DERs. MCE has worked closely with CalCCA to advocating for a holistic approach to creating a demand flexibility marketplace, which should be operated by an objective third party. Such a marketplace would remove the conflicts of interest for IOU-owned DERs, as well as provide fair market access and data visibility to all non-IOU parties.

To this end, in September MCE worked with CalCCA to file supportive comments in response (Response) to the Center for Biological Diversity and Utility Consumer’s Action Network’s Motion to Address Unaddressed Issues (Motion) in the proceeding. CalCCA’s Response recommends the Commission establish enforceable governance principles and market-power safeguards prior to approving exclusive IOU authority to administer DER orchestration or authorizing cost recovery for any IOU DER orchestration-related expenses and prior to closing the proceeding. Alternatively, the Response requests the Commission provide a framework and timeline for resolving these issues, either through a dedicated Track 2 phase, a stakeholder working group process, or a successor proceeding.

Fiscal Impacts: There are no direct fiscal impacts on MCE at this time.

e. Energization

This proceeding is focused on implementing AB 50 and SB 410 by establishing and enforcing utility energization timelines, defining timely electric service, tracking utility performance, and ensuring customers receive electric service connections without undue delay. Now in Phase 2, the proceeding is addressing utility compliance, remedial actions, monitoring, and enforcement mechanisms when utilities are at risk of missing adopted energization targets.

Recently, Clean Coalition moved to reopen the record after PG&E announced a \$2 billion reduction in planned 2027 capital spending, arguing that the resulting delays to new housing connections, renewable project interconnections, and other energization-related work could jeopardize compliance with the Commission's adopted timelines and should be evaluated before the Commission issues its Phase 2 decision.

On September 24, CalCCA filed a response to Clean Coalition's motion to reopen the record. CalCCA's response supports reopening the record on a limited basis, arguing that PG&E's announcement raises important questions about whether the utility can still meet its adopted energization targets. It recommends that the Commission obtain additional information now, including expected compliance impacts, mitigation measures, and the extent to which any delays result from PG&E's own spending decisions. CalCCA also maintains that voluntary capital reductions should not warrant relaxed compliance or enforcement standards and that the information should help shape the proceeding's Phase 2 compliance framework.

Fiscal Impacts: There are no direct fiscal impacts to MCE at this time.

f. Energy Efficiency (EE)

In March 2026, MCE submitted its 2028-2031 EE Portfolio Plan and 2032-2035 EE Business Plan (MCE Application).

On September 2nd, an Administrative Law Judge (ALJ) issued a Ruling directing all Applicants including MCE to submit amended values using a corrected version of the Commission's Avoided Cost Calculator/Cost Effectiveness Test tool and any other non-substantive corrections to their applications. The ALJ issued an additional supplemental question for Applicants on the impacts of California Air Resources Board's (CARB) potential new Clean Space & Water Heater Standards and Bay Area Air District (BAAD) Building Appliance Rules.

On September 9th, an Administrative Law Judge issued an extension for corrected and supplemental Application documents to September 30th.

On September 15th, Energy Division Staff sent guidance via email on the suggested format and service process for updating Application documents.

On September 30th, MCE submitted and served the required updates to its Application documents including:

- Exhibit MCE - 01 Updated Testimony of Marin Clean Energy Regarding its 2028-2031 EE Portfolio Plan and 2032-2035 EE Business Plan;
- Exhibit MCE - 02 Updated EE Program Cards;
- Exhibit MCE - 03 Updated California Energy Data and Reporting System ("CEDARS") Filing Links and Receipts;
- Exhibit MCE - 04 Corrections and Supplemental Information from All Business Plan Applicants;
- Redlined Documents - All Redlined Exhibits;

- Notice of Viability of Updated and Supplemental Exhibits; and
- Certificate of Service.

The updates to MCE's Application do not impact the design or requested budget detailed in its March 2026 Application. MCE submitted supplemental information in its updated filing on how, and where in its Application, MCE considered potential impacts of CARB and BAAD rules. According to the Assigned Commissioner's Scoping Memo and Ruling, the Final Decision on EE Applications is expected in Quarter 3 of 2027.

Fiscal Impacts: There are no direct fiscal impacts to MCE.

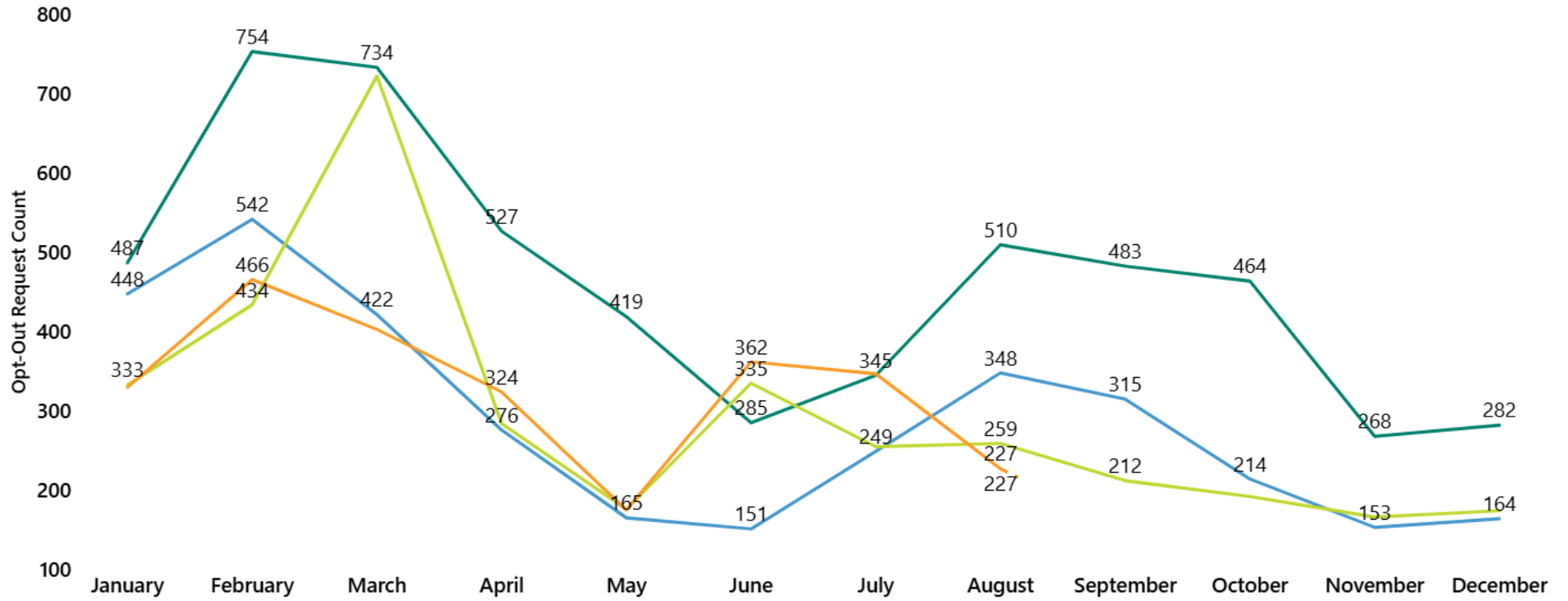
g. Self Generation Incentive Program (SGIP)

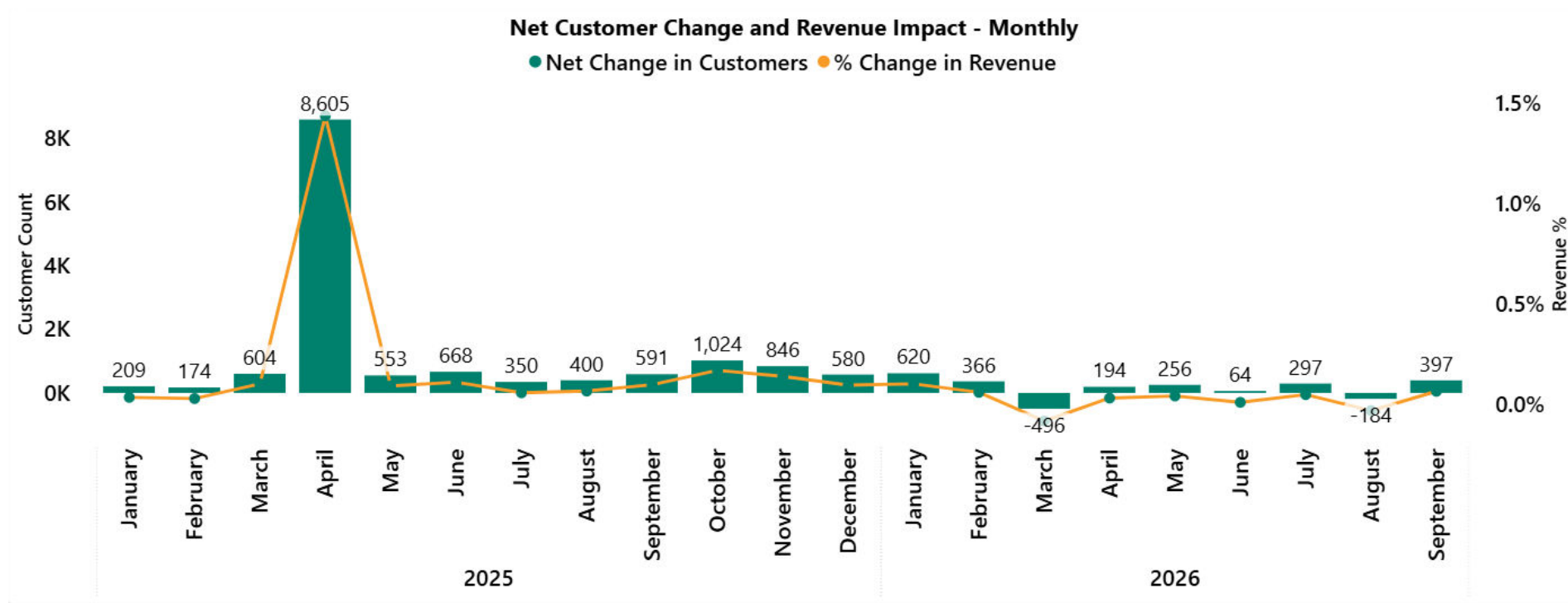
In September, the Commission voted to adopt the proposed decision to close the SGIP proceeding. The decision outlines controlling processes for program activities through its closing date in 2028. Certain program activities and projects may continue from the present through the program's closure in 2028. The ten year long qualified demand response program enrollment requirement remains in effect for existing and new program participants including community choice aggregator customers. The decision rejects any outstanding issues and motions.

Fiscal Impacts: There are no direct fiscal impacts to MCE.

YOY Requested Opt-Out Comparison

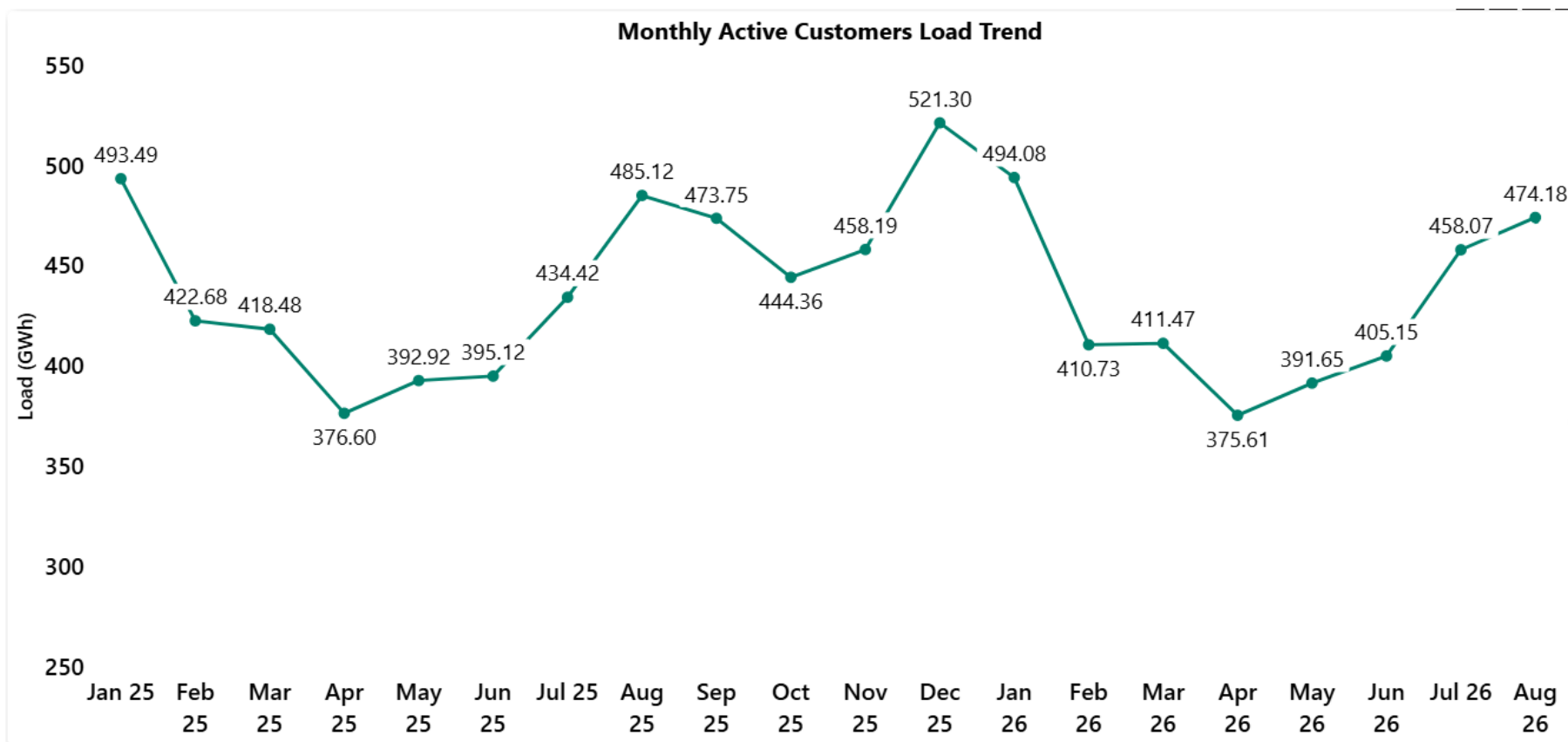
Year ● 2023 ● 2024 ● 2025 ● 2026





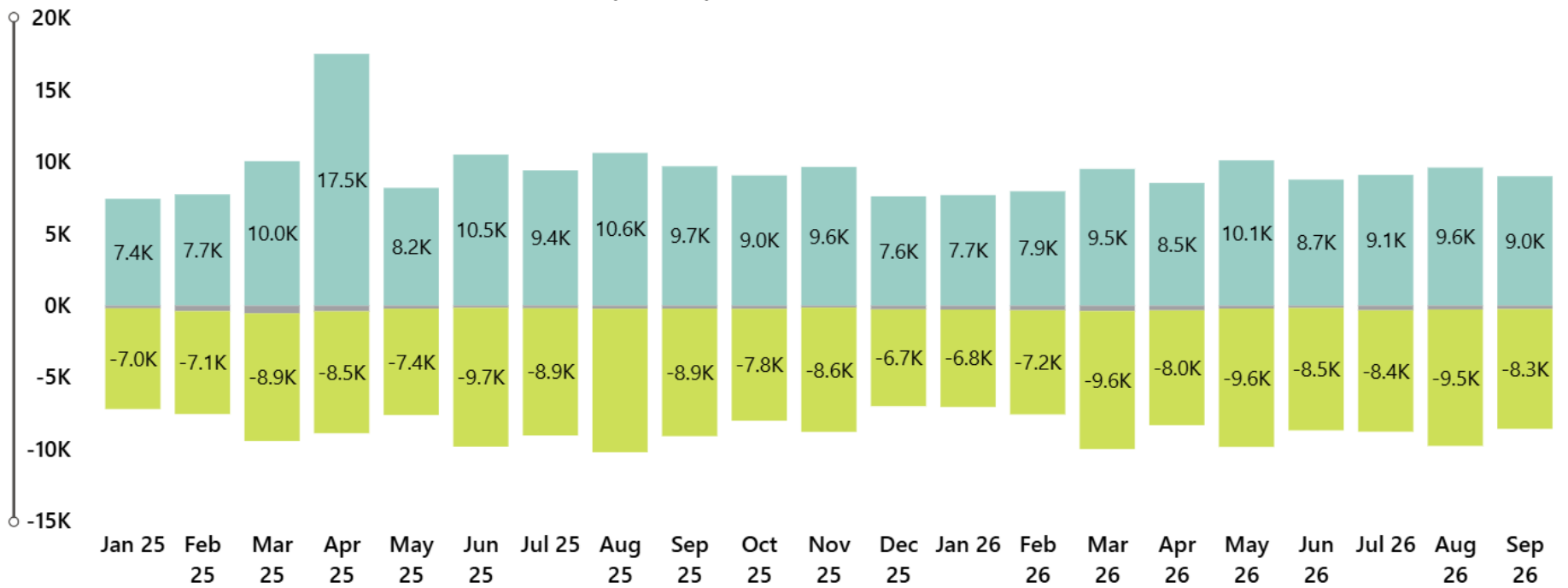
Change in Net Revenue = (Total Revenue / Total Active Customer Accounts) * Net Change in Customers

% Change in Net Revenue = Change in Net Revenue / Total Revenue



Customer Movement - Monthly

● Opt In ● Opt Out ● Move In ● Move Out





October 15, 2026

TO: MCE Board of Directors

FROM: Justine Parmelee, Vice President of Internal Operations and Board Secretary

RE: Board Member Delegation Procedure (Agenda Item #I.4)

ATTACHMENT: Board Member Delegation Procedure

Dear Board Members:

Summary:

Pursuant to Article 4.2.1 of the MCE Joint Powers Agreement (JPA), a Member Agency may designate another Member Agency within the same county to represent it and vote on its behalf at MCE Board meetings. The designated agency exercises the combined votes and voting shares of all agencies it represents until the delegation is revoked or changed through written notice to MCE.

Staff has prepared the attached Board Delegation Procedures handout to consolidate and clarify existing governance and delegation practices. This item is presented for informational purposes only and does not require Board action or direction.

Fiscal Impacts:

None.

Recommendation:

Information only.

Board Member Delegation Procedure

Pursuant to Article 4.2.1 of the MCE Joint Powers Agreement (JPA), a Member Agency may designate another Member Agency within the same county to represent it and vote on its behalf at MCE Board meetings. The designated agency exercises the combined votes and voting shares of all agencies it represents until the delegation is revoked or changed through written notice to MCE.

Full text of article 4.2.1

The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the Director or the alternate Director shall be a member of the governing body of the Party. As an alternative to appointing its own Director and alternate Director, the governing body of any Party may elect to designate another Party within the same county (the "designated Party") to represent it on the Board with the Director and alternate Director from the designated Party (the "consolidated Parties"). Notwithstanding any provision in this Agreement to the contrary, in the case of such an election by one or more Parties in the same county, the designated Party shall have the combined votes and voting shares of the consolidated Parties and shall vote on behalf of the consolidated Parties. The governing body of a Party may revoke its designation of another Party to vote on its behalf at any time. Neither an election by a Party to designate another Party to vote on its behalf or a revocation of this election shall be effective unless provided in a written notice to the Authority.

Process:

Local Agency Action

- A Member Agency wishing to delegate its voting authority must place the item on the agenda of its governing body and follow its jurisdiction's normal approval process.
- Any delegation, modification, or revocation must be approved by the governing body of the Member Agency.

Eligible Delegate

- The delegation must be made to another MCE Member Agency located within the same county.
- The delegation does not need to be made to the county representative, and can be made to any city or town within the county boundaries that is a member agency.

Recommended Approach

- As a best practice, agencies should delegate to the Member Agency itself, rather than to an individual representative.
- This approach ensures the delegation remains in effect even if the individual serving as the agency's Board representative changes.

Changing or Revoking a Delegation

- A Member Agency may change or revoke its delegation at any time through action of its governing body.
- The change becomes effective once MCE receives the required written notice from the appropriate clerk or authorized official.
- Hyperlinked staff reports and resolutions from Mill Valley's prior delegation provide examples of:
 - [Establishing a delegation](#);
 - [Changing the designated Member Agency](#); and
 - [Revoking a delegation](#).

Reporting

As a best practice, the designated Member Agency should provide periodic, preferably annual, reports to the delegating agency regarding its participation and voting on MCE matters.

MCE's role:

MCE's Board of Directors does not approve, deny, or otherwise take action on a Member Agency's delegation decision. Once MCE receives the required written notice from the Member Agency, MCE implements the delegation in accordance with the JPA.