

Marin Energy Authority, dba Marin Clean Energy (MCE)
North American Power Group (NAPG)
Rio Solar

From: Damon Connolly [mailto:damon@damonconnollylaw.com]

Sent: Thursday, May 24, 2012 10:36 AM

To: Jim Phelps

Cc: Jessica Bernstein-Wax; tcromwell@cityofbelvedere.org; alexandrahc@comcast.net;
lbragman@townoffairfax.org; Len Rifkind; ksears@marincounty.org; kwachtel@krwlaw.net;
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rctib2@gmail.com

Subject: Re: Marin Energy's Enron accounting ?

One week later, June 1, NAPG announces it wants to relocate the 120 acre project from Rocklin to Bakersfield, 300 miles south.

Mr. Phelps,

Your latest attack on MEA, outlined below, is again off base. There are no 'negative developments' on the Rio Solar Project we are aware of that suggest that the project is not proceeding as expected. There has been no formal quarterly progress report requested or filed yet on this project because it is still in the pre-development stage, prior to the 'significant milestones' referenced in the contract itself. We are happy to inform you of actual reports on significant milestones as referenced in the contract. I have attached the Rio Solar contract here so that accurate reference information is accessible to the parties that have been copied on your correspondence.

The recent news on our local San Rafael project is indeed newsworthy, and we are also proud of the progress we have made in entering into other solar contracts for power supply. MEA consistently conducts a very high level of due diligence and technical review before selecting a developer and project to contract with for power supply. Our reason for such due diligence is to select projects that are highly viable so that they will deliver power to MEA. The attached material explains how the projected energy output is calculated, based on solar resources in the area, technology and design.

Sincerely,

Damon Connolly
MEA Board Chair

On Tue, May 22, 2012 at 4:29 PM, Jim Phelps <jmphelps@webperception.com> wrote:

Damon Connolly
Chair, MEA Board
Marin Energy Authority
781 Lincoln Avenue, Suite 320
San Rafael, CA 94901

RE: Marin Energy's Enron accounting?

Dear Mr. Connolly --

Marin Energy Authority, dba Marin Clean Energy (MCE)
North American Power Group (NAPG)
Rio Solar

MEA fails to disclose negative developments while it seeks positive media attention during this sensitive Opt Out period. I am concerned that this could be construed as an attempt by MEA to influence the Opt Out numbers.

The Marin *Independent Journal* recently gave MEA favorable news coverage about its newly announced San Rafael airport solar farm. However, MEA fails to publicly disclose problems with renewable energy commitments already made to Marin. This includes MEA's Rio Solar solar farm near Rocklin, California. Rio Solar is 15 times the size of your airport project.

RIO SOLAR'S CONSTRUCTION FEASIBILITY

- Personnel at the site adjacent to Rio Solar's advertised Rocklin location, where Rio Solar would reportedly share a grid interconnection, indicate development efforts for Rio Solar ceased ~7 months ago, about the same time MEA announced Rio Solar to Marin consumers.
- Rio Solar's lone developer now says it may be looking for investors to fund the project but, to this time, Rio Solar's been "on the back burner."
- Environmentalists are concerned about vernal pools and fairy shrimp in Rocklin.
- Placer County's Planning Department has no record of any plans to construct Rio Solar. It reports that development of solar farms in Placer County is a multi-year process. For instance, SunPower Corp is now one year into an approximate four year environmental review. MEA's contract shows Rio Solar's commercial operation is March 31, 2013. You mean 2017?
- Assuming Rio Solar is actually constructed, a four year delay means MEA fails to provide ~140,000 megawatt hours of clean energy. This equals Marin's *entire* residential load for three months. **This is a staggering shortfall.**

Article 2.4 of your Rio Solar contract specifies quarterly progress reports on financing, permitting, construction milestones, and interconnection. I'm unaware of any progress reports to MEA's Board, Executive, or Technical committees. Nevertheless, please email copies of these quarterly progress reports to me.

Please also explain why this information was not disclosed to the media and to consumers during this sensitive Opt Out period. Don't consumers have a right to know what they're paying for, especially after MEA announced Rio Solar will be producing next year?

RIO SOLAR'S GUARANTEED OUTPUT

Assuming Rio Solar is constructed, MEA overstates the contract's "guaranteed output" by 43%. MEA advertises 36,000 megawatt hours of solar output, but fails to advertise that the contract only guarantees 25,200 hours. The following puts this into perspective:

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- Six San Rafael airport solar farms are required just to cover the difference between what the Rio Solar contract guarantees and what MEA advertises it receives from Rio Solar.
- Alternately, six of MEA's promised *1 MW solar carport shade structures* are required to make up the difference.
- Even if MEA's solar airport and solar carport are both constructed, MEA remains thousands of megawatt hours short of its total green energy representations when Rio Solar's guaranteed output is compared with MEA's representations. This assumes Rio Solar is even built.

Who at MEA decides the appropriate number of megawatt hours to advertise to the public? No doubt, serving on MEA's Board has a fashionable appeal, but your unrealistic megawatt hours indicate that your Board does not understand what it is doing.

Will MEA's Board implement consultant recommendations and substitute renewable energy certificates (RECs) for Rio Solar's shortfalls? When will MEA disclose that RECs are NOT genuine delivered green energy? When will MEA educate consumers about its skyrocketing reliance upon these low-cost Wall Street-type instruments? See attached RECs plot.

MEA's announced San Rafael airport project appears to be positive news. However, public relations should not whitewash MEA's overall follow-through on its total energy commitments. Selective accounting is reminiscent of Enron.

Please email me copies of MEA progress reports on Rio Solar as well as an explanation of why this information was not fully disclosed to potential ratepayers during this sensitive Opt Out period.

Sincerely,

Jim Phelps
MEA Opt Out [\(888\) 632-3674](tel:8886323674)

www.MEAtruth.com

cc: MEA Board
bcc: forward as desired