



POLICY BOARD MEETING

March 7, 2018

Today's Agenda

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

CONSENT AGENDA

4. Approve Minutes of the December 13, 2017 Policy Board of Directors Meeting
5. Approve Minutes of the January 20, 2018 Joint Policy and Operations Board of Directors Meeting
6. Authorize CEO to Execute the First Amendment to the Credit Agreement, Promissory Notes, and Related Documents with River City Bank
7. Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule
8. Approve Employment Agreement with CEO Tom Habashi

Today's Agenda (cont.)

REGULAR AGENDA

9. CEO Report
10. Approve Amendment to FY 2017-2018 Budget
11. Adopt Resolution to Approve Agreement(s) with PARS for Employee Retirement
12. Appoint Board Treasurer/Auditor
13. Adopt MBCP Energy Risk Management (ERM) Policy
14. Adopt Rate Schedule to Compensate Net Energy Metering (NEM) Customers for Excess Generation
15. Determine Composition of Community Advisory Council (CAC), Direct Staff to Solicit CAC Applications and Form a Subcommittee to Review CAC Applications
16. Adjournment to Next Policy Board Meeting on Wednesday, June 6, 2018

AGENDA ITEM #6: Authorize CEO to Execute the First Amendments to the Credit Agreement, Promissory Notes, and Related Documents with River City Bank

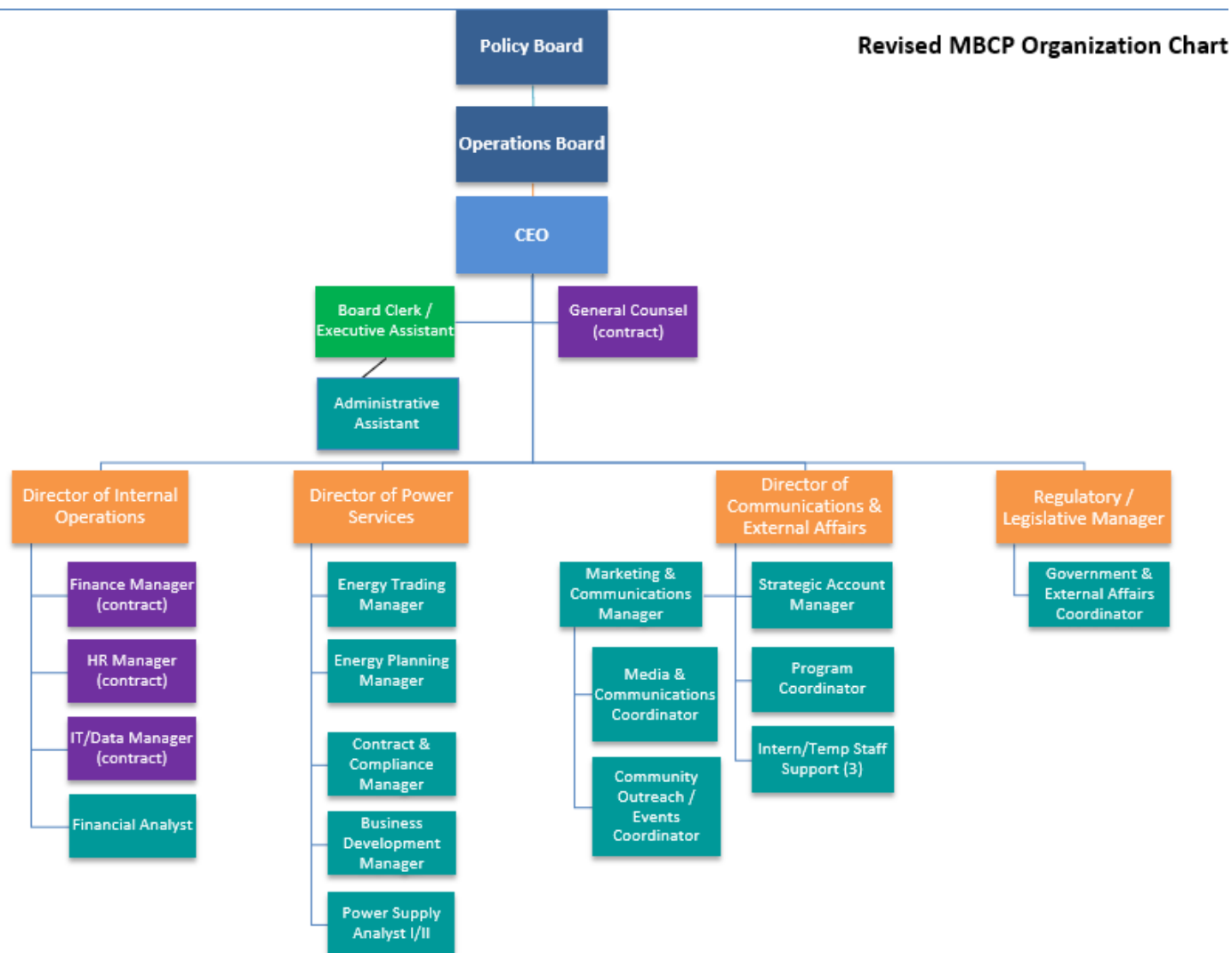
Recommendation: Authorization to Execute the First Amendment to the Credit Agreement, Promissory Notes, and Related Documents with River City Bank

AGENDA ITEM #7: Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule

Recommendation: 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 Director of Internal Operations
2. Addition of a new Power Supply Analyst I/II position under the Director 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

AGENDA ITEM #7: Approve Amendment to MBCP Initial Organization Chart, Hiring and Salary Schedule



AGENDA ITEM #7: 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	

AGENDA ITEM #7: 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

AGENDA ITEM #8: Approve Employment Agreement with CEO Tom Habashi

Recommendation: Approve appointment Tom Habashi as permanent Chief Executive Officer (CEO) of Monterey Bay Community Power (MBCP) and approve the Employment Agreement between MBCP and Tom Habashi as CEO.

AGENDA ITEM #9: CEO Report

- New Employee Introduction
- Enrollment Update
- Long-Term Power Supply Acquisition Update
- PG&E Generation Rates

AGENDA ITEM #9: CEO Report (cont.)

New Employee Introduction

Name	Position	Start Date
Mary Hernandez	Administrative Assistant	January 22, 2018
Jeremy Clark	Energy Trading Manager	March 7, 2018

AGENDA ITEM #9: CEO Report (cont.)

ENROLMENT UPDATE: Notifications:

- Pre-enrollment notifications completed.
- Second notification completed 2/9.
- 40,195 pre-enrollment notifications mailed in total.
- Post-enrollment notifications begin 4/2.

AGENDA ITEM #9: CEO Report (cont.)

OPT-OUTS

Date	# of Customers	Total GWh's	% of Total Non-res Load
1.29.18	15	17.9	<1%
2.12.18	27	22.4	<1%
2.26.18	48	34.1	~1.36%
3.5.18	63	34.6	~1.38%

AGENDA ITEM #9: CEO Report (cont.)

Long-Term Power Supply Acquisition Update

- Staff continues to negotiate long-term arrangement with three renewable energy developers. We now believe that terms addressing credit issues have been satisfied and we are turning our attention to negotiating commercial terms.

AGENDA ITEM #9: CEO Report (cont.)

PG&E Generation Rates

- PG&E announced an increase in generation rates prompting MBCP to adjust its rates to match as directed by the Policy Board during the December 2017 meeting.

AGENDA ITEM #10: Approve Amendment to FY 2017-18 Budget

Recommendation: Staff recommends that the Policy Board approve the amendment to the MBCP FY 2017-18 Operating Budget.

AGENDA ITEM #12: Appoint Board Treasurer/Auditor

Recommendation: Appoint Tiffany Law, MBVCP Director of Internal Operations, as the Board Treasurer/Auditor.

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy

- Operations Board approved item for review by the Policy Board on February 7, 2018
- **Recommendation:** Adopt the Energy Risk Management (ERM) Policy.

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

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.

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

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

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

Risk Management Committee (RMC)

Chaired by the CEO

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

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

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

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

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

AGENDA ITEM #13: Adopt MBCP Energy Risk Manager Policy (continued)

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

AGENDA ITEM #14: Adopt Rate Schedule to Compensate Net Energy Metering (NEM) Customers for Excess Generation

Recommendation: Adopt Rate Schedule to Compensate Net Energy Metering (NEM) Customers for Excess Generation.

MBCP Net Surplus Compensation Rate:

- Paid only to subset of solar customers that are net-exporters of electricity.
- MBCP proposed rate: \$.06135
- PG&E rate: \$.02822 (Feb 2018)
- MBCP rate versus PG&E rate adds an estimated \$290,000 in cost for 2018

MBCP Solar Policy:

- Addition of NSC rate means that all solar customers will be better off financially with MBCP than traditional utility through rebate or higher NSC rate.
- Solar customers keep the benefits of PG&E's NEM policy and disruption from enrollment is minimized.

AGENDA ITEM #15: Community Advisory Council

Staff proposed at the Special Joint meeting of the Policy and Operations Board one Brown-Act compliant Stakeholder Group:

Residential, Small Business Customers

- Programs focused
- Meets twice/month
- Sunsets once outcomes concluded
- Candidates apply. 3 member subcommittee of Policy Board appoints members

AGENDA ITEM #15: Community Advisory Council (CAC)

Staff recommendations at March Policy Board meeting:

1.) The formation of:

- 9 member Council, composed of all customers
- Meets once/month, 1-3 year staggered term
- Scope:
 - Prioritize customer programs
 - Provide input on MBCP strategic direction
 - Perform other oversight functions as requested by Policy Board
 - Community outreach, education, legislative advocacy support
 - Updates at Board meetings
- Candidates apply. 3 member subcommittee of Policy Board nominates members. Policy Board appoints CAC members.

2.) Direct staff to solicit CAC applications

3.) Form a 3 member subcommittee of the Policy Board to nominate CAC applicants.

AGENDA ITEM #15: CAC Composition - All Customers

Pros:

- Comprehensive discussion involving all customers and 3 Counties
- Variety of skills, diverse opinions
- Good Community outreach

Cons:

- Educating group with varied skill set will take time
- Diverse group will take longer to reach consensus

AGENDA ITEM #15: CAC - Size

5-7 Member Group

Pros:

- Inclusive discussions
- Fast consensus building
- Variety of interests
- Ramp up quickly. Potentially minimal industry/agency education necessary.

Cons:

- Will not reflect sector diversity
- Customer outreach limited

8-12 Member Group

Pros:

- Effective discussion
- Representative of 3 counties and sectors
- Outreach good

Cons:

- Difficult to include geography and sector interests without collaborating with Policy Board selection committee

13-19 Member Group

Pros:

- Diverse membership
- Excellent outreach

Cons:

- Difficult to manage
- Expedient decision making difficult
- Difficult to include geography and sector interests without collaborating with Policy Board selection committee

AGENDA ITEM #15: CAC : Sunset after six months or

Ongoing

Sunset after six months

Pros:

- Attendance better – members focused for shorter period of time
- Broader pool of candidates – more interest due to shorter time commitment

Cons:

- Loss of well-educated resource
- Contacts made through outreach could be lost
- Not a good option if scope is broader and does not have defined, time sensitive outcomes

Ongoing

Pros:

- Group develops into a skilled resource to provide advice and assist when needed
- Community outreach strong

Cons:

- Limit candidate pool due to ongoing commitment
- CAC members required to file Statement of Economic Interests with MBCP

AGENDA ITEM #15: CAC- Meeting Frequency

Meet twice per month, 2-3 hours per meeting

Pros:

- Timely decision making
- Encourage members to retain and build on information

Cons:

- Significant member time commitment
- Staff intensive
- Not an option if CAC is ongoing

Meet once per month, 2-3 hours per meeting

Pros:

- Commitment level reasonable
- Meeting frequency still encourages information retention
- Manageable for staff

Cons:

- Less timely resolution of issues

Meet once per quarter, 2-3 hours per meeting

Pros:

- Less demanding commitment level

Cons:

- Information retention more difficult
- Completing CAC objectives will take longer

AGENDA ITEM #15: CAC - Term

1-3 Year Staggered Term

Pros:

- Advisory Council will always have experienced members (except first year)
- Constant turnover allows more community participation
- Perhaps increases number of applicants due to varying commitment requirements

Cons:

- Appointment process every year

2Year Term

Pros:

- Builds industry expertise
- Board could reappoint, providing expertise for following Council
- Appointment process every two years

Cons:

- Unless many reappointments, Board begins with new Council every two years

AGENDA ITEM #15: CAC - Scope

Prioritize customer programs; community outreach, education, legislative advocacy support

Pros:

- Evaluating and prioritizing program needs for 3 counties and all customers is significant, important and time sensitive
- Community outreach, education, and legislative advocacy support is critical to Agency's ongoing success
- Scope encourages CAC to focus on time sensitive, critical issues

Cons:

- Does not meet request of some community members for oversight responsibility

Prioritize customer programs; provide input on MBCP strategic direction; perform oversight functions as requested from the Policy Board; support community outreach, education, legislative advocacy efforts; report out at Board meetings

Pros:

- Addresses requests of some community members
- Additional resource for Board
- Broader scope could encourage better informed outreach

Cons:

- Less timely resolution of issues
- Need for "third Board"?
- Staff support significant

AGENDA ITEM #15: CAC - Member Selection Process

Candidates apply; staff compiles list of interested participants; 3 member subcommittee of the Policy Board nominates candidates; Policy Board appoints members

Pros:

- Representative of all three counties and customers
- Staff sorts applicants by geography, sector representation and skill set; provides additional outreach if necessary.
- Open access to entire community

Cons:

- Requires staff management

Each member of MBCP Policy Board appoints one member to the CAC

Pros:

- Little staff involvement, simple to administer
- Membership representative of geographic representation

Cons:

- No process to ensure sector and community diversity
- Appointees may have limited understanding of role and time commitment
- Does not meet some community members' requests for inclusion

AGENDA ITEM #15: CAC - Nonvoting Board Seat

Pros:

- Addresses inclusion concerns raised by some members of the community
- Provides varied perspective during Board meetings

Cons:

- Redundant.
 - The community has the opportunity to receive information and provide input at Board meetings and, in the near future, at the CAC meetings too.
 - CAC will provide updates at Board meetings, allowing for additional interchange
- Could result in slower decision making/longer Board meetings

AGENDA ITEM #15: CAC: Fiscal Impact, Recommendation

Fiscal Impact: combined staff effort and technical consultant expense may increase annual budget by \$50,000

Recommend formation of:

- 9 member group
- Composed of all customers and three counties
- Meet monthly, 1-3 year staggered term, ongoing
- Scope:
 - Prioritize customer programs
 - Provide input on MBCP strategic direction
 - Perform other oversight functions as requested from Policy Board
 - Support community outreach, education, legislative advocacy activities
 - Provide CAC reports at Board meetings
- Solicit applicant participation through various sources. Members nominated by 3 member subcommittee of the Policy Board. Policy Board appoints CAC members.

Recommend Policy Board to direct staff to solicit CAC application

Recommend formation of a 3 member subcommittee of the Policy Board to nominate CAC applicants.

Thank you!

Next Policy Board Meeting – June 6, 2018