MCE Clean Energy
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April 5, 2016

Scott Haggerty, President
Alameda County Board of Supervisors
1221 Oak Street, Suite 536
Oakland, CA 94612

Dear Supervisor Haggerty,

It was a pleasure to learn more about Alameda County's progress toward community choice aggregation (CCA) at the March 15th Board meeting of the Contra Costa County Supervisors. On behalf of everyone at MCE, we commend you, your Board colleagues and your staff for pursuing more renewable energy options for your constituents.

Regarding your March 11th letter to Supervisor Andersen (attached), we noted it contains several inaccuracies about MCE which require correction and clarification.

1) MCE's rates are lower than PG&E's

First, the statement that "MCE's electric rates exceed those of the incumbent utility, PG&E," is simply untrue. MCE's electric generation rates (i.e., the rates over which a CCA has control) remain lower than those of PG&E across all applicable rate schedules. This includes those applied to residences, businesses, governments, school districts, heavy industry, agriculture, houses of worship, local non-profits, etc.

On average, MCE's generation rates are currently 14% lower than PG&E's. Additionally, when one compares MCE/PG&E service options of 50-100% renewable energy instead of comparing MCE's 56% renewable default service to PG&E's corresponding default service option, 29% renewable (approximately) at present the rate savings exceeds 14%.

In your letter, you may have intended to describe how the PG&E Power Charge Indifference Adjustment (PCIA) inflates the bottom line for all CCA customers. In previous years, MCE's rates have been so much lower than PG&E's that our lower rates completely absorbed the cost of the PG&E PCIA. At this time, however, the PCIA has been raised so dramatically, most if not all of our customers' savings are consumed by this added charge.

This is an important glimpse of what Alameda County's CCA would likely encounter should it contract for renewable power below the cost of PG&E's long-term contracts. The PCIA is adjusted annually, and is specifically designed to close the gap between the rates of PG&E's older wholesale contracts and those of today's market prices. To focus solely on the current price of wholesale market rates ignores the dynamic PCIA methodology.

2) MCE's average portfolio cost of power remains competitive

Second, on the topic of long-term contracts, your letter mistakenly attributes the current MCE/PG&E rate comparison to "MCE's completion of long-term energy contracts several years ago at a time when energy prices were much higher than they are today."

MCE negotiates power purchase agreements (PPAs) on an ongoing basis through a transparent 'open season' solicitation process. As older contracts expire, newer ones become active, which is one of the reasons our average portfolio cost of power remains competitive today. During the previous two years, MCE customers collectively saved about $16 million. Were it not for the dramatic increase to the PCIA on January 1, 2016, our customers' savings would have continued along a similar trajectory. If you, your staff and your Steering Committee would appreciate having more details regarding MCE's energy supply portfolio, Greg Brehm, MCE's Director of Power Resource, has kindly offered to present at a future Committee meeting. In the meantime, MCE's audited financials and other resource supply documents are available here: https://www.mcecleanenergy.org/key-documents/.

3) MCE and other operational CCAs can capitalize on current wholesale market rates

Third, on the topic of energy supply, your letter asserts that if Alameda County's CCA is able to "begin entering into energy contracts by the first quarter of 2017," it would "avoid the higher costs that MCE has needed to accept."

This assertion is speculative, as it fails to account for the timing by which wholesale energy market transactions can occur, relative to today's prices. It is not possible to know whether wholesale energy rates will remain low when Alameda County's CCA is prepared to enter into contracts to take advantage of them. In the meantime, operational CCAs have the staff, structure, and financial resources to capitalize on current market conditions.

4) California's CCAs can achieve more together

One of the advantages of CCA is that it encourages community stakeholders to work collaboratively to achieve shared objectives. Since MCE began offering service in 2010, our communities have eliminated over 122,000 tons of greenhouse gas emissions. MCE currently has 20 megawatts of local renewable energy in various stages of project development in the North and East Bay, including those which utilize former brownfield sites. We have 22 power supply contracts with 12 different suppliers, and have committed over $515 million for the construction of new, California-based renewable energy supply. In the last 18 months, MCE's contracts have supported more than 1.25 million union labor hours.

As more CCAs emerge in the Bay Area, MCE remains eager to continue supporting them. For example, MCE encouraged and supported the launch of Sonoma Clean Power (SCP), Peninsula Clean Energy (PCE), CleanPowerSF, Lancaster Choice Energy and looks forward to doing so for many others. Together, we can achieve so much more.

In the future, if you intend to solicit the membership of neighboring jurisdictions, the most effective way to do so will be by forming a robust CCA program that provides stellar public services, demonstrated greenhouse gas reductions, and affordable rates as soon as possible.

If you have any questions or need additional information please feel free to reach out to me at your convenience. We are happy to provide you with accurate and current information anytime.

Regards,

Dawn Weisz, CEO
MCE

Attachment

cc: Candice Andersen, Supervisor Contra Costa County
Seth Baruch, Consultant
Chris Bazar, Alameda County Development Director
Lia Bristol, District Representative Contra Costa County
Sonia Bustamonte, Contra Costa County Chief of Staff
Lea Castelberry, Contra Costa County Deputy Chief of Staff
Jason Crapo, Deputy Director, Conservation & Development Contra Costa County
Leah Doyle-Stevens, Alameda County Communications Director
David Frazer, Contra Costa County Chief of Staff
John Gioia, Supervisor Contra Costa County
Federal Glover, Supervisor Contra Costa County
Gayle Israel, Contra Costa County Chief of Staff
Bruce Jensen, Alameda County Planner
Tom Kelly, Consultant
John Kopchik, Director, Conservation & Development Contra Costa County
Albert Lopez, Alameda County Planning Director
Karen Mitchoff, Supervisor Contra Costa County
Jami Napier, Clerk of the Board Contra Costa County
Mary Piepho, Supervisor Contra Costa County
Tomi Riley, Contra Costa County Chief of Staff
Robert Rogers, Contra Costa County District Coordinator
Shawn Wilson, Alameda County Chief of Staff

BOARD OF SUPERVISORS

SCOTT HAGGERTY
PRESIDENT
SUPERVISOR, FIRST DISTRICT

March 11, 2016

Contra Costa County Board of Supervisors
Attn: Candace Andersen, Chair
651 Pine St. Room 107
Martinez, CA 94553

Dear Supervisor Andersen,

It was a pleasure to co-panel with you this week at the State of the East Bay. As always, the event was largely informative and I believe, served to further strengthen the ties of our two Counties as an East Bay Region.

As a follow-up to my presentation on Community Choice Aggregation, again I commend Contra Costa County for its interest in, and efforts to, either create or join program for your citizens. We believe that CCA is one of the most potentially effective regional tools for reducing energy consumption, pollution and our carbon footprint. An efficiently-run CCA can also save its customers money on their electric bills, and invest in renewable energy and job creation in its communities.

I understand that Contra Costa County has long considered a number of CCA alternatives and will vote on these alternatives at its March 15, 2016 public meeting. Among these alternatives is a proposal to join Marin Clean Energy (MCE) in order to accelerate the CCA process in your County and reduce up-front process costs. While I understand that this may be an attractive alternative, I would strongly suggest that Contra Costa County consider delaying this decision and consider joining Alameda County's effort to create the East Bay Clean Energy CCA (EBCE) once its Joint Powers Authority is formed.

Alameda County has been diligently pursuing the CCA process since 2014, and we have come a long way. Our EBCE Steering Committee and staff has been meeting for nearly a year, educating member cities and the public about CCA and energy in California. We have investigated the myriad of policy considerations for a CCA program, and are finding ways to accommodate a wide variety of public interests (including rate reduction, greenhouse gas reduction, and high-quality local job creation through energy project funding). The Steering Committee has made significant strides in defining what EBCE hopes to achieve with its new program. EBCE's program is well on its way to becoming a reality, as described in greater detail below.

EBCE has engaged a consultant, MRW & Associates, to analyze the feasibility of a CCA for the East Bay. As with other CCAs, the feasibility study is primarily designed to determine if EBCE can be operated to the benefit of its member communities in terms of costs and energy considerations; however, unlike other local CCA efforts, the EBCE feasibility study is also examining the local economic and employment benefits of a CCA program -- something I believe would be of considerable interest to Contra Costa County, and which could be extended across County boundaries to your communities.

We expect to have our Feasibility Study completed in June 2016, and should it predict positive results, we would expect to have our EBCE JPA formed by October, with energy sales to customers commencing as early as April 2017. I believe that joining EBCE would offer a number of distinct benefits to Contra Costa County and most of its communities in comparison to alternate scenarios. First and foremost, our Counties share much in common geographically and demographically, including a commercial/ industrial bayshore with large energy consumption and considerable opportunities for renewable energy development and job creation; and more rural areas to the east with urbanized nodes surrounded by lands with further opportunities for wind and solar development.

Another important consideration is that right now, MCEs electric rates exceed those of the incumbent utility, PG&E -- partly a result of unfavorable decisions about exit fees by the CPUC, but also a result of MCE's completion of long-term energy contracts several years ago at a time when energy prices were much higher than today. If EBCE is able to kick off and begin entering into energy contracts by the first quarter of 2017, we believe that we can avoid the higher costs that MCE has needed to accept. While we sincerely hope that MCE can overcome this hurdle and maintain the most competitive rates possible while reducing their carbon footprint, I also believe that at this time, EBCE would offer Contra Costa County a more economically attractive option.

On behalf of Alameda County, and my Board, I would respectfully propose that Contra Costa County allow EBCE time to conclude its feasibility study before making a decision on which route the County will take. I understand MCE's Inclusion Period is ending March 31st, after which the cost to join MCE could increase, and I can appreciate the added pressure this puts on your Board to act now. However, I believe there is also value in learning more about the EBCE program, and our process could certainly be expanded to include Contra Costa County and some number of its communities in the future. The potential result would be the first of its kind - a two–county service area covering as many as 2.5 million people.

Please give this option serious consideration. We are very proud of our inclusive process to date, and the inclusion of a robust economic development and jobs analysis in our feasibility work. We anticipate that we will achieve a strong and beneficial CCA program for our communities beginning early next year. I welcome your communication and input; please do not hesitate to contact either my office at (925) 551-6995, or the County CCA staff at (510) 670-6527.

Sincerely,

Scott Haggerty

Scott Haggerty, President
Alameda County Board of Supervisors