



OPERATIONS BOARD MEETING

February 7, 2018

Today's Agenda

1. Welcome & Roll Call
2. Consideration of Late Additions and/or Deletions to Consent and Regular Agendas
3. Oral Communications For Items Not on the Agenda

CONSENT AGENDA

4. Approval of Minutes from January 3, 2018 Operations Board Meeting
5. Approval of Minutes from January 20, 2018 Joint Board Meeting
6. Approve Administrative Policies and Procedures Related to Finance, Information Technology, and Human Resources
7. Authorize CEO to Execute orders with the Del Gavio Group and the Appropriate Vendors to Furnish MBCP Office
8. Ratify and Affirm the Action Undertaken by the CEO to Execute a congestion Revenue Rights Entity Agreement and Fund the Required Deposit of \$500,000 with the California Independent System Operator
9. Approval of Confirmation Agreement with PowerEx for Acquisition of Carbon Free and Type One renewable Resources

Today's Agenda (cont.)

REGULAR AGENDA

10. CEO's Report
11. Approval of Energy Risk Management Policy and Procedures
12. Forward Staff Recommendation to the Policy Board to Adopt Retirement Plan
13. Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule
14. Forward Staff Recommendation to the Policy Board to Adopt Rate Schedule to Compensate Net Energy Metering customers for Excess Generation
15. Adjournment to Next Operations Board Meeting on April 4, 2018

Item #6: Approve Administrative Policies and Procedures Related to Finance and Information Technology

Recommendation: Staff recommends Operations Board approval of the following administrative policies and procedures:

Administrative/Operations	<ul style="list-style-type: none"> • Records Retention • Delinquent Accounts and Collections • Prohibition Against Dissemination of Untrue or Misleading Information
Financial	<ul style="list-style-type: none"> • Reserve • Debt Limitations • Accounting • Budget • Capital Projects • Purchasing Card • Capitalization
Information Technology	Information Technology Security

Item #7: Authorize CEO to Execute Orders with the Del Gavio Group and Appropriate Vendors to Furnish MBCP Office

Recommendation: Authorize the CEO to execute orders for goods and services with the Del Gavio Group and the appropriate vendors, not exceeding \$250,000 through September 30, 2018, to furnish the MBCP Offices.

Furnishing for:	Other:
1 large board room 13 offices 2 conference rooms 10 cubicle work stations 1 break room Reception and lobby area General filing and storage needs	Video displays Video control processing Recording equipment Audio systems Hardware and service for board room

Completion expected by the end of March, 2018. Cost estimate includes design, furniture, equipment, delivery and installation.

Item #8: Congestion Revenue Rights Agreement

Recommendation: Ratify and Affirm the Action Undertaken by the CEO to Execute a Congestion Revenue Rights Entity Agreement and Fund the Required Deposit of \$500,000 with the California Independent System Operator

Item #9: Confirmation Agreement with PowerEx

Recommendation: Approval of Confirmation Agreement with PowerEx for Acquisition of Carbon Free and Type One Renewable Resources

Item #10: CEO Report

- Community Advisory Council, Next Steps
- Enrollment Update
- Short-Term Power Supply (Round 2)
- Long-Term Renewable Acquisition Update
- Formation of Energy Risk Management (ERM)
- Marketing Update

Item #10: CEO Report *(cont.)*

Staff's Proposal at Special Joint Meeting of the Policy and Operations Boards in January:

- **Community Advisory Group**
 - Residential and Small Business Customers
 - Focus on energy programs implemented over next several years
 - Meet for six months, then sunset
- **Key Customers Stakeholder Group**
 - Commercial, Industrial and Agriculture Customers
 - Hosted workshops addressing technical information and roundtable discussions
 - Ongoing

Item #10: CEO's Report *(cont.)*

Discussion during Joint Board meeting:

- Community Feedback
 - One Community Advisory Council (CAC) composed of all customer groups
 - Broader scope than just programs (scope TBD)
 - Ongoing meetings

Several Board members supported a single, ongoing Community Advisory Council but did not comment on scope

Next Steps:

- Analyze variables impacting Community Advisory Council's formation (size, composition, application process, etc.)
- Provide pros/cons of various alternatives and recommendation
- Present for consideration by the Policy Board in March

Item #10: CEO's Report *(cont.)*

Enrollment Update

- **1st notification:**
 - Completed 1/9/18
 - 20,111 notices mailed
 - **2nd notification:**
 - Batch 1: 10,544 (2/2)
 - Batch 2: 9,567 (2/9)
- Opt out, less than 1 percent

Item #10: Marketing Update

Phase 1/Non-Residential

Newsletter Content

- Pushing content out through business orgs and associations
- Focusing on content that is relevant and specific to business, agriculture, tourism
- Trickle down to employees informing residents in advance of residential launch

Press/Media Outreach

- Media/Communications Coordinator connecting with media
- Building media kit in preparation for concerted effort at earned media
- Researching paid media opportunities

General Community Outreach

- Community Outreach Coordinator booking events and presentation opportunities
- Focus beginning to shift from businesses to residents
- MBCP Internship program in building phase for March/April activation

Strategic Partnerships

- Making progress with colleges and universities
- Identifying business customers with shared values, strongest outreach and co-promotional potential

Item #10: Marketing Update

Phase 1 (Continued)

Building Communications Assets

- Customer Took Kit
- Internal/MBCP Tool Kit

Phase 2/Residential Launch

Tri-County Public Forum Series (April – June)

- Panel to provide education on CCA model, MBCP enrollment, MBCP goals, community impact
- Leverage strategic partner network
- Concerted effort to grow online/social community

July 1 Launch

- “1st Annual Community Energy Festival” @ Monterey Plaza
- Concept: Education opportunity; celebration of green energy, sustainability, community organizations
- Pilot for Tri-County event series in 2019

Item #10: Media Protocols

Overview

As a non-profit, public agency that is open and responsive to the residents of Monterey, San Benito and Santa Cruz Counties, Monterey Bay Community Power is active in engaging with residents, customers and partners. We succeed in doing so by embracing every media/press opportunity and by making the most of these opportunities for all parties involved. MBCP is a local, community-driven organization and we recognize the value in forming positive relations with local and regional media/press and their constituents.

Each inquiry will be vetted with the intent that MBCP Media Response Team will collaborate with the appropriate MBCP team members to ensure that the information provided is current and accurate.

Purpose

The Purpose of the MBCP Media/Press Protocols document is to guide the MBCP team in being organized, proactive, forthcoming, accurate, and consistent with all media/press opportunities. This includes all types of media and press, including earned and paid media, such as TV, radio, print, blogs, websites, e-newsletters, etc.

**Media Protocols document attached in CEO Report*

Item 11: Energy Risk Management Policy

Purpose: Manage short-term risks associated with energy market and power procurement activities.

Application: Applies to all power procurement and related business activities that may impact the risk profile of MBCP.

Approvals and Management: Approved by the Operations and Policy Boards, managed by Risk Management Committee. May be amended by the Operations Board and/or Risk Management Committee, as is the case for changes to the appendices.

Item 11: Energy Risk Management Policy

Overarching Policy Goals

1. Maintain competitive rates with PG&E, inclusive of PCIA and franchise fees.
2. Strive to procure power with low/no carbon emissions.
3. Fund financial reserves to targets established by the Board.

Types of Risk

- Customer Opt-Out
- Market/Pricing
- Volumetric Risk
- Model Risk
- Legislative/Regulatory
- Operational
- Reputational
- Counterparty Credit

Item 11: Energy Risk Management Policy

Risk Management Committee (RMC)

Chaired by the CEO

1. 3 Policy Board members
2. 3 Operations Board Members
3. Director of Power Services
4. Director of Internal Operations

Item 11: Energy Risk Management Policy

Delegation of Authorities

Position	Maturity Limit	Term Limit	Volume Limit (MWh) ¹	Value Limit (\$) ²
Risk Management Committee	60 Months	60 Months	7,500,000	60,000,000
Chief Executive Officer	36 Months	36 Months	4,500,000	40,000,000
Director of Power Supply Services	24 months	24 Months	3,000,000	30,000,000

¹Volume limit applies only to energy purchases per single contract, including renewable energy and GHG-free energy purchases.

²Value limits apply to non-energy product transactions (e.g., Resource Adequacy and Renewable Energy Credits).

These authorities will be applied to wholesale power activity executed outside of the California

Item 11: Energy Risk Management Policy

Counterparty Credit Policy

- All counterparties shall be evaluated for creditworthiness and assigned a credit limit
- MBCP shall strive to diversify transactions among counterparties
- Credit review exceptions include day-ahead and current day purchases or market-based index contracts
- Monitoring credit exposure – realized and forward exposures

Item 11: Energy Risk Management Policy

Position Tracking and Reporting

- Monthly Financial Forecast
- Monthly Net Position
- Weekly Counterparty Credit Exposure
- Monthly Risk Analysis
- Quarterly RMC Report

Policy Revisions

- RMC will evolve over time; any policy amendments will be submitted to Board for approval; appendices amended by RMC
- Policy interpretations referred to RMC and General Counsel if needed

Item #12: MBCP Retirement Plan

Forward recommendation to the Policy Board to approve:

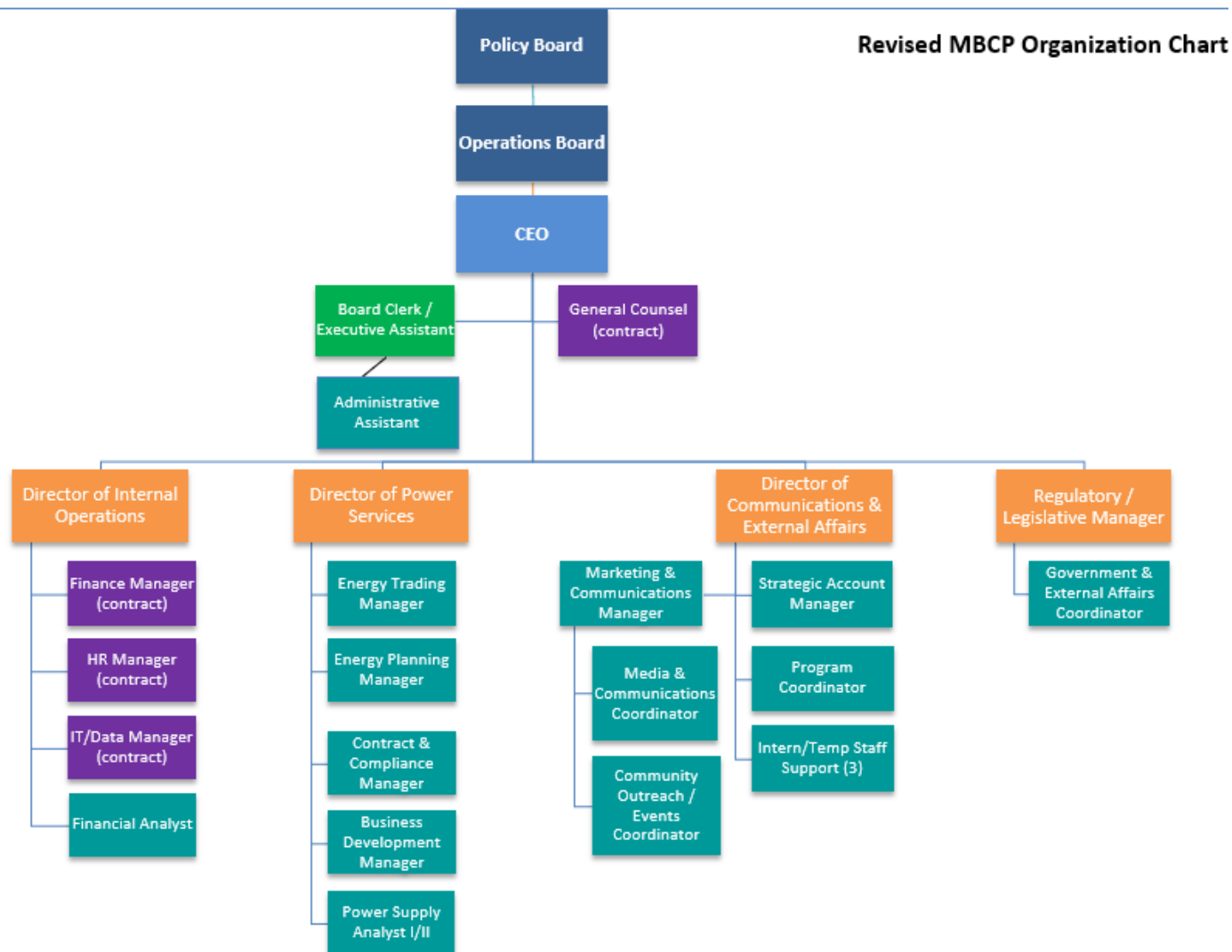
- Adoption of participation in 401(a) retirement plan for MBCP instead of the conventional social security or CalPERS systems;
- Direct MBCP CEO to negotiate an agreement with Public Agency Retirement Services (PARS) to administer retirement plan for MBCP employees.

Item #13: Approve Amendment to MBCP Organization Chart, Hiring and Salary Schedule

Approval of Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule. The proposed amendments are as follows:

1. Addition of a new Financial Analyst position under the Dir of Internal Ops
2. Addition of a new Power Supply Analyst I/II position under the Dir of Power Services
3. Addition of a Business Development Manager position under the Director of Power Services
4. Addition of three Intern/Temporary Staff Support in the Communications and External Affairs group
5. Retitle Marketing Manager to Marketing and Communications Manager
6. Retitle Key Account Manager to Strategic Account Manager
7. Reclassify the Government and External Affairs Manager position to Government and External Affairs Coordinator
8. Reclassify the Regulatory/Legislative Analyst position to Regulatory/Legislative Manager

Item #13: Approve Amendment to MBCP Organization Chart, Hiring and Salary Schedule



Item #13: Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule

Revised Hiring Schedule:

Position	Group 1 By Dec 2017	Group 2 Jan/Feb 2018	Group 3 Mar 2018	Group 4 After Mar 2018
Chief Executive Officer	Complete			
Board Clerk/Executive Assistant	Complete			
Administrative Assistant		Complete		
General Counsel (contract position)		Complete		
Director of Internal Operations		Complete		
Finance Manager (contract position)	Complete			
HR Manager (contract position)	Complete			
IT/Data Manager (contract position)	Complete			
Financial Analyst			X	
Director of Power Services				X
Energy Trading Manager			X	
Energy Planning Manager				X
Contract & Compliance Manager			X	
Business Development Manager	Complete			
Power Supply Analyst I/II			X	
Director of Communications & External Affairs				X
Marketing and Communications Manager		Complete		
Media and Communications Coordinator		Complete		
Community Outreach & Events Coordinator	Complete			
Strategic Account Manager	Complete			
Programs Coordinator		Complete		
Intern/Temp Staff Support (3)				X
Regulatory/Legislative Manager			X	
Government and External Affairs Coordinator			X	

Item #13: Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule

Revised Salary Schedule:

Position/Title	Minimum Salary (Annual \$)	Maximum Salary (Annual \$)
Board Clerk/Executive Assistant	\$75,000	\$120,000
Administrative Assistant	\$50,000	\$75,000
General Counsel (contract position)		\$120,000
Director of Internal Operations	\$120,000	\$180,000
Finance Manager (contract position)	\$90,000	\$150,000
HR Manager (contract position)	\$75,000	\$120,000
IT/ Data Manager (contract position)	\$75,000	\$120,000
Financial Analyst	\$75,000	\$100,000
Director of Power Services	\$150,000	\$240,000
Energy Trading Manager	\$120,000	\$180,000
Energy Planning Manager	\$120,000	\$180,000
Contract & Compliance Manager	\$100,000	\$150,000
Business Development Manager	\$80,000	\$125,000
Power Supply Analyst I/II	\$60,000	\$100,000
Director of Communications & External Affairs	\$120,000	\$180,000
Marketing and Communications Manager	\$80,000	\$120,000
Media and Communications Coordinator	\$60,000	\$90,000
Community Outreach & Events Coordinator	\$50,000	\$75,000
Strategic Account Manager	\$80,000	\$125,000
Programs Coordinator	\$60,000	\$90,000
Intern/Temp Staff Support (3)	\$15/hour	\$20/hour
Regulatory/Legislative Manager	\$80,000	\$120,000
Government and External Affairs Coordinator	\$60,000	\$100,000

Item #14: Net Surplus Compensation Rate

Recommendation:

- Adopt a Net Surplus Compensation (NSC) rate to compensate qualifying Net Energy Metered (NEM) customers for excess net generation.
- MBCP recommends setting its NSC rate for 2018 at \$.06135. Offering a rate of \$0.06135 instead of matching PG&E's rate of \$0.02822 will increase operation cost for 2018 by roughly \$290,000

Thank you!

Next Operations Board Meeting – April 4, 2018