

JIM PHELPS
NOVATO, CALIFORNIA

jmphelps@webperception.com

December 2, 2013

Kathrin Sears, Vice Chair
Marin Energy Authority -- Community Choice Aggregation
dba Marin Clean Energy
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901

Subject: MCE's Manipulated Greenhouse Gas Accounting

Dear Ms. Sears:

I have identified a troubling revision by MEA to its annual greenhouse gas (GHG) emission accounting for the most recent completed emission year, 2011. This involves the purchase and retroactive retirement of 10,500 Renewable Energy Certificates (RECs) one month after PG&E published its annual emission rate, 15 months after the end of calendar year. Without employing this delayed accounting scheme **Marin Clean Energy's Light Green emission rate is 52 pounds higher than PG&E's rate, meaning that MCE warms the planet** by adding approximately 4,600 tons additional greenhouse gas (GHG) for the year, rather than reducing emissions. The timeline and details are included in the attached addendum.

MEA's GHG accounting scheme is problematic for many reasons, including:

- It reveals activities that mislead consumers.
- It reveals a lack of oversight (assuming consumer information is a higher priority than perpetuation of an unblemished "MCE" brand).
- It reveals a disconnect between MEA's Board and MCE's staff (your Board either does not know what is happening at MCE, or key information is withheld from the public).
- It reveals that MCE is unable to fulfill its *Cleaner than PG&E* charter.

What are the Board's plans to correct MCE's management problems? How will your Board assure that MCE's problems are not repeated in Marin or replicated in other Community Choice Aggregation programs that use MCE's "clean" energy model?

Sincerely,


Jim Phelps

Power Contractor & Utility Rate Analyst

attachment (addendum)

cc: Marin Energy Authority Board
Damon Connolly / Chair, MEA
Paul Clanon / Executive Director, CPUC
San Francisco Chronicle
The Press Democrat
Marin Independent Journal

ADDENDUM
Community Choice Aggregation
Marin Clean Energy's Manipulated Emission Accounting

Problem #1 – The Timeline

- Pre-February 2013 MEA preliminary Light Green emission rate for 2011 (445 lbs CO₂ per megawatt-hour).¹
- February 2013 PG&E publishes its emission rate for 2011 (393 lbs).²
- **22 business days after PG&E's emission rate announcement -- 15 months after the close of the year - MEA buys 10,500 large hydro Renewable Energy Certificates (financial instruments) and retroactively applies them to its 2011 "carbon free" account to show lower-than-PG&E emissions.**
- May 2013 MEA publishes lower-than-PG&E emission rate for 2011 (389 lbs).^{1, 3}
- July 2013 MEA publishes Op/Ed "Making informed energy choices."⁴

Problem #2 -- MEA's 2011 year is 27-months long

- Why did MEA wait until March 2013, 15 months after the close of 2011 and a month after PG&E's emission rate announcement to purchase the 10,500 RECs that it claims reduces its 2011 emissions? **Does it concern you that consumers will view MEA's emission accounting as doctored** -- waiting for PG&E to publish its annual emission rate, then buying enough RECs from a REC broker (available to any person or any energy company) and retroactively applying them to your emission account in order to undercut PG&E's emission rate? Isn't this a mutated form of bid rigging? Would the public tolerate this accounting practice if the roles were reversed and PG&E tried this?

Of note, if MCE had purchased only 10,000 RECs, MCE would have had the appearance of producing energy that was nominally equal to PG&E's emission rate for the subject year. By purchasing an additional 500 RECs, MCE garners the appearance of delivering energy that is 4 lbs less CO₂ per megawatt-hour than PG&E – at a total extra cost of only \$435.⁵

- Were MEA's Board members aware of MEA's emission accounting scheme? If so, why wasn't this long-delayed watershed event clearly communicated to the public, such as in MEA's "Making informed energy choices" or its "Values" Op/Ed columns?^{4, 6} MEA's claimed emission reductions, particularly those in the "Values" Op/Ed, do not hold up when scrutinized.

¹ http://www.marinenergyauthority.com/PDF/5.13.13_Tech_Comm_Packet.pdf Tables on page 3 show Total "Zero Carbon" energy is 46,500 megawatt-hours. When 10,500 hydroelectric RECs are removed from this total -- leaving 36,000 MWhs from the Tri-Dam hydroelectric purchase -- MCE's Light Green annual emission rate is 445 lbs CO₂ per megawatt-hour. Curiously, 445 lbs was the emission rate reported by PG&E in the previous year. This (MEA target?) may be observed by following the link in footnote 2, below, then referring to year 2010 in first graph, "Benchmarking CO₂ Emissions for Delivered Electricity."

² <http://www.pgecurrents.com/2013/02/20/pge%E2%80%99s-clean-energy-reduces-greenhouse-gas-emissions/>

³ http://www.marinenergyauthority.com/PDF/6.6.13_Board_Meeting_Minutes.pdf June 6, 2013, agenda item #8, Marin Energy Authority's Board unanimously approved MEA's (non-verified) 2011 greenhouse gas accounting and reporting for "use, distribution, and web posting."

⁴ http://meatruth.org/PDF/Accurate_comparison_Sears.Greene_7.18.2013.pdf

⁵ 3Degrees Group Invoice #11084 to MEA (attached), dated 4-08-2013; \$0.87 per REC x 500 RECs = \$435

⁶ http://www.meatruth.org/PDF/Values_Wachtel_5.17.2013.pdf

ADDENDUM
Community Choice Aggregation
Marin Clean Energy's Manipulated Emission Accounting

Problem #3 -- Where is MEA's Third-Party Emission Verification?

PG&E notes that publication of its emission rate “lag[ged] *due to the time necessary for a thorough, third-party verification* of the data in accordance with the standards of The Climate Registry (TCR).² Conversely, even though MCE's technical consultant (Dusel, aka Pacific Energy Advisors) refers to TCR when discussing MCE's annual emission rate, TCR identifies that MCE did not complete third-party accredited verification of its emission rate.^{7, 8} TCR lists no Public Reports for MEA or MCE (see last page of this addendum). **Ironically, your consultant's written claim that MEA's emission factor is an “apples to apples” comparison with PG&E contradicts TCR's independent observation.**^{7, 9}

- MCE's energy portfolio is relatively small and simple. MCE did not complete TCR verification. Why did MCE wait to announce its *non-verified* emission rate until after publication of PG&E's time-consuming verified emission rate?

Problem #4 -- The 10,500 hydro RECs conflict with MCE's stated purpose

RECs are not clean power. They are financial instruments. MEA leadership and MCE's website says RECs are purchased to promote renewable project development. However, the 10,500 RECs were sourced from Montana's large hydroelectric Noxon dam.¹⁰ This is not a renewable project. (MCE is also reporting another 40,000 large hydro RECs for its next emission year). The Noxon #3 generating unit that created these RECs recently boosted its megawatt rating to nearly four times the size of California certified RPS (Renewable Portfolio Standard) hydro.

- How does MEA reconcile supporting the expansion of non-renewable large hydro when it claims RECs promote renewable project development?
- How does MEA reconcile supporting large hydro when MEA's former Chair labels large hydro projects “habitat killers”?¹¹

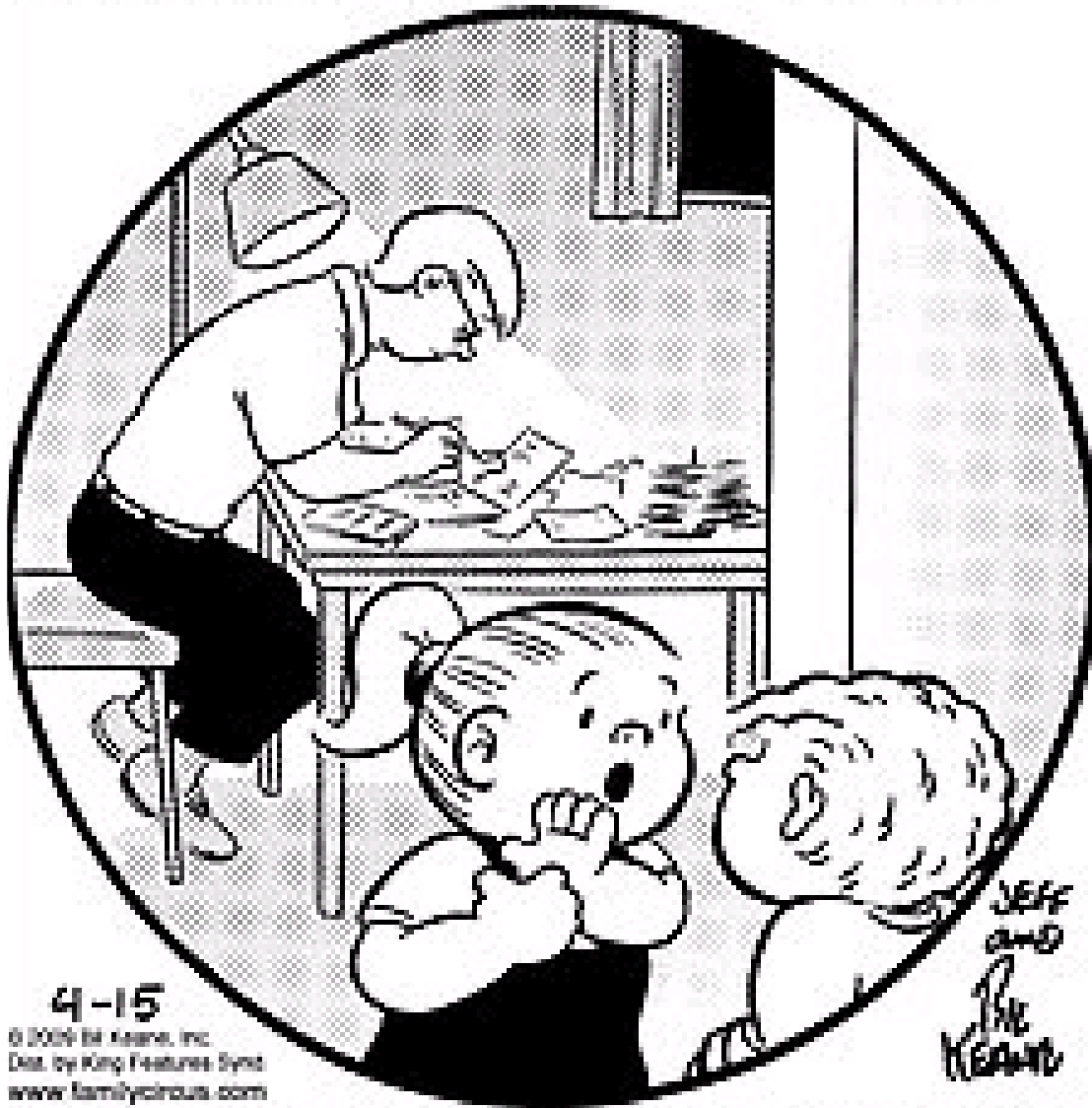
⁷ See page 2 of “Understanding MCE's GHG Emission Factors” by MEA Technical Consultant Kirby Dusel. http://www.marinenergyauthority.com/PDF/5.13.13_Tech_Comm_Packet.pdf

⁸ The Climate Registry's accredited third-party emissions verifiers may be viewed at <http://www.theclimateregistry.org/resources/verification/list-of-verification-bodies/>

⁹ “Comparing a verified and *non-verified* emission rate is **not an apples to apples comparison.**” Source: TCR Member Services Help Line on October 3, 2013 at 1:49 p.m. (866) 523-0764, option 3.

¹⁰ <http://commerce.mt.gov/Energy/hydropower.mcp>

¹¹ Former County of Marin Supervisor and MEA Board Chair Chas. McGlashan on large hydroelectric dams: “The way the California Energy Commission counts its, counts renewable power sources is any large hydro project over 30 megawatts actually does not count as renewable electricity generation assets – they don't count it in the Renewable Portfolio Standard regulations, and part of the reason for that – philosophically – is that large hydro projects are habitat killers. They flood entire ecosystems. You can't really call that a renewable energy source when you destroy an entire ecosystem with large hydro.” **MEA Public Workshop – Mill Valley, December 1, 2009. Part Two (Public Q&A) TRT: 1:39:00.** Elapsed time 11:15. <http://www.cmcm.tv/MEAMillValley> (inactive link)



4-15

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“Daddy doesn’t announce our leadership in clean energy until he figures out what PG&E is doing so he can go buy RECs before the announcement...”

MEA solicitation of 2011 RECs

From Public Records Act documents rec'd from MCE on November 18, 2013

From: Dawn Weisz [<mailto:dweisz@marinenergy.com>]
Sent: Friday, March 22, 2013 12:41 PM
To: Darren Karopczyc; Dawn Weisz
Subject: RE: New Confirmation Letter

Darren,
Would it be possible to split this into two separate confirmations, one for the 2011 RECs and one for the 2012 RECs?

That would expedite our approval process and we should be able to get it turned around today.

Thanks,
Dawn

Dawn Weisz
Executive Officer
Marin Energy Authority
781 Lincoln Ave., Suite 320
San Rafael, CA 94901
415-464-6020
dweisz@marinenergy.com
www.mceCleanEnergy.com

From: Darren Karopczyc [<mailto:darren@3degreesinc.com>]
Sent: Friday, March 22, 2013 11:29 AM
To: Dawn Weisz
Subject: New Confirmation Letter

Hello Dawn,
Attached please find a new Confirmation Letter for the Hydro trade agreed to earlier today. Please review the attached and let me know if you have any questions.

Thank you!

Darren Karopczyc
Director, Trade Operations
3Degrees
T: 415.308.5214
F: 415.680.1561
darren@3degreesinc.com

2 Embarcadero Center, Suite 2950
San Francisco, CA 94111
www.3degreesinc.com

MEA buys "2011 RECs" in 2013, a month after PG&E publishes its 2011 emission rate. MEA then claims its 2011 emission rate is lower than PG&E's.

Confirmation Letter #3

This Confirmation Letter describes a transaction between Buyer and Seller for the sale, purchase and Delivery of Renewable Energy Certificates ("RECs") pursuant to and in accordance with the terms of the Renewable Energy Certificate Purchase and Sale Agreement between the Parties dated November 4, 2011 (the "Agreement") and constitutes part of and is subject to the terms and provisions of the Agreement. Provided, that, to the extent there is a conflict between a provision of the Agreement and this Confirmation Letter, the terms of this Confirmation Letter shall control for the purposes of this transaction.

Initially capitalized terms used and not otherwise defined herein are defined in the Agreement.

Basic Commercial Terms:

Trade Date:	March 22, 2013
Transaction Reference:	5114
Seller:	3Degrees Group, Inc.
Buyer:	Marin Energy Authority
Facility:	Seller's Choice
Eligible Renewable Resource Type:	Hydro
Geography:	WECC
Period Type [Generation, Reporting]:	Generation
Time Period:	July 01, 2011 - December 31, 2011
Product Quantity (MWh):	10,500 MWh
Contract Price (\$/MWh):	\$0.87 /MWh

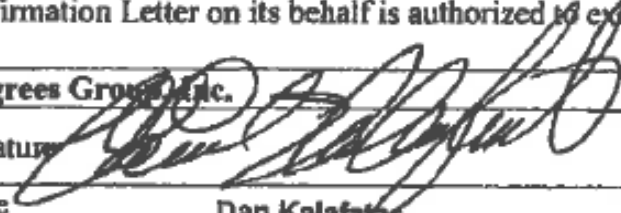
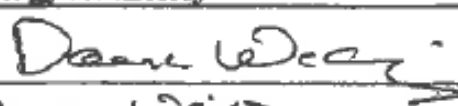
Product Specific Terms:

Applicable Standard(s):	Green-e Energy National Standard v2.2
Environmental Attributes retained by Seller, if any:	None
Media Rights Conferred [yes, no]	No

Delivery Terms:

Delivery Date:	On or before April 30, 2013
Delivery Obligation [Firm, Unit Contingent, Project Contingent]:	Firm
Applicable Tracking System:	WREGIS
Attestation Form:	No
Buyer Delivery Contact [Name, Email]:	Dawn Weisz, dweisz@marinenergy.com
Seller Delivery Contact [Name, Email]:	Trade Operations, settlements@3degreesinc.com

The Parties agree to the transaction set forth herein and each Party represents that the person signing this Confirmation Letter on its behalf is authorized to execute on behalf of the Party for whom they sign.

3Degrees Group, Inc.	Marin Energy Authority
Signature 	Signature 
Name Dan Kalafatas	Name Dawn Weisz
Title CEO	Title Executive Officer
Date 3-22-13	Date 3-22-13



Two Embarcadero Center
Suite 2950
San Francisco CA 94111

Invoice

Due Date	Date	Invoice #
4/13/2013	4/8/2013	11084

Marin Energy Authority
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901

Balance Due: \$9,135.00

Item Description	Period	Reporting Year	Qty	Rate (\$)	Amount (\$)
REC - Green-e Energy; (WECC) (Hydro) Production during 2H 2011		2012	10,500	0.87	9,135.00
Total:					\$9,135.00

REMIT TO:	WIRE INSTRUCTIONS:
3Degrees Group, Inc. Two Embarcadero Center Suite 2950 San Francisco CA 94111	NOTE NEW ACCOUNT INFORMATION BELOW: Routing/ABA Number: 122016066 Beneficiary Bank: City National Bank 100 Montgomery Street Suite 100 San Francisco, CA 94104 Beneficiary: 3Degrees Group Inc. Account # 201017602 SWIFT: CINAUS6L

All payments must be made in USD(\$).

Prices include a 4.3% discount in anticipation of cash payment.

Late fees will accrue at the interest rate defined by agreement from date due until paid.

For billing inquiries, please contact accounting@3degreesinc.com or (415) 561-6852.

"Production during 2H 2011" showed on previous copy of this invoice.
 Why is this Public Records Act version redacted?



Two Embarcadero Center
 Suite 2950
 San Francisco CA 94111

Invoice

Due Date	Date	Invoice #
4/13/2013	4/8/2013	11084

Marin Energy Authority
 781 Lincoln Avenue, Suite 320
 San Rafael, CA 94901

Balance Due: \$9,135.00

Item Description	Period	Reporting Year	Qty	Rate (\$)	Amount (\$)
REC - Green-e Energy; (WECC) (Hydro)		2012	10,500	0.87	9,135.00
Total:					\$9,135.00

REMIT TO:	WIRE INSTRUCTIONS:
3Degrees Group, Inc. Two Embarcadero Center Suite 2950 San Francisco CA 94111	NOTE NEW ACCOUNT INFORMATION BELOW: Routing/ABA Number: 122016066 Beneficiary Bank: City National Bank 100 Montgomery Street Suite 100 San Francisco, CA 94104 Beneficiary: 3Degrees Group Inc. Account # 201017602 SWIFT: CINAUS6L

All payments must be made in USD(\$).

Prices include a 4.3% discount in anticipation of cash payment.

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For billing inquiries, please contact accounting@3degreesinc.com or (415) 561-6852.

MEA email responding to question about why the invoice (provided on September 23) shows "Reporting Year 2012" when MEA claims these "carbon free" RECs are supposed to apply to 2011.

----- Original Message -----

From: [Darlene Jackson](mailto:Darlene.Jackson@marinenergy.com)
To: jmphelps@webperception.com
Sent: Friday, October 11, 2013 3:23 PM
Subject: RE: CARB Emails

Mr. Phelps,

The invoice incorrectly reads 2012 as the reporting year. SEE DESCRIPTION ON THE LEFT COLUMN: "Production during 2H 2011." We do not use the invoice for compliance, we use the RECS as reported and retired in WREGIS.

The CARB email exchange was on the CD, but it is attached, again, here.

Regards,

Darlene Jackson
Clerk
Marin Energy Authority
781 Lincoln Ave., Suite 320
San Rafael, CA 94901
415-464-6032
djackson@marinenergy.com

From: Jim Phelps [mailto:jmphelps@webperception.com]
Sent: Thursday, October 03, 2013 11:10 AM
To: Darlene Jackson
Subject: Re: CARB Emails

Ms. Jackson --

Item 2:

The 3Degrees invoice, dated 2013, for 10,500 RECs (hydro) shows reporting period = 2012.

Item 4:

Loos email exchanges with ARB are not on the CD.

Jim Phelps

MCE is committed to protecting customer privacy. Learn more at: www.mceCleanEnergy.com/privacy

March 6, 2013

As of January 2013, MCE has contracts with 10 different suppliers for 15 different power projects. And that number will continue to grow.

Download Integrated Resource Plan

Power Suppliers

3 Degrees

EDF Renewable Energy

G2 Energy

GenPower

Middle Fork Irrigation District

One Energy

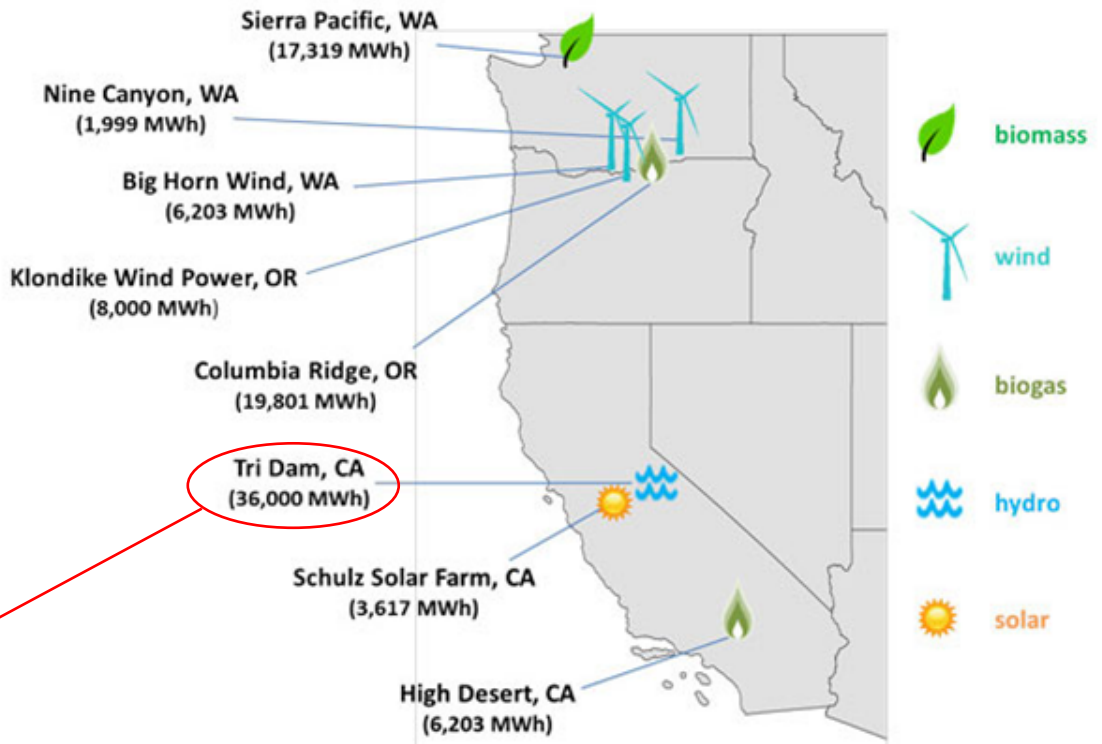
Recurrent Energy

San Rafael Airport

Shell Energy North America

Western Area Power Association

MCE's 2011 Contracted Power Supply



46,500 large hydro RECs?

Hydro Record for 2011:

- 02-02-2011 email from D. Weisz says 2011 projected hydro energy supply = 36,000 MWh.
- 10-24-2011 MEA Technical Committee meeting, p. 3 of 5, says large hydro = 36,000 MWh.
- Throughout 2012 MCE website (above image): Contracted power supply (Tri-Dam) = 36,000 MWh.
- 08-2012 El Cerrito presentation, p. 6 of 18: Contracted power supply (Tri-Dam) = 36,000 MWh.
- <http://www.el-cerrito.org/DocumentCenter/Home/View/1642>
- 03-06-2013 MCE website (above image): Contracted power supply (Tri-Dam) = 36,000 MWh.

--MCE's 2012 Integrated Resource Plan Annual Update, approved 11-01-2012, p. 11 of 21: 3Degrees only provided 8,000 (wind) RECs in 2011 (3Degrees Invoice #10039)

March 22, 2013 MEA buys 10,500 large hydro RECs from 3Degrees for 2011 emissions. + 10,500 MWh
46,500 MWh

The Climate Registry www.theclimateregistry.org

Marin Energy Authority is not listed as completing any TCR greenhouse gas emission Public Reports.

Marin Clean Energy is not listed as completing any TCR greenhouse gas emission Public Reports.

The screenshot shows a web browser window displaying the 'TCR Public Reports' website. The browser's address bar shows 'http://tcrreports'. The website header includes the logo for 'The Climate Registry' with the tagline 'Envisioning a world on a measurable path'. Below the header is a search bar with the text 'Search Reports'. A dropdown menu is open, listing various member organizations. Two items are circled in red: 'Marborg Hauling and Recycling' at the top and 'Pacific Gas and Electric Corporation' at the bottom. The search form includes fields for 'Industry (NAICS)', 'Member Name', and 'Emission Year' (with a 'Please Select' dropdown). A 'Search' button is visible at the bottom right of the form.

TCR Public Reports

Marborg Hauling and Recycling

Marin Sanitary Services

Maryland Department of the Environment

Massachusetts Department of Environmental Protection

Mazzetti Nash Lipsey Burch

Mesquite Power, LLC

Metropolitan Water District of Southern California

MidAmerican Energy Company

Millennium Consulting Associates

Mitel Networks Corporation

Modesto Irrigation District

MotivEarth, LLC

Natural Resources Defense Council

Neenah Paper, Inc.

New York Power Authority

New York State Energy Research and Development Authority

New York State Metropolitan Transportation Authority

Newmont Mining Corporation

Newmont Nevada Energy Investment, LLC.

Nexant, Inc.

Noblis

North Carolina Department of Environment and Natural Resources

Northern California Power Agency

Northern States Power Company d/b/a Xcel Energy

Nova Scotia Environment

Novogradac & Company LLP

Nuclear Energy Institute

NUS Consulting Group

NV Energy

Pacific Gas and Electric Corporation

Search Reports

Member Reports

Industry (NAICS)

Member Name

Emission Year

Please Select

Search