

**MARIN ENERGY AUTHORITY  
THURSDAY, NOVEMBER 5, 2009  
7:00 P.M.**

**MARIN COUNTY EMPLOYMEE 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  
Christopher Martin, Town of Ross  
Lew Tremaine, Town of Fairfax  
Barbara Thornton, Town of San Anselmo

**Absent:** Jonathan Leone, City of Sausalito

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

**1. Public Open Time**

Women's Energy Matters representative presented a press release and letter to the Board challenging the utility monopoly of energy efficiency and asked the Board to submit similar letters to the California Public Utilities Commission.

Marin Water Coalition representative asked the Board to carefully consider entering into a contract in the name of renewable energy with a company like Shell Energy North America.

**2. Interim Director's Report**

Interim Director Weisz reported on the following items:

- Department of Energy Smart Grid Demonstration Project Ribbon cutting ceremony held on October 30 at the Marin County Civic Center
- MEA's Annual Report of Financial Transactions

Project Coordinator Tuckey indicated that at the request of some Directors, staff included the following information in the Board's packet for review:

- SOS for Science, Newsweek Magazine
- Marin Energy Clean Sweep, Pacific Sun Newspaper
- PG&E's Spooky Stories, San Francisco Bay Guardian

- Law Seminar International – Fifteenth Annual Conference on Buying & Selling Electric Power

### **3. Consent Calendar:**

- C-1. Approval of Minutes from Regular Meeting on 10-01-09
- C-2. Resolution Directing that the Annual Audit for the Partial First Fiscal Year be consolidated with the Annual Audit for the Full Fiscal Year of 2009-2010.
- C-3. Resolution Affirming the Board's Policy that Program Agreement 1 will only be approved if Customer Prices for the Light Green Energy Product can be At or Below PG&E's Projected Cost.
- C-4. Addendum to Contract Agreement with Richards, Watson, & Gershon
- C-5. Addendum to Contract Agreement with Navigant Consulting, Inc.
- C-6. Addendum to Contract Agreement with Milbank, Tweed, Hadley, & McCloy.

Chair McGlashan asked for a motion.

M/s, Marshall/Connolly (passed 8-0-1) to approve the Consent Calendar as presented. Leone absent.

### **4. Local CEQA Guidelines**

General Counsel Stepanicich summarized the staff report and recommended that the Board adopt the environmental review guidelines by Resolution.

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

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton, (passed 8-0-1) to adopt the environmental review guidelines by Resolution. Leone absent.

### **5. Power Purchase Agreement (PPA)**

Interim Director Weisz summarized the staff report and recommended that the Board approve release of the final draft contract to begin 90-day review period by member agencies. Staff then presented a PowerPoint presentation outlining the revisions to the PPA for the Board's consideration. Navigant Consultant Dalessi discussed the key issues that have changed in the PPA and highlighted some benefits and items that have improved over the last month based on the input received from various stakeholders. Interim Director Weisz then noted that MEA would negotiate future contracts prior to initial contract expiration. Staff added that the business plan projects 150 -200 MW CA certified renewable projects to be on line by 2014. Staff then discussed the projected schedule for the Board's review.

General Counsel Stepanicich discussed CEQA compliance for this contract and explained that staff relies on two categorical exemptions for this particular project. It established the floor for renewable energy that exceeds State's standards. Categorical exemptions proposed will be approved ultimately by the Board. No action will be taken until the contract is approved in final form in February. The 90-day review period will occur and in addition, the public has a chance to submit any comments on categorical exemptions that will be considered by the Board at the February meetings.

Director Connolly asked staff who would bear the cost of litigation in the cost of a legal challenge. General Counsel Stepanicich noted that the cost of litigation would be born by MEA. Cost is absorbed by MEA and has been budgeted and planned for.

General Counsel Stepanicich also indicated that MEA would need to complete the CEQA review process for any project including the development of renewable resources, which could also lead to the development of an Environmental Impact Report.

Interim Director Weisz announced that MEA would be organizing two community workshops, one in Southern Marin (Mill Valley) and one in Central Marin (San Rafael). Information about both of these meetings is available on the MEA website. These meetings will be video taped and aired on the local public access channel and also posted on the MEA website. Staff is also working on scheduling workshop for newly elected for November 17<sup>th</sup>. Also, continued loop outs to member agencies have been confirmed in four jurisdictions as follows: Mill Valley on November 16<sup>th</sup>; San Anselmo on November 24; Fairfax on December 2<sup>nd</sup>; Belvedere on September 14<sup>th</sup>; and a public workshop will be held in Novato on December 16<sup>th</sup> as part of a City Council meeting.

Vice-Chair Marshall discussed the substitution clause and asked staff about the cost associated. Interim Director Weisz stated that in order to substitute in a new energy resource, the seller must be able to unwind commitments made with other sources. As MEA begins the early planning stages to develop assets, they will be in touch with their counterparty about that. It will take a few years, but the supplier at that time will be able to dialogue about the right strategy. Navigant Consultant Dalessi noted that such language is included in the confirmation under Section 11.

Director Tremaine asked staff if the events in Mill Valley and San Rafael are intended to be in-lieu of the loop outs or in addition. Interim Director Weisz responded that they are in addition. Project Coordinator Tuckey noted that all workshops would be videotaped and broadcasted on local channel 27.

Chair McGlashan declared the hearing open to receive public testimony.

Novato resident expressed disappointment that the bids are not open for public view.

PG&E representative submitted a letter for the Board's review and stated that this \$350 million draft contract is one of the largest expansions of government in Marin in decades

and they believe that the Board owes it to their constituents, voters and taxpayers and electricity consumers in Marin to put this contract and program to a public vote.

Marin Water Coalition (MWC) representative expressed a disdain for the Marin Clean Energy Proposal and recommended staying with Pacific Gas & Electric.

Women's Energy Matters representative submitted a memo for the Board's review and requested a two-week extension of time to consider this contract for energy efficiency inclusion and local renewable energy development.

Marin resident discussed pricing mechanisms and encouraged the Board to create local jobs and stimulate the economy in Marin County.

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.

Director Cromwell asked staff the impact of pushing this off a few weeks to get the Shell Energy issue resolved. Interim Director Weisz responded that questions raised about Shell Energy as counterparty are concerns that Shell will respond to themselves. That may not be an issue that will be resolved in two weeks. MEA would not resolve those types of concerns. Tonight, the Board is approving a draft contract that will be offered up to counterparties that have bid thus far. No decision is being made tonight to select counterparty. That decision will be made in February.

Director Tremaine asked staff what would the logistics would be if a two-week delay of this decision was made. Interim Director Weisz noted that it would also delay the 90-day clock, so that MEA could not execute the contract until mid February, which brings the date closer to the ballot initiative in June which could have an impact on CCA's moving forward. Any delay can also have a dramatic impact on pricing.

Vice Chair Marshall urged the Board to continue with the process and invite public comments within the 90-day review period. Chair McGlashan noted that there are two prevalent issues circling around the contract. One is the human rights complaints, which effects more than just one company and the other issue is in regards to MEA restating its vision for owning and operating local power and energy efficiency projects.

Director Tremaine stated that one of the items that WEM representative mentioned resonated with him. He thinks as a Board, during this 90-day period of review period, that they should pay particular attention to the synchronicity between their desires to, in this five year period, begin the activities of load reduction and local generation and make sure that as they get information from the upcoming workshops in San Rafael and Mill Valley about it, be prepared to have to find that there are glitches and impediments to what they want to do and also be ready to go back into negotiations for these types of projects.

Director Tremaine added that there is not a lot to say about the Shell situation. Shell Energy North America is a subsidiary of a multinational corporation. Multinational

corporations commit horrible evils, and if we can rid them from the earth it would be a beautiful thing. Unfortunately, they are living in the world that we live in. MEA needs to be, in five years, ready to choose the power they buy, generate the power they supply, save power, and not be reliant on a multinational corporation for their energy needs, which includes PG&E. Shell may not be the perfect means to an end that MEA envisioned walking into this, but it will provide the opportunity to succeed and that cannot be under estimated. The other item that cannot be under estimated is that there are people who have to buy into this process who are far less concerned about such things and are more concerned about the very real business decisions that have to be made. There are a lot of ratepayers out there who just want to know that their lights will stay on and their bills will not go up. Five years from now, MEA will have more energy independence, have a much less impact on the environment and a much smaller carbon footprint for the effort.

Chair McGlashan asked for a motion.

M/s, Thornton/Tremaine, (passed 8-0-1) to approve the release of the final draft contract to begin the 90-day review period by member agencies. Leone absent.

Chair McGlashan deeply appreciated everyone working so hard on this process.

#### **6. Amendments to JPA Agreement & Operating Rules and Regulations**

General Counsel Stepanich summarized the staff report and recommended that the Board approve the changes as recommended by the Executive Committee and direct staff to come back in December for final adoption.

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

Chair McGlashan asked for a motion.

M/s, Tremaine/Thornton, (passed 8-0-1) to direct staff to come back in December for final adoption after distributing the proposed amendments to individual members. Leone absent.

#### **7. Board Member & Staff Matters**

Chair McGlashan noted that he along with Interim Director Weisz and Project Manager Rasmussen are working on a preliminary budget breakdown for the startup funds needed, and once a contract is signed they would need to raise funds to survive between February and July. They are having a meeting tomorrow on a preliminary basis with representatives from Wells Fargo Bank to discuss their banking services.

At some point, maybe at the December or January Board meeting, the Board will need to approve and officially give themselves permission to seek funds or get some kind of contractual relationship with somebody to provide that financing. As with the loan with

the Board of Supervisors, MEA would propose to pay that back in rates over a certain period of time, so that item must come before this Board. There has also been some discussion rolling around about loan guarantees, and again, he is trying to actually put a lid on that rumor mill until this Board decides what it wants with respect to financing, so until this Board makes policy about that it is premature and inappropriate to discuss. He asked staff to get that information prepared in time for the December Board meeting, and then the Board can start to get serious about that in the course of December or January. Also, staff will ask the Supervisors to authorize the final installment based on the successful outcome of the peer review.

Chair McGlashan asked staff if there is any action this Board should consider in December or January with respect to public goods charge. Interim Director Weisz expects on the December agenda that the Board will approve a draft or final implementation plan. CPUC is required to respond within 60-days. In terms of requesting public goods charge funds, staff did not believe that should occur until after the implementation plan has been approved. Staff believed the earliest to ask is January, but the Board may want to wait until CCA applications have begun. Chair McGlashan wanted to discuss further at the Technical Committee in regard to timing. Interim Director Weisz agreed to bring the matter to the Technical Committee as well as the Executive Committee for discussion.

Chair McGlashan wanted to touch on a misleading statement tonight that the PUC reviews rates, although it was accurate in that their rates would be set in Board Chambers, but the PUC also regulates the MEA, so their implementation plan is approved by the PUC. Even though they have some independent rate making authority, they also review and improve their implementation plan. Director Tremaine was accurate in saying that in contrast they actually set rates in this room and PG&E does it in San Francisco, so the contest of transparency is pretty lopsided. Chair McGlashan added that the CEC sets the RPS or monitors that, but the PUC actually monitors what people can buy, so they will be watching them over time as a utility in a sense they must comply with the RPS. Chair McGlashan further noted that he along with staff are making some preliminary calls to other agencies like CUC, other foundations and a venture capitalist, so they will be talking to different sources about funding.

## **8. Adjourn**

By order of the Chair, the meeting adjourned at 9:20 p.m.

**ATTEST:**

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**Charles McGlashan, Chair**

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**Dawn Weisz, Interim Director**