

**Marin Energy Authority
Request for Proposals
Questions & Answers**

- 1. What will be PG&E's role? Will PG&E handle the billing?**
PG&E will still be maintaining the transmission and billing. There will be a pass through arrangement contract with the utility to handle the billing and they will be collecting revenue from customers and passing it through to the Marin Energy Authority.
- 2. Is MEA open to having another entity provide billing services if that is a better solution financially?**
According to law, utilities are required to do the billing so there is not flexibility on this subject.
- 3. Who will be responsible for the marketing portion of the Marin Clean Energy program?**
MEA will designate staff to run the marketing program.
- 4. Can customers opt-in to the program or is it opt-out only?**
Marin Clean Energy would be an opt-out program. Customers within the member jurisdictions will automatically be enrolled into the program unless they chose to opt-out.
There will also be a designated period within which time customers can opt back into the program if they have opted out. The duration of this period will be determined by the MEA Board of Directors.
- 5. With respect to the evaluation criteria on operational expertise, if somebody has directly relevant operational expertise outside of California, and is planning on starting business in California, would there be any bias in terms of the evaluation criteria?**
Having experience outside of California would be extremely helpful. The only issue that would come up would be experience in the local markets, like with local land use policies. It would be useful for bidders to show knowledge of local markets but bidders will not be excluded if they are lacking this expertise.
- 6. Is Marin's CCA Business Plan available for review?**
Yes, the [Business Plan](#) is available on the [Marin Energy Authority](#) and [Marin Clean Energy](#) website. Peer reviews of the plan are also available on the MCE website.
- 7. Would the ability to issue tax-exempt bonds be used to finance the purchase of energy or the purchase of generating assets? Were assumptions around tax-exempt bonds included in the business plan regarding the amount of funding that MEA assumes might be available?**

These assumptions are included in the business plan. MEA has envisioned and discussed using tax-exempt bonds for the purchase of both energy and generating assets. In the context of this particular bid, it could be interpreted either way.

8. How will the preference of location factor into the scoring?

MEA is interested in having projects that come from the NP15 section of Northern California as described in the RFP. However, MEA does not want bidders to exclude things that may be of interest just because it is outside of that boundary. MEA would like to look at all available options and encourages bidders to submit anything that falls within the broad definition defined in the RFP.

9. Does the Marin Energy Authority have credit ratings?

The MEA's work and analysis to date has shown that having a rate base of customers is a great way to guarantee payback. That is what MEA has envisioned would be used as the collateral for payback on power purchased. MEA has not for example, looked at individual credit ratings of its member agencies as being a factor because MEA wants to keep a firewall between the general funds of its participating local governments and the Joint Powers Authority.

10. Is there any special arrangement that MEA has with PG&E or is it just their standard residential, commercial, and industrial meter reading applications and timelines for recovery?

There will be a contract developed with the incumbent utility. This process has already taken place in San Joaquin Valley where a CCA program has been formed. There will need to be a program agreement established for how MEA will interface with PG&E and how they will provide information to the authority. The customer will have a line item on their bill for generation and that will funnel through to MEA. MEA will need to make sure that the information is flowing freely and that there is transparency for all parties involved. That will be part of the contract development with PG&E, which will be closely monitored by the California Public Utilities Commission.

11. What is the timeline for contract development with PG&E?

This is part of the implementation plan process which will begin in the fall of this year. MEA plans to have the implementation plan ready to go at the time of contract execution.

12. Does MEA anticipate accelerating the smart meter program where a good share of meters would be available in real-time?

The smart meter roll out in Marin via PG&E is scheduled to roll out in June of 2011. We don't anticipate that they will be accelerating that for any reason related to our program. MEA will not be installing smart meters because that is part of the infrastructure is in charge of. The MEA is in the process of exploring grants that could allow the authority to use some smart meter technology on the customer side of the meter. This will allow customers to monitor how much energy they are using in real time and reduce their consumption in line with what

the peak pricing is. MEA is working with a couple of entities that will be rolling out that program in Marin if MEA does indeed receive funding.

13. Is there sufficient information that will be available for control, or at least to make estimates of what MEA's California Independent System Operator (CAISO) settlement would be?

MEA can obtain data up until the sub-station point through the CAISO. MEA can also submit requests for more detailed customer data from PG&E if necessary. There are CPUC rulings that require PG&E to comply with those types of requests if they are needed.

14. What has MEA learned from the delay in San Joaquin Valley's CCA program and how does MEA's RFP reflect these lessons?

MEA's RFP process is open to a number of different and creative ways of achieving the authority's' ultimate goals and is hoping that that will elicit some innovative thinking and responses. MEA also may consider the possibility of working with more than one bidder through the next six months to a year and even potentially beyond that, depending on what size of the supply respondents chose to bid on. Having multiple bidders engaged with the MEA through the process of contract approval would be a benefit and is a lesson learned from San Joaquin.

For some of the smaller entities that are interested in responding to the RFP, there are two suggestions to keep in mind.

1) Explore partnering opportunities with the larger suppliers that are out there. If you have on the ground experience within the jurisdictions that we're talking about here, it may be valuable to the larger energy suppliers and it's worth considering those types of discussions.

2) It is important to keep in mind that there will likely be subsequent solicitations to this one for distributed generation and smaller commercial generating projects.

15. Is the Marin Energy Authority open to non-generation assets such as utility scale storage?

Yes.

16. In regards to cash flow and working capital requirements, most power supply arrangements are net 20. Most rate base and rate recoveries are 60 days at best. Maybe with PG&E in the mix it could be 90 days, depending on how that relationship works. So there is a working capital difference. How have we planned to address that difference of cash flow requirements?

Payment lag and working capital requirements have been addressed in the Business Plan. Working capital would be obtained via short-term financing by MEA. MEA would also be interested in exploring alternative payment timing arrangements in the supplier contract. That is why in the RFP, MEA is asking for a description of anticipated payment processing timelines under the proposed supply arrangement. The baseline assumption is that MEA would finance the

working capital, but MEA would certainly be interested in exploring supplier financing of working capital.

17. How many years is MEA willing to consider for the term of a Power Purchase Agreement? And will MEA consider bids that are longer term, of up to 20 years?

A five-year minimum term is required for all responses, consistent with guidelines presented in the RFP. The RFP does not explicitly identify a term limit for proposed offers, and longer terms will be considered. MEA will evaluate all conforming offers and will address specific issues related to proposed term length during subsequent discussions and/or negotiations with qualified respondents.

18. Given the expansive land incorporated by the cities and towns that are part of MEA, has there been consideration given to using municipal land for the sites of power generation facilities? If the land is provided at modest or no cost it would serve to reduce the cost of development which would mean lower cost of electricity generated.

This has been considered and is a possibility. We do have political and environmental constraints in some areas but there are still some opportunities. Parking lots are pretty easy to get access to, for example. Open space and Ag land is a bit more tricky but not insurmountable.

19. Is the Marin Energy Authority an entity formed and operating under State of California code 6500?

Yes.

20. Is it of interest to MEA (or a related entity) to, at some point during the PPA, own (and possibly operate) the power generation facility?

Yes.

21. The RFP states that the Delivery Term begins in May 2010, and for a minimum of 5 years. Is it possible to start the Term later than May 2010 (with the assumption that the Term will be more than 5 years)?

No, the proposal must commence in May, 2010 even if the term is longer than 5 years.

22. MEA will provide to its customers either the Light Green or Deep Green. Is it fair to assume that there isn't a product that does not have a minimum level of renewable power?

Yes. MEA will only be providing two energy products. The Light Green will need to come in at or below our existing utility prices and is expected to have about 25% renewable power supply to start and the Deep Green will have a 100% renewable power supply.

23. Is it possible to have more time for questions as we prepare the details of a response to the RFP?

You may submit questions after the original June 10, 2009 deadline. That deadline has been extended to June 25, 2009.

24. Please provide more detailed information with respect to the Table 1 loads that would help us to accurately represent a predicted hourly load profile by customer class? Specifically, this could be the % of loads that are associated with which PG&E load profile or perhaps you could suggest another way to accomplish this.

The projected annual (2011) electric loads presented in Table 1 are net of direct access loads but do not include expected customer opt-outs (actual load to be served by the selected supplier(s) will likely be less than these amounts, following the customer opt out process. Annual loads, by customer class, are also presented in the Bid Workbook attachment). MEA has provided the following weighting factors (File Name: MEA_Load Profile Weights.xlsx), based on data provided by PG&E, which may be useful in determining an hourly load profile by customer class.

25. If a customer does not elect to opt out, is there a minimum time they must stay with the program?

At present, MEA has not defined a minimum participatory period for customers of the CCA program.

26. Does the MEA have a preferred credit structure?

MEA's rate making authority is its primary support for the credit required to complete business operations. With respect to prospective energy suppliers and as noted in the RFP, "The respondent must provide sufficient evidence of financial, technical and operational capabilities for the performance of the requested services." Furthermore, one of MEA's key evaluative criteria is the "financial viability" of each respondent. Demonstration of sufficient credit will be a key consideration in determining financial viability. To the extent that respondents are capable of documenting organizational credit ratings and financial capabilities, this will facilitate MEA's evaluative process. With respect to a specific credit structure, respondents are encouraged to propose arrangements that limit MEA's credit obligations to the extent practical.

27. Is NP 15 EZ Gen hub an acceptable delivery point?

Consistent with the RFP, prospective sellers shall be responsible for delivering necessary energy to the PG&E Load Aggregation Point ("Delivery Point") as defined by the CAISO. No other delivery point(s) are being requested at this time, but suppliers may recommend an alternative delivery point for MEA's consideration as a pricing variation (and should identify any implications related to deliverability, potential costs impacts, etc.).

28. Are the 25% and 100% renewable requirements based on the average load?

The renewable energy requirements identified by MEA are based on assumed participation rates of 80 percent and 20 percent in the respective Light Green (goal of 25 percent renewable energy content) and Deep Green (100 percent renewable energy content) tariffs. These participation percentages have been applied to MEA's total projected annual energy requirements (load) to determine necessary annual renewable energy quantities.

29. Will the MEA accept system power or must all power be from a specific unit(s)?

MEA expects that the bulk of its total energy requirements will be supplied from specific units identified by the selected supplier(s), but acknowledges that system power will be supplied when imbalances occur between resources and loads. During negotiations of MEA's power supply contract(s), minimum performance requirements may be established to limit the use of system power in consideration of reasonable operational standards/requirements.

30. Is it possible to have PG&E guaranty payment for the retail CCA load (we understand this is an option in some other states)?

No. PG&E will not be guaranteeing payment for the CCA's retail load.

31. Will the MEA have access to transmission?

MEA does not presently have specific transmission rights. Consistent with the RFP, MEA expects that the selected energy supplier(s) will arrange for necessary (firm) transmission service to the specified delivery point: PG&E's Load Aggregation Point, as defined by the California Independent System Operator.

32. Will the MEA be allocated any of PG&E's resource adequacy?

MEA anticipates that it will receive a small allocation of PG&E's resource adequacy (RA) capacity. This amount is undetermined at this point, but will not likely exceed 5 percent of MEA's total RA requirements.

33. Are you able to provide more definition on timing of meter reads as applies to the billing cycle?

Marin's CCA Business Plan discusses the meter read/collection timeline observed by PG&E. When evaluating proposals, MEA will exhibit preference for proposals that eliminate or minimize MEA's need to finance payment lags between PG&E's billing/collection timeline and the invoicing cycle recommended by the prospective supplier.

34. Will the MEA be involved in load forecasting on a near-term and long-term basis?

Over the initial contract period (5 years), MEA will not be completing near-term load forecasting; MEA will rely on the selected energy supplier(s) to complete

necessary near-term load forecasting. However, MEA expects to complete longer-term load forecasts (annual and multi-year) to facilitate necessary resource planning.