

**MARIN ENERGY AUTHORITY
THURSDAY, SEPTEMBER 3, 2009
7:00 P.M.**

**MARIN COUNTY EMPLOYEE RETIREMENT ASSOCIATION,
BOARD ROOM
1 McInnis Parkway, San Rafael, California**

Roll Call

Present: Charles McGlashan, County of Marin, Chair
Shawn Marshall, City of Mill Valley, Vice-Chair
Richard Collins, Town of Tiburon
Damon Connolly, City of San Rafael
Tom Cromwell, City of Belvedere
Jonathan Leone, City of Sausalito (*arrived @ 7:17pm*)
Christopher Martin, Town of Ross
Lew Tremaine, Town of Fairfax
Barbara Thornton, Town of San Anselmo

Absent: None

Staff: Dawn Weisz, MEA Interim Executive Director
Jamie Tuckey, MEA Project Coordinator
Greg Stepanicich, General Counsel
Jessica Woods, Recording Secretary

1. Public Open Time

Women's Energy Matters (WEM) representative attended a hearing of the Southern San Joaquin Irrigation District where the Board voted unanimously to take control of the electrical wires and run the power system in their jurisdiction. The irrigation district has been in existence for 100 years but in 2005, they could not move forward with their plans due to LAFCO interference. Since this time, they have built a solar farm and are determined to fight against the PG&E ballot measure, The Taxpayer's Right to Vote.

2. Interim Director's Report

Interim Director Weisz and General Counsel Stepanicich reported on the following:

- MEA letter to Mike Thompson of the United States House of Representatives regarding the Tax Exempt Private Activity Bond for renewable energy generation and energy and water efficiency projects; and,
- California Public Utility Commission (CPUC) letter regarding Draft Resolution E-4250:
 - MEA's letter
 - San Francisco's letter
 - Response to comments

Project Coordinator Tuckey reported on the following:

- Renewable Energy Transmission Initiative (RETI) final report;

- Updated summary on all grants submitted and to be submitted; and,
- The California Independent System Operator (CAISO) Stakeholder Symposium being held on October 7th in Sacramento.

Vice-Chair Marshall discussed the RETI report and asked staff why this is important now and what information should be tracked. Interim Director Weisz explained that is it an informational item to keep the Board up to speed on proposed transmission lines.

Vice-Chair Marshall asked staff what the Board's total dollar amount resulted to in grant applications. Interim Director Weisz believed around \$45 million to \$48 million. Vice-Chair Marshall asked staff how much is expected to be awarded. Interim Director Weisz is hopeful and believes that MEA is in a good position to receive awards but will not know until we receive responses. MEA could be viewed as a community that is taking on a lot of important projects already and is well positioned to execute a model effectively, creating an excellent demonstration project that other communities can model.

Director Leone joined the MEA meeting at 7:17pm.

Vice-Chair Marshall asked staff if they would be attending the CAISO meeting in October. Interim Director Weisz believed it is likely that at least one staff member will attend. Vice-Chair Marshall believed a few members of this Board should attend as well.

3. Budget Report

Project Coordinator Tuckey summarized the staff report and recommended that the Board authorize staff to budget the remaining funds in professional services for fiscal year 2010.

Director Thornton clarified with staff that this amount is money that was not spent in 2008 or 2009 due to timing issues. Interim Director Weisz responded in the affirmative.

Director Tremaine asked staff to define "*professional services.*" Project Coordinator Tuckey indicated that "*professional services*" represents broad expenditures ranging from staffing fees, general operating fees, board meeting rental fees, and contracts.

Chair McGlashan clarified with staff that aside from the timing differences, they are on track. Interim Director Weisz responded in the affirmative and noted that as far as the budget is concerned, MEA has spent less then was originally expected, which is why there are these remaining funds which need to be budgeted.

Director Cromwell clarified with staff that attorney fees would not be included in this budget. Interim Director Weisz explained that attorney fees are under a contract line item that was included in the projected budget in February '09 that the Board agreed to and would not be included in this portion.

Chair McGlashan declared the hearing open to public testimony, and seeing no one wishing to speak, the Chair closed the public portion and brought the matter back to the Board for action.

Chair McGlashan asked for a motion.

M/s, Tremaine/Marshall, (passed 9-0-0) to accept the report and authorize staff to budget the remaining funds according to the Board's original plan.

4. Report from Ad Hoc Contract Committee and Recommended Short List for Contract #1

Interim Director Weisz summarized the staff report and recommended that the Board authorize staff and the Ad Hoc Contract Committee to negotiate with 3 Power Purchase Suppliers including Constellation Commodities Group, Shell Energy North America and Macquarie-Cook Power. Interim Director Weisz also recommended that the Ad Hoc Contract Committee continue conversations with the other proposal respondents as well.

Director Martin asked staff if MEA has funds to issue another Request for Proposal (RFP). Interim Director Weisz indicated that they do not and that is why a process to issue another RFP is scheduled to occur after the February launch. After the Power Purchase Agreement (PPA) is in place MEA would have working capital, therefore the decision to issue another RFP would come after that point.

Director Cromwell understands that individual customers will be allowed a 90-day opt-out, and asked staff if the February 4th date will be the trigger for that to occur. Interim Director Weisz explained that the opt-out for individual customers would occur after February 4th or approval of the final contract. It will take several months before supplying service to customers would commence so between contract execution and the beginning of May, MEA will be conducting a great deal of outreach to customers about opt-out opportunities. The Board must make a policy decision on how long to allow that opt-out window to stay open. Director Cromwell asked if staff is concerned that if this package is not complete when presented to ratepayers that some individuals might opt-out before that part is complete. Interim Director Weisz explained that the PPA would contain a big chunk of renewable energy. The difference between the PPA and local renewable development is that PPA will come from existing supply. Once an agreement is signed with an existing supplier, they can begin looking at developing some of their own assets, which is the long-term strategy of MEA. Staff further noted that there would be a substitution clause that allows MEA to substitute in new sources of power as soon as they become available.

Chair McGlashan noted that a ratepayer could use any reason to opt-out. As indicated in the business plan, notices will be sent out 60-days before bills get switched over. Also, MEA is still contemplating a three-phased start-up approach with larger city loads first, commercial and large residential loads second, and then finally small residential.

Director Leone asked staff to list the members serving on the Ad Hoc Contract Committee. Interim Director Weisz indicated that Chair McGlashan and Directors Thornton, Collins, and Connolly serve on the Ad Hoc Contract Committee. Staff noted that all bids were made available to the Board at the previous Board meeting. Hard copies

were given to the Technical Committee and they can be viewed electronically as well. Director Leone believed local renewable development made no sense because those projects take so long to develop. He acknowledged that energy efficiency is more realistically achievable in the short term, but suggested removing local renewable development from the timeline since, in his opinion, it is not realistic.

Vice-Chair Marshall believed it is important to keep local renewable development on the timeline as a placeholder, but agreed that it is optimistic so it might be appropriate to modify the language. Director Leone stated that they must shepherd their resources. They must be realistic. He had no objection to local renewable development being a goal. The latter items on the timeline are very good and very important, but the ability, as an organization, to solicit a number of proposals and implement may require a step by step process. He further recommended removing local renewable development from the 10-month timeline.

Director Tremaine pointed out that if they receive grants that are specific to energy efficiency and renewable energy development, they will be able to implement these types of programs sooner. Currently it is unknown, but if grant money lands and they are able to get going on energy efficiency earlier, then energy efficiency should not be taken off the chart. He understands the point of local renewable development, but MEA fully intends to do so and it should appear on the timeline, if only for the marketing value.

In regards to local renewable development, Director Thornton stated that it is important while working on the PPA to have a feel of what local renewable projects may be out there to feather that in as the PPA is developed for the amount of power needed from that power purchase provider over time. She further indicated that local renewable development closely relates to the PPA agreement with regard to volumes. Director Leone stated that from his experience it takes years to develop. He is in favor of all of the items on the chart, but only from a responsible standpoint and what can be accomplished even if grant funding is not received. Director Leone stressed practicality and agreed that the big picture goals are very important. Vice-Chair Marshall suggested moving local renewable development down to the last piece on the timeline and adding a footnote that they are longer-term propositions. Interim Director Weisz suggested calling it, "*Project Development*" rather than "*Local Renewable Development.*" Another change is to have it more of a decision point at the end of February to decide the next step because a lot will change between now and then, depending on the PPA. Staff further noted that it is hard to predict the timeline.

Chair McGlashan stated that the graphic also reflects a sense of the Ad Hoc Contract Committee's impression that they received credible bids for project development opportunities from several different bidders. They offered a very aggressive and credible timeline that indicated that projects could be developed in or near the county and they are sufficiently credible and serious about continuing intensive dialogue. He agreed to move the project development down to the bottom of the timeline, but would not be interested in removing it from the chart because the Ad Hoc Contract Committee is committed to this and will be driving attention, resources and funding into project development.

Director Connolly echoed the Chair's comments. As a member of the Committee, that really was their objective, so they should keep the two items on the chart. He agreed to rename "*local renewable development*" to "*project development*" and leave energy efficiency programs above that. They are underscoring both the stated goals of this whole enterprise by mentioning these and also the reality of what they did see as part of the contract and bidding process as indicated by the Chair. He did agree with Director Leone that they must at least inject reality into the timeline as well as that they are aggressively researching, investigating and conversing with both currently known bidders and those approaching them over time.

Director Tremaine suggested that if they change the name to "*project development*" then underneath in smaller type bullet they should also provide some examples of the types of projects. Interim Director Weisz suggested stating, "*additional*" renewable projects. Staff then announced that the bulk of grant results would be in by the end of this calendar year, with a couple coming in at the beginning of 2010. Staff also noted that the timeline has been updated to incorporate the more fine points of going through the PPA development. The month of October is dedicated to the first round of loop outs to member councils on the draft contract with the provider. Staff will provide them with detailed information and solicit input regarding the draft contract for full requirements energy services for a Marin CCA program.

Chair McGlashan noted that the Marin Managers Association (MMA) is thinking about hiring an outside entity to conduct a peer review of the contract. Vice-Chair Marshall emphasized there was a conscious decision made to do an initial loop out in early October to all councils to set aside 30-days for early red flags, which is the time for councils and city attorneys to review the document and if there are issues to come forward early enough to avoid last minute items.

Chair McGlashan pointed out that all three master PPA vendors appear to meet all constraints of the business plan and so far the business plan is holding up well under repeated rounds of scrutiny.

Director Cromwell stated that his major concern is not looping out to city councils, but to the public. Other than letters to the editor and IJ, the public has not been submerged in this for quite a while. There will be limited time for public education. Chair McGlashan stated that the current loan from the Board of Supervisor is a shoestring budget. This agency will need to raise some funding to do public education as any agency. If they have a contract that pulls a "*go live*" date in June of 2010 they will have a four-month period to send out information. There will be a flurry of paper coming from the other side trying to scare people and that will effect the opt-out period, so MEA can only estimate how many residential or commercial customers are affected by that campaign. A government agency is not allowed to campaign, so the ratepayer must make their own decision. The vendors are well aware of the potential load effect that a significant opt-out numbers could have and that has been factored into their prices.

Director Tremaine stated that it would be very important, as leaders, to go to the grass roots organizations to encourage them to coordinate and campaign for Marin Clean Energy. It will be important to shepherd that along and take responsibility for making sure the accurate information is presented so it is a fair fight.

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton, to authorize staff and the Ad Hoc Contract Committee to negotiate with the three PPA vendors and also to exercise their rights under the RFP to continue conversations as appropriate with the others who provide different features of contracts and opportunities.

Chair McGlashan declared the hearing open to receive public testimony.

WEM representative wanted to see a plan that has more hard details and wanted an executive director to be in place to help this occur. The PPA provider must know if they are going to have a certain amount of energy efficiency and have a reasonable goal. It is a matter of what will occur in the next five to seven years. The provider of the PPA must know if they are issuing revenue bonds and make specific plans and promises in terms of solar energy.

Viasyn representative wanted to know what PPA related services are contemplated on the timeline and if any short listed respondents have experience in displacing PG&E as a service provider.

There being no further public testimony on this item, the Chair closed the hearing and brought the matter back to the Board for discussion and action.

Interim Director Weisz responded that activities contemplated under the PPA incorporate what is defined in the full services requirements, which includes having energy assets available, load scheduling, certified to interface with CAISO, and load balancing. Details are available for full requirements in the RFP. In regard to displacing PG&E, that does not apply to any of these three firms but these bidders and others have experience providing power to other municipalities.

Director Leone stated that his point was to structure an agreement to allow for flexibility. He does not know well enough to make assumptions of the local generation and did not want to obligate MEA.

(Passed 9-0-0)

Vice-Chair Marshall took a moment to appreciate staff and the Ad Hoc Contract Committee's hard work. The Board concurred.

5. Board Member & Staff Matters - None

6. Adjourn

By order of the Chair, the meeting adjourned at 8:16pm.

ATTEST:

Charles McGlashan, Chair

Dawn Weisz, Interim Director