

**MARIN CLEAN ENERGY
BOARD MEETING
THURSDAY, June 5, 2014
7:00 P.M.
SAN RAFAEL CORPORATE CENTER, TAMALPAIS ROOM
750 LINDARO STREET, SAN RAFAEL, CA 94901**

Roll Call

Present: Damon Connolly, City of San Rafael, Chair
Kate Sears, County of Marin
Bob McCaskill, City of Belvedere
Sloan Bailey, Town of Corte Madera
Larry Bragman, Town of Fairfax
Kevin Haroff, City of Larkspur
Garry Lion, City of Mill Valley
Tom Butt, City of Richmond
Katie Hoertkorn, Town of Ross, Alternate
Ford Greene, Town of San Anselmo
Ray Withy, City of Sausalito
Emmett O'Donnell, Town of Tiburon

Absent: Denise Athas, City of Novato

Staff: Dawn Weisz, Executive Officer
Jeremy Waen, Regulatory Analyst
Alex DiGiorgio, Community Affairs Representative
Beckie Menten, Energy Efficiency Director
Greg Brehm, Director of Power Resources
John Dalessi, Technical Consultant
Kirby Dusel, Technical Consultant
Greg Stepanicich, General Counsel
Emily Goodwin, Director of Internal Operations
Darlene Jackson, Clerk

Public Session: 7:10PM

Agenda Item #1- Board Announcements (Discussion)

None

Agenda Item #2 – Public Open Time (Discussion)

None

full 90 days to review a document and we will be highly cooperative with them as they go through this administrative review and answer questions as expeditiously as possible so that we can complete the certification process as quickly as possible.

Mr. Dusel reminded the Board that one of the key updates listed is approval of the agency's name change which is administrative in nature.

Chair Connolly asked if there was a procurement plan in place for Napa. Mr. Dusel responded yes there is one in place inclusive of a broad range of energy products that are consistent with what MCE is already procuring for its customers including the energy commodity itself, renewable energy, and various other carbon-free energy sources in line with the MCE's commitment to its current customers to provide both light and deep green products.

Mr. Dusel responded to questions from the Board.

M/Sears/Butt (12-0-0 passed) approved Implementation Plan Update to reflect MCE Name Change and Membership Change. Director Athas was absent.

Agenda Item #8 – Power Purchase Agreements with Exelon Generation Company, LLC for Power Supply Including Renewable Energy (Discussion/Action)

Greg Brehm, Director of Power Resources presented this item.

Mr. Brehm provided background by explaining that Exelon Generation Company, one of the largest power suppliers in the country, merged with Constellation Energy a few years ago. This project transaction is for Bucket 2 or PCC2 renewable energy. **Chair Connolly asked if Mr. Brehm could translate what Buckets 1 and 2 are.**

Mr. Brehm shared Bucket 1 is where the physical energy and renewable attributes are transferred in one transaction contemporaneously. In a Bucket 2 transaction like this, the renewable attributes are generated and are then re-bundled with other generation to match the load profile that is needed. In this case, they will be scheduling a 25 MW block of power for all hours over a 4- 5 month period during the year. It is not necessarily energy from the renewable project, though it can be, but is bundled with PCC2 renewable attributes.

Mr. Dusel shared the Bucket 2 product very much counts toward and should be characterized as a bundled renewable energy product. This is one where we are getting the green or renewable attribute and the physical energy as part of bundled transaction. There are some emission reporting benefits that also are associated with this particular product; it is a relatively small piece of our renewable portfolio standard procurement obligation but unlike the Bucket 3 or unbundled renewable energy products, there is no limit as to what you can buy if you want to voluntarily exceed the State's RPS. Bucket 2 products are a great way if you want to go above and beyond the renewable portfolio standard in such a way that is relatively unobjectionable.

John Dalessi, Technical Consultant explained when thinking of renewables oftentimes when we deal with procurement premium on top of non-renewable power. A Bucket 2 premium is going to about 1/3 of what a Bucket 1 premium would be. It all fits into the RPS plan and it is a cost effective part of the renewable portfolio compliance requirements.

Director Sears asked if anyone had a sense as to why during open season so few offers for Bucket 2 offers were received. Mr. Brehm shared that his sense is that timing of our open season process is a bit out of sync with the

Bucket 2 market. A lot of agencies are closing out their prior year portfolio in the first quarter so the counterparties that MCE has dealt with don't really know what inventory they will have available until after the open season closes. So we've had much more success in finding deals in the second quarter after they've closed out the previous transactions.

Director Sears asked if there was more competition for Bucket 2 products than Bucket 3. Mr. Brehm explained because it is a more flexible product he believes there is more competition for it. Director Sears asked if there was a shortage of this type product on the market. Mr. Dusel shared that it is more thinly traded than a Bucket 3 or a bundled product but it is still available.

Per Mr. Dalessi, the Bucket 1 that was requested in open season was really geared towards new long term contracts for projects yet to be constructed because our Bucket 1 needs don't materialize until around 2017-2018. So, we are looking for different types of projects, there is a lot of interest in Bucket 1 from solar developers looking for a home, and that is a very active market. Bucket 2 is a bit more of an immediate, short-term market and it's active, but you don't see people banging on the door offering it.

Director Greene asked for clarification on whether Bucket 2 is a bundled product with energy on one hand and renewable energy certificates on the other hand. Mr. Dusel responded yes and there are a few key differences that differentiate Bucket 1 and Bucket 2. Bucket 1 is primarily a locational product with resources located predominately within the State of California. Bucket 2 resources are predominately located out of state but still within close proximity so they would be able to deliver to the State of California. The other difference between the two products is an issue of timing. So with Bucket 1 the renewable RECs and the energy are contemporaneously delivered and with the Bucket 2 product, the seller and the buyer, to their mutual benefit, have flexibility as to how and when energy is delivered with the renewable energy certificates.

Bucket 3 is the simplest of the renewable energy portfolio standard eligible products. It is purely a renewable energy certificate detached from the electric energy and it is an unbundled renewable energy certificate.

Mr. Brehm and Mr. Dusel responded to questions from the Board.

M/Sears/Greene (12-0-0 passed) approved Power Purchase Agreements with Exelon Generation Company, LLC for Power Supply Including Renewable Energy. Director Athas was absent.

Agenda Item #9 – Energy Efficiency Update (Discussion)

Beckie Menten, Energy Efficiency Program Director presented this item.

Ms. Menten provided an overview and update of the following:

Small Commercial

In the pipeline there are 77 completed projects, 731 audits with 170 of those in Richmond and 561 in Marin County. In an attempt to increase the audit to completed project conversion rate, the following are a few steps that will be taken in conjunction with MCE's program partners toward getting those projects to convert: 1) they are attempting to close projects before the code compliance deadline, 2) they are hosting a Contractor Workshop June 17th with an emphasis on finding more HVAC contractors, 3) they are increasing incentives to encourage projects and, 4) they will begin a San Rafael Chamber of Commerce Campaign in July.