

Response to Questions on Marin Clean Energy 8-19-08

This document is a compilation of questions and responses related to the Marin Clean Energy Program. Questions were submitted by Board members, community members and other City and Town officials between April 22nd and August 11th 2008. They are grouped by question category.

Operations Questions

1. How would MCE fit in with existing efforts?

The County's energy efficiency, green building, solar, and greenhouse gas reduction programs share similar goals with MCE. In addition, cities and towns in Marin are in various stages of discussing, planning and implementing programs to reduce greenhouse emissions. The MCE business plan includes three staff positions for energy efficiency and sustainability programs linked to energy. These MCE positions would significantly enhance and expand existing efforts by the county, cities and towns.

2. The MCE business plan allocates 20.5 staff positions. Compare the cost of this number of positions to PG&E costs.

PG&E has 20,000 employees. It is not known how many are in the electric supply, regulatory, customer service, and management functions versus the transmission and delivery functions, so it is difficult to make an apples-to-apples comparison with the MCE's staffing costs. However, since MCE represents approximately 1.5% of PG&E's sales, a proportionate allocation of PG&E employees would be 300 full time equivalent positions.

It should also be understood that the plan establishes a minimum number of FTE positions of four: the Executive Director, an assistant to the Executive Director, a Policy Analyst, and a Sales and Marketing Manager. Other functions detailed in the 20.5 FTE staffing estimate could be contracted out, at the discretion of program management and the Board. However, the costs associated with these positions are included in the business plans economics.

3. With increased efficiency we will see less revenue. Would this create a problem for us?

No. The impact of energy efficiency would simply result in MCE buying less energy. As 15% of our energy would be purchased on the short-term market, there would be some flexibility. It would take an extremely aggressive energy efficiency program to achieve a modest 2% reduction in energy use, not enough to impact MCE revenue.

4. How would low-income rates work?

Low income customers eligible for service under the CARE program receive discounted rates from PG&E and would continue to receive discounted rates once enrolled in the MCE program. Page 79 of the business plan describes how all CARE customers would be enrolled in the Light Green rate option with rates equivalent to what they would otherwise pay to PG&E. The MCE board would also have the authority to offer other low income programs, such as free energy efficiency audits, discounts, or other programs, if desired. This would be within the overall ratemaking authority retained by the JPA board. CARE and FERA programs continue, but MCE can offer additional benefits.

For example, MCE could use bulk purchasing power to buy solar panels for multi-family buildings & renters. MCE could also allocate a potential revenue stream to provide rebates (energy efficiency or solar) for low income residents and small businesses. Also, the JPA would have the ability to set more favorable rate for seniors on a fixed income. Currently, an 80 yr old resident earning \$31,000/yr would be excluded from rate benefits of the CARE program. A family of four earning less than \$44,000 /yr would be excluded from FERA program rebates. The JPA could offer rate options that better match local needs.

5. How would the economics of local solar and net-metering work for MCE?

MCE would normally charge the customer an average of 9 to 11 cents per kWh depending upon light or deep green per the business plan estimates. The renewable energy that MCE would normally supply the customer costs about 8 to 10 cents, but since solar is produced during the peak, its value is actually higher. For a net metered customer with on-site PV (photovoltaics), MCE would not collect the 9 or 11 cents per kWh from the customer but it would also not need to buy the renewable energy, so the net impact to the CCA is essentially zero.

The analysis is different for PG&E as the distribution utility because the costs of the distribution system are largely fixed (poles, wires, meters, transformers). The reduction in revenue is not matched by a commensurate reduction in costs and somebody must make up the difference. This is the primary reason that net energy metering has been capped, in order to limit the subsidy on the distribution side of the business.

In the business plan, we have planned for an additional 13 MW of distributed solar initially, over and above what's already installed in Marin. This means that MCE would not make long term commitments to procure energy for this amount. It also means that MCE's administrative and general costs reflected in the MCE rates are already presumed to be spread over a lower volume of sales because of net energy metering (and more energy efficiency). PV is planned to reduce MCE sales by about 1.5% per year. The rate impact with respect to MCE's fixed costs is tiny: only 0.0001 cents per kwh.

6. Would we be charging a “new user” fee for all the new customers when they switch over to MCE?

There is nothing in the business plan requiring a new customer to pay a fee for joining the program. The business plan (page 84) does state that that the Board would have the ability to implement entry fees for customers that originally opt out and later want to join the program. This would be at the discretion of the JPA, and is there to discourage customers from deciding to opt-out initially and then join several years later when the MCE rates are below PG&E's, as the Board may deem this unfair to customers that participated from the beginning. However, there is nothing in the plan that would require the JPA to adopt such a policy.

7. At what point will it be determined what exit fees might be required for customers who choose to exit after their 4 notice opportunities to opt out?

The exit fee will be set on an annual basis by the JPA as part of the annual ratemaking process. Because the MCE supply portfolio and rates are designed to be competitive, there likely will be no immediate need for an exit fee. The purpose of exit fees is to address large-scale movement of

revenues from the CCA to the utility or other retailers such as Direct Access providers¹ under extremely adverse conditions that could jeopardize repayment of CCA debt or contract obligations. No exit fees will be charged to customers who stop service because they move out of the CCA territory, death or business closure. MCE revenues include reserves that allow for this normal “churn” over time. The exit fee (called in the business plan, the “cost responsibility surcharge” or CRC) will be equivalent to a pro rata share of any above-market costs of MCE’s actual or planned procurement. The exit fee is similar in concept to the exit fee charged by PG&E and is designed to prevent shifting costs to remaining customers.

The need for an exit fee could occur in particular if the market price for conventional power falls dramatically; for example if natural gas prices fall. If this occurred beyond the time-frame of MCE’s contract with an energy service provider, this circumstance could cause CCA’s renewable power to be more expensive than gas-fired power. The fee would reflect the difference between the cost of CCA power and its value in the open market. Because the “light green” tariff is designed to be competitively priced with the existing utility, an exit fee would be unlikely to be required in the near term. MCE could maintain a no cost option for up to a year, even reimbursing a customer (who felt they misunderstood the options) for the extra cost.

The business plan (page 84, Termination Fees) and the independent review of the business plan by Bill Marcus provide a good discussion of this issue².

8. How would “time of use” rates affect MCE customers?

Time of use rates are an option for customers now and are particularly beneficial to customers who do not use the bulk of their energy between 12noon and 6pm. They also benefit customers who have installed solar on their building because energy is generated in the middle of the day and they are compensated for that higher rate when they are generating energy. MCE customers would have the same option. Customers with time of use rates are factored into the MCE business plan.

9. Could other cities join MCE?

Yes. There is no geographic or regulatory barrier preventing other cities from joining MCE. There has been some interest expressed by other jurisdictions in the North Bay, East Bay and elsewhere regarding MCE. The draft JPA agreement includes language permitting other local governments or special districts pending approval of existing JPA members. There may be costs for cities to join later, however, as new contracts for power would be needed.

¹ Direct Access providers are competitive retailers who serve individual customers. At the moment, new Direct Access is not permitted for customers who were not served with Direct Access in September, 2001 until CDWR power contracts expire. However, the California PUC is considering methods to reopen Direct Access.

² Page 5, C. Termination Charges, “Review of the Business Plan for the Marin County Community Choice Aggregation Program,” William B. Marcus, JBS Energy, Inc., February 29, 2008 available at www.marincleanenergy.info.

Process Questions

1. Are there more ways to collaborate with PG&E?

PG&E has been serving customers in Marin, and would continue to do so in partnership with MCE, by distributing energy, maintaining and repairing transmission lines, and providing customer service. Representatives of the Local Government Task Force have met with PG&E representatives to identify additional partnership opportunities that would help meet local objectives. Designating PG&E as the energy service provider for MCE has been discussed, as well as other programs to provide renewable energy choices. Such discussions are ongoing and open to creative brainstorming.

2. If the BOS were to decide on having a county-wide advisory vote on CCA, how would the public education aspect be funded? What sort of dollar amount would be needed to adequately inform the public on the facts?

A public education campaign to adequately inform the public on the facts could be costly in the event the existing utility would campaign against it. In the recent ballot measures in Yolo and Sacramento Counties on their proposed annexation to SMUD, the existing utility is estimated to have spent over \$11 million dollars to defeat it. County Counsel would need to advise if public funds could be used or if the vote would require an independent political action committee.

3. Education vs. Outreach: How can we be sure we are informing decision-makers and the public about MCE without promoting it?

In January and February of 2008 concern was expressed to the Local Government Task Force about the lack of knowledge about the MCE initiative. The Education Committee was then formed to oversee educational outreach and to get information out to the community and local government representative would were not yet informed. All education efforts to-date have been coordinated out of the "Education Committee" of the Local Government Task Force and are solely intended for education, not advocacy.

To make the information reader-friendly and accessible some of it has been "designed" for readability. The intent is not to promote the concept, but to encourage more learning and information-sharing. The Education committee is always open to ideas of how this goal can be accomplished in any better style or venue.

Regulatory Questions

1. What could be the consequences in Marin of AB 32 without a CCA?

AB 32 will require local governments to limit greenhouse gas emissions from government operations and potentially for some sectors in the community as well. An overall reduction of approximately 30% is needed to meet the state mandate. Without CCA Marin County government would need to find other ways to reduce greenhouse gas emissions. These other ways could come from the transportation sector (increase use of public transit, increase fuel efficiency of vehicles, impose congestion tolls), or the building sector (increase energy efficiency, install more renewable energy supply).

A source of revenue would need to be identified to develop and implement such programs. In addition, a cap and trade program may be in place for local governments so that those who are not reducing GHG emissions enough will buy credits from those who are reducing more than required.

2. What is the current status of the issue of joint and several liability?

On April 25, 2008, the CPUC issued a resolution between PG&E and the San Joaquin Valley Power Authority, directing PG&E to remove from their tariffs and service agreements, any requirements or conditions of service that imposed joint and several liabilities on members of any CCA joint powers authority. PG&E has appealed the decision to the CPUC and the decision on the appeal is scheduled for this fall.

Consistent with current law, Marin Clean Energy would have the option to implement joint/several liability if necessary to meet creditworthiness requirements, but this will not be a requirement or condition of service from PG&E. The JPA agreement explicitly states that the liabilities of the JPA are not liabilities of the member municipalities.

3. By signing the JPA agreement are local governments giving up their rights to local land use laws?

The JPA agreement has a provision clarifying that local land use laws take precedence in decision-making and that the local land use decision-making process cannot be overridden.

4. Does the CCA/MCE require an EIR or equivalent?

A CCA in and of itself would not require an EIR. Proposed generation plants will likely require EIRs or alternative environmental documentation depending on their size, type and location.

Pricing Questions

1. Will the law of supply and demand cause an increase in renewable energy availability, or will the lack of supply cause the price of renewable energy to increase beyond consumer tolerance. And what model are we looking at for this conclusion?

Market projections can come from many sources and can include a variety of factors and sensitivities. To respond to this question a variety of independent sources have been consulted. Supply curves are used in economic analysis to determine the quantity of a specific product that will be offered for sale at a particular price. With respect to typical supply curves, there is a direct relationship between price and quantity (increases in prices are accompanied by increases in the supplied quantities of goods/ services). For additional background please review the renewable energy supply section in the Business Plan (pages 44-52) which has a more detailed discussion of the technologies, regulatory and market factors, and the strategy for MCE procurement of renewable generation.

MCE advisors have indicated that there is sufficient renewable power available in the marketplace for an energy service provider to obtain the amount required at the price targets suggested in the business plan. Here are some publicly available informational sources that support these assumptions:

- According to the Renewable Research Development Report by the California Energy Commission the cost of wind, solar, biomass, and geothermal generating technologies are projected to decrease over time (between now and 2017; the span of time studied). Concentrating solar technologies are projected to experience the strongest drop in price, while wind and geothermal costs should decrease moderately. Another report by the California Energy Commission, released in May 2008 showed the supply of renewable energy increasing significantly in recent years.
- Renewable technologies such as wind and solar achieve economies in manufacturing in contrast to fossil power generation that generally achieves economies in scale of construction. As manufacturing capacity for wind and solar equipment expands to meet increasing demand, manufacturing costs should generally decrease. Shortages of materials such as steel, concrete and copper increase costs for all generation technologies.
- Because technology innovation and investment in renewable technologies is accelerating rapidly, market sources expect reductions in cost due to new technology as well as economies in manufacturing.
- MCE's goal is 100% renewable generation within technical and economic constraints. While the business plan lays out a timetable for acquisition of new renewable generation based on the current analysis of the market, MCE can slow or accelerate its acquisitions depending on the market factors and opportunities available³.
- MCE's renewable generation needs are relatively small when compared with a large IOU. The scale of MCE's renewable generation needs will allow for the pursuit of small projects that are generally not economically feasible for large utilities. MCE may also collaborate with municipal utilities and other CCAs to expand its opportunities to participate in large projects.

³ For example, SJVPA has an eight-year full requirements contract but has the right to substitute in their own generation any time before the end of the term. They only pay a premium if their energy services supplier can't sell that power at or above their contracted price. This allows flexibility in planning and capitalizing on generation opportunities within the term.

2. How can a small CCA/MCE obtain greater "electric rate stability" than a large investor-owned utility which certainly has greater negotiation power?

Investor-owned utilities and the electric generators who sell power to those utilities are allowed by the CPUC to pass variable fuel costs through to ratepayers. That is one of the reasons our rates spike when natural gas costs jump. Similarly, the generating portfolio of the incumbent IOU, PG&E, is largely dependent on hydroelectric production, which significantly varies year-to-year and may affect costs by as much as +/- 6% depending on the availability of water.⁴ For MCE in the near term, fixed electric rates would be a contract requirement. In this structure the energy service provider assumes the fuel price risk (like the San Joaquin Joint Powers Authority contract).

In the long-term, an investor-owned utility doesn't need to worry about the fuel price when it builds a gas-fired power plant because, again, that risk is passed along to customers. If MCE invests in renewable generation, it removes the fuel price risk. Like a 30-year fixed mortgage, MCE will know up front what the cost for the electricity will be over the life of the plant. That gives MCE long-term price stability.

3. How can we guarantee that rates will stay the same as PG&E or be lower?

For clarification, the question applies to the "light green" tariff. The "deep green" tariff is expected to be 5-10% more. MCE rates will not be indexed to PG&E rates that can fluctuate monthly. MCE rates will be more stable but average at or below PG&E rates.

The MCE business plan (page 89-90, Procurement at Startup) calls for a 4 year full requirements contract chosen by competitive bid. Quoting the business plan, "The evaluation of whether to proceed with implementation will therefore incorporate known costs for approximately 95% of total program costs for the first four years, providing relative certainty regarding the ability to provide competitive rates." The SJVPA provides a concrete example of why this is achievable. The SJVPA-Citigroup Energy contract has a price that starts 5% below PG&E average prices for generation and escalates at a fixed 2% per year for 8 years. As such, Citigroup is assuming the fuel price risk that investor-owned utilities and generators currently pass through to customers.

Beyond the scope of the initial contract MCE will invest in renewable generation, thereby removing the fuel price risk. Like a 30-year fixed mortgage, MCE will know up front what the cost for the electricity will be over the life of the plant. That provides long-term price stability.

4. I don't understand the criticism that MCE's energy acquisition cost estimates are incorrect and unreliable if long term, full requirements energy contracts will be tied up at the inception of the MCE. Unless this is variable pricing, we should know at the beginning exactly how much energy will cost throughout the term of the energy contract, right?

This is correct. The SJVPA-Citigroup Energy contract has a price that starts 5% below PG&E average prices for generation and escalates at a fixed 2% per year for 8 years. Citigroup is assuming the fuel price risk that utilities and generators get to pass through to customers.

The MCE business plan (page 89-90, Procurement at Startup) calls for a 4 year full requirements contract chosen by competitive bid. Quoting the business plan, "The evaluation of whether to proceed with implementation will therefore incorporate known costs for approximately 95% of total program

⁴ "Review of CCA Business Plan," a presentation delivered to the Marin County Board of Supervisors on March 6, 2008 by JBS Energy Inc.

costs for the first four years, providing relative certainty regarding the ability to provide competitive rates.”

5. If the cost difference between conventional and renewable power is 1.5 cents per kWh, why does that translate to an 8-10% increase in the cost of deep green rates?

As described on page 79 of the Business Plan, "The premium would generally range from 1.5 to 2.0 cents/kWh above the basic tiered tariff for each customer class."

For the purposes of modeling Marin's costs/rates, a premium of 1.5 cents/kWh was imposed on renewable energy purchases. The actual impact of this premium is slightly higher due to transmission and distribution losses and administrative/operational costs related to the deep green program (increased reserves due to increased cost of power, etc.). The actual premium after considering these factors is included in the table on page 62 of the Business Plan, an amount ranging from 1.8 to 1.9 cents/kWh. This premium results in a total bill impact of approximately 10% (this equates to a 20% increase in the generation component, as the generation component is roughly half of a typical customers' bill).

6. I would like to see a more detailed budget for activities going forward.

For a detailed budget see the information starting on page 67 and 68 of the final business plan at this link. As this detailed information is spread over several pages it is more efficient to direct you to the link:http://www.marincleanenergy.info/pdf/FINALBUSINESSPLANA-MARINCLEANENERGYApr12008_v4_3_.pdf

Transmission Questions

1. Is there enough transmission capacity for new energy supply and MCE?

Despite abundant renewable energy resources identified to meet California's near and long term needs, new and increased transmission capacity can be a constraint in developing renewable energy supply and a factor that can increase cost, particularly for large projects and for projects that are remote. The California IOUs, municipal utilities, private industry and government agencies (state and federal) are all working to increase transmission capacity to renewable resource areas through the development of new inter- and intra-state transmission infrastructure. Large increases in the West's transmission capacity are planned for development within the timeframes affecting MCE's near, mid and long term procurement plans such that supply shortages due to transmission constraints should be unlikely provided those improvements are completed.

Statewide, there are currently generator interconnection requests for qualifying renewable energy projects totaling more than 38,000 MW, which is projected to come on-line over the next seven years.⁵ To achieve its long-term renewable goals, MCE would need to access approximately 1% of this total.

In May 2008 Marin local government representatives traveled to the California Independent System Operator (CAISO) to discuss the MCE proposal, and particularly, transmission issues. CAISO is responsible for balancing the electric grid in California, ensuring there are adequate recourses to meet constantly changing demand, and planning for new transmission needs where appropriate. Representatives learned that the scale of renewable energy being planned for MCE is relatively insignificant and that the transmission capacity already exists for the bulk of proposed projects at Marin's scale. CAISO noted that the added renewable energy supply would have a positive impact on capacity through increased local generation and encouraged Marin representatives to move forward with the proposal.

2. Please describe whether PG&E will be paid to maintain the transmission lines for all customers.

Under CCA, PG&E will continue to operate and maintain the electric transmission and distribution (T&D) system serving MCE customers. Currently, about 50% of each PG&E customer's bill goes to the T&D costs. Under CCA, all customers would still get their bill from PG&E and would still pay about 50% of their bill directly to PG&E for T&D service.

MCE customers will pay the same T&D rate as non-MCE customers. Due to CPUC regulations PG&E cannot impose different rates on customers based on location or participation in a CCA. Repair of transmission lines would continue to be the responsibility of PG&E because MCE customers will also be PG&E customers for their T&D service, including repair.

3. Could the PUC be persuaded by PG&E to allow an increase in T&D rates to recoup any generation losses?

PG&E can raise T&D rates only if they get prior approval from the California Public Utilities Commission (CPUC). The T&D rate increase would have to apply equally to all the customers in PG&E's territory. Marin customers can not be treated differently. To get CPUC approval PG&E would need to justify why a rate increase is needed. Note: the CPUC decisions related to CCA have been favorable. The CPUC

⁵ 2008 CAISO Transmission Plan: A Long-Term Assessment of the California ISO's Controlled Grid (2008-2018), California Independent System Operator, January 2008. Also reference The California ISO Controlled Grid Generation Queue as of: January 25, 2008.

is showing strong support for the CCA state law and has been setting up the regulatory framework to enable CCA's to succeed.

4. Are there potential problems with solar flowing back into the grid?

MCE would cause renewable infrastructure to be built by financing construction of renewable energy investments, repaid through customer rates. This is likely to be a mix of technologies, including solar, wind, geothermal and biomass. There may be limitations in terms of how much generation can be added in a particular location without having to upgrade the transmission and possibly the distribution system. Transmission and distribution upgrades would simply add to the cost of the system so will be considered as one factor when selecting a location for new installations.

For large projects, there is a defined process for interconnection with the PG&E system, which includes system impact studies to determine whether any system upgrades are needed as a result of the new generation. For rooftop PV, which are typically 1 to 5 KW (0.001 to 0.005 MW) in size, there are standard interconnection/net energy metering procedures that do not require a system impact study. Again, this cost would need to be factored into the project.

Risk Mitigation Questions

1. Is there risk of the County and or cities' bond ratings being affected by the performance of the MCE in terms of the bonds that will be issued?

The County and cities are not required nor expected to assume any of the liabilities of the MCE JPA. The CCA law provides MCE with the two requirements necessary to issue its own bonds and ensure repayment, namely the authority to set rates and exit fees. While the local governments own finances are directly protected from the liabilities of the CCA, they likely cannot benefit directly from the revenues of the CCA either. Bond counsel and financial advisors will be better able to discuss any indirect or perceived affects resulting from MCE.

2. How can the risk of contract breach be managed?

If MCE contracts for power and the contracting party goes bankrupt it is possible that there could be an interruption in agreed upon services. MCE would address this risk by carefully choosing who it contracts with, in particular, by considering the creditworthiness of the party with whom MCE is entering into the service contract with.

For example, contracting with a large Energy Service Provider (ESP) is quite different than contracting with an individual operator somewhere in the western U.S. who may be less creditworthy. Note that in a bid solicitation (RFP) it would be typical for many different entities or potential suppliers to respond. One of many evaluation criteria in sorting through the responses would be creditworthiness of the energy provider.

It is useful to note that a large investor-owned utility went bankrupt after the power crisis and required state assistance via energy recovery bonds for ratepayers. The risk of default is a constant whether customers are dealing with IOUs, energy service providers, or a small operator. It is MCE's responsibility to mitigate this risk by entering into an appropriate contractual arrangement with a creditworthy counterparty.

Irrespective of the question of creditworthiness any energy service provider would be expected to demonstrate that they had adequate backup arrangements (emergency and non emergency alternative supply contracts) in place to cover both anticipated and unanticipated outages. The standard for secondary back up would be set by MCE, and given the added cost of providing this type of redundancy, would likely default to a level of electric reliability that is similar to what PG&E provides today.

Note that in a major storm it is not the generation that typically goes out. The outages are typically caused by downed power lines which will continue to be the responsibility of the existing utility. Either way the level of reliability would be similar to what consumers in Marin experience today.

It is possible to provide higher levels of reliability through more costly back up arrangements. Take, for example, the kind of back up facilities utilized by data centers or hospitals. That level of reliability is not affordable for the typical home owner, and thus highly unlikely to be pursued by any utility.

Once MCE moves to a procurement model where it owns the underlying generation assets, the issue of a default on the part of the energy service provider is eliminated and the risk drops substantially. There may be some residual risk if MCE chooses to work with an independent operator who is contracted to manage MCE owned assets on behalf of MCE. MCE would implement similar risk mitigation logic to that outlined above in structuring its contractual arrangements. First it would focus on picking operators who had adequate experience and were creditworthy. Second it would provide for a 'second way home'

whereby MCE could call on a back-up or step-in operator if the primary operator were to fail for any reason.

3. Explain more about if and how MCE would protect its ratepayers from Enron-type fluctuations – is it just because the contracts are long-term?

With respect to market manipulations that occurred during the energy crises, there are more safeguards in place today such that the confluence of conditions that led to the crises should not occur again. However, if MCE had been in place prior to the energy crises, Marin homes and businesses would be paying less today for electricity because our long term contracts and our own generation would have insulated us from the financial problems created by regulation and private manipulation. Like municipal utility and direct access customers today, we would not be paying off the long term debt and power contracts that the state entered into on behalf of the investor-owned utilities.

4. What are the assurances that the energy service provider is reliable-- how do we know they are any better than Enron? And how can we insure open books on their part?

Part of the initial start-up costs will be to hire third-party professionals to assist with contract development and vetting of the companies' credentials. The JPA may also have the option of selecting a non-corporate energy provider like the Northern California Power Authority (who has served MUNI's for more than 40 years). Either way, since reliability can always change, the details of the contract will need to be defined to clearly illustrate who will be responsible for taking on which risks and how unreliability would be handled. A large portion of the start-up costs would go legal professionals from the energy field to develop a contract that is fair to all parties and covers all contingencies.

In addition to the third-party vetting, there will be a 90-day review period for the contract after a final draft is developed (this 90-day review period is defined in the JPA agreement). This will give each of the JPA members additional time to ask key questions and call on the legal experts to address additional issues.

Also, going forward the JPA can establish rules of conduct to assist with oversight and accountability related to the energy service provider. Regular site visits, accountability in reporting and an open book policy in most areas can be written into the contract with the provider. As a government entity, this would be expected and is similar to the operating procedures used by existing municipal utilities.

5. What are other examples of a city or county entity the size of Marin becoming the energy supplier for their population? What is the track record, and how risky has it proven to be?

As implemented under California's law, CCA is new and the SJVPA will be the first CCA to be established under the law. However, CCA laws exist in Massachusetts and Ohio and there are successful CCAs established in those regions. Each of these efforts were established with the primary goal of cost savings.

The Massachusetts CCA, Cape Light Compact, was enacted after their state law passed in 1997. Today this CCA is serving over 200,000 customers and customers are saving between \$3.50 and \$7 per month.

In Ohio the city of Parma's CCA was enacted in 2000. This CCA saves households \$60 to \$75 per year on average. Also in Ohio, the Northeast Ohio Public Energy Council, launched in 1999 is now the largest CCA in the country, serving 500,000 customers. The Northeast Ohio Public Energy Council

generated savings to customers ranging from 1% to 15%, for a total of \$10 million over the life of its 2001 to 2006 contract.

In addition to functions of a CCA, there is a long and successful history of public power. Communities as small as Healdsburg and Truckee own and operate municipal power utilities. The City of Pittsburg, CA purchased the Mare Island Utility and operates it as a profit center for the city.

The Northern California Power Authority (NCPA) is a JPA comprised of cities with municipal utilities. NCPA finances, builds and operates generation such as geothermal plants at the Geysers on behalf of the participating communities. It also provides scheduling and other services for participating communities. As a public entity, MCE would be able to collaborate with NCPA and/or directly with municipal utilities, opening up opportunities for generation that would be too big for MCE to pursue on its own.

ABAG established and operates a JPA, "ABAG Power" that procures natural gas for local governments and special districts in the PG&E service territory. Over thirty local governments including San Rafael and Mill Valley are customers of ABAG power for their natural gas.

Termination Questions

1. If a seller of renewable energy to the CCA/MCE breaches its contract or goes out of business what happens to CCA/MCE homesteads? Does the energy keep on coming, and if so, from what source and at what price.

Power plants go off line for scheduled maintenance or unscheduled outages regularly. All energy suppliers, including MCE are required to maintain an excess of 15% supply to cover outages from suppliers or in other locations. For this reason, excess generation capacity is available except in times of extreme power demand events. The lights in Marin would not go out from a breach of contract by a power supplier to Marin MCE but there would be a cost for replacement power. There are standard industry practices to manage this and other business related risks that are included in the cost of doing business. These practices are discussed further in Risk Mitigation Question #2 (p. 10).

2. If the CCA had to stop serving customers who would cover the cost of their return to PG&E?

The law requires that any CCA carry a bond or insurance to cover any reentry fees that would be charged to customers in the case of involuntary return. The CPUC has established an interim bond amount of \$100,000, consistent with the bonding requirements applicable to direct access providers. PG&E and SCE have argued that the bond amount should be much higher to cover an extreme event such as mass return of customers during an energy crisis where the utility would need to buy power for the returning customers at very high prices.

In the case of the San Joaquin Valley Power Authority (SJVPA), PG&E proposed a bond amount of between \$70 million and \$140 million, while SDG&E proposed a bond amount of \$700,000. SJVPA suggested various factors that would mitigate reentry costs including the facts that: 1) SJVPA would have contractual rights to electric resources sufficient to serve the returning customers; 2) under PG&E's scenario of an energy crisis the SJVPA program would be more attractive to customers due to its fixed price supply arrangement with its selected energy supplier, so mass return is highly unlikely; 3) PG&E collects money from customers on behalf of the SJVPA and could withhold payment in case of default on SJVPA's obligations; and 4) SJVPA will have generation and other assets to back its obligations. The CPUC has stated its intent to revisit the sizing of the bond during 2008 and define what, if any, additional reentry fees need to be covered in the bond.

3. What is the analysis of alternatives to Marin Clean Energy including Berkeley First, PG&E Partnership or other ideas?

There are currently not any alternative programs that would achieve the same outcomes as MCE. However, there are alternative programs that could move Marin towards some of the outcomes in a more incremental way.

State Legislation has just passed that would allow non-charter cities/counties to use the Berkeley First model. This legislation enables Marin County to consider implementation. As this would be an opt-in program it is likely to achieve a participation rate of 1-5% of the population, resulting in GHG impacts that are about 10% of the MCE program.

A PG&E "Green Tariff" has been proposed and is 6 months to 3 years from CPUC approval. If approved, this program would be heavily reliant on renewable energy credits. It would offer customers the choice of paying more for renewable energy credits but would not shift customers to a new, renewable-based energy supply or allow Marin to own underlying assets to lock in costs. The Green Tariff program would not result in local economic benefits. As an opt-in program with higher costs, the

participation rate in the Green Tariff program is likely to remain low. GHG impacts are likely to be about 4% of the MCE program.

The County's existing energy efficiency programs, renewable energy incentive programs and GHG reduction plan includes some efforts to help reach some of the MCE objectives. With a revenue stream this program could expand to have a broader impact in the community. It is estimated that a revenue stream of \$1 million per year could result in GHG savings that are about four times what we are seeing currently, and approach 5-10% of the GHG impacts of the MCE program.

There will be a more in-depth discussion of these and other alternatives at the Board meeting on this topic on August 19, 2008.

Supplemental Attachment I

July 2008 Response to Questions on Marin Clean Energy

1. Please give a clear concise description of the problem of Marin Green House Gas Emission and specifically as this problem relates to the City of San Rafael.

The Marin County Community emits approximately 3,000,000 tons of greenhouse gas emissions per year. Approximately (1/4) of these emissions come from residents and businesses in San Rafael. It is estimated that 797,131 tons of greenhouse gas emissions were generated in San Rafael in 2005, up from 751,418 tons in 1990.

The bulk of emissions come from transportation (62%) and energy use in buildings (23%). The remainder of emissions come from waste and agriculture.

As the State law, AB 32, is implemented is it likely that local governments will be required to cap and reduce greenhouse gas emissions. If solutions for reducing greenhouse gas emission cannot be identified or implemented, local governments may be required to pay for greenhouse gas offsets via a “cap and trade” program. This would require some source of revenue.

While the incremental greenhouse gas reductions of San Rafael are not likely to reverse the impacts of greenhouse gasses in the atmosphere, the cumulative impact of emissions globally is likely to impact San Rafael residents. The mostly likely impacts will be increased storm events, including rain storms and heat storms, increased flooding, erosion and saltwater intrusion into low-lying areas, a longer dry season with increased risk of drought, wildfires and heat-related health impacts, as well as an increase in vectors, (i.e.: insects) that can impact food and human health.

2. Please give the four major solutions to the greenhouse gas problem including that in the Marin Clean Energy JPA Business Plan, why each was ranked the four best, and the basis for the ranking.

Ranked #1: Implement Marin Clean Energy

This solution is ranked number one because it would result in the most significant reduction in greenhouse gas emissions, would achieve these reductions in a very short timeframe, and provides a revenue stream to cover the cost of reduction. Marin Clean Energy would result in a greenhouse gas reduction of 70,000 tons in 2010 and grow each year. By 2019 the annual **greenhouse gas reduction will be 350,000 tons.**

Ranked #2: Implement comprehensive free or very low cost public transit throughout the city.

This solution was used in Portland to achieve a 15% reduction in greenhouse gas emissions. A downtown trolley was built with feeder transit from the smaller neighborhoods. Incentives were established to ride transit (making it free and frequent) and disincentives were put in place for car use (such as increasing the cost of parking). In Chapel Hill N.C. all public transit in the city was paid for by the city to allow for residents to use public transit for free. This resulted in a dramatic increase in ridership and significant greenhouse gas reductions. A revenue stream would need to be identified for this type of program.

This solution is ranked #2 because it could increase use of public transit by as much as 50% by 2019 resulting in a **greenhouse gas reduction of 238,400 tons.**

Ranked #3: Increase Energy Efficiency activities for public facilities, businesses and residences.

Energy efficiency is the most cost-effective way to reduce greenhouse gas emissions and costs at the same time. Expanding use of the Marin Energy Management Team in San Rafael could result in additional energy audits and retrofits of municipal buildings, local businesses and residential units. Some funding is available for this project through the State Public Goods Fund, but added revenue would be needed to enhance existing efforts.

This solution is ranked #3 because a 10% increase in energy efficiency in key locations around the city could result in a **greenhouse gas reduction of 7,600 tons.**

Ranked #4: Improve bike lanes in the City to encourage multi-modal travel.

San Rafael has key transit hub for public transit in Marin. In addition, its compact development and mixed use design has made it easy for residents to move around the city without a car. To completing the final link in the chain, safe and accessible bike lanes and paths would have a significant impact on the number of local residents and pass-through commuters using cars as a primary mode of travel. Revenue for the program would have to be identified.

This solution has been ranked #4 because increasing bicycle travel to 15% of trips could result in a **greenhouse gas reduction of 4,780 tons.**

3. Please explain why the solution described in the CCA Business Plan is the most efficient, effective, economical and feasible among the four in countering the problem of Greenhouse Gas Emissions.

The solution described in the CCA Business Plan is the most efficient and effective because it is able to have an impact on so many community members as soon as it launches. It does not require that energy efficiency retrofits or renewable energy installations need to be incrementally installed in each building, but makes an efficient and effective change just by beginning to serve customers. It is expected that 84% of community members would participate in the program, resulting in an immediate greenhouse gas reduction of between 12-18%.

The solution is the most *economical* because it provides a revenue stream for ongoing activities. The other solutions would require a new source of funding to be identified. This solution, instead, pays for itself in the early years and then stabilizes rates for customers through ownership of the underlying assets, thus furthering the positive impact on the local economy.

4. Please give me the chief accountable measures that would demonstrate that the Marin Clean Energy JPA proposal would be successfully implemented.

Before implementation the draft contract with an Energy Service Provider would be the tool to measure accountability before the launch. This document would require independent review and careful vetting from multiple third parties including attorneys in the energy/contract field.

After implementation the number of customers enrolled in light green and the number of customers enrolled in deep green would be tallied to calculate greenhouse gas reductions. The cost of each energy product (light and deep) would also be compared to the existing utility costs to ensure successful implementation.

5. Please give me a snapshot of what it costs the Marin Clean Energy JPA in the preparation and implementation of governance, operations, energy resource development, financing and who pays and when.

Start-up costs will range from \$500,000 to \$750,000 and may be covered by the County or from a number of other potential sources. Individual Cities and Towns will not be asked to contribute to the start up costs. For a detailed budget see the information starting on page 67 and 68 of the final business plan at this link:

6. What risks are there to the Marin Clean Energy JPA and to the City of San Rafael and rate payers in having Marin Clean Energy JPA buy for them low cost, reliable, green renewable energy.

Risks to the JPA:

With respect to program risk, the highly renewable supply portfolio (over 80% renewable energy supply by 2014) proposed by MCE will significantly reduce exposure to fuel price volatility and general upward trends in the cost of this commodity. MCE's Business Plan also proposes to develop significant levels of renewable generating capacity, which will be owned/controlled by the CCA program and will provide CCA customers with access to cost-based generation. This long-term resource supply strategy effectively "locks in" power costs at known levels (based on construction and borrowing/debt costs), resulting in predictable, stable electric rates for MCE customers.

MCE's CCA Business Plan has been specifically developed to mitigate many of the risks that exist in Marin's current energy supply scenario (PG&E bundled service) as well as other, broader-based concerns affecting the Marin Communities (including GHG emission reductions, achievement of related ICLEI targets, etc.). Evaluation of CCA as an energy service alternative has been (and will continue to be) a deliberate, inclusive process with carefully placed off-ramps, or decision points, that will allow prospective participants to make well-informed decisions based on current information before proceeding with successive steps of program implementation.

With these considerations in mind, one potential, but unlikely, risk facing the JPA would be a future significant reduction in natural gas prices. Such a price reduction would likely result in comparatively lower electric rates charged by PG&E. Any resultant discrepancy between CCA and PG&E rates may lead certain customers and JPA members to "second guess" their participation in the program or, potentially, withdraw from the program completely. When considering an unlikely risk, such as the aforementioned scenario, it is important to note that many CCA customers and JPA members would remain unaffected by comparatively high electric rates, as overarching program objectives are focused on broader-based concerns: 1) increased renewable power deliveries; 2) GHG emissions reductions; and 3) long-term rate stability as well as potential cost savings. Short-term rate reductions that may be offered to PG&E customers should not have meaningful impacts on the retention of CCA customers or the program itself; CCA implementation is a long-term energy service solution with long-term, large scale benefits to program customers, the Marin Communities and the environment. Short-term, sort-lived "ebbs and flows" related to energy pricing are not likely to dissuade program participants. The long-term benefits of this proposed program, which include mitigation of natural gas price volatility, rate stability and significant environmental benefits, among others, are expected to provide comparative advantages over investor-owned utility service over the long-term.

Risk to City of San Rafael:

Article 2, Section 2.3, of the Marin Clean Energy Joint Powers Agreements reads:

2.3 Formation. There is formed as of the Effective Date a public agency named the Marin Clean Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. Unless otherwise agreed, the debts, liabilities, and obligations of the Authority shall not be debts, liabilities or obligations of the Parties.

This provision specifically limits the liability of JPA members, noting that "the debts, liabilities, and obligations of the Authority shall not be debts, liabilities or obligations of the Parties." By inclusion of this provision, the City of San Rafael's liability, as well as the liability of any other prospective JPA member, is limited to: 1) the specific provisions enumerated in Article 7 ("Withdrawal and Termination"), Section 7.3 (Continuing Liability; Refund), of the JPA Agreement, which apply only in the event of program termination or member withdrawal;

and 2) any obligations of the City related to its participation in MCE as a customer. Customer/ratepayer risks and obligations are addressed below.

Risk to rate payers:

As previously noted, MCE's Business Plan has been specifically developed to mitigate many of the risks that exist with Marin's current energy provider (PG&E bundled service). In particular, the highly renewable supply portfolio (over 80% renewable energy supply by 2014) proposed by MCE will significantly reduce exposure to fuel price volatility and variability in large hydroelectric production, which can result in increased reliance on natural gas-fired generation during poor water years. In fact, PG&E's current supply portfolio relies heavily on both natural gas (47 percent of total supply) and large hydroelectric (13 percent of total supply) generation, which exposes ratepayers to substantial volatility in electric rates, as these costs are passed through directly to customers. The effects of this volatility are already experienced by PG&E customers. PG&E has recently proposed generation rate increases that will amount to more than 10% by January 2009 (largely the result of rising natural gas prices). These proposed increases are addressed in PG&E's June 10, 2008 press release: "Pacific Gas and Electric Company today alerted the California Public Utilities Commission (CPUC) that the skyrocketing price of natural gas across the nation and lower than expected hydroelectric power are resulting in higher costs for the electricity PG&E purchases on behalf of its customers." This press release can be viewed on PG&E's website: http://www.pge.com/about/news/mediarelations/newsreleases/q2_2008/080610.shtml.

MCE's Business Plan also proposes to develop renewable generating capacity, which will be owned/controlled by the CCA program and will provide CCA customers with access to cost-based generation. This long-term resource supply strategy effectively "locks in" power costs at known levels (based on construction and borrowing/debt costs), resulting in predictable, stable electric rates for MCE customers. Moreover, because sustainable, renewable generating supplies do not require fuel inputs (or utilize readily-available, sustainable waste streams, such as various biomass sources: waste wood, landfill/methane gas and agricultural waste), there is no fuel price risk to MCE customers for this portion of the program's supply portfolio. By 2014, MCE projects that it will procure approximately 19% of its energy supplies from conventional generating sources (though the program's expressed goal is to achieve 100% renewable power supply as soon as economically and operationally practical); by comparison PG&E will likely procure nearly 50% (similar to its current levels) of its energy supply from natural gas-fired generating sources, resulting in considerable price risk to PG&E customers. Ultimately, MCE's commitment to substantially decrease reliance on fossil fuel sources will create stable, predictable generation rates for CCA customers. Over the long term, MCE customers will likely enjoy meaningful cost savings relative to PG&E, as natural gas costs continue to increase.

There are other potential risks to CCA customers that should be addressed, including impacts of the Cost Responsibility Surcharge (CRS) and reentry fees to PG&E service in the unlikely event that MCE terminates operations. Financial projections of CCA operations include impacts of the CRS, which is the primary component of an Exit Fee, which is charged to departing load (customers of Marin Clean Energy would be considered departing load as they will no longer receive bundled electric service from PG&E – the CRS is briefly discussed within the Final Report on page 74). Based on current PG&E rates and wholesale electricity prices (and according to PG&E's most recent regulatory filings), the CRS is determined to be zero and does not impact the analysis except in sensitivity cases. If market prices were to decline below expected levels, the CRS could become positive because the CRS is inversely related to the market value of electricity. Such an increase in the CRS could adversely impact CCA ratepayers by imposing higher costs (through a higher CRS). This seems unlikely, however, as electricity prices do not seem headed for a decline in the foreseeable future.

In the event of an involuntary return to bundled service (in the unlikely event that the CCA decided to terminate the program), the law requires that a CCA carry a bond or insurance to cover any reentry fees that would be charged to customers. The CPUC has established an interim bond amount of \$100,000, consistent with the bonding requirements applicable to direct access providers. PG&E and SCE have argued that the bond amount should be much higher to cover an extreme event such as mass return of customers during an energy crisis where

the utility would need to buy power for the returning customers at very high prices. In the case of the San Joaquin Valley Power Authority (SJVPA), PG&E proposed a bond amount of between \$70 million and \$140 million, while SDG&E proposed a bond amount of \$700,000. SJVPA suggested various factors that would mitigate reentry costs including the facts that: 1) SJVPA would have contractual rights to electric resources sufficient to serve the returning customers; 2) under PG&E's scenario of an energy crisis the SJVPA program would be more attractive to customers due to its fixed price supply arrangement with its selected energy supplier, so mass return is highly unlikely; 3) PG&E collects money from customers on behalf of the SJVPA and could withhold payment in case of default on SJVPA's obligations; and 4) SJVPA will have generation and other assets to back its obligations. The CPUC has recently initiated a proceeding to revisit the sizing of the bond during 2008 and define what, if any, additional reentry fees need to be covered in the bond.

7. Compare and contrast the larger, regional San Joaquin Valley Power Authority with the proposed Marin Clean Energy JPA as to goals, government, operational capacity and experience, customer base, geographic area, and location of resource development and give benefit statements for both.

Goals

The San Joaquin Valley Power Authority (SJVPA) formed a CCA to achieve local control with respect to energy issues/supply, increase reliability of the regional electric system and lower electric rates for all customers. While they are interested in complying with the State Renewable Portfolio Standards (and potentially exceeding the RPS, subject to economic and operational constraints), they are sensitive to increased costs that may result from a highly renewable supply portfolio. SJVPA is not exclusively focused on reducing greenhouse gas emissions but recognizes that the achievement of a 20% RPS by 2010 will likely outpace PG&E's efforts in this regard (PG&E currently serves 12-13% of its customer load with eligible renewable energy supplies). To improve regional reliability and provide access to highly efficient, cost-based generation, SJVPA plans to develop local generating capacity that will serve CCA electric load.

MCE shares SJVPA's goal of owning generating assets to achieve rate savings. An additional benefit (and primary focus) of Marin's CCA initiative is the "unhooking" from the fluctuating costs of fuel inputs by using renewable energy assets. This benefit also results in the achievement of significant greenhouse gas reductions (likely reducing the need for local governments to fund programs that emanate from AB 32 implementation).

Government

The governance structure of the SJVPA and MCE are very similar. Each JPA would include a number of cities and a County. SJVPA membership includes 11 Cities and 1 County; Marin's proposed program also includes 11 prospective member cities and one prospective member County. The SJVPA sets policy, sets rates, and makes key decisions affecting the Community Choice program. MCE's JPA would operate similarly and would be charged with equivalent decision making responsibilities. In both communities there would be an administrative body, led by an Executive Director or General Manager, overseeing the day-to-day operations and implementing the policy set by the JPA Board. In both programs, an energy service provider has been/will be selected to carry out many of the technical functions associated with program operations.

Experience and Operational Capacity

The Kings River Conservation District (KRCD), a resource management agency serving portions of Fresno, Kings and Tulare counties in California's Central Valley, has agreed to act as the SJVPA's exclusive administrative agent and will provide all power services to the CCA program. This business relationship was a natural fit based on KRCD's resource management experience. At present, select KRCD management/staff, as well as third-party consultants and legal counsel, are fulfilling responsibilities associated with implementation of the CCA program.

Background regarding KRCD: KRCD was formed through legislation enacted by California in 1951. As noted on KRCD's website (http://www.krcd.org/about_krcd/), "KRCD is a leading resource management agency for the

Kings River region serving agriculture, business and residential communities within 1.2 million acres spanning portions of Fresno, Kings and Tulare counties. The mission of KRCD is to provide flood protection, cooperate with other agencies to achieve a balanced and high quality water supply, and develop power resources for the public good.”

In the Marin Communities, a similar business relationship could be developed between a local water district and MCE. Participation by NMWD and MMWD during this evaluative process of CCA has not yet resulted in a proposed business relationship (similar to the SJVPA/KRCD business relationship). Such a relationship may evolve as this process moves forward, but MCE has developed its Business Plan and anticipates commencing program operations without this relationship. MCE will be a new organization. As noted in its Business Plan, MCE anticipates hiring an experienced Executive Director who will be responsible for day-to-day operation of the program. Additional management and staff will be hired by the program to fulfill certain responsibilities, such as administration of energy efficiency programs, program marketing and regulatory analysis, while other responsibilities, including portfolio operations and data management, will be administered under contract with experienced third-parties (hired through a competitive solicitation process). Specific duties of the Executive Director, program management/staff and third-party contractors are discussed in the CCA Business Plan (April 2008 – Final Report).

Customer base

According to the California Partnership for the San Joaquin Valley, the San Joaquin Valley region has one of the highest unemployment rates in the nation and more than 20% of the region’s population is below the poverty line (in contrast, the national poverty rate is 12.4%; California’s poverty rate is 14.2%). Furthermore, the San Joaquin Valley has one of the lowest per capita income levels in the state and nation. With these considerations in mind, the SJVPA has determined to pursue a program focused on achieving cost savings for program customers.

In contrast, Marin is one of the most affluent geographic regions in our nation, reporting the highest per capita income in the country. Because Marin has expressed an interest in offsetting certain environmental impacts related to energy production and seems willing and able to incur additional costs for the aggressive renewable choice, it has designed a program focused on aggressively pursuing/integrating renewable energy supply. In the event that certain residents or businesses do not want to choose the aggressive Deep Green option, they may opt-out of the Light Green program and/or continue receiving bundled electric service from PG&E. Residents and businesses within the San Joaquin Valley will be given the same opt-out opportunity, according to state law.

Geographic areas

SJVPA’s program is being implemented in California’s Central Valley within the greater Fresno area. California’s Central Valley experiences peak electric demand during the summer season.

MCE’s program will be implemented within the Marin Communities: Marin County and the 11 Cities within the jurisdictional boundaries of Marin County. The Marin Communities experience peak electric demand during the winter season. Due to Marin’s temperate climate, it has a relatively flat load shape, which makes serving customer load much easier (fewer spikes, or peaks, resulting from increased demand during extreme temperatures) than in California’s Central Valley. This is a distinct advantage of the Marin CCA program as it plans for and manages electric resources.

Location of resource development

The Kings River Conservation District, a resource management agency serving portions of Fresno, Kings and Tulare counties in California’s Central Valley, has agreed to act as the SJVPA’s exclusive agent and will provide all power services to the CCA program. As an experienced generation operator and developer, KRCD plans to construct a highly efficient, combined-cycle power plant (fueled by natural gas) that will potentially serve the majority of the SJVPA’s electric requirements. The proposed plant is currently undergoing licensing review by

the California Energy Commission (in September 2007, the CEC determined that the Application for Certification for the KRCD Community Power Plant was “data adequate”). This generating facility will be located just south of the Parlier Wastewater Treatment Plant on Bethel Avenue between Manning and Dinuba Avenues. Construction is expected to start in 2009; facility completion is expected in 2011.

MCE plans to develop a portion of its renewable generating capacity within the jurisdictional boundaries of the participating communities; discussions have already begun with a local landfill that has approximately 6-8 MW of renewable generating capacity. Other renewable generating resources may be developed outside of member jurisdictions based on economic and operational considerations related to chosen generating technologies (such as wind, solar and geothermal), which will significantly influence generator performance/production. At this time, identifying specific generating sites for the MCE program is premature, as the Marin Communities are still engaged in program evaluation and necessary community outreach. MCE will begin to identify alternative development sites following formation of the JPA.

8. Because our budget is coming before us in a matter of weeks, I would like to know as soon as possible the start-up cost estimates and the City of San Rafael’s share of the Marin Clean Energy JPA before the JPA receives sufficient revenue to carry the full burden of its preparatory activities and implementation. Please provide back-up data for the estimate.

It is estimated that the start-up costs will range from \$500,000 to \$750,000. This includes technical consultants, legal expenses, and the hiring of an executive director and staff assistant. The City of San Rafael’s share of the costs is zero as none of the cities and towns are being asked to contribute.