

MARIN ENERGY AUTHORITY

REVISED COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT



October 4, 2012

For copies of this document contact the Marin Energy Authority in San Rafael,
California or visit www.marinenergyauthority.org

Table of Contents

CHAPTER 1 – Introduction.....	1
Organization of this Implementation Plan.....	3
Chapter 2 – Aggregation Process.....	5
Introduction.....	5
Process of Aggregation.....	5
Consequences of Aggregation.....	6
Rate Impacts.....	6
Renewable Energy Impacts.....	6
Energy Efficiency Impacts.....	6
CHAPTER 3 – Organizational Structure.....	8
Organizational Overview.....	8
Governance.....	9
Officers.....	9
Committees.....	9
Addition/Termination of Participation.....	9
Agreements Overview.....	10
Joint Powers Agreement.....	10
Program Agreement No. 1.....	10
Agency Operations.....	11
Resource Planning.....	11
Portfolio Operations.....	11
Operations & Local Energy Programs.....	12
Rate Setting.....	12
Financial Management/Accounting.....	13
Customer Services.....	13
Legal and Regulatory Representation.....	14
Roles and Functions.....	14
Staffing.....	15
CHAPTER 4 – CCA Startup.....	17
Staffing Requirements.....	18
CHAPTER 5 – Program Phase-In.....	19
CHAPTER 6 - Load Forecast and Resource Plan.....	20
Introduction.....	20
Resource Plan Overview.....	21
Supply Requirements.....	22
Customer Participation Rates.....	22
Customer Forecast.....	23
Sales Forecast.....	24
Capacity Requirements.....	24
Renewable Portfolio Standards Energy Requirements.....	26
Basic RPS Requirements.....	26
Marin Energy Authority’s Renewable Portfolio Standards Requirement.....	26
Resources.....	27
Purchased Power.....	28
Renewable Resources.....	28

Medium and Long-Term Renewable Potential	28
Energy Efficiency	29
Baseline Energy Efficiency Potential Estimates.....	29
CCA Program Energy Efficiency Goals.....	30
Demand Response	31
Distributed Generation	32
CHAPTER 7 – Financial Plan	33
Description of Cash Flow Analysis	33
Cost of CCA Program Operations.....	34
Revenues from CCA Program Operations.....	34
Cash Flow Analysis Results	34
CCA Program Implementation Feasibility Analysis	35
Marin Clean Energy Financings	36
CCA Program Start-up and Working Capital (Phases 1 and 2)	36
CCA Program Working Capital (Phase 3).....	36
CCA Program Working Capital (Phase 4).....	36
Renewable Resource Project Financing	36
CHAPTER 8 - Ratesetting and Program Terms and Conditions.....	38
Introduction.....	38
Rate Policies.....	38
Rate Competitiveness.....	38
Rate Stability.....	39
Equity among Customer Classes.....	39
Customer Understanding.....	39
Revenue Sufficiency	39
Rate Design.....	40
Net Energy Metering.....	40
Disclosure and Due Process in Setting Rates and Allocating Costs among Participants	40
CHAPTER 9 – Customer Rights and Responsibilities	41
Customer Notices	41
Termination Fee	42
Customer Confidentiality	43
Responsibility for Payment	43
Customer Deposits	44
CHAPTER 10 - Procurement Process.....	45
Introduction.....	45
Procurement Methods.....	45
Key Contracts	45
Electric Supply Contract.....	45
Data Management Contract.....	46
Electric Supply Procurement Process	47
Shell Energy North America.....	47
Chapter 11 – Contingency Plan for Program Termination	48
Introduction.....	48
Termination by Marin Clean Energy	48
Termination by Members	49
CHAPTER 12 – Appendices.....	50

CHAPTER 1 – Introduction

The Marin Energy Authority (“MEA” or “Authority”), a public agency, was formed in December 2008 for the purposes of implementing a community choice aggregation (“CCA”) program and other energy-related programs targeting significant greenhouse gas emissions (“GHG”) reductions. At that time, the Member Agencies of the Authority included eight of the twelve municipalities located within the geographic boundaries of Marin County: the cities/towns of Belvedere, Fairfax, Mill Valley, San Anselmo, San Rafael, Sausalito and Tiburon and the County of Marin (together the “Members” or “Member Agencies”). In anticipation of CCA program implementation and in compliance with state law, MEA submitted the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Implementation Plan”) to the California Public Utilities Commission (“CPUC” or “Commission”) on January 25, 2010. Consistent with its expressed intent, MEA successfully launched its CCA program, Marin Clean Energy (“MCE” or “Program”), on May 7, 2010 and has been successfully serving customers since that time.

During the second half of 2011, four additional municipalities within Marin County, the cities of Novato and Larkspur and the towns of Ross and Corte Madera, joined MEA, and a revised Implementation Plan reflecting updates related to said expansion was submitted to the CPUC on December 3, 2011.

MCE gives electric customers of the Member Agencies an opportunity to procure electricity from competitive suppliers, with such electricity being delivered over PG&E’s transmission and distribution system. To date, the electricity delivered to MCE customers has included over 27 percent Renewables Portfolio Standard (“RPS”) qualifying renewable energy, an amount which has surpassed all reporting entities, including the incumbent utility. Over the course of MEA’s phased implementation schedule, all current PG&E customers within the Authority’s service area will receive information describing the Program and will have multiple opportunities to express their desire to remain bundled customers of PG&E, in which case they will not be enrolled in the Program. Thus, participation in the CCA Program is completely voluntary; however, customers, as provided by law, will be automatically enrolled unless they affirmatively elect to opt-out of the CCA Program.

The MCE program has received considerable interest from other communities in response to its innovative, environmentally focused energy service alternative, which now provides electric generation service to approximately 14,000 customers, including a cross section of residential and commercial accounts. During its two-year operating history, non-member municipalities have monitored MEA’s progress, evaluating the potential opportunity for membership in the Authority, which would enable customer choice with respect to electric generation service. In response to public interest and the Authority’s successful operational track record, the City of Richmond has requested MEA membership and adopted the requisite ordinances for joining MEA. The Authority’s Board of Directors approved the City of Richmond’s membership request at a duly noticed public meeting on June 7, 2012.

This revision of the Marin Energy Authority Community Choice Aggregation Implementation Plan and Statement of Intent (“Revised Implementation Plan”) describes the Authority’s expansion plans to include the City of Richmond. According to the Commission, “the Energy Division is required to receive and review a revised MEA/MCE implementation plan reflecting changes/consequences of additional members.” With this in mind, MEA has reviewed its December 3, 2011 Implementation Plan and has identified certain information that requires updating to reflect the changes and consequences of adding the new member. This Revised Implementation Plan reflects such changes and includes related projections that account for MEA’s planned expansion.

Implementation of MCE has enabled customers within MEA’s service area to take advantage of the opportunities granted by Assembly Bill 117 (“AB 117”), the Community Choice Aggregation Law. MEA’s primary objective in implementing this Program continues to focus on increased utilization of renewable energy supplies for the purpose of promoting significant GHG emissions reductions. To date, MEA has achieved this objective by offering customers two energy supply options: 1) a minimum 50 percent renewable content, which will be the default service option for participating customers¹; or 2) 100 percent renewable content. The prospective benefits to consumers include a substantial increase in renewable energy supply, stable and competitive electric rates, public participation in determining which technologies are utilized to meet local electricity needs, and local/regional economic benefits.

To ensure successful operation of the MCE program, the Authority has received assistance from experienced energy suppliers and contractors in providing energy services to Program customers. As a result of a competitive solicitation process and subsequent contract negotiations, a highly qualified firm, Shell Energy North America (“SENA”) was selected as MEA’s initial energy services provider and scheduling coordinator. To serve the increasing energy requirements resulting from expanded membership, MEA anticipates that its existing supply agreement with SENA will be amended to reflect the Program’s increased future needs. Information regarding this company is contained in Chapter 10.

MEA’s Implementation Plan reflects a collaborative effort among the Authority, its Members, and the private sector to bring the benefits of competition and choice to Member residents and businesses. By exercising its legal right to form a CCA Program, the Authority has enabled its Members’ constituents to access the competitive market for energy services and obtain access to increased renewable energy supplies and resultant reductions in GHG emissions. Absent action by the Authority or its individual Members, most customers would have no ability to choose an electric supplier and would remain captive customers of their incumbent utility.

The California Public Utilities Code provides the relevant legal authority for the Authority to become a Community Choice Aggregator and invests the California Public Utilities Commission (“CPUC” or “Commission”) with the responsibility for establishing the cost recovery mechanism that must be in place before customers can begin receiving electrical

¹ MCE customers received more than 27 percent RPS-qualifying renewable energy in 2011. The default renewable energy content, which includes RPS-qualifying renewable energy and supplemental renewable energy credit purchases, was voluntarily increased from 25% to 50% beginning in January, 2012.

service through the Authority's CCA Program. The CPUC has also registered the Authority as a Community Choice Aggregator and continues to ensure compliance with basic consumer protection rules. The Public Utilities Code requires that an Implementation Plan be adopted at a duly noticed public hearing and that it be filed with the Commission in order for the Commission to determine the cost recovery mechanism to be paid by customers of the Program in order to prevent shifting of costs. Each of these milestones has been accomplished. The Commission has established the methodology that will be used to determine the cost recovery mechanism, and PG&E now has approved tariffs for imposition of the cost recovery mechanism. Finally, each of the Authority's Members has adopted an ordinance to implement a CCA program through its participation in the Authority (copies of individual ordinances adopted by MEA's members are included as Appendix B). Following the CPUC's certification of its receipt of this Revised Implementation Plan and resolution of any outstanding issues, the Authority will take the final steps needed to expand CCA service to MEA's new member, including customer notification and enrollment.

Organization of this Implementation Plan

The content of this Revised Implementation Plan complies with the statutory requirements of AB 117. Because MEA has already successfully implemented its CCA program, this Revised Implementation Plan includes narrative discussion, updates and projections focused on on-going operation and expansion of the MCE program rather than previously completed implementation efforts. As a result, certain sections of this document are now substantially abbreviated. Consistent with requirements identified in PU Code Section 366.2(c)(4), this Revised Implementation Plan addresses:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning aggregated service.

To promote consistency with MEA's original January 25, 2010 Implementation Plan, the remainder of this Revised Implementation Plan is organized as follows:

Chapter 2: Aggregation Process
Chapter 3: Organizational Structure
Chapter 4: CCA Startup
Chapter 5: Program Phase-In
Chapter 6: Load Forecast and Resource Plan
Chapter 7: Financial Plan
Chapter 8: Ratesetting
Chapter 9: Customer Rights and Responsibilities
Chapter 10: Procurement Process
Chapter 11: Contingency Plan for Program Termination
Appendix A: Authority Resolution 2009-10 and Authority Member Ordinances
Appendix B: Joint Powers Agreement

The requirements of AB 117 are cross-referenced to Chapters of this Implementation Plan in the following table.

AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN CHAPTER
Process and consequences of aggregation	Chapter 2: Aggregation Process
Organizational structure of the program, its operations and funding	Chapter 3: Organizational Structure Chapter 4: Startup Plan and Funding Chapter 7: Financial Plan
Ratesetting and other costs to participants	Chapter 8: Ratesetting Chapter 9: Customer Rights and Responsibilities
Disclosure and due process in setting rates and allocating costs among participants	Chapter 8: Ratesetting
Methods for entering and terminating agreements with other entities	Chapter 10: Procurement Process
Participant rights and responsibilities	Chapter 9: Customer Rights and Responsibilities
Termination of the program	Chapter 11: Contingency Plan for Program Termination
Description of third parties that will be supplying electricity under the program, including information about financial, technical and operational capabilities	Chapter 10: Procurement Process
Statement of Intent	Chapter 1: Introduction

Introduction

As previously noted, MEA successfully launched its CCA Program, MCE, on May 7, 2010 after meeting applicable statutory requirements and in consideration of planning elements described in its January 25, 2010 Implementation Plan. At this point in time, MEA plans to expand agency membership to include the City of Richmond. This community has requested MEA membership, and the Authority's Board of Directors subsequently approved the membership request at a duly noticed public meeting.

As planned, the residents and businesses within MEA's expanded service territory will be offered electric generation service from MEA's currently operating CCA program, MCE, which represents a culmination of planning efforts that are responsive to the expressed needs and priorities of the citizenry and business community within the region. Through MCE, the Marin Energy Authority has expanded the energy choices available to eligible customers, including the creation of a 100% renewable energy product. In effect, MCE provides Marin residents and businesses with three electric service options, which include: 1) the default 50% (minimum) renewable energy service option – Light Green; 2) a 100% renewable energy service option – Deep Green – which can be chosen on a voluntary basis; or 3) bundled energy service from the incumbent utility. It remains MEA's long-term goal to supply its customers entirely with clean, renewable energy, subject to economic and operational constraints.

Each of the Member Agencies has adopted an ordinance to implement a CCA program through its participation in the Authority. A Revised Implementation Plan was adopted at a duly noticed public hearing of the Authority on October 4, 2012.

Process of Aggregation

All customers currently enrolled in the MCE program were appropriately noticed. Before additional phases of customers are enrolled in the Program, these customers will receive two written notices in the mail, from the Authority, that will provide information needed to understand the Program's terms and conditions of service and explain how these customers can opt-out of the Program, if desired. All customers that do not follow the opt-out process specified in the customer notices will be automatically enrolled, and service will begin at their next regularly scheduled meter read date at least thirty days following the date of automatic enrollment, subject to the service phase-in plan described in Chapter 5. These notices will be sent to customers beginning 90 to 105 days prior to commencement of service or twice within 60 days of automatic enrollment. Follow-up opt-out notices will be provided within the first two months of service.

Customers enrolled in the Program will continue to have their electric meters read and be billed for electric service by the distribution utility (PG&E). The electric bill for Program customers will show separate charges for generation procured by the Program and all other charges related to delivery of the electricity and other utility charges that will continue to be assessed by PG&E.

After service cutover, customers will be given two additional opportunities to opt-out of the Program and return to the distribution utility (PG&E) following receipt of their first and second bills. Customers that opt-out between the initial cutover date and the close of the post enrollment opt-out period will be responsible for program charges for the time they were served by the Authority but will not otherwise be subject to any penalty for leaving the program. Customers that have not opted-out within thirty days of the fourth opt-out notice will be deemed to have elected to become a participant in the Program and to have agreed to the Program's terms and conditions, including those pertaining to requests for termination of service, as further described in Chapter 8.

Consequences of Aggregation

Rate Impacts

Customers will pay the generation charges set by the Authority and no longer pay the costs of PG&E generation. Customers enrolled in the Program will be subject to the Program's terms and conditions, including responsibility for payment of all Program charges as described in Chapter 9. The Authority's rate setting policies are described in Chapter 7. The Authority will establish rates sufficient to recover all costs related to operation of the Program, and actual rates will be adopted by the Authority's governing board.

Information regarding current Program rates will be disclosed along with other terms and conditions of service in the pre-enrollment opt-out notices sent to potential customers.

Program customers are not expected to be responsible in any way for costs associated with the utilities' future electricity procurement contracts or power plant investments that are made on behalf of utility bundled service customers. Certain pre-existing generation costs will continue to be charged by PG&E to CCA customers through a separate rate component, called the Cost Responsibility Surcharge or CRS. This charge is shown in PG&E's tariff, which can be accessed from the utility's website.

Renewable Energy Impacts

The MCE program has substantially increased the proportion of energy generated and supplied to its customers by renewable resources. The resource plan includes procurement of renewable energy sufficient to meet a minimum of 50 percent of the Program's electricity needs. Customers of the Authority may voluntarily participate in a 100 percent renewable supply option. To the extent that customers choose to participate in this voluntary program, the renewable content of MEA's power supply would increase. The renewable energy requirements of MCE customers are being supplied through contractual arrangements, but may be delivered, at an indeterminate point in the future, by new renewable generation resources developed by or for the Authority subject to then-current considerations (such as development costs, regulatory requirements and other concerns).

Energy Efficiency Impacts

MEA also plans to increase investment in energy efficiency programs and activities. The existing energy efficiency programs administered by the distribution utility have not changed

as a result of the Authority forming the Program. CCA customers continue to pay charges to the distribution utility which fund energy efficiency programs for all customers, regardless of generation supplier. The energy efficiency investments ultimately planned for the Program, as described in Chapter 5, will be in addition to the level of investment that would continue in the absence of the Program. Thus, the Program has the potential for increased energy savings and a further reduction in emissions due to expanded energy efficiency programs. As planned, MEA has elected to administer requisite program funding by submitting a plan to independently administer energy efficiency programs within its jurisdiction for CPUC certification. An initial Energy Efficiency plan was submitted to the CPUC on February 3, 2012 and an amended Energy Efficiency plan was submitted to the CPUC on June 22, 2012.

This section provides an overview of the organizational structure of the Authority

Organizational Overview

The MCE program is governed by MEA’s Board of Directors (“Board”), appointed by the Members. MEA is a joint powers agency created in December 2008 and formed under California law. Originally, the County of Marin and eight municipalities within the geographic boundaries of the County became Members of MEA and elected to offer the Program to their constituents. Since that time, the remaining four municipalities within Marin, which include the cities of Novato and Larkspur and the towns of Ross and Corte Madera, have requested and received approval for MEA membership as has the City of Richmond. The Marin Energy Authority is the CCA entity that has registered with the CPUC and has been responsible for implementing and managing the program pursuant to the Authority’s Joint Powers Agreement (“JPA Agreement” or “Agreement”). The Program is operated under the direction of an Executive Officer, who has been appointed by the Board. The Executive Officer reports to the Board comprised of one representative from each participating Member of MEA. Those who are eligible to serve as representatives on the Board include elected officials from the then-current County Board of Supervisors (one Board representative has been selected from the County Board of Supervisors) and the City and Town Councils (one representative has been selected from each of the City and Town Councils) of the Members.

The Board’s primary duties are to establish program policies, set rates and provide policy direction to the Executive Officer, who has general responsibility for program operations, consistent with the policies established by the Board. The Board has also determined necessary staffing levels, individual titles and related compensation ranges for the organization. The Board may also adjust staffing levels and compensation over time in response to varying workloads, specific programs and/or general responsibilities of MCE.

The Executive Officer is an employee of MEA, and the Board is responsible for evaluating the Executive Officer’s performance.

The Board has established a Chairman and other officers from among its membership and has established an Executive Committee and Technical Committee and may establish other committees and sub-committees as needed to address issues that require greater expertise in particular areas (e.g., finance or contracts). MCE may also establish an “Energy Commission” formed of Board-selected designees. The Energy Commission would have responsibility for evaluating various issues that may affect MCE and its customers, including rate setting, and would provide analytical support and recommendations to the Board in these regards.

The Executive Officer has responsibilities over the functional areas of Finance, Regulatory Affairs, and Operations. In performing these responsibilities, the Executive Officer utilizes a

combination of internal staff and contractors. Certain specialized functions needed for program operations, namely the electric supply and customer account management functions described below, are performed by experienced third-party contractors.

Governance

MEA has a Board of Directors consisting of one representative from each Member. Following satisfaction of certain administrative conditions, the Board will add an additional representative from the City of Richmond. The Board meets at regular intervals to provide the overall management and guidance for MCE. All Board meetings are public and held in accordance with the Ralph M. Brown Act.

Decisions by MEA are under voting procedures defined in the JPA Agreement, attached hereto as Appendix B. All votes on a particular matter are subject to the two-tiered approval process described in the JPA Agreement.

Officers

MEA has a Chair and Vice-Chair elected to one-year terms by the Board of Directors. Both the Chair and Vice-Chair must be members of the Board. In addition, MEA has a Board Clerk and Auditor; neither of which will be members of the Board of Directors. The JPA Agreement provides further detail with respect to each of these positions.

Committees

MEA may form an appointed Energy Commission, which would be comprised of Board designees from the Member communities. Appointments would be made based on various skill sets and expertise that will be useful in evaluating matters affecting MEA and its customers, specifically issues related to rate setting and other technical matters. The Energy Commission would provide the Board with recommendations and related analysis to support policy-level decisions of the Board. MEA may elect to have additional committees or working groups to address various topics. Any additional committees and their functions will be determined by the Board of Directors at the time each committee is created.

Addition/Termination of Participation

The JPA Agreement provides for the addition of new participants subject to the affirmative vote of MEA's Board of Directors pursuant to the voting structure described in the Agreement. The Board has determined the specific terms and conditions under which new Members can be admitted and has recently approved the membership request received from the City of Richmond. Following the satisfaction of certain administrative requirements determined by the Board, a representative from the new Member will be added to the Board and will begin participating in governance activities.

A JPA Member can withdraw itself from the JPA subject to the specific terms and conditions contained in the JPA Agreement.

Agreements Overview

There are two principal agreements that govern MEA and the initial operation of its CCA Program: the JPA Agreement and Program Agreement No. 1 (PA-1). Each of these agreements and its functions are discussed below.

Joint Powers Agreement

The JPA Agreement created MEA and delineates a broad set of powers related to the study, promotion, development, and conduct of electricity-related projects and programs. The JPA Agreement describes the Authority as having broad powers, but a very limited role without implementing agreements (“program agreements”) to carry out specific programs. This structure is intended to provide flexibility for MEA to undertake other programs in the future that may be unrelated to CCA on behalf of all or a subset of MEA’s Members. The Board has limited decision making authority regarding land use within the Member communities. Any issues involving land use within Member communities will be raised with the potentially affected Member. The land use and building regulations of each Member shall apply to any JPA facilities located within the jurisdiction of that Member. Any amendments to the JPA Agreement will be subject to prior approval by the Board.

The first program agreement or PA-1, discussed in greater detail below, provides for electric generation service to customers of the CCA Program. At MEA’s Members’ discretion, future program agreements could provide for other energy related programs or subsequent energy transactions.

Program Agreement No. 1

PA-1 consists of three components: 1) the Edison Electric Institute (“EEI”) Master Power Purchase & Sale Agreement (“Master EEI Agreement”), which is a standard industry contract used by public and private utilities across the United States; 2) the EEI Master Power Purchase & Sale Agreement Cover Sheet, which provides additional detail related to MEA’s specific transaction, identifying exceptions, clarifications and areas of applicability that modify the standard terms and conditions of the Master EEI Agreement; and 3) one or more Confirmations, inclusive of any amendments thereto, which is referenced in the Master EEI Agreement and defines the commercial terms of MEA’s transaction. PA-1 is the agreement under which MEA currently procures all necessary electric supply services for MCE customers. PA-1 specifies a five year delivery period, which commenced on May 7, 2010 and ends on May 6, 2015. PA-1 specifies a full requirements energy product, including electric energy, renewable energy, capacity, ancillary services and scheduling coordination services. Based on contract negotiations, PA-1 specifies fixed annual prices for each year of the delivery period and insulates municipal funds/budgets of the Member Agencies before, during and after the delivery period. PA-1 was executed by MEA and its energy supplier, SENA, on February 5, 2010 and most recently amended on February 2, 2012. It is MEA’s intent to provide for the additional energy requirements of future MCE customers by negotiating an amendment to PA-1, which will be completed prior to service commencement. MEA anticipates that SENA will

continue in its role as MEA's primary energy supplier and scheduling coordinator over the near-term (through May 6, 2015) but will also pursue supply arrangements with renewable energy generators to supplement planned renewable energy deliveries from SENA.

Agency Operations

The Authority conducts program operations through its own internal staff and through contracts for services with third parties. MEA has its own General Counsel to manage its legal affairs. MEA's Executive Officer will have responsibility for day-to-day operations of the Program. To assist the Executive Officer, MEA has hired a full-time Administrative Assistant and a Clerk. Other staff positions may be added as necessary to include positions in finance, customer services, energy efficiency and other local energy programs, and operations.

Major MCE functions that are performed and managed by the Executive Officer are summarized below.

Resource Planning

MEA is charged with developing both short (one and two-year) and long-term resource plans for the program. The Executive Officer manages staff and contractors to develop the resource plan under the guidance provided by the Board and in compliance with California Law, and other requirements of California regulatory bodies (CPUC and CEC).

Long-term resource planning includes load forecasting and supply planning on a ten- to twenty-year time horizon. MEA's technical team develops integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning considers demand side energy efficiency and demand response programs as well as traditional supply options. The CCA Program requires an independent planning function despite day-to-day supply operations being contracted to a third party energy supplier. Plans are updated and adopted by the Board on an annual basis.

Portfolio Operations

Portfolio operations encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These highly specialized activities include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of program customers.
- *Risk Management* – standard industry techniques are employed to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long-term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – scheduling and settling electric supply transactions with the CAISO.

MEA has initially contracted with an experienced and financially sound third party, SENA, to perform most of the portfolio operation requirements for the CCA Program. These requirements include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. PA-1 is the contractual instrument that has been developed for this purpose; additional detail related to PA-1 is provided in the preceding discussion.

MEA will approve and adopt a set of Program Controls that will serve as the risk management tools for the Executive Officer and any third party involved in the program's portfolio operations. Program Controls will define risk management policies and procedures and a process for ensuring compliance throughout the organization. During initial operations, SENA will bear the majority of program operational risks, pursuant to the terms and conditions of PA-1.

Operations & Local Energy Programs

A key focus of the CCA Program will be the development and implementation of local energy programs for its Members, including energy efficiency programs, net energy metering, distributed generation programs and other energy programs responsive to Member interests. The Executive Officer is responsible for further development of these Programs. To assist the Executive Officer in this regard, MEA may hire additional staff to oversee program operations and local energy program administration as well as develop energy efficiency marketing strategies, perform customer outreach and conduct related analyses to support chosen courses of action. As experience is gained from the retail energy side of the CCA Program, MEA will continue enhancing its local energy programs to achieve MEA's desired goals and objectives.

MEA will administer energy efficiency, demand response and distributed (solar) generation programs that can be used as cost-effective alternatives to procurement of supply-side resources. MEA will attempt to consolidate existing demand side programs into this organization and leverage the structure to expand energy efficiency offerings to customers throughout its service territory, including the CPUC process for third party administration of energy efficiency programs and use of funds collected through the existing public goods surcharges paid by MCE customers.

Rate Setting

The Board of Directors has the ultimate responsibility for setting the electric generation rates for the Program's customers. The Executive Officer in cooperation with technical staff and appropriate advisors, consultants and committees of the Board is responsible for developing proposed rates and options for the Board to consider before finalization. The final approved rates must, at a minimum, meet the annual revenue requirement developed by the Executive Officer, including any reserves or coverage requirements set forth in electric supply agreements and/or bond covenants. The Board has the flexibility to consider rate adjustments within

certain ranges, provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Financial Management/Accounting

The Executive Officer in cooperation with technical staff, advisors and consultants is responsible for managing the financial affairs of MCE, including the development of an annual budget and revenue requirement; managing and maintaining cash flow requirements; potential bridge loans and other financial tools; and a large volume of billing settlements. The Executive Officer uses contractors and/or staff in support of these activities, as appropriate.

The Finance function arranges financing for capital projects, prepares financial reports, and ensures sufficient cash flow for the Program. This function also plays an important role in risk management by monitoring the credit of suppliers so that credit risk is properly understood and mitigated by the Program. In the event that changes in a supplier's financial condition and/or credit rating are identified, the Program will be able to take appropriate action, as would be provided for in the electric supply agreement. The Finance function establishes credit policies that the program must follow.

The retail settlements (customer billing) is contracted out to an organization with the necessary infrastructure and capability to handle approximately 100,000 accounts during full Program phase-in, which is scheduled to occur in July 2012. This function is described under Customer Services, below.

Customer Services

In addition to general program communications and marketing, a significant focus on customer service, particularly representation for key accounts, is necessary. This includes both a call center designed to field customer inquiries and routine interaction with customer accounts. The Executive Officer is responsible for the Customer Services function and uses staff and/or contractors in support of these activities as appropriate.

The Customer Account Services function performs retail settlements-related duties and manages customer account data. It processes customer service requests and administers customer enrollments and departures from the Program, maintaining a current database of customers enrolled in the Program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments. Activities include the electronic exchange of usage, billing, and payments data with the distribution utility and MCE, tracking of customer payments and accounts receivable, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with MCE credit policies.

The Customer Account Services function also manages billing related communications with customers, customer call centers, and routine customer notices. MEA has initially contract with a third party, Noble Americas Energy Solutions ("Noble"), which has demonstrated the

necessary experience and administers appropriate computer systems (customer information system), to perform the customer account and billing services functions.

MEA conducts Program marketing and key customer account management functions. These responsibilities will include the assignment of account representatives to key accounts, which will ensure high levels of customer service to these businesses, and implementation of a marketing strategy to promote customer satisfaction with the CCA Program. Effectively administering communications, marketing messages, and delivering information regarding the CCA Program to all customers is critical for the overall success of the CCA Program.

Legal and Regulatory Representation

The CCA Program requires ongoing regulatory representation to file resource plans, resource adequacy, compliance with California RPS, and overall representation on issues that will impact MEA, its Members and MCE customers. MEA maintains an active role at the CPUC, CEC, and, as necessary, FERC and the California legislature. Day-to-day analysis and reporting of pertinent legal and regulatory issues is completed by the Program's Legal and Regulatory Counsel and/or qualified contractors.

MEA also retains legal services, as necessary, to administer MEA, review contracts, and provide overall legal support to the activities of MEA.

Roles and Functions

The Board performs the functions inherent in its policy-making, management and planning roles. MEA is the public face of the Program and has a direct role in marketing, communications and customer service. Other highly specialized functions, such as energy supply and data management, are contracted out to third parties with sufficient experience, technical and financial capabilities. The functions that are currently being performed by MEA's Board of Directors, the Executive Officer and third parties are specified below:

Organization	Roles/Functions/Activities
MEA Board of Directors	<i>Executive/Policy/Legal</i>
Executive Officer	<i>Finance</i>
	<i>Legal and Regulatory</i> <ul style="list-style-type: none"> - <i>Legal support</i> - <i>Participation in regulatory proceedings</i> - <i>Regulatory reporting</i>
	<i>Marketing/Communications</i>
	<i>Rates & Support</i> <ul style="list-style-type: none"> - <i>Rate policy</i> - <i>Rate design</i> - <i>Cost-of-service planning</i>
	<i>Resource Planning</i> <ul style="list-style-type: none"> - <i>Load research</i> - <i>Load forecasting</i> - <i>Supply-side/Demand side portfolio planning</i>
	<i>Contract Management – RFP/RFQ</i>
	<i>Customer Service</i> <ul style="list-style-type: none"> - <i>Account representatives</i> - <i>Energy efficiency/DG program management</i>
Energy Supplier (SENA)	<i>Supply Operations</i> <ul style="list-style-type: none"> - <i>Procurement</i> - <i>Scheduling coordination</i> - <i>Settlements (ISO/Wholesale)</i> - <i>Short-term load forecasting</i>
Customer Account Services Provider/Data Manager (Noble)	<i>Account Management (Customer Information System)</i> <ul style="list-style-type: none"> - <i>Customer switching</i> - <i>New customer processing</i> - <i>Data exchange (EDI)</i> - <i>Payment processing (AR/AP)</i> - <i>Billing and retail settlements</i> - <i>Call center</i>

Staffing

Staffing requirements for the above MCE functions will be approximately ten full time equivalent positions, once the customer phase-in is complete and the program is fully operational. These staffing requirements are in addition to the services provided by the third party energy suppliers and the data manager. The Executive Officer will have discretion whether to internally staff these required functions or to contract for these services.

The following table shows the staffing plan for Marin Clean Energy at initial full-scale operational levels, following full phase-in. Customer service for the mass market residential and small commercial customers will be provided by the Program's third party customer account services provider.

**Staffing Plan for Marin Clean Energy
Community Choice Aggregation Program**

Position	Staff (Full Time Equivalents)
Management	
Executive Officer	1.0
Resource Analyst	1.0
Data Analyst	1.0
Administrative Assistant	1.0
Clerk	1.0
Sales and Marketing	
Communications Director	1.0
Account Manager	1.0
Local Energy Programs	
Energy Efficiency Program Coordinator	1.0
Legal & Regulatory	
Legal & Regulatory Counsel	1.0
Regulatory Analyst	1.0
Total Staffing	10.0

Longer-term staffing needs will include additional energy efficiency and distributed generation activities and potentially the creation of an internal organization to perform the portfolio operations and account services functions that are currently performed under contract arrangements.

As previously noted, MEA successfully launched the MCE program on May 7, 2010. To ensure successful operation during the implementation and start-up period, the Authority utilized a mix of staff and contractors in its CCA Program implementation. The following table illustrates current start-up responsibilities as well as expectations for near-term (two to five years), and long-term staffing roles.

Expectations for Staffing Roles

Function	Start-Up	Near-Term (2 to 5 Years)	Long-Term
Program Governance	MEA Board	MEA Board	MEA Board
Program Management	MEA EO	MEA EO	MEA EO
Outreach	MEA EO	MEA EO	MEA EO
Customer Service	MEA EO	MEA EO	MEA EO
Key Account Management	MEA EO	MEA EO	MEA EO
Regulatory	Third Party (MEA EO support)	MEA EO (Regulatory Analyst support)	MEA EO (Regulatory Analyst support)
Legal	MEA EO	MEA EO	MEA EO
Finance	MEA EO	MEA EO	MEA EO
Rates: Approve Develop	MEA Board MEA EO (third Party support)	MEA Board MEA EO (third Party support)	MEA Board MEA EO (third party support)
Resource Planning	Third Party (MEA EO support)	MEA EO (third party support)	MEA EO (third party support)
Energy Efficiency	MEA EM (third Party Support)	MEA EO (Program Energy Efficiency Staff)	MEA EO (Program Energy Efficiency Staff)
Resource Development	MEA EO (third party support)	MEA EO (third party support)	MEA EO (third party support)
Portfolio Operations	Third Party	Third Party (MEA EO support)	MEA EO (third party support)
Scheduling Coordinator	Third Party	Third Party	Third Party (potentially MEA EO)
Data Management	Third Party	Third Party	Third Party (potentially MEA EO)

Staffing Requirements

Staff will be added incrementally to match workloads involved in forming the new organization, managing contracts, and initiating customer outreach/marketing during the pre-operations period. Actual staff will be dependent upon several factors, including the ability to recruit and hire qualified staff and personnel policies ultimately established by the Executive Officer and the Board of Directors.

The Authority continues to phase-in the customers of its CCA Program as communicated in its January 25, 2010 Implementation Plan. To date, two phases have been successfully implemented, and a third phase is underway as of July 2012 that includes remaining customers within Marin County. MEA plans to serve customers within the City of Richmond in a fourth phase planned for April, 2013:

- Phase 1. Complete: MEA Member (municipal) accounts & a subset of residential, commercial and/or industrial accounts, comprising approximately 20 percent of total customer load.
- Phase 2. Complete: Additional commercial and residential accounts, comprising an approximately 20 percent of total customer load (incremental addition to Phase 1).
- Phase 3. In Progress: Remaining accounts within Marin County.
- Phase 4. Residential, commercial, agricultural, and street lighting accounts within the City of Richmond, subject to economic and operational constraints.

This approach has provided the Authority with the ability to start slow, addressing any problems or unforeseen challenges on a small manageable program before gradually building to full program integration for an expected customer base of approximately 120,000 accounts. This approach has also allowed the Authority and its energy supplier(s) to address all system requirements (billing, collections, payments) under a phase-in approach to minimize potential exposure to uncertainty and financial risk by “walking” prior to ultimately “running”.

MEA will offer service to all customers on a phased basis expected to be completed within twenty four to thirty six months of initial service to Phase 1 customers, which occurred on May 7, 2010. Phase 2 was implemented in August, 2011. Phase 3 of the Program began in July, 2012. Phase 4 is planned to begin in April, 2013 and will include all residential, commercial, agricultural, and street lighting customers within the City of Richmond. Service may be offered to industrial customers within the City of Richmond at an undetermined date in the future. The Board may evaluate other phase-in options based on then-current market conditions, statutory requirements and regulatory considerations as well as other factors potentially affecting the integration of additional customer accounts.

CHAPTER 6 - Load Forecast and Resource Plan

Introduction

This Chapter describes MCE's proposed ten-year integrated resource plan, which will create a highly renewable, diversified portfolio of electricity supplies capable of meeting the electric demands of MCE's retail customers, plus sufficient reliability reserves.

This integrated resource plan reflects a progression towards MEA's long-term, programmatic goal of 100 percent renewable energy supply. Within five years of program commencement (2015), this significant commitment to renewable resources is projected to result in MCE meeting approximately 55 percent of its total electric needs through renewable resources. As the Program moves forward, incremental renewable supply additions will be made based on resource availability as well as economic goals of the Program. MCE's aggressive commitment to renewable generation adoption may involve both direct investment in new renewable generating resources through partnerships with experienced public power developers/operators, significant purchases of renewable energy from third party suppliers and the purchase of Renewable Energy Certificates ("RECs") from the market. The resource plan also sets forth ambitious targets for improving customer side energy efficiency as well as for potential deployment of approximately 14 MW of new distributed solar capacity within the jurisdictional boundaries of MCE by 2019 (year ten of Program operations).

The plan described in this section would accomplish the following by 2019:

- Procure energy needed to offer two generation rate tariffs: 100 percent Deep Green and 50 percent (minimum) Light Green.
- Increase the aggregate RPS-eligible renewable energy supply of the Program to a minimum 33 percent by 2020.
- Continue increasing renewable energy supplies of the Program to approximately 55 percent by 2015 based on resource availability and economic goals of the program.
- Develop partnership(s) with experienced public power developer(s) to responsibly evaluate development opportunities for Program-owned/controlled renewable generating capacity.
- Achieve significant reductions in greenhouse gas emissions within the Member Agencies.

MEA is responsible for complying with regulatory rules applicable to California load serving entities. MEA has arranged for the scheduling of sufficient electric supplies to meet the hour-by-hour demands of its customers. MEA has adhered to capacity reserve requirements established by the CPUC and the CAISO designed to address uncertainty in load forecasts and potential supply disruptions caused by generator outages and/or transmission contingencies. These rules also ensure that physical generation capacity is in place to serve the Program's customers, even if there were to be a need for the Program to cease operations and return customers to PG&E. In addition, MEA is responsible for ensuring that its resource mix contains sufficient production from renewable energy resources needed to comply with the statewide

renewable portfolio standards. The resource plan will meet or exceed all of the applicable regulatory requirements related to resource adequacy and the renewable portfolio standard.

Resource Plan Overview

The criteria used to guide development of the proposed resource plan included the following:

- Environmental responsibility and commitment to renewable resources;
- Price/rate stability;
- Reliability and maintenance of adequate reserves; and
- Cost effectiveness.

To meet these objectives and the applicable regulatory requirements, MEA's resource plan includes a diverse mix of power purchases, renewable energy, new energy efficiency programs, demand response, and distributed generation. A diversified resource plan minimizes risk and volatility that can occur from over-reliance on a single resource type or fuel source. The ultimate goal of MEA's resource plan is to maximize use of renewable resources subject to economic and operational constraints. The result is a resource plan that will source approximately 55 percent of MCE's resource mix from renewable resources by 2015. The planned resource mix is initially comprised of power and renewable energy credit purchases from third party electric suppliers and, in the longer-term, may also include renewable generation assets owned and/or controlled by MEA.

Eventually, MEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by MEA or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of MEA's electricity requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with the Marin Communities' financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, MEA may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MEA as it works to achieve increasing levels of renewable energy supply to its customers.

MEA's resource plan will integrate supply-side resources with programs that will help customers reduce their energy costs through improved energy efficiency and other demand-side measures. As part of its integrated resource plan, MEA will actively pursue, promote and ultimately administer a variety of customer energy efficiency programs that can cost-effectively

displace supply-side resources. Included in this plan is a targeted deployment of over 14 MW of distributed solar by 2019.

MEA's proposed resource plan for the years 2010 through 2019 is summarized in the following table:

Marin Clean Energy Proposed Resource Plan (GWH) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Demand (GWh)										
Retail Demand	-91	-196	-621	-1,210	-1,301	-1,301	-1,301	-1,301	-1,301	-1,301
Distributed Generation	0	1	2	6	13	16	18	19	20	20
Energy Efficiency	0	0	0	4	11	15	15	15	15	15
Losses and UFE	-5	-12	-37	-72	-77	-76	-76	-76	-76	-76
Total Demand	-96	-208	-657	-1,272	-1,353	-1,346	-1,344	-1,343	-1,341	-1,341
Marin Supply (GWh)										
<u>Renewable Resources</u>										
Generation	0	0	0	0	0	0	0	219	219	219
Power Purchase Contracts	23	53	328	636	689	698	697	478	477	477
Total Renewable Resources	23	53	328	636	689	698	697	697	696	696
<u>Conventional Resources</u>										
Generation	0	0	0	0	0	0	0	0	0	0
Power Purchase Contracts	74	155	328	636	664	648	646	646	645	645
Total Conventional Resources	74	155	328	636	664	648	646	646	645	645
Total Supply	96	208	657	1,272	1,353	1,346	1,344	1,343	1,341	1,341
Energy Open Position (GWh)	0	0	0	0	0	0	0	0	0	0

Supply Requirements

The starting point for MEA's resource plan is a projection of participating customers and associated electric consumption. Projected electric consumption is evaluated on an hourly basis, and matched with resources best suited to serving the aggregate of hourly demands or the program's "load profile". The electric sales forecast and load profile will be affected by MEA's plan to introduce the Program to customers in phases and the degree to which customers choose to remain with PG&E during the customer enrollment and opt-out periods. It is anticipated that MEA's contracted energy supplier will bear a portion of the financial risks associated with deviations from the electric sales forecast during the initial operating period. It will be the obligation of this energy supplier to appropriately reflect these risks in the full requirements energy price. MEA's phased roll-out plan and assumptions regarding customer participation rates are discussed below.

Customer Participation Rates

Customers will be automatically enrolled in MCE's electricity program unless they opt-out during the customer notification process conducted during the 60-day period prior to enrollment and continuing through the 60-day period following commencement of service. MCE anticipated an overall customer participation rate of approximately 80 percent during Phase 1, when service is being offered to the service accounts that are affiliated with MCE's participating members (municipal accounts) and a subset of residential, commercial and/or industrial customers, totaling approximately 20 percent of total customer load. The actual participation rate for Phase 1 was very similar to MEA's projection. Participation rates for

Phase 2 were approximately 80 percent of bundled service customers and 0 percent of direct access customers. Participation rates for Phases 3 and 4 are projected to range from 70 percent to 80 percent, with the lower figure used as the basis for load projections contained in this plan. The participation rate is not expected to vary significantly among customer classes, in part due to the fact that MEA will offer two distinct rate tariffs that will address the needs of cost-sensitive customers within the Marin Communities as well as the needs of both residential and business customers that prefer a highly renewable energy product. The assumed participation rates will be refined as MEA's public outreach and market research efforts continue to develop.

Customer Forecast

Once customers enroll in each phase, they will be switched over to service by MCE on their regularly scheduled meter read date over an approximately thirty day period. The number of accounts served by MCE at the end of each phase is shown in the table below.

Marin CleanEnergy				
Enrolled Retail Service Accounts				
Phase-In Period (End of Month)				
	May-10	Aug-11	Jul-12	Apr-13
Marin Customers				
Residential	7,354	12,503	77,345	104,003
Small Commercial	522	605	8,934	11,058
Medium Commercial	52	498	749	975
Large Commercial	2	8	220	302
Industrial	3	3	10	10
Street Lighting & Traffic	138	141	443	553
Ag & Pump.	-	1	113	114
Total	8,071	13,759	87,814	117,015

MEA assumes that MCE customer growth will generally offset customer attrition (opt-outs) over time, resulting in a relatively stable customer base over the noted planning horizon. Because MCE is the first program of its kind within California, it is very difficult to anticipate with any precision the actual levels of customer participation within this CCA program. MEA believes that its assumptions regarding the offsetting effects of growth and attrition are reasonable in consideration of the limited build-out potential within Marin County and the observed rate of customer opt-outs following mandatory customer notification periods. The forecast of service accounts (customers) served by MCE for each of the next ten years is shown in the following table:

Marin Clean Energy
Retail Service Accounts (End of Year)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Customers										
Residential	7,354	12,503	77,345	104,003	104,003	104,003	104,003	104,003	104,003	104,003
Small Commercial	522	605	8,934	11,058	11,058	11,058	11,058	11,058	11,058	11,058
Medium Commercial	52	498	749	975	975	975	975	975	975	975
Large Commercial	2	8	220	302	302	302	302	302	302	302
Industrial	3	3	10	10	10	10	10	10	10	10
Street Lighting & Traffic	138	141	443	553	553	553	553	553	553	553
Ag & Pump.	-	1	113	114	114	114	114	114	114	114
Total	8,071	13,759	87,814	117,015	117,015	117,015	117,015	117,015	117,015	117,015

Sales Forecast

MCE's forecast of kWh sales reflects the roll-out and customer enrollment schedule shown above. The annual electricity needed to serve MCE's retail customers increases from approximately 200 GWh in 2011 to approximately 1,350 GWh at full roll-out. Annual energy requirements are shown below.

Marin Clean Energy
Energy Requirements
(GWH)
2010 to 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Marin Demand (GWh)										
Retail Demand	91	196	621	1,210	1,301	1,301	1,301	1,301	1,301	1,301
Distributed Generation	0	-1	-2	-6	-13	-16	-18	-19	-20	-20
Energy Efficiency	0	0	0	-4	-11	-15	-15	-15	-15	-15
Losses and UFE	5	12	37	72	77	76	76	76	76	76
Total Load Requirement	96	208	657	1,272	1,353	1,346	1,344	1,343	1,341	1,341

Capacity Requirements

The CPUC's resource adequacy standards applicable to MEA require a demonstration one year in advance that MEA has secured physical capacity for 90 percent of its projected peak loads for each of the five months May through September, plus a minimum 15 percent reserve margin. On a month-ahead basis, MEA must demonstrate 100 percent of the peak load plus a minimum 15 percent reserve margin.

A portion of MEA's capacity requirements must be procured locally, from the Greater Bay area as defined by the CAISO and another portion must be procured from local reliability areas outside the Greater Bay Area. MEA is required to demonstrate its local capacity requirement for each month of the following calendar year. The local capacity requirement is a percentage of the total (PG&E service area) local capacity requirements adopted by the CPUC based on MEA's forecasted peak load. MEA must demonstrate compliance or request a waiver from the CPUC requirement as provided for in cases where local capacity is not available.

The forward resource adequacy requirements for 2010 through 2013 are shown in the following tables:

**Marin Clean Energy
Forward Capacity and Reserve Requirements
(MW)
2010 to 2013**

Month	2010	2011	2012	2013
January	-	31	51	195
February	-	32	51	198
March	-	28	46	169
April	-	27	44	212
May	30	29	46	218
June	34	33	49	260
July	29	28	183	229
August	30	53	198	248
September	30	54	218	273
October	28	48	167	209
November	30	51	194	241
December	30	52	191	241

MEA's plan ensures sufficient reserves are procured to meet its peak load at all times. MEA's annual capacity requirements are shown in the following table:

**Marin Clean Energy
Capacity Requirements
(MW)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Demand (MW)										
Retail Demand	28	46	182	233	233	233	233	233	233	233
Distributed Generation	(0)	(1)	(4)	(9)	(11)	(12)	(12)	(14)	(14)	(14)
Energy Efficiency	-	-	-	(1)	(2)	(3)	(3)	(3)	(3)	(3)
Losses and UFE	2	3	11	13	13	13	13	13	13	13
Total Net Peak Demand	30	47	189	237	233	231	231	229	229	229
Reserve Requirement (%)	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Capacity Reserve Requirement	4	7	28	36	35	35	35	34	34	34
Capacity Requirement Including Reserve	34	54	218	273	268	266	265	264	264	264

Local capacity requirements are a function of the PG&E area resource adequacy requirements and MCE's projected peak demand. MEA works with the CPUC's Energy Division and staff at the California Energy Commission as needed to obtain the data necessary to calculate MEA's monthly local capacity requirement. A preliminary estimate of MEA's annual local capacity requirement for the ten year planning period ranges from approximately 13 to 104 MW as shown in the following table:

**Marin Clean Energy
Local Capacity Requirements
(MW)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Authority Peak (MW)	30	47	189	237	233	231	231	229	229	229
Local Capacity Requirement (% of Peak)	45%	45%	45%	45%	45%	45%	45%	45%	45%	45%
Greater Bay Area Share of Local Capacity Requirement (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Other PG&E Areas Share of Local Capacity Requirement (%)	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Authority Local Capacity Requirement Greater Bay (MW)	5	9	34	43	42	42	42	42	42	42
Authority Local Capacity Requirement Other PG&E (MW)	8	13	51	64	63	63	63	62	62	62
Authority Local Capacity Requirement, Total (MW)	13	21	86	107	106	105	105	104	104	104

MEA will continue to coordinate with PG&E and appropriate state agencies to manage the transition of responsibility for resource adequacy from PG&E to MEA during 2012 and 2013. For system resource adequacy requirements, MEA will make month-ahead showings for each month of 2012 and 2013 that MEA plans to serve load, and load migration issues would be addressed through the CPUC's approved procedures. MEA will work with the California Energy Commission and CPUC prior to commencing service to additional customers to ensure it meets its local and system resource adequacy obligations for 2012 and 2013 through its agreement with its chosen electric supplier.

Renewable Portfolio Standards Energy Requirements

Basic RPS Requirements

As a CCA, MEA is required by law and ensuing CPUC regulations to procure a certain minimum percentage of its retail electricity sales from qualified renewable energy resources. For purposes of determining MEA's renewable energy requirements, the same standards for RPS compliance that are applicable to the distribution utilities are assumed to apply to MEA.

California's RPS program is currently undergoing reform. On April 12, 2011, Governor Jerry Brown signed SB x1 2, requiring public and private utilities as well as community choice aggregators to obtain 33 percent of their electricity from renewable energy sources by December 31, 2020. MEA is familiar with California's new RPS, including certain procurement quantity requirements identified in D.11-12-020 (December 1, 2011). To date, MEA has significantly exceeded California's RPS, providing MCE customers with approximately 27 percent RPS-eligible renewable energy in 2010 and 2011 – this was the highest percentage represented by any reporting entity and surpassed MEA's internal target of 25 percent (by 7.6 percent). A similar renewable energy percentage will be supplied to MCE customers in 2012, consistent with renewable procurement targets identified in the following tables.

Marin Energy Authority's Renewable Portfolio Standards Requirement

MEA's annual RPS requirements are shown in the table below. When reviewing this table, it is important to note that MEA projects increases in energy efficiency savings as well as increases in locally situated distributed generation capacity (an additional 14 MW by 2019), resulting in a slight downward trend in projected retail electricity sales.

**Marin Clean Energy
RPS Requirements
(MWh)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales	90,792	195,887	619,467	1,200,413	1,276,463	1,269,665	1,267,636	1,267,346	1,265,490	1,265,490
Baseline	-	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992
Incremental Procurement Target	18,158	21,019	84,716	116,189	36,910	18,840	21,077	25,274	24,809	25,310
Annual Procurement Target	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992	392,302
% of Current Year Retail Sales	20%	20%	20%	20%	22%	23%	25%	27%	29%	31%

Based on planned renewable energy procurement objectives, MEA anticipates that it will significantly exceed the minimum RPS requirements as shown below.

**Marin Clean Energy
RPS Requirements and Program Renewable Energy Targets
(MWh)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales (MWh)	90,792	195,887	619,467	1,200,413	1,276,463	1,269,665	1,267,636	1,267,346	1,265,490	1,265,490
Annual RPS Target (Minimum MWh)	18,158	39,177	123,893	240,083	276,992	295,832	316,909	342,183	366,992	392,302
Program Target (% of Retail Sales)	25%	27%	53%	53%	54%	55%	55%	55%	55%	55%
Program Renewable Target (MWh)	22,698	52,890	328,318	636,219	689,290	698,316	697,200	697,040	696,019	696,019
Surplus In Excess of RPS (MWh)	4,540	13,712	204,424	396,136	412,298	402,484	380,291	354,857	329,027	303,718
Annual Increase (MWh)	22,698	30,192	275,428	307,901	53,071	9,026	(1,116)	(159)	(1,021)	-

Resources

In the future, MEA may begin evaluating opportunities for investment in renewable generating assets, subject to then-current market conditions, statutory requirements and regulatory considerations. Any renewable generation owned by MEA or controlled under long-term power purchase agreement with a proven public power developer, could provide a portion of MEA's electricity requirements on a cost-of-service basis. Electricity purchased under a cost-of-service arrangement should be more cost-effective than purchasing renewable energy from third party developers, which will allow the Program to pass on cost savings to its customers through competitive generation rates. Any investment decisions will be made following thorough environmental reviews and in consultation with the Marin Communities' financial advisors, investment bankers, attorneys, and potentially with customer input.

As an alternative to direct investment, MEA may consider partnering with an experienced public power developer and enter into a long-term (20-to-30 year) power purchase agreement that would support the development of new renewable generating capacity. Such an arrangement could be structured to greatly reduce the Program's operational risk associated with capacity ownership while providing Program customers with all renewable energy generated by the facility under contract. This option may be preferable to MEA as it works to achieve increasing levels of renewable energy supply to its customers.

Purchased Power

Power purchased from utilities, power marketers, public agencies, and/or generators will likely be the predominant source of supply from 2010 to 2014 (MEA may consider the development of certain renewable energy projects, subject to Board approval, which may supply electric generation to MEA customers as soon as January 2015) and may still remain a significant source of power in the event that MEA considers the development of its own renewable generation assets. During the period from 2010 – 2015, MCE plans to contract for the majority of its electricity with SENA under a full requirements power supply agreement, and SENA will be responsible for procuring a mix of power purchase contracts, including specified renewable energy targets, to provide a stable and cost-effective resource portfolio for the Program. Based on terms established in this third-party contract, MEA will be able to substitute electric energy generated by MEA-owned/controlled renewable resources for contract quantities in the event that such resources become operational during the delivery period. Initially, SENA will be responsible for managing the overall supply portfolio.

Renewable Resources

MEA will initially secure necessary renewable power supply from SENA. MEA has supplemented the renewable energy provided under the initial full requirements contract with direct purchases of renewable energy from renewable energy facilities.

For planning purposes, MEA should anticipate procurement from the following types of large scale renewable resources in the near to midterm, which would require little or no transmission expansion to ensure deliverability:

- Local resources (solar, wind, biogas, biomass);
- Wind resources in Solano County;
- Existing Qualifying Facilities with expiring PG&E contracts;
- Expansion and re-powering of wind resources in Alameda County;
- Geothermal in Lake and Sonoma Counties;
- Local biomass projects; and
- Renewable Energy Certificates.

Medium and Long-Term Renewable Potential

For mid and long term planning purposes, MEA should anticipate procurement from the following types of large scale renewable resources²:

- Wind imports from the Tehachapi Area;
- Wind imports from the Pacific Northwest;
- Geothermal imports from Nevada;
- Geothermal imports from the Imperial Valley;
- Photovoltaic solar imports from California's Central Valley; and

² In the long term, new technologies such as wave or tidal energy may become economically feasible as well.

- Solar CSP imports from Southern California (Riverside and San Bernardino Counties).

Although this resource plan identifies likely resource types and locations, it is not possible to predict what projects might be proposed in response to MEA's future solicitations for renewable energy or that may stem from discussions with other public agencies. Renewable projects that are located virtually anywhere in the Western Interconnection can be considered as long as the electricity is deliverable to the CAISO control area, as required to meet the Commission's RPS rules and any additional guidelines ultimately adopted by MEA's Board of Directors. The costs of transmission access and the risk of transmission congestion costs would need to be considered in the bid evaluation process if the delivery point is outside of MEA's load zone, as defined by the CAISO.

Energy Efficiency

This section addresses the treatment of energy efficiency as a component of MEA's integrated resource plan. As described below there are opportunities for significant cost effective energy efficiency programs within the region, and MEA will seek to maximize end-use customer energy efficiency by facilitating customer participation in existing utility programs as well as by forming new programs that displace MEA's need for procuring electric supply.

This energy efficiency potential forecast serves as a means to estimate the scope and types of energy efficiency programs the Program might include within its resource portfolio within the following customer segments:

- 1) Residential – Low-Income and Multi-Family;
- 2) Residential;
- 3) Commercial/Small Commercial; and
- 4) Large Commercial/Industrial.

Preliminary program planning has been prepared based on the conduct of an energy efficiency forecast that employs key assumptions and methodologies adopted by California's investor owned utilities, tailored to the County's service territory weather, demographics, and commercial and industrial customer base. The forecast identifies the size and characteristics of customer market segments, energy efficiency technology options, and projects the costs and benefits associated with forecast program achievable energy efficiency potential.

Baseline Energy Efficiency Potential Estimates

Conservative estimates indicate cost effective ("economic") energy efficiency potential exists in Marin County to save 181,252 MWh annually. Discounting the economic potential for customer awareness and willingness to adopt based on industry standard assumptions yields achievable energy efficiency potential of 15,100 MWh annually achievable through implementing energy efficiency programs funded at approximately \$2.8 million. The following table summarizes these findings below:

Forecast Annualized Energy Efficiency Potential and Program Budgets							
	Sector Use (kWh)	Technical Potential (kWh)	Economic Potential (kWh)	Achievable Program Potential (kWh)		Achievable Program Potential (kW)	Program Costs
Residential	732,840,248	217,934,292	107,356,272	7,459,777	1.0%	2,774	\$1,889,983
Commercial	576,235,343	78,085,059	59,356,212	7,380,674	1.3%	1,334	\$874,346
Industrial	107,454,070	15,924,110	14,539,192	255,323	0.2%	39	\$37,825
Composite	1,416,529,661	311,943,461	181,251,677	15,095,774	1.1%	4,147	\$2,802,154

The National Action Plan for Energy Efficiency states among its key findings “consistently funded, well-designed efficiency programs are cutting annual savings for a given program year of 0.15 to 1 percent of energy sales.”³ The American Council for an Energy-Efficient Economy (ACEEE) reports for states already operating substantial energy efficiency programs energy efficiency goals of one percent, as a percentage of energy sales, is a reasonable level to target.⁴ Forecast achievable energy efficiency equal to 1.1 percent of the CCA’s forecast energy sales, as indicated in the table above, appears to be a reasonable and conservative baseline for the demand-side portion of CCA’s resource plan. These savings would be in addition to the savings achieved by PG&E administered programs.

CCA Program Energy Efficiency Goals

The Program’s energy efficiency goals reflect a strong commitment to increasing energy efficiency within the County and expanding beyond the savings achieved by PG&E’s programs. A realistic goal is to increase annual savings through energy efficiency programs to two percent (combined MCE and PG&E programs) of annualized electric sales, as has been adopted by the State of New York. Achieving this goal would mean at least a doubling of energy savings relative to the status quo situation without the CCA program. MEA programs will focus on closing the gap between the vast economic potential of energy efficiency within the County and what is actually achieved.

The following table summarizes the estimated energy efficiency potential for each type of energy efficiency initiative:⁵

³ National Action Plan for Energy Efficiency, July 2006, Section 6: Energy Efficiency Program Best Practices (pages 5-6)

⁴ Energy Efficiency Resource Standards: Experience and Recommendations, Steve Nadel, March 2006, ACEEE Report E063 (pages 28 - 30).

⁵ California Energy Efficiency Potential Study Volume 1, California Measurement Advisory Council (CALMAC) Study ID: PGE0211.01, May 24, 2006, Figure 12-2: Distribution of Electric Energy Market Potential, Existing Incentive Levels through 2016.

Energy Efficiency Market Potential

EXISTING RESIDENTIAL	53.0%
Existing Commercial	18.0%
Existing Industrial	14.0%
Residential New Construction	1.0%
Commercial New Construction	6.0%
Industrial New Construction	1.0%
Emerging Technologies	7.0%

The retrofit of existing buildings represents 85 percent of the total forecast energy efficiency market potential. Studies show that the residential customer sector presents the largest untapped efficiency gains.

MEA plans to hire Program staff that will develop specific energy efficiency programs that will refine and obtain these energy savings. MCE will also elect to obtain requisite program funding from the CPUC to administer the energy efficiency programs. Additional details of MCE's energy efficiency plans are set forth in a separate planning document.⁶

Demand Response

Demand response programs provide incentives to customers to reduce demand upon request by the load serving entity (i.e., MCE), reducing the amount of generation capacity that must be maintained as infrequently used reserves. Demand response programs can be cost effective alternatives to capacity otherwise needed to comply with the resource adequacy requirements. The programs also provide rate benefits to customers who have the flexibility to reduce or shift consumption for relatively short periods of time when generation capacity is most scarce. Like energy efficiency, demand response can be a win/win proposition, providing economic benefits to the electric supplier and customer service benefits to the customer.

In its ruling on local resource adequacy, the CPUC found that dispatchable demand response resources as well as distributed generation resources should be allowed to count for local capacity requirements. This resource plan anticipates that MCE's demand response programs would partially offset its local capacity requirements beginning in 2013.

PG&E offers several demand response programs to its customers, and MEA intends to recruit those customers that have shown a willingness to participate in utility programs into MCE's demand response programs.⁷ The goal for this resource plan is to meet 5 percent of the Program's total capacity requirements through dispatchable demand response programs that qualify to meet local resource adequacy requirements. This goal translates into approximately

⁶ Marin Energy Authority's Proposal to Administer Energy Efficiency Programs Pursuant to Public Utilities Code 381.1(e) and (f) for 2012, June 22, 2012.

⁷ These utility programs include the Base Interruptible Program (E-BIP), the Demand Bidding Program (E-DBP), Critical Peak Pricing (E-CPP), Optional Binding Mandatory Curtailment Plan (E-OBMC), the Scheduled Load Reduction Program (E-SLRP), and the Capacity Bidding Program (E-CBP). MEA plans to develop its own demand response programs, which may be similar to those currently administered by the incumbent utility.

13 MW of peak demand enrolled in MEA’s demand response programs. Achievement of this goal would displace approximately 32 percent of MEA’s local capacity requirement within the Greater Bay Area.

**Marin Clean Energy
Demand Response Goals
(MW)
2010 to 2019**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Capacity Requirement(MW)	34	54	218	273	268	266	265	264	264	264
Demand Response Target	-	-	-	3	10	13	13	13	13	13
Percentage of Local Capacity Requirement	0%	0%	0%	8%	24%	32%	32%	32%	32%	32%

MEA will adopt a demand response program that enables it to request customer demand reductions during times when capacity is in short supply or spot market energy costs are exceptionally high. The level of customer payments should be related to the cost of local capacity that can be avoided as a result of the customer’s willingness to curtail usage upon request.

Appropriate limits on customer curtailments, both in terms of the length of individual curtailments and the total number of curtailment hours that can be called should be included in MEA’s demand response program design. It will also be important to establish a reasonable measurement protocol for customer performance of its curtailment obligations. Performance measurement should include establishing a customer specific baseline of usage prior to the curtailment request from which demand reductions can be measured. MEA will likely utilize experienced third party contractors to design, implement and administer its demand response programs.

Distributed Generation

Consistent with MEA’s environmental policies and the state’s Energy Action Plan, clean distributed generation is a significant component of the integrated resource plan. MEA will work with state agencies and PG&E to promote deployment of photovoltaic (PV) systems within MEA’s jurisdiction, with the goal of maximizing use of the available incentives that are funded through current utility distribution rates and public goods surcharges. MEA has also implemented an aggressive net energy metering program to promote local investment in distributed generation.

There are significant associated environmental benefits and strong customer interest in distributed PV systems. The economics of PV should improve over time as utility rates continue to increase and the costs of the systems decline with technological improvements and added manufacturing capacity. MEA can also promote distributed PV without providing direct financial assistance by being a source of unbiased consumer information and by facilitating customer purchases of PV systems through established networks of pre-qualified vendors. It may also provide direct financial incentives from revenues funded by customer rates to further support use of solar power within the Marin Communities. As previously noted, MEA has provided direct incentives for PV by offering an aggressive net metering rate to customers who install PV systems so that customers are able to sell excess energy to MEA.

MEA’s CCA customers will contribute funds to the California Solar Initiative (CSI) through the public goods charge collected by PG&E, and will be eligible for the incentives provided under that program for installation of PV systems. The California Solar Initiative provides \$2.2 billion of funding to target installation of 1,940 MW of solar systems within the investor owned utility service areas by 2017. All electric customers of PG&E, SCE, and SDG&E are eligible to apply for incentives. Approximately 44 percent of program funding is allocated to the PG&E service territory. Assuming solar deployment would be proportionate to funding, the program is intended to yield approximately 775 MW of solar within the PG&E service area. A minimum of 14 MW should be deployed within the jurisdictional boundaries of MEA.

California Solar Initiative Deployment

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
IOU Territory Target (MW)	705	882	1,058	1,235	1,411	1,587	1,764	1,940	1,940	1,940
Total Funding (\$Millions)	240	240	240	160	160	160	5	0	0	0
PG&E Funding (\$Millions)	105	105	105	70	70	70	2	0	0	0
PG&E Incentives Share	44%	44%	44%	44%	44%	44%	40%	40%	40%	40%
PG&E Area Deployment (MW)	309	386	463	540	617	694	705	776	776	776
Marin Share of PG&E Load	0.1%	0.3%	0.8%	1.6%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Marin Solar Deployment (MW)	0	1	4	9	11	12	12	14	14	14

The Authority will work to ensure that customers within its jurisdiction take full advantage of this solar incentive and will develop programs of its own with the goal of doubling the CSI deployment targets shown above.

CHAPTER 7 – Financial Plan

This Chapter examines the monthly cash flows expected during the phase-in period of the CCA Program and identifies the anticipated financing requirements for the overall CCA Program by MEA. It also describes the requirements for working capital and long-term financing for the potential investment in renewable generation, consistent with the resource plan contained in Chapter 6.

Description of Cash Flow Analysis

This cash flow analysis estimates the level of working capital that will be required during the phase-in period. In general, the components of the cash flow analysis can be summarized into two distinct categories: (1) Cost of CCA Program Operations, and (2) Revenues from CCA Program Operations. The cash flow analysis identifies and provides monthly estimates for each of these two categories. A key aspect of the cash flow analysis is to focus primarily on the monthly costs and revenues associated with the CCA Program phase-in period, and specifically account for the transition or “Phase-In” of CCA Customers from PG&E’s service territory described in Chapter 5.

Cost of CCA Program Operations

The first category of the cash flow analysis is the Cost of CCA Program Operations. To estimate the overall costs associated with CCA Program Operations, the following components were taken into consideration:

- Electricity Procurement;
- Ancillary Service Requirements;
- Exit Fees;
- Staffing Requirements;
- Contractor Costs;
- Infrastructure Requirements;
- Billing Costs;
- Scheduling Coordination;
- Grid Management Charges;
- CCA Bond Premiums;
- Interest Expense; and
- Franchise Fees.

The focus of this cash flow analysis is during the phase-in period.

Revenues from CCA Program Operations

The cash flow analysis also provides estimates for revenues generated from CCA operations or from electricity sales to customers. In determining the level of revenues, the cash flow analysis assumes the customer phase-in schedule noted above, and assumes that MEA's CCA Program provides a Light Green Tariff at comparable generation rates to those of the existing distribution utility for each customer class and a 100 percent Green Tariff at a premium reflective of incremental renewable power costs.

Over time, MCE's preference for renewable energy will significantly reduce its exposure to volatile input costs (fuel – natural gas) associated with natural gas-fired generation, which are expected to increase steadily, and potentially significantly, for the foreseeable future. Because a significant portion of MEA's power supply will be from renewable energy sources, upward price pressures on its power supply should be significantly reduced over long-term operations.

Projected long-term cost savings can be passed on to Program customers in the form of lower generation rates or can be applied to the procurement of additional renewable energy supplies (moving the program's renewable energy supply closer to its 100 percent goal), energy efficiency programs or other energy/climate initiatives within the scope of broad-based powers established for MEA. Ultimately, MEA will have flexibility when making these decisions and can respond to the evolving needs of local residents and businesses when developing rate tariffs and energy/climate-focused programs.

Cash Flow Analysis Results

The results of the cash flow analysis provide an estimate of the level of working capital required for MEA to move through the CCA phase-in period. This estimated level of working capital is determined by examining the monthly cumulative net cash flows (revenues from CCA operations minus cost of CCA operations) based on assumptions for payment of costs by MEA, along with an assumption for when customer payments will be received. This identifies, on a monthly basis, what level of cash flow is available in terms of a surplus or deficit.

With the assumptions regarding payment streams, the cash flow analysis identifies funding requirements while recognizing the potential lag between payments received and payments made during the phase-in period. The estimated financing requirements for the phase-in period, including working capital, based on the phase-in of customers as described above is approximately \$3 million. Working capital requirements reach this peak immediately after enrollment of the Phase 3 customers.

CCA Program Implementation Feasibility Analysis

In addition to developing a cash flow analysis which estimates the level of working capital required to get MEA through full CCA phase-in, a summary analysis that evaluates the feasibility of the CCA program during the phase-in period has been prepared. The difference between the cash flow analysis and the CCA feasibility analysis is that the feasibility analysis does not include a lag associated with payment streams. In essence, costs and revenues are reflected in the month in which service is provided. All other items, such as costs associated with CCA Program operations and rates charged to customers remain the same.

The results of the feasibility analysis are shown in the following table. Under these assumptions, over the entire phase-in period the CCA program is projected to accrue a reserve account balance of approximately \$20 million.

Marin Clean Energy
Summary of CCA Program Phase-In
(January 2010 through December 2015)

CATEGORY	2010	2011	2012	2013	2014	2015	TOTAL
I. REVENUES FROM OPERATIONS(\$)							
ELECTRIC SALES REVENUE	10,610,804	16,454,790	46,310,210	88,226,087	102,349,665	105,410,581	369,362,137
LESS UNCOLLECTIBLE ACCOUNTS	(106,108)	(164,548)	(463,102)	(882,261)	(1,023,497)	(1,054,106)	(3,693,621)
TOTAL REVENUES	10,504,696	16,290,242	45,847,108	87,343,826	101,326,168	104,356,475	365,668,515
II. COST OF OPERATIONS(\$)							
(A) ADMINISTRATIVE AND GENERAL (A&G)							
STAFFING	321,117	430,659	1,279,382	1,496,983	1,541,892	1,588,149	6,658,182
CONTRACT SERVICES	1,035,333	848,063	2,819,953	4,186,559	4,385,539	4,432,586	17,708,033
IOU FEES (INCLUDING BILLING)	19,548	75,590	442,656	978,924	1,066,244	1,098,232	3,681,193
OTHER A&G	191,261	174,408	160,772	171,756	181,783	189,944	1,069,924
SUBTOTAL A&G	1,567,259	1,528,720	4,702,762	6,834,222	7,175,459	7,308,910	29,117,333
(B) COST OF ENERGY	7,418,662	11,881,494	36,774,213	74,224,360	89,152,474	89,975,773	309,426,976
(C) DEBT SERVICE	654,595	394,777	807,082	1,543,060	1,656,287	1,612,619	6,668,420
TOTAL COST OF OPERATION	9,640,516	13,804,991	42,284,057	82,601,642	97,984,220	98,897,303	345,212,729
CCA PROGRAM SURPLUS/(DEFICIT)	864,180	2,485,251	3,563,052	4,742,184	3,341,948	5,459,172	20,455,786

The surpluses achieved during the phase-in period serve as operating reserves for MEA in the event that operating costs (such as power purchase costs) exceed collected revenues for short periods of time.

Marin Clean Energy Financings

It is anticipated that three financings may be necessary in support of the CCA Program. The anticipated financings are listed below and discussed in greater detail.

CCA Program Start-up and Working Capital (Phases 1 and 2)

As previously discussed, the start-up and working capital requirements for the CCA Program were approximately \$2 million. These costs are currently being recovered from retail customers through retail rates.

CCA Program Working Capital (Phase 3)

Working capital for Phase 3 was \$3 million financed through a short term credit agreement from a commercial bank.

CCA Program Working Capital (Phase 4)

MEA anticipates it will have sufficient internally generated funds to fund the Phase 4 customer expansion. If additional funds are required, a short term credit agreement would be used to support the expansion.

Renewable Resource Project Financing

MEA's CCA Program may consider large project financings for renewable resources (likely wind, solar, biomass or geothermal), which may total as much as \$375 million (combined). These financings would only occur after a sustained period of successful Program operation and after appropriate project opportunities are identified and subjected to appropriate environmental review. Such financing would likely occur after several successful years of operating history have been observed and following MEA's receipt of an institutional credit rating. In the event that such financing becomes necessary, funds would include any short-term financing for the renewable resource project development costs, and would extend over a 20- to 30-year term.

The security for such bonds would likely be a hybrid of the revenue from sales to the retail customers of MEA, including a Termination Fee as described in Chapter 9, and the renewable resource project itself.

The following table summarizes the potential financings in support of the CCA Program:

Proposed Financing	Estimated Total Amount	Estimated Term	Estimated Issuance
Start-Up and Working Capital	\$2 million	No longer than 7 years	Early 2010
Working Capital Phase 3	\$3 million	No longer than 5 years	Mid 2012
Potential Renewable Resource Project Financings	\$375 million (aggregate)	20 to 30 years	Undetermined

Introduction

This Chapter describes the Authority's rate setting policies for electric aggregation services. These include policies regarding rate design, objectives, and provision for due process in setting Program rates. Program rates are ultimately approved by the Board. The Board would retain authority to modify program policies from time to time at its discretion.

Rate Policies

MEA has established rates sufficient to recover all costs related to operation of the program, including any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the Board of Directors. As a general policy, rates will be uniform for all similarly situated customers enrolled in the Program throughout the service area of MEA, comprised of the jurisdictional boundaries of its members.

The primary objectives of the ratesetting plan are to set rates that achieve the following:

- 100 percent renewable energy supply option – 100 percent Green Tariff;
- Rate competitive tariff option – Light Green Tariff;
- Rate stability;
- Equity among customers in each tariff;
- Customer understanding; and
- Revenue sufficiency.

Each of these objectives is described below.

Rate Competitiveness

The goal is to offer competitive rates for the electric services MEA provides to participating customers. For participants in MEA's 100 percent Green Tariff, the goal is to offer the lowest possible customer rates with an incremental monthly cost premium of approximately 10 percent.

Competitive rates will be critical to attracting and retaining key customers. As discussed above, the principal long-term Program goal is to achieve 100 percent renewable energy supply subject to economic and operating constraints. As previously discussed, the Program will significantly increase renewable energy supply to Program customers, relative to the incumbent utility, by offering two distinct rate tariffs. The default tariff for Program customers will be the Light Green service option, which will maximize renewable energy supply (minimum 50 percent) while maintaining competitive generation rates to those currently offered by PG&E. MEA will also offer its customers a voluntary Deep Green Tariff, which will supply participating customers with 100 percent renewable energy supply at rates that reflect the Program's cost for procuring necessary energy supplies.

As previously suggested, the default tariff for Program customers will be the Light Green Tariff. Consistent with this MEA policy, participating qualified low- or fixed-income households, such as those currently enrolled in the California Alternate Rates for Energy (CARE) program, will be automatically enrolled in the Light Green Tariff and will continue to receive related discounts on monthly electricity bills. Based on projected participation in each tariff, the amount of renewable energy supplied to Program customers as a percentage of the Program's total energy requirements is projected to approximate 55 percent in 2015.

Rate Stability

MEA will offer stable rates by hedging its supply costs over multiple time horizons. Rate stability considerations may mean that program rates relative to PG&E's may differ at any point in time from the general rate targets set for the Program. Although MEA's rates will be stabilized through execution of appropriate price hedging strategies, the distribution utility's rates can fluctuate significantly from year-to-year based on energy market conditions such as natural gas prices, the utilities' hedging strategies, and hydro-electric conditions; and from rate impacts caused by periodic additions of generation to utility rate base. MEA will have more flexibility in procurement and ratesetting than PG&E to stabilize electricity costs for customers.

Equity among Customer Classes

MEA's policy will be to provide rate benefits to all customer classes relative to the rates that would otherwise be paid to the local distribution utility. Rate differences among customer classes will reflect the rates charged by the local distribution utility as well as differences in the costs of providing service to each class. Rate benefits may also vary among customers within the major customer class categories, depending upon the specific rate designs adopted by the Board of Directors.

Customer Understanding

The goal of customer understanding involves rate designs that are relatively straightforward so that customers can readily understand how their bills are calculated. This not only minimizes customer confusion and dissatisfaction but will also result in fewer billing inquiries to MEA's customer service call center. Customer understanding also requires rate structures to make sense (i.e., there should not be differences in rates that are not justified by costs or by other policies such as providing incentives for conservation).

Revenue Sufficiency

MEA's rates must collect sufficient revenue from participating customers to fully fund MEA's annual budget. Rates will be set to collect the adopted budget based on a forecast of electric sales for the budget year. Rates will be adjusted as necessary to maintain the ability to fully recover all of MEA's costs, subject to the disclosure and due process policies described later in this chapter.

Rate Design

MEA will generally match the rate structures from the utilities' standard rates to avoid the possibility that customers would see significantly different bill impacts as a result of changes in rate structures when beginning service in MEA's program. MEA may also introduce new rate options for customers, such as rates designed to encourage economic expansion or business retention within MEA's service area.

Net Energy Metering

Customers with on-site generation eligible for net metering from PG&E will be offered a net energy metering rate from MEA. Net energy metering allows for customers with certain qualified solar or wind distributed generation to be billed on the basis of their net energy consumption. The PG&E net metering tariff (E-NEM) requires the CCA to offer a net energy metering tariff in order for the customer to continue to be eligible for service on Schedule E-NEM. The objective is that MEA's net energy metering tariff will apply to the generation component of the bill, and the PG&E net energy metering tariff will apply to the utility's portion of the bill. MEA will pay customers for excess power produced from net energy metered generation systems in accordance with the rate designs adopted by the MEA Board.

Disclosure and Due Process in Setting Rates and Allocating Costs among Participants

The Executive Officer, with support of appropriate staff, advisors and committees, will prepare an annual budget and corresponding customer rates and submit these as an application for a change in rates to the Board of Directors. The rates will be approved at a public meeting of the Board of Directors no sooner than sixty days following submission of the proposed rates, during which affected customers will be able to provide comment on the proposed rate changes.

MEA will initially adopt customer noticing requirements similar to those the CPUC requires of PG&E. These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation in the county within ten days of after submitting the application. Such notice will state that a copy of said application and related exhibits may be examined at the offices of MEA as are specified in the notice, and shall state the locations of such offices.

Within forty-five days after the submitting an application to increase any rate, MEA will furnish notice of its application to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed increase expressed in both dollar and percentage terms, a brief statement of the reasons the increase is required or sought, and the mailing address of MEA to which any customer inquiries relative to the proposed increase, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

CHAPTER 9 – Customer Rights and Responsibilities

This chapter discusses customer rights, including the right to opt-out of the CCA Program and the right to privacy of customer energy usage information, as well as obligations customers undertake upon agreement to enroll in the CCA Program. All customers that do not opt out within 30 days of the fourth opt-out notice will have agreed to become full status program participants and must adhere to the obligations set forth below, as may be modified and expanded by the MEA Board from time to time.

By adopting this Implementation Plan, the MEA Board approved the customer rights and responsibilities policies contained herein to be effective at Program initiation. The Board retains authority to modify program policies from time to time at its discretion.

Customer Notices

At the initiation of the customer enrollment process, a total of four notices will be provided to customers describing the Program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. The first notice will be mailed to customers approximately sixty days prior to the date of automatic enrollment. A second notice will be sent approximately thirty days later. MEA will likely use its own mailing service for requisite opt-out notices rather than including the notices in PG&E's monthly bills. This is intended to increase the likelihood that customers will read the opt-out notices, which may otherwise be ignored if included as a bill insert. Customers may opt out by notifying MEA using the Authority's designated, telephone-based opt out processing service. Should customers choose to initiate an opt-out request by contacting PG&E, they will be transferred to MEA's call center to complete the opt-out request. Consistent with CPUC regulations, notices returned as undelivered mail would be treated as a failure to opt out, and the customer would be automatically enrolled.

Following automatic enrollment, a third opt-out notice will be mailed to customers, and a fourth and final opt-out notice will be mailed 30 days after automatic enrollment. Opt-out requests made on or before the sixtieth day following start of MEA service would result in customer transfer to bundled utility service with no penalty. Such customers will be obligated to pay MEA's charges for electric services provided during the time the customer took service from the Program, but will otherwise not be subject to any penalty or transfer fee from MEA.

New customers who establish service within the Program service area will be automatically enrolled in the Program and will have sixty days from the start of MEA service to opt out of the Program. Such customers will be provided with two opt-out notices within this sixty-day post enrollment period. Such customers will also receive a notice detailing MEA's privacy policy regarding customer energy usage information. MEA's Board of Directors will have the authority to implement entry fees for customers that initially opt out of the Program, but later decide to participate. Entry fees, if deemed necessary, would help prevent potential gaming, particularly by large customers, and aid in resource planning by providing additional control

over the Program’s customer base. Entry fees would not be practical to administer, nor would they be necessary, for residential and other small customers.

Termination Fee

Customers that are automatically enrolled in the Program can elect to transfer back to the incumbent utility without penalty within the first two months of service. After this free opt-out period, customers will be allowed to terminate their participation subject to payment of a Termination Fee. The Termination Fee may apply to all Program customers that elect to return to bundled utility service or elect to take “direct access” service from an energy services provider. Program customers that relocate within the Program’s service territory would have their CCA service continued at the new address. If a customer relocating to an address within the Program service territory elected to cancel CCA service, the Termination Fee may apply. Program customers that move out of the Program’s service territory would not be subject to the Program’s Termination Fee.

The Termination Fee will consist of two parts: an Administrative Fee set to recover the costs of processing the customer transfer and other administrative or termination costs and a Cost Recovery Charge (“CRC”) that would apply in the event MEA is unable to recover the costs of supply commitments attributable to the customer that is terminating service. PG&E will collect the Administrative Fee from returning customers as part of the final bill to the customer from the CCA Program and will collect the CRC as a lump sum or on a monthly basis pursuant to a negotiated servicing agreement between MEA and PG&E.

The Administrative Fee would vary by customer class as set forth in the table below.

Administrative Fee for Service Termination

Customer Class	Fee
Residential	\$5
Non-Residential	\$25

The customer CRC will be equal to a pro rata share of any above market costs of MEA’s actual or planned supply portfolio at the time the customer terminates service. The proposed CRC is similar in concept to the Cost Responsibility Surcharge charged by PG&E, and it is designed to prevent shifting of costs to remaining Program customers. The CRC will be set on an annual basis by MEA’s Governing Board as part of the annual ratemaking process. At this time, MEA’s CRC is set to zero.

If customers terminate service, MEA anticipates it will re-market the excess supply and recover all or the majority of its costs. Depending upon market conditions, the CRC may not be needed for recovery of stranded costs. However, MEA’s ability to assess a Cost Recovery Charge, if necessary, can be an important condition for obtaining financing for MCE’s power supply. The low cost financing will, in turn, enable MEA to charge rates that are competitive with PG&E’s.

The Termination Fee will be clearly disclosed in the four opt-out notices sent to customers during the sixty-day period before automatic enrollment and following commencement of service. The fee could be changed prospectively by MEA's Board of Directors, subject to MEA's customer noticing requirements. As previously noted, customers that opt-out during the statutorily mandated notification period will not pay the Termination Fee that may be imposed by MEA.

Customers electing to terminate service after the initial notification period that provided them with at least four opt-out notices would be transferred to PG&E on their next regularly scheduled meter read date if the termination notice is received a minimum of fifteen days prior to that date. Customers who voluntarily transfer back to PG&E after the initial notification period that provided them with at least four opt-out notices would also be liable for the nominal reentry fees imposed by PG&E as set forth in the applicable utility CCA tariffs. Such customers would also be required to remain on bundled utility service for a period of one year, as described in the utility tariffs.

Customer Confidentiality

MEA has established policies covering confidentiality of customer data. These policies are fully compliant with the California Public Utility Commission's required privacy protection rules for CCA customer energy usage information detailed within Decision D.12-08-045. MEA's policies will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data may be released at MEA's discretion or as required by law or regulation.

Responsibility for Payment

Customers will be obligated to pay MEA charges for service provided through the date of transfer including any applicable Termination Fees. Pursuant to current CPUC regulations, MEA will not be able to direct that electricity service be shut off for failure to pay MEA's bill. However, PG&E has the right to shut off electricity to customers for failure to pay electricity bills, and Rule 23 mandates that partial payments are to be allocated pro rata between PG&E and the CCA. In most circumstances, customers would be returned to utility service for failure to pay bills in full and customer deposits would be withheld in the case of unpaid bills. PG&E would attempt to collect any outstanding balance from customers in accordance with Rule 23 and the related CCA Service Agreement. The proposed process is for two late payment notices to be provided to the customer within 30 days of the original bill due date. If payment is not received within 45 days from the original due date, service would be transferred to the utility on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service cannot be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account.

Customer Deposits

Customers may be required to post a deposit equal to two months' estimated bills for MEA's charges to obtain service from the Program. MEA has adopted a related policy, Rule No. 002, which specifies the circumstances under which a customer deposit will be required. This policy specifies that "An applicant who previously has been a customer of PG&E or MCE and whose electric service has been discontinued by PG&E or MCE during the last twelve months of that prior service because of nonpayment of bills, may be required to reestablish credit by depositing the amount prescribed in Rule 003 (Deposits) for that purpose." Rule No. 002 also states that, "A customer who fails to pay bills before they become past due as defined in PG&E Electric Rule 11 (Discontinuance and Restoration of Service), and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the amount prescribed in Rule 003 (Deposits). This rule will apply regardless of whether or not service has been discontinued for such nonpayment⁸." Rule 003 specifies that the amount of deposit for such a customer shall be equal to two months' estimated charges for MCE service. Failure to post deposit as required would cause the account service transfer request to be rejected, and the account would remain with PG&E. To date, MEA has not collected any customer deposits.

⁸ A customer whose service is discontinued by MCE is returned to PG&E generation service.

Introduction

This Chapter describes MEA's initial procurement policies and the key third party service agreements by which MEA has obtained operational services for the CCA Program. By adopting the original Implementation Plan, the Authority's Board of Directors approved general procurement policies to be effective at Program initiation. The Board retains authority to modify Program policies from time to time at its discretion.

Procurement Methods

MEA has entered into agreements for a variety of services needed to support program development, operation and management. It is anticipated MEA will utilize Competitive Procurement, Direct Procurement or Sole Source Procurement, depending on the nature of the services to be procured. Direct Procurement is the purchase of goods or services without competition when multiple sources of supply are available. Sole Source Procurement is generally to be performed only in the case of emergency or when a competitive process would be an idle act.

MEA utilized a competitive solicitation process to enter into agreements with SENA, which provides electrical services for the program. Agreements with entities that provide professional legal or consulting services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement or sole source basis at the discretion of MEA's Executive Officer or Board of Directors.

The Executive Officer periodically reports (e.g., quarterly) to the Board a summary of the actions taken with respect to the delegated procurement authority.

Authority for terminating agreements will generally mirror the authority for entering into the agreements.

Key Contracts

Electric Supply Contract

MEA successfully negotiated a long-term (through May 6, 2015) electricity supply contract with SENA. For the initial five years of program operations (5/7/2010 through 5/6/2015), SENA will supply electricity to customers under a full requirements contract between the provider and MEA. For the post-2015 period, MEA will be obligated to complete additional solicitations to secure its resource portfolio. In anticipation of this future obligation, MEA has initiated procurement efforts, focusing on necessary renewable energy supply, to facilitate the transition from full requirements service to a managed portfolio of contracts/resources. This proactive, ongoing approach will avoid dependence on market conditions existing at any single point in time. Under the initial full requirements contract, SENA has committed to serving the

composite electrical loads of customers in the Program. SENA also serves as MEA's certified Scheduling Coordinator and will schedule the loads of all customers in the Program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. SENA is wholly responsible for the Program's portfolio operations functions and managing the predominant supply risks for the term of the contract. SENA must also meet the Program's renewable energy goals and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC or FERC.

Certain financial risks related to changes in Program loads during the term of the agreement are borne by SENA, within the ranges specified in the electric supply agreement. The supplier has also committed to deliver a specific quantity of RPS-eligible renewable energy, as determined by the Authority, during each year of the agreement term. The supplier is also required to procure sufficient renewable energy to meet the requirements of serving customers enrolled in the Deep Green MEA service option.

Data Management Contract

Noble Americas Energy Solutions will provide the retail customer services of billing and other customer account services (electronic data interchange or EDI with PG&E, billing, remittance processing, and account management). Recognizing that some qualified wholesale energy suppliers do not typically conduct retail customer services whereas others (i.e., direct access providers) do, the data management contract is separate from the electric supply contract.⁹

The data manager is responsible for the following services:

- Data exchange with PG&E;
- Technical testing;
- Customer information system;
- Customer call center;
- Billing administration/retail settlements; and
- Reporting and audits of utility billing.

Utilizing a third party for account services eliminates a significant expense associated with implementing a customer information system. Such systems can cost from five to ten million dollars to implement and take significant time to deploy. A longer term contract is appropriate for this service because of the time and expense that would be required to migrate data to a new system. Separation of the data management contract from the energy supply contract gives MEA greater flexibility to change energy suppliers, if desired, without facing an expensive data migration issue.

⁹ The contractor performing account services may be the same entity as the contractor supplying electricity for the program.

Electric Supply Procurement Process

As previously noted, MEA selected SENA as its energy supplier through a competitive solicitation process, which was administered in mid-2009. Additional information regarding MEA's energy supplier, SENA, is provided below.

Shell Energy North America

Shell Energy North America (US), L.P. (SENA) is a leading supplier of energy and associated services in North America. SENA provides natural gas, electrical energy and capacity, scheduling and asset optimization, risk management, and renewable energy and environmental products to a wide variety of customers. SENA is 100% owned by Royal Dutch Shell Company and its subsidiaries. SENA owns and manages a variety of energy assets in the West, including generation, a portfolio of renewable energy, transmission capacity, natural gas production, liquefied natural gas capacity, natural gas storage capacity, and natural gas pipeline capacity. SENA's West Region operation includes regional offices in San Diego, Portland, Spokane, Berkeley, Salt Lake City, Denver and Mexico City, with 7 X 24 power and gas operations in San Diego and Spokane.

SENA has an extensive list of public and privately owned customers in the West, including all WECC region investor-owned utilities, twenty-five publicly owned (municipal) electric utilities/other public agencies in California, and publicly owned utilities/public agencies in neighboring states. SENA's West Region full requirements power experience includes provision of retail electric service, including provision of resource adequacy, for direct access customers in California.

Renewable energy products offered by SENA include renewable energy, bundled renewable energy, landfill gas, biogas and renewable energy credits. SENA states it is actively developing renewable portfolios and provides related services such as scheduling and shaping of intermittent energy. SENA's affiliate, Shell WindEnergy, develops and owns wind generation in California and other parts of North America. SENA also offers a variety of environmental products including emission offsets and other carbon reducing products.

SENA is rated A- by S&P and A2 by Moody's.

Chapter 11 – Contingency Plan for Program Termination

Introduction

This Chapter describes the process to be followed in the case of Program termination. By adopting the original Implementation Plan, the Authority's Board of Directors approved the general termination process contained herein to be effective at Program initiation. In the unexpected event that MEA would terminate the Program and return its customers to PG&E service, the proposed process is designed to minimize the impacts on its customers and on PG&E. The proposed termination plan follows the requirements set forth in PG&E's tariff Rule 23 governing service to CCAs. The Board retains authority to modify program policies from time to time at its discretion.

Termination by Marin Clean Energy

The Authority will offer services for the long term with no planned Program termination date. In the unanticipated event that the majority of the Member's governing bodies (County Board of Supervisors and/or City/Town Councils) decide to terminate the Program, each governing body would be required to adopt a termination ordinance or resolution and provide adequate notice to MEA consistent with the terms set forth in the JPA Agreement. Following such notice, MEA would vote on Program termination subject to a two-tiered vote, as described in the JPA Agreement. In the event that the Board affirmatively votes to proceed with JPA termination, the Board would disband under the provisions identified in its JPA Agreement.

After any applicable restrictions on such termination have been satisfied, notice would be provided to customers six months in advance that they will be transferred back to PG&E. A second notice would be provided during the final sixty-days in advance of the transfer. The notice would describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules.

At least one year advance notice would be provided to PG&E and the CPUC before transferring customers, and MEA would coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers would be transferred *en masse* on the date of their regularly scheduled meter read date.

MEA will post a bond or maintain funds held in reserve to pay for potential transaction fees charged to the Program for switching customers back to distribution utility service. Reserves would be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the energy services provider or the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. MEA will post financial security in the

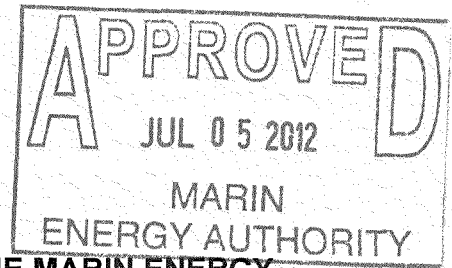
appropriate amount as part of its registration materials and will maintain the financial security in the required amount, as necessary.

Termination by Members

The JPA Agreement defines the terms and conditions under which Members may terminate their participation in the program.

Appendix A: Authority Resolution 2012-16

Appendix B: Marin Energy Authority Joint Powers Agreement



RESOLUTION NO. 2012-16

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARIN ENERGY
AUTHORITY APPROVING THE REVISED COMMUNITY CHOICE
AGGREGATION IMPLEMENTATION PLAN AND STATEMENT OF INTENT**

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

WHEREAS, MEA members include the following Marin communities: the County of Marin, the City of Belvedere, the Town of Corte Madera, the Town of Fairfax, the City of Larkspur, the City of Mill Valley, the City of Novato, the Town of Ross, the Town of San Anselmo, the City of San Rafael, the City of Sausalito and the Town of Tiburon; and

WHEREAS, California Assembly Bill 117 requires that an Implementation Plan be submitted to the California Public Utilities Commission in order to implement a CCA program; and

WHEREAS, the Public Utilities Code specifies that a CCA Implementation Plan must include the organizational structure of the program, its operations, and funding, rate setting and other costs to participants, disclosure and due process in setting rates and allocating costs among participants, methods for entering and terminating agreements with other entities, the rights and responsibilities of program participants, including, but not limited to, information about financial, technical, and operational capabilities; and

WHEREAS, the MEA Board of Directors approved the Community Choice Aggregation Implementation Plan and Statement of Intent on December 3, 2009; and

WHEREAS, the California Public Utilities Commission certified the MEA Community Choice Aggregation Implementation Plan on February 2, 2010; and

WHEREAS, the City of Richmond has requested membership in MEA; and

WHEREAS, the MEA Board approved by resolution the membership request of the City of Richmond at duly noticed public meetings; and

WHEREAS, MEA has updated the Community Choice Aggregation Implementation Plan and Statement of Intent to account for the addition of the City of Richmond,

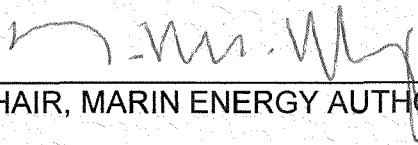
NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the

APPROVED
JUL 12 2012

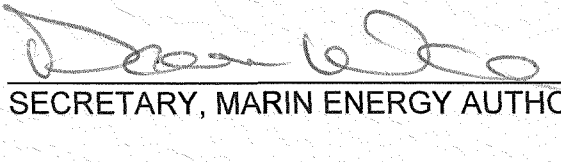
Marin Energy Authority that the Revised Community Choice Aggregation Implementation Plan is approved for submittal to the California Public Utilities Commission.

PASSED AND ADOPTED at a regular meeting of the Marin Energy Authority Board of Directors on this 5th day of July 2012, by the following vote:

	AYES	NOES	ABSTAIN	ABSENT
City of Belvedere	✓			
Town of Corte Madera	✓			
Town of Fairfax	✓			
City of Larkspur	✓			
County of Marin	✓			
City of Mill Valley				✓
City of Novato	✓			
Town of San Anselmo				✓
City of San Rafael	✓			
City of Sausalito				✓
Town of Ross	✓			
Town of Tiburon	✓			



CHAIR, MARIN ENERGY AUTHORITY BOARD



SECRETARY, MARIN ENERGY AUTHORITY BOARD

**Marin Energy Authority
- Joint Powers Agreement -**

Effective December 19, 2008

As amended by Amendment No. 1 dated December 3, 2009

As further amended by Amendment No. 2 dated March 4, 2010

As further amended by Amendment No. 3 dated May 6, 2010

As further amended by Amendment No. 4 dated December 1, 2011

As further amended by Amendment No. 5 dated July 5, 2012

Among The Following Parties:

City of Belvedere
Town of Corte Madera
Town of Fairfax
City of Larkspur
City of Mill Valley
City of Novato
Town of Ross
City of Richmond
Town of San Anselmo
City of San Rafael
City of Sausalito
Town of Tiburon
County of Marin

MARIN ENERGY AUTHORITY JOINT POWERS AGREEMENT

This **Joint Powers Agreement** (“Agreement”), effective as of December 19, 2008, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

RECITALS

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 2.2 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
4. The Parties desire to establish a separate public agency, known as the Marin Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants have each adopted an ordinance electing to implement through the Authority Community Choice Aggregation, an electric service enterprise agency available to cities and counties pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program. Regardless of whether or not Program Agreement 1 is approved and the CCA Program becomes operational, the parties intend for the Authority to continue to study, promote, develop, conduct, operate and manage other energy programs.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1 CONTRACT DOCUMENTS

1.1 **Definitions.** Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions
Exhibit B: List of the Parties
Exhibit C: Annual Energy Use
Exhibit D: Voting Shares

1.3 **Revision of Exhibits.** The Parties agree that Exhibits B, C and D to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

ARTICLE 2 FORMATION OF MARIN ENERGY AUTHORITY

2.1 **Effective Date and Term.** This Agreement shall become effective and Marin Energy Authority shall exist as a separate public agency on the date this Agreement is executed by at least two Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(10). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.

2.2 **Initial Participants.** During the first 180 days after the Effective Date, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(10) to the Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party and is not an Initial Participant and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

- 2.3** **Formation.** There is formed as of the Effective Date a public agency named the Marin Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing board of each Party.
- 2.4** **Purpose.** The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate as a group in the CCA Program, as further described in Section 5.1. The Parties intend that subsequent agreements shall define the terms and conditions associated with the actual implementation of the CCA Program and any other energy programs approved by the Authority.
- 2.5** **Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:
- 2.5.1** make and enter into contracts;
 - 2.5.2** employ agents and employees, including but not limited to an Executive Director;
 - 2.5.3** acquire, contract, manage, maintain, and operate any buildings, works or improvements;
 - 2.5.4** acquire by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
 - 2.5.5** lease any property;
 - 2.5.6** sue and be sued in its own name;
 - 2.5.7** incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 et seq. and authority under the Act;
 - 2.5.8** issue revenue bonds and other forms of indebtedness;
 - 2.5.9** apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;

- 2.5.10 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
 - 2.5.11 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and
 - 2.5.12 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.
- 2.6 **Limitation on Powers.** As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the County of Marin.
- 2.7 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed.

ARTICLE 3 AUTHORITY PARTICIPATION

- 3.1 **Addition of Parties.** Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption, by an affirmative vote of the Board satisfying the requirements described in Section 4.9.1, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(10) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership payment, if any, and (e) satisfaction of any conditions established by the Board. Notwithstanding the foregoing, in the event the Authority decides to not implement a CCA Program, the requirement that an additional party adopt the ordinance required by Public Utilities Code Section 366.2(c)(10) shall not apply. Under such circumstance, the Board resolution authorizing membership of an additional incorporated municipality or county shall be adopted in accordance with the voting requirements of Section 4.10.

- 3.2 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

ARTICLE 4 GOVERNANCE AND INTERNAL ORGANIZATION

- 4.1 **Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2.
- 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:
- 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.
- 4.2.2 The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.11, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.
- 4.3 **Terms of Office.** Each Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director in accordance with the provisions of Section 4.2 within 90 days of the date that such position becomes vacant.
- 4.4 **Quorum.** A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

- 4.5 Powers and Function of the Board.** The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.
- 4.6 Executive Committee.** The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations placed on the Board's authority to delegate certain essential functions, as described in the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.11 to adopt and amend the Operating Rules and Regulations.
- 4.7 Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.
- 4.8 Director Compensation.** Compensation for work performed by Directors on behalf of the Authority shall be borne by the Party that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.
- 4.9 Board Voting Related to the CCA Program.**
- 4.9.1.** To be effective, on all matters specifically related to the CCA Program, a vote of the Board shall consist of the following: (1) a majority of all Directors shall vote in the affirmative or such higher voting percentage expressly set forth in Sections 7.2 and 8.4 (the "percentage vote") and (2) the corresponding voting shares (as described in Section 4.9.2 and Exhibit D) of all such Directors voting in the affirmative shall exceed 50%, or such other higher voting shares percentage expressly set forth in Sections 7.2 and 8.4 (the "percentage voting shares"), provided that, in instances in which such other higher voting share percentage would result in any one Director having a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter.
- 4.9.2.** Unless otherwise stated herein, voting shares of the Directors shall be determined by combining the following: (1) an equal voting share for each Director determined in accordance with the formula detailed in Section 4.9.2.1, below; and (2) an additional voting share determined in accordance with the formula detailed in Section 4.9.2.2, below.
- 4.9.2.1 Pro Rata Voting Share.** Each Director shall have an equal voting share as determined by the following formula: $(1/\text{total number of})$

Directors) multiplied by 50, and

4.9.2.2 Annual Energy Use Voting Share. Each Director shall have an additional voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 50, where (a) “Annual Energy Use” means, (i) with respect to the first 5 years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWhs”), within the Party’s respective jurisdiction and (ii) with respect to the period after the fifth anniversary of the Effective Date, the annual electricity usage, expressed in kWhs, of accounts within a Party’s respective jurisdiction that are served by the Authority and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C, and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year

4.9.2.3 The voting shares are set forth in Exhibit D. Exhibit D may be updated to reflect revised annual energy use amounts and any changes in the parties to the Agreement without amending the Agreement provided that the Board is provided a copy of the updated Exhibit D.

4.10 Board Voting on General Administrative Matters and Programs Not Involving CCA. Except as otherwise provided by this Agreement or the Operating Rules and Regulations, each member shall have one vote on general administrative matters, including but not limited to the adoption and amendment of the Operating Rules and Regulations, and energy programs not involving CCA. Action on these items shall be determined by a majority vote of the quorum present and voting on the item or such higher voting percentage expressly set forth in Sections 7.2 and 8.4.

4.11 Board Voting on CCA Programs Not Involving CCA That Require Financial Contributions. The approval of any program or other activity not involving CCA that requires financial contributions by individual Parties shall be approved only by a majority vote of the full membership of the Board subject to the right of any Party who votes against the program or activity to opt-out of such program or activity pursuant to this section. The Board shall provide at least 45 days prior written notice to each Party before it considers the program or activity for adoption at a Board meeting. Such notice shall be provided to the governing body and the chief administrative officer, city manager or town manager of each Party. The Board also shall provide written notice of such program or activity adoption to the above-described officials of each Party within 5 days after the Board adopts the program or activity. Any Party voting against the approval of a program or other activity of the Authority requiring financial contributions by individual Parties may elect to opt-out of participation in such program or activity by

providing written notice of this election to the Board within 30 days after the program or activity is approved by the Board. Upon timely exercising its opt-out election, a Party shall not have any financial obligation or any liability whatsoever for the conduct or operation of such program or activity.

4.12 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

4.13 Selection of Board Officers.

4.13.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.13.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.13.3 Treasurer and Auditor . The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to

file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

- 4.14 Administrative Services Provider.** The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of a written agreement between the Authority and the appointed administrative services provider or providers that will be known as an Administrative Services Agreement. The Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

ARTICLE 5

IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Preliminary Implementation of the CCA Program.

- 5.1.1 Enabling Ordinance.** Except as otherwise provided by Section 3.1, prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(10) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.
- 5.1.2 Implementation Plan.** The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.9.

5.1.3 Effect of Vote On Required Implementation Action. In the event that two or more Parties vote to approve Program Agreement 1 or any earlier action required for the implementation of the CCA Program (“Required Implementation Action”), but such vote is insufficient to approve the Required Implementation Action under Section 4.9, the following will occur:

5.1.3.1 The Parties voting against the Required Implementation Action shall no longer be a Party to this Agreement and this Agreement shall be terminated, without further notice, with respect to each of the Parties voting against the Required Implementation Action at the time this vote is final. The Board may take a provisional vote on a Required Implementation Action in order to initially determine the position of the Parties on the Required Implementation Action. A vote, specifically stated in the record of the Board meeting to be a provisional vote, shall not be considered a final vote with the consequences stated above. A Party who is terminated from this Agreement pursuant to this section shall be considered the same as a Party that voluntarily withdrew from the Agreement under Section 7.1.1.1.

5.1.3.2 After the termination of any Parties pursuant to Section 5.1.3.1, the remaining Parties to this Agreement shall be only the Parties who voted in favor of the Required Implementation Action.

5.1.4 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties’ right to withdraw from the Authority as described in Article 7.

ARTICLE 6
FINANCIAL PROVISIONS

6.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 **Depository.**

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 **Budget and Recovery Costs.**

6.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.

6.3.2 **County Funding of Initial Costs.** The County of Marin shall fund the Initial Costs of the Authority in implementing the CCA Program in an amount not to exceed \$500,000 unless a larger amount of funding is approved by the Board of Supervisors of the County. This funding shall be paid by the County at the times and in the amounts required by the Authority. In the event that the CCA Program becomes operational, these Initial Costs paid by the County of Marin shall be included in the customer charges for electric services as provided by Section 6.3.3 to the extent permitted by law, and the County of Marin shall be reimbursed from the

payment of such charges by customers of the Authority. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County of Marin shall not be entitled to any reimbursement of the Initial Costs it has paid from the Authority or any Party.

6.3.2 CCA Program Costs. The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through charges to CCA customers receiving such electric services.

6.3.3 General Costs. Costs that are not directly or indirectly attributable to the provision of electric services under the CCA Program, as determined by the Board, shall be defined as general costs. General costs shall be shared among the Parties on such basis as the Board shall determine pursuant to an Authority Document.

6.3.4 Other Energy Program Costs. Costs that are directly or indirectly attributable to energy programs approved by the Authority other than the CCA Program shall be shared among the Parties on such basis as the Board shall determine pursuant to an Authority Document.

ARTICLE 7 WITHDRAWAL AND TERMINATION

7.1 Withdrawal.

7.1.1 General.

7.1.1.1 Prior to the Authority's execution of Program Agreement 1, any Party may withdraw its membership in the Authority by giving no less than 30 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. To permit consideration by the governing body of each Party, the Authority shall provide a copy of the proposed Program Agreement 1 to each Party at least 90 days prior to the consideration of such agreement by the Board.

7.1.1.2 Subsequent to the Authority's execution of Program Agreement 1, a Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 6

months advance written notice of its election to do so, which notice shall be given to the Authority and each Party, and upon such other conditions as may be prescribed in Program Agreement 1.

7.1.2 Amendment. Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement in the manner provided by Section 8.4.

7.1.3 Continuing Liability; Further Assurances. A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 7.3. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Rules and Regulations shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

7.2 Involuntary Termination of a Party. This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.9.1, shall be no less than 67%, excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 7.3. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 rather than Section 4.9.1.

7.3 Continuing Liability; Refund. Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities arising after the date of the Party's withdrawal or involuntary termination. In addition, such

Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

- 7.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.
- 7.5 **Disposition of Property upon Termination of Authority.** Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 8 MISCELLANEOUS PROVISIONS

- 8.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be settled by binding arbitration in accordance with policies and procedures established by the Board.
- 8.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses

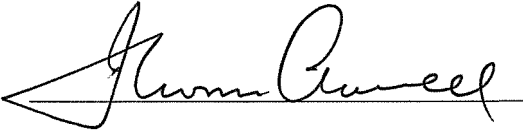
available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

- 8.3 Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.
- 8.4 Amendment of this Agreement.** This Agreement may be amended by an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.9.1, shall be no less than 67%. The Authority shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments. A Party shall be deemed to have withdrawn its membership in the Authority effective immediately upon the vote of the Board approving an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board. As described in Section 7.3, a Party that withdraws its membership in the Authority in accordance with the above-described procedure may be subject to continuing liabilities incurred prior to the Party's withdrawal. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 rather than Section 4.9.1.
- 8.5 Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 8.6 Severability.** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

- 8.7 Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 8.8 Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.
- 8.9 Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Thomas Cromwell

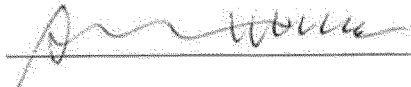
Title: Mayor

Date: December 8, 2008

Party: City of Belvedere

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

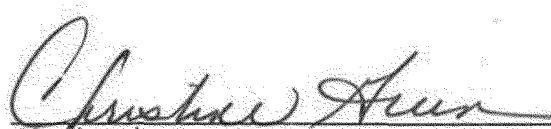
Name: Alexandra Cock

Title: Mayor

Date: December 6, 2011

Party: Town of Corte Madera

ATTEST


Christine Green, Town Clerk

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: David Weinsoff

Name: David Weinsoff

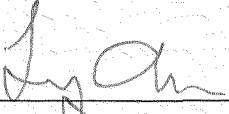
Title: Mayor

Date: 2.12.09

Party: Town of Fairfax

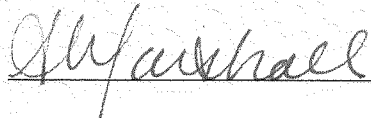
**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 
Name: Larry Cheu
Title: Mayor, Larkspur
Date: November 16 2011
Party: CITY OF LARKSPUR

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Shawn E. Marshall

Title: Mayor

Date: December 2, 2008

Party: City of Mill Valley

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Madeline R. Kellner

Name: Madeline R. Kellner

Title: Mayor

Date: October 7, 2011

Party: City of Novato

ARTICLE 9

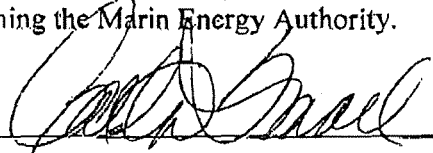
SIGNATURE

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority

By: *Deane McLaughlin*
Name: *Deane McLaughlin*
Title: *Mayor*
Date: *7/5/12*
Party: *City of Richmond*

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Carla Small

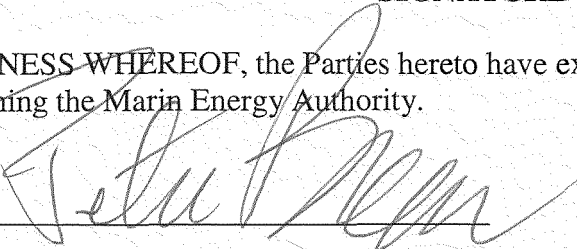
Title: Mayor

Date: 11/16/11

Party: Town of Ross

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By:  _____

Name: Peter Breen

Title: Mayor

Date: January 9, 2009

Party: Town of San Anselmo

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Cyr N. Miller

Name: Cyr N. Miller

Title: Vice Mayor

Date: DECEMBER 1, 2008

Party: CITY OF SAN RAFAEL

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Amy Belser

Name: Amy Belser

Title: Mayor

Date: November 18, 2008

Party: City of Sausalito

Attest:

Debbie Radjarso
Deputy City Clerk

Item: 5A
Meeting Date: 11-18-08
Page #: 24

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: ALICE FREDERICKS

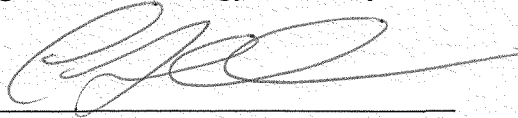
Title: MAYOR

Date: 2/10/09

Party: TOWN OF TIBURON

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: CHARLES F. MCGASHAN

Title: PRESIDENT, BD OF SUPERVISORS

Date: NOVEMBER 18 2008

Party: COUNTY OF MARIN

Exhibit A

**To the
Joint Powers Agreement
Marin Energy Authority**

-Definitions-

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.9.2.2.

“Authority” means the Marin Energy Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means the date on which this Agreement shall become effective and the Marin Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of an Executive Director and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial activities or in support of the negotiation, preparation and approval of one or more Administrative Services Provider Agreements and Program Agreement 1. Administrative and operational costs incurred after the approval of Program Agreement 1 shall not be considered Initial Costs.

“Initial Participants” means, for the purpose of this Agreement,

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.2 such that it is considered a member of the Authority.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.2 such that it is considered a member of the Authority.

“Program Agreement 1” means the agreement that the Authority will enter into with an energy service provider that will provide the electricity to be distributed to customers participating in the CCA Program.

“Total Annual Energy” has the meaning given in Section 4.9.2.2.

Exhibit B

To the Joint Powers Agreement Marin Energy Authority

-List of the Parties-

City of Belvedere
Town of Corte Madera
Town of Fairfax
City of Larkspur
City of Mill Valley
City of Novato
City Richmond
Town of Ross
Town of San Anselmo
City of San Rafael
City of Sausalito
Town of Tiburon
County of Marin

Exhibit C
To the
Joint Powers Agreement
Marin Energy Authority

- Annual Energy Use -

This Exhibit C is effective as of July 5, 2012.

Party	kWh (2010*)
City of Belvedere	10,530,351
Town of Corte Madera	70,257,595
Town of Fairfax	24,666,792
City of Larkspur	58,436,742
City of Mill Valley	66,468,964
City of Novato	301,500,000
City of Richmond	516,440,630
Town of Ross	13,099,820
Town of San Anselmo	46,057,182
City of San Rafael	321,000,000
City of Sausalito	53,366,151
Town of Tiburon	42,392,525
County of Marin	331,400,000
Authority Total Energy Use	1,855,616,752

*Data Provided by PG&E

Exhibit D
To the
Joint Powers Agreement
Marin Energy Authority

- Voting Shares -

This Exhibit D is effective as of July 5, 2012.

Party	kWh (2010*)	Section 4.9.2.1	Section 4.9.2.2	Voting Share
City of Belvedere	10,530,351	3.85%	0.28%	4.13%
Town of Corte Madera	70,257,595	3.85%	1.89%	5.74%
Town of Fairfax	24,666,792	3.85%	0.66%	4.51%
City of Larkspur	58,436,742	3.85%	1.57%	5.42%
City of Mill Valley	66,468,964	3.85%	1.79%	5.64%
City of Novato	301,500,000	3.85%	8.12%	11.97%
City of Richmond	516,440,630	3.85%	13.92%	17.76%
Town of Ross	13,099,820	3.85%	0.35%	4.20%
Town of San Anselmo	46,057,182	3.85%	1.24%	5.09%
City of San Rafael	321,000,000	3.85%	8.65%	12.50%
City of Sausalito	53,366,151	3.85%	1.44%	5.28%
Town of Tiburon	42,392,525	3.85%	1.14%	4.99%
County of Marin	331,400,000	3.85%	8.93%	12.78%
	1,855,616,752	50.00%	50.00%	100.00%

*Data Provided by PG&E