

**REPORT TO THE GUADALUPE CITY COUNCIL  
City Council Agenda of July 9, 2019**



**Prepared by:**  
**Robert Perrault, Interim City Administrator**

**SUBJECT:**                   **Approval to Join Monterey Bay Community Power Authority**

**RECOMMENDATION:**       That the City Council:

1. Introduce an Ordinance for first reading, and continue to the next meeting for second reading and adoption, authorizing the implementation of a community choice aggregation program by participating in Monterey Bay Community Power Authority's community choice aggregation program; and
2. Adopt Resolution No. 2019-35 requesting membership in the Monterey Bay Community Power (MBCP) joint powers authority.

**BACKGROUND:**

Community Choice Energy (CCE), authorized by Assembly Bill 117, is a State law that allows cities, counties, and other authorized entities to aggregate electricity demand within their jurisdictions to purchase and/or generate electricity supplies for residents and businesses within their jurisdiction, while maintaining the existing investor-owned utility provider for billing, physical transmission, and distribution services. CCEs are typically created to provide a higher percentage of renewable or carbon-free electricity, such as wind and solar, at competitive and lower rates than existing investor-owned utilities, while giving consumers local choices. Currently, there are 19 operational CCEs across the State of California serving close to 10 million customers. As of late 2018, there are 12 CCEs operating within PG&E's service territory, and the average customer participation is around 93 percent.

The CCE model is an opt-out program so all eligible PG&E customers are enrolled in the CCE's service upon the stated date in the implementation plan. CCEs are required by law to send out notices 60 days pre-enrollment, 30 days pre-enrollment, 30 days post-enrollment, and 60 days post-enrollment in an effort to inform each customer about the switch in electric service provider. CCEs do engage in a significant amount of community outreach and engagement through advertising, sponsorships, events, presentations, networking, and general marketing efforts in order to educate and inform customers about their options. Customers can opt-out at any time and return back to bundled service with PG&E, the investor-owned utility serving San Luis Obispo and Santa Barbara Counties. PG&E still manages the billing and receives payments, and if there are any electrical issues with electrical service, customers still call and request service from PG&E.

## Monterey Bay Community Power

Monterey Bay Community Power (MBCP) is the first tri-county community choice energy program that began service in early 2018 and serves the counties of Santa Cruz, San Benito, and Monterey, as well as 16 incorporated cities therein. Since MBCP's original implementation the cities of Morro Bay, and San Luis Obispo have joined, and their residents and businesses will begin electric service in January 2020. Most recently the Cities of Grover Beach, Pismo Beach and Paso Robles within San Luis Obispo County have also completed the process to join and pending acceptance by the MBCP Board and completion of enrollment their residents and businesses will begin receiving the benefits in January 2021. The City of Santa Maria and the County of Santa Barbara within the PG&E service area are also considering joining MBCP.

Key components of MBCP are:

1. **Rate Structure:** The basic product provided by MBCP is carbon-free / renewable energy provided at rates that are identical or less than the rates of the incumbent utility on a monthly basis. In FY 2017-2018, customers received a 3 percent rebate off their MBCP electric generation charges, 3 percent in FY 2018-2019, and MBCP expects to increase the rebate to 5 percent in FY 2019-2020. In January of 2020, MBCP will begin applying the customer rebate as a monthly bill discount so customers will save on a monthly basis as opposed to waiting for periodic bill credits. The rebate is strictly associated with the electric generation charges associated with MBCP service.. Customers may choose to opt-up to "MBprime," which supports 100 percent California wind and solar. MBprime is set at 1 cent/kWh above MBCP default rates. Additional rebate options include "MBgreen+" and "MBshare" which allow customers to donate their rebate to local renewable generation projects or to regional non-profits that lower greenhouse gas emissions and support low income rate-payers. For homes and businesses with rooftop solar that generate power in excess of the premises' needs on annual basis, MBCP offers a net-energy metering (NEM) rate that is more than double the standard PG&E rate. Additionally, customers who receive financial assistance through CARE/FERA, Medical Baseline, and LIHEAP do not need to re-apply and will continue to receive their electric discounts.
2. **Billing and Customer Service:** From a customer perspective, all billing and payments to PG&E stay the same. MBCP now assumes the role of electric generation supplier, and replaces the charges and cost of electricity supply from PG&E at a lower cost. Customers will see a new line-item on the front page of their bill for "Monterey Bay Community Power Electric Generation Charges." Most importantly, customers will see a "Generation Credit on the PG&E electric delivery page which credits customers back for the cost of electricity from PG&E. There will be a new page for Monterey Bay Community Power electric generation charges, which are replacement charges, not extra charges. Customers can call Monterey Bay Community Power's call center to discuss all aspects of their bill, as well as learn about upcoming events and programs. Customers may also call PG&E to discuss their bill.
3. **Governance and Representation:** In the original configuration of the organization consisting of 21 jurisdictions, the three counties and three jurisdictions with population of 50,000 or greater,

hold six Board seats. An additional six Board seats are shared by multiple jurisdictions based on geography. Shared seats rotate every two years within the representatives of those shared communities.

With the addition of the Cities in San Luis Obispo and possibly in Santa Barbara County the Board number will likely change. Jurisdictions with less than 50,000 in population will likely share board representation on a rotational basis. In the case of northern Santa Barbara County it is possible the City of Santa Maria and the City of Guadalupe could share a seat. In the event Santa Maria decides not to enroll and the City of Guadalupe completes the process, the City of Guadalupe might share a seat with the new members from south San Luis Obispo County. Guadalupe will have a chance to weigh in on this issue during the enrollment period.

MBCP has a Policy Board that meets quarterly, and is comprised of elected officials; and an Operations Board that meets eight times per year and is comprised of city managers and county administrative officers. MBCP also has a Community Advisory Council. Members of the Community Advisory Council are community members appointed at-large by the Policy Board.

4. **Energy Programs and Local Economic Benefits:** MBCP re-invests 2 percent of revenue into local energy programs focused on transportation electrification, building electrification, and distributed energy resources. MBCP currently offers an electric vehicle incentive program worth \$1.1 million dollars, as well as a \$100,000 solar effort to support low income customers. MBCP evaluates and deploys a suite of energy programs each year with considerable input from business and agricultural stakeholders, community members, and MBCP's three boards. To date, MBCP has rebated over \$4.4 million dollars to customers in calendar year 2018. Specifically, the commercial and agricultural sectors received \$2.4 million and \$800,000, respectively in bill savings. Residential customers received over \$850,000, but that was due to a partial year of service. MBCP estimates over \$13 million in bill savings in CY 2019.
5. **Energy Procurement:** MBCP procures carbon-free energy on the wholesale market through a variety of energy suppliers and contract lengths. MBCP's portfolio mix meets the states renewable portfolio standard with the remaining sources coming from large hydro-electric suppliers. MBCP is committed to building innovative and California renewables. Recently, MBCP teamed with Silicon Valley Clean Energy to sign contracts for California's largest solar-plus storage project, as well as a joint-procurement project from a 200-megawatt wind farm which will come online in 2021 and meet 20 percent of the current electrical demand. MBCP has annual RFPs for carbon free and renewable energy resources to help meet the necessary State mandates, but also to ensure price certainty and stability for the customer base. MBCP's energy procurement is supported by its energy risk management policy.
6. **Financial Health:** Due to good management, efficient staffing, and sound energy procurement, MBCP has been able to pay off initial debt and build reserves of approximately \$57 million as of February 28, 2019. MBCP estimates reaching its reserve target by late 2019 or early 2020 which allows for greater flexibility on rates, programs, as well as the potential of receiving a credit rating. Currently, MBCP financial policy for net revenues is to allocate 70 percent towards reserves and 30 percent for rebates in FY 2018-2019; and once the reserve target is met, 50

percent of net revenues will be put towards energy programs and 50 percent will be put towards rebates. This policy will be subject to board approval and direction once the reserves target is met. MBCP is one of the strongest financial CCEs in California

The benefits of joining a large operational and financially sound community choice energy program are compelling. As mentioned above, MBCP has an existing program with existing governance, staff, vendors and operations, credit and reserves, and has already covered initial startup costs. Joining MBCP provides the lowest cost, lowest risk path forward. Additionally, the size of MBCP allows it to be more resilient to fluctuations in the regulatory and market environments.

Should the City Council choose to join MBCP, the following steps would need to be accomplished:

The City Council would need to adopt a CCE ordinance authorizing the implementation of a community choice aggregation program by participating in Monterey Bay Community Power Authority’s community choice aggregation program, and adopt a resolution joining MBCP and adopting its JPA Agreement.

MBCP is committed to unifying the Central Coast under one community choice energy program. MBCP has expressed a willingness to set up a satellite office within San Luis Obispo County to better serve south Monterey County as well as San Luis Obispo and communities in north Santa Barbara County. MBCP also understands the regional landscape of the Central Coast, which is why MBCP is open to re-branding the agency to a more fitting name which includes Central Coast in it.

Next Steps

The following is an estimate outline of the project schedule through 2021. Enrollment will likely include the amendment of the JPA and an approval of the amendment by the Public Utilities Commission.

Activity	Date
City of Guadalupe conduct a public hearing to pass resolution to join MBCP and conduct first reading of the CCE ordinance	July 9, 2019
Conduct second reading of the CCE ordinance.	July 23, 2019
Submit required documents (resolutions and ordinance) to MBCP	July 31, 2019
MBCP Policy Board Meeting to review the City of Guadalupe as member of the JPA	September 2019
Program Implementation and Operations Preparation	Early 2020 Early 2121
City of Guadalupe customers enrolled in MBCP service	Early 2021

MBCP is encouraging all interested communities to submit the required documentation by July 31<sup>st</sup> in order to effectively update the implementation plan and joint powers authority agreement to file with California Public Utilities Commission by December 2019.

**ENVIRONMENTAL REVIEW**

The establishment of a CCE is exempt from the requirements of the California Environmental Quality

Act ("CEQA") pursuant to the CEQA Guidelines, as it is not a "project" as it has not potential to result in a direct or reasonably foreseeable indirect physical change to the environmental because energy will be transported through existing infrastructure (14 Cal. Code Regs. § 15378(a). Further, establishing a CCE is exempt from CEQA as there is no possibility that this would have a significant effect on the environmental (14 Cal. Code Regs. § 15061(b) (3). Further the establishment of a CCE is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement, or protection of the environmental (14 Cal. Code Regs. §15308).

### **FISCAL IMPACT**

The total cost for the process including the amendment of the JPA and the processing of the amendment through the Public Utilities Commission is expected to cost \$30,000 to \$35,000. These costs would be shared by all cities participating in the current cycle ending with the required document submission date of July 31, 2019. It is estimated participation in this cycle will reduce costs to between \$5,000 and \$7,000 for Guadalupe depending on how many cities complete the enrollment process. Should the Council choose not to participate at this time and then decide at a future date to participate the costs to the City could be significantly increased.

### **ALTERNATIVES:**

The Council has the following alternatives to consider:

1. The Council could introduce the Ordinance for first reading and approve the resolution as recommended;
2. The Council could make changes to the Ordinance and introduce the Ordinance for first reading and revise the resolution and adopt;
3. The Council could take no action at this time; or
4. The Council could provide additional direction

### **Attachments:**

1. Proposed Ordinance No. 2019-479
2. Proposes Resolution No. 2019-35
3. MBCP amended Joint Powers Agreement (will need to be further amended).
4. MBCP Rules and Regulations.
5. Power Point.
6. MBCP "Understanding Your Bill" flyer

**ORDINANCE NO. 2019-479**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING IN MONTEREY BAY COMMUNITY POWER'S COMMUNITY CHOICE AGGREGATION PROGRAM**

**WHEREAS**, the City Council has previously directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code Section 366.2 in order to provide electric service to customers within the City of Santa Maria (City) with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

**WHEREAS**, Monterey Bay Community Power Authority (MBCPA) is an established CCA program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, MBCPA will enter into agreements with electric power suppliers and other service providers and, based upon those agreements, MBCPA will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility ("PG&E"). Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCPA, MBCPA will be able to provide service to customers within the City; and

**WHEREAS**, under Public Utilities Code Section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

**WHEREAS**, on July 9, 2019, the City Council held a public meeting on the manner in which the City will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City through MBCPA; and

**WHEREAS**, this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the Ordinance is exempt from CEQA as there is no possibility that the Ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061 (b)(3)). The Ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

**NOW, THEREFORE**, the City Council of the City of Guadalupe, State of California, does ordain as follows:

**SECTION 1.** The above recitations are true and correct and material to this Ordinance.

**SECTION 2.** Based upon the forgoing, and in order to provide businesses and residents within the City

with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a group in the Community Choice Aggregation Program of MBCPA, as generally described in its Joint Powers Agreement.

**SECTION 3.** The City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

**SECTION 4.** This Ordinance shall be in full force and effect thirty (30) days after its passage. Within fifteen days following its passage, the City Clerk shall cause this Ordinance to be published in a newspaper of general circulation in accordance with State Law; or when deemed necessary due to the length or complexity of the Ordinance, cause a summary of the Ordinance to be prepared and published at least five days prior to the City Council meeting at which the proposed Ordinance is to be adopted. If a summary is published at least five days prior to the City Council meeting at which the proposed Ordinance is to be adopted, then within 15 days after adoption of the Ordinance the City Clerk shall publish a summary of the Ordinance with the names of those City Council Members voting for and against the Ordinance and shall post a certified copy of the full text of such adopted Ordinance along with the names of those City Council Members voting for and against the Ordinance.

**INTRODUCED** at a regular meeting of the City Council held on the 9<sup>th</sup> day of July 2019, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

**ATTEST:**

\_\_\_\_\_  
Joice Earleen Raguz, City Clerk

\_\_\_\_\_  
Ariston Julian, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Philip F. Sinco, City Attorney

**RESOLUTION NO. 2019-35**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA REQUESTING MEMBERSHIP IN THE MONTEREY BAY COMMUNITY POWER JOINT POWERS AUTHORITY (MBCPA) AND AUTHORIZING THE MAYOR OR CITY ADMINISTRATOR TO EXECUTE THE JOINT POWERS AUTHORITY AGREEMENT AS AMENDED WITH MBCPA**

**WHEREAS**, AB 117, adopted as California State law in 2002, permits cities, counties, or Joint Power Authorities comprised of cities and counties to aggregate residential, commercial, industrial, municipal, and institutional electric loads through Community Choice Aggregation (CCA); and

**WHEREAS**, pursuant to Section 366.2 of the Public Utilities Code, two or more entities authorized to be a community choice aggregator may participate as a group in a community choice aggregation program through a joint powers agency established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts the aforementioned ordinance; and

**WHEREAS**, in March 2017, the Monterey Bay Community Power Authority (MBCPA) was established as a joint powers agency pursuant to a joint powers agreement; and

**WHEREAS**, the purpose of MBCPA is to address climate change by providing locally controlled carbon-free electricity at affordable rates; and

**WHEREAS**, the City Council supports the mission of MBCPA and its intent to promote the development and use of a wide range of carbon free and renewable energy sources and energy efficiency programs, including solar and wind energy production at competitive rates for customers; and

**WHEREAS**, in order for the City of Guadalupe (City) to become a member of MBCPA, the MBCPA Joint Powers Agreement (JPA) must be amended to permit the City join as a party; and

**WHEREAS**, MBCPA also has requested the City adopt a resolution requesting membership in MBCPA and authorizing its Mayor or City Administrator to execute the JPA as amended, as well as an ordinance authorizing Community Choice Aggregation (CCA) within its jurisdiction; and

**WHEREAS**, the City wishes to be a community choice aggregator pursuant to the JPA and has introduced the Ordinance required by Public Utilities Code Section 366.2 in order to do so; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of the CCE program and continue to receive service from the incumbent utility.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Guadalupe:



**SECTION 1.** The City Council of the City of Guadalupe requests the Board of Directors of MBCPA approve the City as a member of MBCPA.

**SECTION 2.** The City Administrator is hereby authorized and directed to execute the JPA on behalf of the City after the JPA is amended, which will establish the City's membership in MBCPA.

**SECTION 3.** This Resolution and the subsequent joining of MBCPA is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" since this action involves organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment. (14 Cal. Code Regs. § 15378(b)(5).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). A Notice of Exemption shall be filed as authorized by CEQA and the State CEQA guidelines.

**SECTION 4.** This resolution shall be effective immediately upon passage and adoption.

**PASSED, APPROVED AND ADOPTED** at a regular meeting held on the 9<sup>th</sup> day of July 2019 by the following vote:

**Motion:**

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

I, **Joice Earleen Raguz, City Clerk of the City of Guadalupe** DO HEREBY CERTIFY that the foregoing Resolution, being **Resolution No. 2019-35**, has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the City Council, held July 9, 2019, and that same was approved and adopted.

ATTEST:

\_\_\_\_\_  
Joice Earleen Raguz, City Clerk

\_\_\_\_\_  
Ariston Julian, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Philip F. Sinco, City Attorney

BEFORE THE POLICY BOARD OF  
MONTEREY BAY COMMUNITY POWER AUTHORITY

RESOLUTION NO. 4-2017

On the motion of  
Duly seconded by  
The following resolution is adopted

**RESOLUTION TO ADOPT THE IMPLEMENTATION PLAN AS REQUIRED BY THE PUBLIC UTILITIES  
CODE SECTION 366.2 (c)(3)**

WHEREAS, THE Monterey Bay Community Power Authority ("the Authority") was formed on February 21, 2017 pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy and energy related climate change programs included but not limited to implementing a community choice aggregation program under Public Utilities Code Section 366.2; and

WHEREAS, the members of MBCP include the counties of Monterey, Santa Cruz and San Benito and the cities of Santa Cruz, Watsonville, Salinas, Monterey, Pacific Grove, Carmel, Seaside, Marina, Sand City, Soledad, Greenfield, Gonzales, Hollister, San Juan Bautista, Scotts Valley and Capitola; and

WHEREAS, Public Utilities Code Section 366.2 requires that before commencing a community choice aggregation program, the Authority first must prepare and adopt an Implementation Plan to be filed with the California Public Utilities Commission; and

WHEREAS, the draft MBCP Community Choice Aggregation Implementation Plan and Statement of Intent was presented to the Policy Board at a duly noticed public hearing for its consideration and adoption, and is attached hereto as Exhibit A;

NOW, THEREFORE, after conducting a duly noticed public hearing as required by the Public Utilities Code Section 366.2 (c)(3), the Policy Board hereby adopts the Monterey Bay Community Power Community Choice Aggregation Implementation Plan and Statement of Intent.

PASSED AND ADOPTED by the Policy Board of Monterey Bay Community Power this 16<sup>th</sup> day of August 2017 by the following vote:

AYES: Delgado, McShane, Termini, Coffman-Gomez, Friend, Parker, Velazquez; Chair  
McPherson

NOES: None

ABSENT: Brown, De La Cruz, Haffa, Rubio



Chair, Policy Board of MBCP

**RESOLUTION NO. PB-2018-07**

**A RESOLUTION OF THE POLICY BOARD OF DIRECTORS OF THE MONTEREY BAY COMMUNITY POWER AUTHORITY APPROVING AMENDMENT NO. 1 TO ITS JOINT POWERS AGREEMENT TO ADD THE CITIES OF SAN LUIS OBISPO AND MORRO BAY AS PARTIES**

**WHEREAS**, the Monterey Bay Community Power ("Authority") was formed on February 21, 2017, pursuant to a Joint Powers Agreement to study, promote, develop, conduct, operate, and manage energy programs in Santa Cruz, Monterey and San Benito Counties and neighboring regions; and

**WHEREAS**, the Cities of San Luis Obispo and Morro Bay in San Luis Obispo County by resolution adopted by their City Councils have requested to become parties to the Authority's Joint Exercise of Powers Agreement and participate in the Authority's community choice aggregation program; and

**WHEREAS**, this request by the Cities of San Luis Obispo and Morro Bay requires an amendment to the Joint Exercise of Powers Agreement since the Agreement presently limits participation to cities located in Monterey, Santa Cruz and San Benito Counties; and

**WHEREAS**, Section 7.4 of the Authority's Joint Exercise of Powers Agreement authorizes the Policy Board by a two-thirds vote to amend the Joint Exercise of Powers Agreement after providing notice to all parties to the Agreement of the amendment and its effective date, which notice has been duly given; and

**WHEREAS**, this resolution and the amendment of the Joint Exercise Powers Agreement is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" because it involves organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment. (14 Cal. Code Regs. §15378 (b)(5).) Further the resolution is exempt from CEQA, as there is no possibility that the resolution or its implementation would have a significant effect on the environment (14 Cal. Code Regs §15061 (b)(3).) The resolution is also categorically exempt because it is an action taken by a regulatory agency to assure the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. §15308). The Authority will cause a Notice of Exemption to be filed as authorized by CEQA and the CEQA guidelines.

**WHEREAS**, the Authority wishes to amend the Joint Exercise of Powers Agreement to add the Cities of San Luis Obispo and Morro Bay as parties.

**NOW, THEREFORE**, the Policy Board of Directors of the Monterey Bay Community Power Authority does hereby resolve, determine, and order as follows:

1. The requests by the City of San Luis Obispo and the City of Morro Bay to become

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members of Monterey Bay Community Power are hereby approved subject to the execution of the Joint Exercise of Powers Agreement as amended by these cities.

2. Amendment No. 1 to the Monterey Bay Community Power Joint Exercise of Powers Agreement is hereby approved.
3. This Resolution shall take effect immediately upon adoption.

**PASSED AND ADOPTED** by the Policy Board of the Monterey Bay Community Power Authority this 5<sup>th</sup> day of December 2018 by the following vote:

**AYES:** Brown, Coffman-Gomez, Termini, Parker, Delgado; Muenzer, Freeman; Vice Chair McShane; Chair McPherson

**NOES:** None

**ABSENT:** Haffa, Orozco

**DISQUALIFIED:** None



Chair, Bruce McPherson

**Attest:**



Board Clerk, Bren Lehr

**AMENDMENT NO. 1 TO MONTEREY BAY COMMUNITY POWER AUTHORITY  
JOINT EXERCISE OF POWERS AGREEMENT**

This Amendment No. 1 amends the Monterey Bay Community Power Authority Joint Exercise of Powers Agreement (“Agreement”) as follows:

1. The title to the Agreement is hereby amended to read:

**JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE**

**Monterey Bay Community Power Authority**

**OF**

**Monterey, Santa Cruz, and San Benito Counties and Certain Cities in San Luis Obispo County**

2. The introductory paragraph to the Agreement is hereby amended to read:

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the Parties set forth in Exhibit B, establishes the Monterey Bay Community Power Authority (“Authority”), and is by and among the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement (“Counties”), those cities and towns within the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement and the Cities of San Luis Obispo and Morro Bay who become signatories to this Agreement, and relates to the joint exercise of powers among the signatories hereto.

3. Section 3.1.1 of the Agreement is hereby amended to read:

3.1.1 Both Boards shall consist of Directors representing any of the three Counties of Monterey, Santa Cruz, or San Benito that become a signatory to the Agreement, Directors representing any of the Cities or Towns within those counties that becomes a signatory to the Agreement, and Directors representing the cities of San Luis Obispo and Morro Bay (“Directors”). Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director, and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a

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replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant.

4. Section 3.1.5 of the Agreement is hereby amended to read:

3.1.5 Shared Board seats will be determined through the Mayors and Councilmembers' city selection process in their respective counties, with a term of two years except that the Cities of San Luis Obispo and Morro Bay shall determine the manner in which their shared seats shall be allocated. Directors may be reappointed, following the Mayors and Councilmembers' city selection process in their respective counties, or as determined by the Cities of San Luis Obispo and Morro Bay for their shared seats and serve multiple terms. In the event of an established Board seat transitioning to a shared seat due to the addition of a new party, the sitting Director will automatically be the first representative for that shared seat to ensure continuity and maintain experience.

5. Exhibit B, List of Parties, to the Agreement is hereby amended to add the City of San Luis Obispo and the City of Morro Bay.

6. Exhibit C, Regional Allocation, to the Agreement is hereby amended to add a new subsection xii to read:

xii. One shared seat for the Cities of San Luis Obispo and Morro Bay selected by the agreement of these two cities.

This Amendment No. 1 to the Monterey Bay Community Power Authority Joint Exercise of Powers Agreement was duly adopted by the Policy Board of Directors in accordance with Section 7.4 of this Agreement on December 5, 2018.

**JOINT EXERCISE OF POWERS AGREEMENT RELATING TO AND CREATING THE**

**Monterey Bay Community Power Authority**

**OF**

**Monterey, Santa Cruz, and San Benito Counties and Certain  
Cities in San Luis Obispo County**

This Joint Exercise of Powers Agreement, effective on the date determined by Section 2.1, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Sections 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the Parties set forth in Exhibit B, establishes the Monterey Bay Community Power Authority (“Authority”), and is by and among the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement (“Counties”) those cities and towns within the Counties of Monterey, Santa Cruz, and San Benito who become signatories to this Agreement and the Cities of San Luis Obispo and Morro Bay who become signatories to this Agreement, and relates to the joint exercise of powers among the signatories hereto.

**RECITALS**

- A. The Parties share various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and customers within their jurisdictions.
- B. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB

32 which will require local governments to develop programs to reduce greenhouse gas emissions.

- C. The purposes for entering into this Agreement include:
- a. Reducing greenhouse gas emissions related to the use of power in Monterey, Santa Cruz, and San Benito Counties and neighboring regions;
  - b. Providing electric power and other forms of energy to customers at affordable rates that are competitive with the incumbent utility;
  - c. Carrying out programs to reduce energy consumption;
  - d. Stimulating and sustaining the local economy by lowering electric rates and creating local jobs as a result of MBCP's CCE program; and
  - e. Promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.
- D. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar, wind, and geothermal energy production. The purchase of renewable power and greenhouse gas-free energy sources will be the desired approach to decrease regional greenhouse gas emissions and accelerate the State's transition to clean power resources to the extent feasible.
- a. It is further desired to establish a short-term and long-term energy portfolio that prioritizes the use and development of State, local and regional renewable resources and carbon free resources.
  - b. In compliance with State law and in alignment with the Authority's desire to stimulate the development of local renewable power, the Authority shall draft an Integrated Resource Plan that includes a range of local renewable development potential in the Monterey Bay Region and plans to incorporate



local power into its energy portfolio as quickly as is possible and economically feasible.

- E. The Parties desire to establish a separate public Authority, known as the Monterey Bay Community Power Authority, under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
- F. The Parties anticipate adopting an ordinance electing to implement through the Authority a common Community Choice Aggregation (CCA) program, an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(c) and 366.2. The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

**ARTICLE 1: DEFINITIONS AND EXHIBITS**

- 1.1. Definitions. Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A unless the context requires otherwise.
- 1.2. Documents Included. This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A: Definitions

Exhibit B: List of the Parties

Exhibit C: Regional Allocations

**ARTICLE 2: FORMATION OF MONTEREY BAY COMMUNITY POWER  
AUTHORITY**

2.1. Effective Date and Term. This Agreement shall become effective and “Monterey Bay Community Power Authority” shall exist as a separate public Authority on the date that this Agreement is executed by at least three Initial Participants from the Counties of Monterey, Santa Cruz, and San Benito and the municipalities within those counties, after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 6.4, subject to the rights of the Parties to withdraw from the Authority.

2.2. Formation. There is formed as of the Effective Date a public Authority named the Monterey Bay Community Power Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public Authority separate from the Parties. Pursuant to Sections 6508.1 of the Act, the debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 7.4 of this Agreement, this Section 2.2 may not be amended unless such amendment is approved by the governing board of each Party.

2.3. Purpose. The purpose of this Agreement is to establish an independent public Authority in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy, energy efficiency and conservation, and other energy-related programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties

intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate in the CCA Program, as further described in Section 4.1. The Parties intend that other agreements shall define the terms and conditions associated with the implementation of the CCA Program and any other energy programs approved by the Authority.

2.4. Powers. The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following powers, subject to the voting requirements set forth in Section 3.7 through 3.7.1:

- 2.4.1. to make and enter into contracts;
- 2.4.2. to employ agents and employees, including but not limited to a Chief Executive Officer;
- 2.4.3. to acquire, contract, manage, maintain, and operate any buildings, infrastructure, works, or improvements;
- 2.4.4. to acquire property by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property; however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without approval of the affected Party's governing board;
- 2.4.5. to lease any property;
- 2.4.6. to sue and be sued in its own name;
- 2.4.7. to incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing

powers such as Government Code Sections 53850 et seq. and authority under the Act;

- 2.4.8. to form subsidiary or independent corporations or entities if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
  - 2.4.9. to issue revenue bonds and other forms of indebtedness;
  - 2.4.10. to apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state, or local public agency;
  - 2.4.11. to submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
  - 2.4.12. to adopt Operating Rules and Regulations;
  - 2.4.13. to make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services; and
  - 2.4.14. to permit additional Parties to enter into this Agreement after the Effective Date and to permit another entity authorized to be a community choice aggregator to designate the Authority to act as the community choice aggregator on its behalf.
- 2.5. Limitation on Powers. As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the City of Santa Cruz and any other restrictions on exercising the powers of the authority that may be adopted by the board.

2.6. Compliance with Local Zoning and Building Laws and CEQA. Unless state or federal law provides otherwise, any facilities, buildings or structures located, constructed, or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed and comply with the California Environmental Quality Act (“CEQA”).

**ARTICLE 3: GOVERNANCE AND INTERNAL ORGANIZATION**

3.1. Boards of Directors. The governing bodies of the Authority shall consist of a Policy Board of Directors (“Policy Board”) and an Operations Board of Directors (“Operations Board”).

3.1.1. Both Boards shall consist of Directors representing any of the three Counties of Monterey, Santa Cruz, or San Benito that become a signatory to the Agreement, Directors representing any of the Cities or Towns within those counties that becomes a signatory to the Agreement, and Directors representing the Cities of San Luis Obispo and Morro Bay (“Directors”). Each Director shall serve at the pleasure of the governing board of the Party who appointed such Director and may be removed as Director by such governing board at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director within 90 days of the date that such position becomes vacant.

3.1.2. Policy Board Directors must be elected members of the Board of Supervisors or elected members of the City or Town Council of the municipality that is the signatory to this Agreement. Jurisdictions may appoint an alternate to serve in the absence of its Director on the Policy Board. Alternates for the Policy Board must be members of the Board of

Supervisors or members of the governing board of the municipality that is the signatory to this Agreement.

- 3.1.3. Operations Board Directors must be the senior executive/County Administrative Officer of any County that is the signatory to this Agreement, or senior executive/City Manager from any municipality that is the signatory to this Agreement. Jurisdictions may appoint an alternate to serve in the absence of its Director on the Operations Board. Alternates for the Operations Board must be administrative managers of the County or administrative managers of the governing board of the municipality that is the signatory to this Agreement.
- 3.1.4. Board seats will be allocated under the following formulas. Policy and Operations Board seats for founding JPA members (i.e. those jurisdictions that pass a CCA ordinance by February 28, 2017) will be allocated on a one jurisdiction, one seat basis until such time as the number of member jurisdictions exceeds eleven. Once the JPA reaches more than eleven-member agencies, the Policy and Operations Boards' composition shall shift to a regional allocation based on population size. This allocation shall be one seat for each jurisdiction with a population of 50,000 and above, and shared seats for jurisdictions with populations below 50,000 allocated on a sub-regional basis, as set forth in Exhibit C. Notwithstanding the above, the County of San Benito shall be allotted one seat.
- 3.1.5. Shared board seats will be determined through the Mayors and Councilmembers' city selection process in their respective counties, with a term of two years except that the Cities of San Luis Obispo and Morro Bay shall determine the manner in which their shared seats shall be allocated. Directors may be reappointed, following the Mayors and

Councilmembers' city selection process in their respective counties, or as determined by the Cities of San Luis Obispo and Morro Bay for their shared seats and serve multiple terms. In the event of an established board seat transitioning to a shared seat due to the addition of a new party, the sitting Director will automatically be the first representative for that shared seat to ensure continuity and maintain experience.

3.2. Quorum. A majority of the appointed Directors shall constitute a quorum, except that less than a quorum may adjourn in accordance with law.

3.3. Powers and Functions of the Boards. The Boards shall exercise general governance and oversight over the business and activities of the Authority, consistent with this Agreement and applicable law. The Boards shall provide general policy guidance to the CCA Program.

3.3.1. The Policy Board will provide guidance/approval in the areas of strategic planning and goal setting, passage of Authority budget and customer rates, and large capital expenditures outside the typical power procurement required to provide electrical service.

3.3.2. The Operations Board will provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority.

3.3.3. Policy Board approval shall be required for any of the following actions, including but not limited to:

- (a) The issuance of bonds, major capital expenditures, or any other financing even if program revenues are expected to pay for such financing;

- (b) The appointment or removal of officers described in Section 3.9, subject to Section 3.9.3;
  - (c) The appointment and termination of the Chief Executive Officer;
  - (d) The adoption of the Annual Budget;
  - (e) The adoption of an ordinance;
  - (f) The setting of rates for power sold by the Authority and the setting of charges for any other category of service provided by the Authority;
  - (g) The adoption of the Implementation Plan;
  - (h) The selection of General Counsel, Treasurer and Auditor;
  - (i) The amending of this Joint Exercise of Powers Agreement; and
  - (j) Termination of the CCA Program.
- 3.3.4. Operations Board approval shall be required for the following actions, including but not limited to:
- (a) The approval of Authority contracts and agreements, except as provided by Section 3.4; and
  - (b) Approval of Authority operating policies and other matters necessary to ensure successful program operations.
- 3.3.5. Joint approval of the Policy and Operations Boards shall be required for the initiation or resolution of claims and litigation where the Authority will be the defendant, plaintiff, petitioner, respondent, cross complainant or cross petitioner, or intervenor; provided, however, that the Chief Executive Officer or General Counsel, on behalf of the Authority, may



intervene in, become a party to, or file comments with respect to any proceeding pending at the California Public Utilities Commission, the Federal Energy Regulatory Commission, or any other administrative authority, without approval of the Boards as long as such action is consistent with any adopted Board policies.

3.4. Chief Executive Officer. The Authority shall have a Chief Executive Officer (“CEO”). The Operations Board shall present nomination(s) of qualified candidates to the Policy Board. The Policy Board shall make the selection and appointment of the CEO who will be an employee of the Authority and serve at will and at the pleasure of the Policy Board.

The CEO shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The CEO may exercise all powers of the Authority, including the power to hire, discipline and terminate employees as well as the power to approve any agreement if the total amount payable under the agreement falls within the Authority’s fiscal policies to be set by the Policy Board, except the powers specifically set forth in Section 3.3 or those powers which by law must be exercised by the Board(s) of Directors. The CEO shall report to the Policy Board on matters related to strategic planning and goal setting, passage of Authority budget and customer rates, and large capital expenditures outside the typical power procurement required to provide electrical service. The CEO shall report to the Operations Board on matters related to Authority policy and the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority. It shall be the responsibility of the CEO to keep both Board(s) appropriately informed and engaged in the discussions and actions of each to ensure cooperation and unity within the Authority.

3.5. Commissions, Boards, and Committees. The Boards may establish any advisory committees they deem appropriate to assist in carrying out the CCA Program, other energy programs, and the provisions of this Agreement which shall comply with the

requirements of the Ralph M. Brown Act. The Boards may establish rules, regulations, policies, bylaws or procedures to govern any such commissions, boards, or committees if the Board(s) deem it appropriate to appoint such commissions, boards or committees, and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

3.6. Director Compensation. Directors shall serve without compensation from the Authority. However, Directors may be compensated by their respective appointing authorities. The Boards, however, may adopt by resolution a policy relating to the reimbursement by the Authority of expenses incurred by their respective Directors.

3.7. Voting. Except as provided in Section 3.7.1 below, actions of the Boards shall require the affirmative vote of a majority of Directors present at the meeting.

3.7.1. Special Voting Requirements for Certain Matters.

- (a) Two-Thirds Voting Approval Requirements Relating to Sections 6.2 and 7.4. Action of the Board on the matters set forth in Section 6.2 (involuntary termination of a Party), or Section 7.4 (amendment of this Agreement) shall require the affirmative vote of at least two-thirds of Directors present.
- (b) Seventy-Five Percent Special Voting Requirements for Eminent Domain and Contributions or Pledge of Assets.
  - i. A decision to exercise the power of eminent domain on behalf of the Authority to acquire any property interest other than an easement, right-of-way, or temporary construction easement shall require a vote of at least 75% of all Directors present.
  - ii. The imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program shall require a vote of at least

75% of all Directors and the approval of the governing boards of the Parties who are being asked to make such contribution or pledge.

- iii. For purposes of this section, “imposition on any Party of any obligation to make contributions or pledge assets as a condition of continued participation in the CCA Program” does not include any obligations of a withdrawing or terminated party imposed under Section 6.3.

3.8. Meetings and Special Meetings of the Board. The Policy Board shall hold up to three regular meetings per year, with the option for additional or special meetings as determined by the Chief Executive Officer or Chair of the Policy Board after consultation with the Chief Executive Officer. The Operations Board shall hold at least eight meetings per year, with the option for additional or special meetings. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special and Emergency Meetings of the Boards may be called in accordance with the provisions of California Government Code Sections 54956 and 54956.5. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et seq.).

3.9. Selection of Board Officers.

3.9.1. Policy Board Chair and Vice Chair. The Policy Board shall select, from among themselves, a Chair, who shall be the presiding officer of all Policy Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The Policy Board Chair and Vice Chair shall act as the overall Chair and Vice Chair for Monterey Bay Community Power Authority. The term of office of the Chair and Vice Chair shall continue

for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

- (a) the person serving dies, resigns, is no longer holding a qualifying public office, or the Party that the person represents removes the person as its representative on the Board; or
- (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

3.9.2. Operations Board Chair and Vice Chair. The Operations Board shall select, from among themselves, a Chair, who shall be the presiding officer of all Operations Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if:

- (a) the person serving dies, resigns, or is no longer the senior executive of the Party that the person represents or;
- (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

3.9.3. Secretary. Each Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of each Board and all other official records of the Authority. If the Secretary appointed is an employee of the Authority, that employee may serve as Secretary to both Boards.

3.9.4. The Policy Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a

member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Policy Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 5.

3.10. Administrative Services Provider. The Board(s) may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of an Administrative Services Agreement. The appointed administrative services provider may be one of the Parties. An Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program. The Administrative Services Provider shall be either an employee or a contractor of the Authority unless a member agency is providing the service.

**ARTICLE 4: IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

4.1. Preliminary Implementation of the CCA Program.

4.1.1. Enabling Ordinance. To be eligible to participate in the CCA Program, each Party must adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

4.1.2. Implementation Plan. The Policy Board shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Policy Board in the manner provided by Section 3.7.

4.1.3. Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

4.2. Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board(s) through resolution, including but not limited to the MBCP Implementation Plan and Operating Policies. The Parties agree to abide by and comply with the terms and conditions of all such documents that may be adopted by the Board(s), subject to the Parties' right to withdraw from the Authority as described in Article 6.

**ARTICLE 5: FINANCIAL PROVISIONS**

- 5.1. Fiscal Year. The Authority's fiscal year shall be 12 months commencing April 1 or the date selected by the Authority. The fiscal year may be changed by Policy Board resolution.
- 5.2. Depository.
- 5.2.1. All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.
- 5.2.2. All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board(s) shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 5.2.3. All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board(s) in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board(s).
- 5.3. Budget and Recovery of Costs.
- 5.3.1. Budget. The initial budget shall be approved by the Policy Board. The Board may revise the budget from time-to-time as may be reasonably necessary to address contingencies and unexpected expenses. All

subsequent budgets of the Authority shall be approved by the Policy Board in accordance with the Operating Rules and Regulations.

- 5.3.2. **Funding of Initial Costs.** The County of Santa Cruz has funded certain activities necessary to implement the CCA Program. If the CCA Program becomes operational, these Initial Costs paid by the County of Santa Cruz shall be included in the customer charges for electric services as provided by Section 5.3.3 to the extent permitted by law, and the County of Santa Cruz shall be reimbursed from the payment of such charges by customers of the Authority. Prior to such reimbursement, the County of Santa Cruz shall provide such documentation of costs paid as the Board may request. The Authority may establish a reasonable time-period over which such costs are recovered. In the event, that the CCA Program does not become operational, the County of Santa Cruz shall not be entitled to any reimbursement of the Initial Costs it has paid from the Authority or any Party.
- 5.3.3. **CCA Program Costs.** The Parties desire that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric, conservation, efficiency, incentives, financing, or other services provided under the CCA Program, including but not limited to the establishment and maintenance of various reserves and performance funds and administrative, accounting, legal, consulting, and other similar costs, shall be recovered through charges to CCA customers receiving such electric services, or from revenues from grants or other third-party sources.
- 5.3.4. **Credit Guarantee Requirement.** The Parties acknowledge that there will be a shared responsibility to provide some level of credit support (in the form of a letter of credit, cash collateral or interagency agreement) for



Authority start-up and initial working capital as may be required by a third-party lender. Guarantee requirements shall be released after program launch and as soon as possible under the terms of the third-party credit agreement(s). The credit guarantee will be distributed on a per-seat basis. Shared seat members will divide the credit guarantee among the cities sharing those seats. The term of the credit guarantee shall be the same term as specified in the banking agreement. Once a Party has made a credit guarantee, that guarantee shall remain in place until released, even if that Party withdraws from the Authority.

- 5.3.5. The County of Santa Cruz has agreed to provide initial administrative support on a cost reimbursement basis to the JPA once formed. This includes, but is not limited to, personnel, payroll, legal, risk management.

#### **ARTICLE 6: WITHDRAWAL**

6.1. Withdrawal.

- 6.1.1. **Right to Withdraw.** A Party may withdraw its participation in the CCA Program, effective as of the beginning of the Authority's fiscal year, by giving no less than 6 months advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's governing board.
- 6.1.2. **Right to Withdraw After Amendment.** Notwithstanding Section 6.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement adopted by the Policy Board which the Party's Director voted against provided such notice is given in writing within thirty (30) days following the date of the vote. Withdrawal of a Party shall require an affirmative vote of the Party's governing board and shall not be subject to the six-month advanced notice provided in Section

- 6.1.1. In the event of such withdrawal, the Party shall be subject to the provisions of Section 6.3.
- 6.1.3. **The Right to Withdraw Prior to Program Launch.** After receiving bids from power suppliers, the Authority must provide to the Parties the report from the electrical utility consultant retained by the Authority that compares the total estimated electrical rates that the Authority will be charging to customers as well as the estimated greenhouse gas emissions rate and the amount of estimated renewable energy used with that of the incumbent utility. If the report provides that the Authority is unable to provide total electrical rates, as part of its baseline offering, to the customers that are equal to or lower than the incumbent utility or to provide power in a manner that has a lower greenhouse gas emissions rate or uses more renewable energy than the incumbent utility, a Party may, immediately after an affirmative vote of the Party's governing board, withdraw its membership in the Authority without any financial obligation, except those financial obligations incurred through the Party's share of the credit guarantee described in 5.3.4, as long as the Party provides written notice of its intent to withdraw to the Authority Board no more than fifteen business days after receiving the report. Costs incurred prior to withdrawal will be calculated as a pro-rata share of start-up costs expended to the date of the Party's withdrawal, and it shall be the responsibility of the withdrawing Party to pay its share of said costs if they have a material/adverse impact on remaining Authority members or ratepayers.
- 6.1.4. **Continuing Financial Obligation; Further Assurances.** Except as provided by Section 6.1.3, a Party that withdraws its participation in the CCA Program may be subject to certain continuing financial obligations, as described in Section 6.3. Each withdrawing Party and the Authority shall

execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from participation in the CCA Program.

6.2. Involuntary Termination of a Party. Participation of a Party in the CCA program may be terminated for material non-compliance with provisions of this Agreement or any other agreement relating to the Party's participation in the CCA Program upon a vote of the Policy Board as provided in Section 3.7.1. Prior to any vote to terminate participation with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or other agreement that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its participation in the CCA Program terminated may be subject to certain continuing liabilities, as described in Section 6.3.

6.3. Continuing Financial Obligations: Refund. Except as provided by Section 6.1.3, upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or other financial obligations arising from the Party membership or participation in the CCA Program through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any financial obligations arising after the date of the Party's withdrawal or involuntary termination. Claims, demands, damages, or other financial obligations for which a withdrawing or terminated Party may remain liable include, but are not limited to, losses from the resale of power contracted for by the Authority to serve the Party's load. With respect to such financial obligations, upon notice by a Party that it wishes to

withdraw from the CCA Program, the Authority shall notify the Party of the minimum waiting period under which the Party would have no costs for withdrawal if the Party agrees to stay in the CCA Program for such period. The waiting period will be set to the minimum duration such that there are no costs transferred to remaining ratepayers. If the Party elects to withdraw before the end of the minimum waiting period, the charge for exiting shall be set at a dollar amount that would offset actual costs to the remaining ratepayers and may not include punitive charges that exceed actual costs. In addition, such Party shall also be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority and approved by a vote of the Policy Board, to cover the Party's financial obligations for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any financial obligations shall be returned to the Party. The liability of any Party under this section 6.3 is subject and subordinate to the provisions of Section 2.2, and nothing in this section 6.3 shall reduce, impair, or eliminate any immunity from liability provided by Section 2.2.

6.4. Mutual Termination. This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its participation in the CCA Program, as described in Section 6.1.

6.5. Disposition of Property upon Termination of Authority. Upon termination of this Agreement, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

**ARTICLE 7: MISCELLANEOUS PROVISIONS**

7.1. Dispute Resolution. The Parties and the Authority shall make reasonable efforts to informally settle all disputes arising out of or in connection with this Agreement. Should such informal efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be mediated in accordance with policies and procedures established by the Authority. The costs of any such mediation shall be shared equally among the Parties participating in the mediation.

7.2. Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Sections 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

7.3. Indemnification of Parties. The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify, and hold harmless the Parties and each of their respective Boards of Supervisors or City Councils, officers, agents and employees, from any and all claims, losses, damages, costs, injuries, and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.

7.4. Amendment of this Agreement. This Agreement may not be amended except by a written amendment approved by a vote of Policy Board members as provided in Section 3.7.1. The Authority shall provide written notice to all Parties of proposed amendments to

this Agreement, including the effective date of such amendments, at least 30 days prior to the date upon which the Board votes on such amendments.

7.5. Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 7.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 7.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.

7.6. Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

7.7. Further Assurances. Each Party agrees to execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.

7.8. Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

7.9. Parties to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**Monterey Bay Community Power Authority**

**Of**

**Monterey, Santa Cruz and San Benito Counties and Certain Cities in San Luis  
Obispo County**

**Signature Page**

**CITY OF SAN LUIS OBISPO**

Signature Heidi Harmon

12/5/18

Date

Its Mayor  
Mayor/City Manager

**APPROVED AS TO FORM:**

[Signature]  
Office of the City Attorney



**Monterey Bay Community Power Authority**

**Of**

**Monterey, Santa Cruz and San Benito Counties and Certain Cities in San Luis  
Obispo County**

Signature Page


CITY OF MORRO BAY

Signature  \_\_\_\_\_

12/5/18  
Date

Its Scott Collins, City Manager  
Mayor/City Manager

APPROVED AS TO FORM:

  
Office of the City Attorney

**Exhibit A**

**Definitions**

**“Act”** means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.)

**“Administrative Services Agreement”** means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

**“Agreement”** means this Joint Powers Agreement.

**“Annual Energy Use”** has the meaning given in Section 3.7.1.

**“Authority”** means the Monterey Bay Community Power Authority.

**“Authority Document(s)”** means document(s) duly adopted by one or both Boards by resolution or motion implementing the powers, functions, and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

**“Board”** means the Policy Board of Directors of the Authority and/or the Operations Board of Directors of the Authority unless one or the other is specified in this Agreement.

**“CCA”** or **“Community Choice Aggregation”** means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

**“CCA Program”** means the Authority’s program relating to CCA that is principally described in this Agreement.

**“Director”** means a member of the Policy Board of Directors or Operations Board of Directors representing a Party.

***“Effective Date”*** means the date that this Agreement is executed by at least three Initial Participants from the Counties of Monterey, Santa Cruz, and San Benito and the municipalities within those counties, as further described in Section 2.1.

***“Implementation Plan”*** means the plan generally described in Section 4.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

***“Initial Costs”*** means all costs incurred by the County of Santa Cruz and/or Authority relating to the establishment and initial operation of the Authority, such as the hiring of a Chief Executive Officer and any administrative staff, and any required accounting, administrative, technical, or legal services in support of the Authority’s initial activities or in support of the negotiation, preparation, and approval of one or more Administrative Services Agreements.

***“Initial Participants”*** means those initial founding JPA members whose jurisdictions pass a CCA ordinance, whose Board seats will be allocated on a one jurisdiction, one seat basis (in addition to one seat for San Benito County) until such time as the number of member jurisdictions exceeds eleven, as described in Section 3.1.4.

***“Operating Rules and Regulations”*** means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

***“Operations Board”*** means the board composed of City Managers and CAOs representing their respective jurisdictions as provided in section 3.1.4 who will provide oversight and support to the Chief Executive Officer on matters pertaining to the provision of electrical service to customers in the region, focusing on the routine, day-to-day operations of the Authority, as further set forth in section 3.3.

***“Parties”*** means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.1 or 4.1.1 such that it is considered a member of the Authority.

***“Party”*** means singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.1 or 4.1.1 such that it is considered a member of the Authority.

***“Policy Board”*** means the board composed of elected officials representing their respective jurisdictions as provided in section 3.1.4 who will provide guidance/approval in the areas of strategic planning and goal setting, passage of Authority budget and customer rates, large capital expenditures outside the typical power procurement required to provide electrical service, and such other functions as set forth in section 3.3.

**Exhibit B**

**Monterey Bay Community Power Authority of Monterey, Santa Cruz, and San  
Benito Counties, and Certain Cities in San Luis Obispo County**

**List of Parties**

**County of Santa Cruz**

**City of Santa Cruz**

**City of Watsonville**

**City of Capitola**

**City of Scotts Valley**

**County of Monterey**

**City of Salinas**

**City of Monterey**

**City of Pacific Grove**

**City of Carmel**

**City of Seaside**

**City of Marina**

**Sand City**

**Soledad**

**Greenfield**

**Gonzales**

**County of San Benito**

**City of Hollister**

**City of San Juan Bautista**

**City of Morro Bay**

**City of San Luis Obispo**

**Exhibit C**

**Regional Allocation**

Board seats in the Monterey Bay Community Power Authority will be allocated as follows:

- i. One seat for Santa Cruz County;
- ii. One seat for Monterey County;
- iii. One seat for San Benito County;
- iv. One seat for the City of Santa Cruz;
- v. One seat for the City of Salinas;
- vi. One seat for the City of Watsonville;
- vii. One shared seat for remaining Santa Cruz cities including Capitola and Scotts Valley selected by the City Selection Committee;
- viii. One shared seat for Monterey Peninsula cities including Monterey, Pacific Grove, and Carmel selected by the City Selection Committee;
- ix. One shared seat for Monterey Coastal cities including Marina, Seaside, and Sand City selected by the City Selection Committee;
- x. One shared seat for Salinas Valley cities including Greenfield, Soledad, Gonzales selected by the City Selection Committee;
- xi. One shared seat for San Benito County cities including Hollister and San Juan Bautista selected by the City Selection Committee; and
- xii. One shared seat for the Cities of San Luis Obispo and Morro Bay selected by the agreement of these two cities.

**RESOLUTION NO. 91-18**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
REQUESTING MEMBERSHIP IN THE MONTEREY BAY COMMUNITY  
POWER JOINT POWERS AUTHORITY (MBCPA) AND AUTHORIZING THE  
MAYOR OR CITY MANAGER TO EXECUTE THE JOINT POWERS  
AUTHORITY AGREEMENT AS AMENDED WITH MBCPA**

**WHEREAS**, AB 117, adopted as California state law in 2002, permits cities, counties, or Joint Power Authorities comprised of cities and counties to aggregate residential, commercial, industrial, municipal and institutional electric loads through Community Choice Aggregation (CCA); and

**WHEREAS**, pursuant to Section 366.2 of the Public Utilities Code, two or more entities authorized to be a community choice aggregator may participate as a group in a community choice aggregation program through a joint powers agency established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts the aforementioned ordinance; and

**WHEREAS**, in March 2017, MBCPA was established as a joint powers agency pursuant to a joint powers agreement; and

**WHEREAS**, the purpose of MBCPA is to address climate change by providing locally controlled carbon-free electricity at affordable rates; and

**WHEREAS**, the City Council supports the mission of MBCPA and its intent to promote the development and use of a wide range of carbon free and renewable energy sources and energy efficiency programs, including solar and wind energy production at competitive rates for customers; and

**WHEREAS**, in order for the City of Morro Bay (City) to become a member of MBCPA, the MBCPA Joint Powers Agreement (JPA) must be amended to permit the City join as a party; and

**WHEREAS**, MBCPA also has requested the City adopt a resolution requesting membership in MBCPA and authorizing its Mayor or City Manager to execute the JPA as amended, as well as an ordinance authorizing Community Choice Aggregation (CCA) within its jurisdiction; and

**WHEREAS**, the City wishes to be a community choice aggregator pursuant to the JPA and has introduced the Ordinance required by Public Utilities Code Section 366.2 in order to do so; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of the CCE program and continue to receive service from the incumbent utility.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Morro Bay:

**SECTION 1.** The City Council of requests the Board of Directors of MBCPA approve the City as a member of MBCPA.



**SECTION 2.** The Mayor or City Manager is hereby authorized and directed to execute the JPA on behalf of the City after the JPA is amended, which will establish the City's membership in MBCPA.

**SECTION 3.** This Resolution and the subsequent joining of MBCPA is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" since this action involves organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment. (14 Cal. Code Regs. § 15378(b)(5)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). A Notice of Exemption shall be filed as authorized by CEQA and the State CEQA guidelines.

**SECTION 4.** This resolution shall be effective immediately upon passage and adoption.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 13<sup>th</sup> day of November 2018, by the following vote:

AYES:	Irons, Davis, Headding, Makowetski, McPherson
NOES:	None
ABSENT:	None
ABSTAIN:	None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
LORI M. KUDZMA, Deputy City Clerk

**ORDINANCE NO. 618****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,  
CALIFORNIA, REPEALING THE EXISTING COMMUNITY CHOICE  
AGGREGATION ORDINANCE (ORDINANCE NO. 616) AND AUTHORIZING  
THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION  
PROGRAM BY PARTICIPATING IN MONTEREY BAY COMMUNITY  
POWER'S COMMUNITY CHOICE AGGREGATION PROGRAM**

**WHEREAS**, the City Council has previously directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code section 366.2 in order to provide electric service to customers within the City of Morro Bay (City) with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

**WHEREAS**, the City, in cooperation with the City of San Luis Obispo commissioned a technical study showing a CCA program serving the City and surrounding communities would provide several benefits, including:

- Providing customers a choice of power providers and power supply options;
- Increasing local control and involvement in energy rates and other energy-related matters;
- Providing stable electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within the City and surrounding region;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of a CCA program and local renewable and energy efficiency projects over time; and

**WHEREAS**, on September 18, 2018 the cities of San Luis Obispo and Morro Bay, formed a Joint Powers Authority called Central Coast Community Energy ("CCCE.") to host a CCA program; and

**WHEREAS**, on October 9, 2018, the City adopted Ordinance No. 616, as required by Public Utilities Code section 366.2 authorizing the implementation of a Community Choice Aggregation program through CCCE; and

**WHEREAS**, on October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit; and

**WHEREAS**, Monterey Bay Community Power Authority (MBCPA) is an established CCA program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, MBCPA will enter into agreements with electric power suppliers and other service providers and, based upon those agreements, MBCPA will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility ("PG&E"). Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCPA, MBCPA will be able to provide service to customers within the City; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

**WHEREAS**, on November 13 and November 27, the City Council held public meetings on the manner in which the City will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City through MBCPA; and

**WHEREAS**, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

**NOW, THEREFORE**, the City Council of the City of Morro Bay does ordain as follows:

**SECTION 1.** The above recitations are true and correct and material to this Ordinance.

**SECTION 2.** Based upon the forgoing, the City Council hereby repeals Ordinance No. 616.

**SECTION 3.** Based upon the forgoing, and in order to provide businesses and residents within the City with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a group in the Community Choice Aggregation Program of MBCPA, as generally described in its Joint Powers Agreement.

**SECTION 2.** This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

**INTRODUCED** at a regular meeting the of the City Council of Morro Bay, held on the 13<sup>th</sup> day of November, 2018, by motion of Mayor Irons, seconded by Council Member Davis.

**PASSED AND ADOPTED** on the 27<sup>th</sup> day of November 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson  
NOES: None  
ABSENT: None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
for DANA SWANSON, City Clerk

APPROVED AS TO FORM:

  
JOSEPH W. PANNONE, City Attorney

**RESOLUTION NO. 10960 (2018 SERIES)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, REQUESTING MEMBERSHIP IN THE MONTEREY BAY COMMUNITY POWER (MBCP) JOINT POWERS AUTHORITY AND AUTHORIZING THE MAYOR OR CITY MANAGER TO EXECUTE THE JOINT POWERS AUTHORITY AGREEMENT AS AMENDED WITH MBCP.**

**WHEREAS**, AB 117, adopted as California state law in 2002, permits cities, counties, or Joint Power Authorities comprised of cities and counties to aggregate residential, commercial, industrial, municipal and institutional electric loads through Community Choice Aggregation (CCA); and

**WHEREAS**, pursuant to Section 366.2 two or more entities authorized to be a community choice aggregator may participate as a group in a community choice aggregation program through a joint powers agency established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts the aforementioned ordinance; and

**WHEREAS**, in March 2017, Monterey Bay Community Power Authority (“MBCP”) was established as a joint powers agency pursuant to a Joint Powers Agreement; and

**WHEREAS**, the purpose of MBCP is to address climate change by providing locally controlled carbon-free electricity at affordable rates; and

**WHEREAS**, the City Council supports the mission of MBCP and its intent to promote the development and use of a wide range of carbon free and renewable energy sources and energy efficiency programs, including solar and wind energy production at competitive rates for customers; and

**WHEREAS**, in order for the City of San Luis Obispo to become a member of MBCP, the MBCP Joint Powers Agreement must be amended to permit the City join as a party; and

**WHEREAS**, MBCP also has requested that the City of San Luis Obispo adopt a resolution requesting membership in Monterey Bay Community Power and authorizing its City Manager to execute the JPA Agreement as amended, as well as an ordinance authorizing Community Choice Aggregation (CCA) within its jurisdiction; and

**WHEREAS**, the City of San Luis Obispo wishes to be a community choice aggregator pursuant to the MBCP Joint Powers Agreement and has introduced the Ordinance required by Public Utilities Code Section 366.2 in order to do so; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of the CCE program and continue to receive service from the incumbent utility.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of San Luis Obispo that:

**SECTION 1.** The City Council of San Luis Obispo hereby requests that the Board of Directors of MBCP approve the City of San Luis Obispo as a member of MBCP.

**SECTION 2.** The Mayor and/or City Manager are hereby authorized and directed to execute the Joint Exercise of Powers Agreement on behalf of the City of San Luis Obispo after the Joint Exercise of Powers Agreement is amended, which will establish the City's membership in MBCP.

**SECTION 3.** This resolution and the subsequent joining of Monterey Bay Community Power is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" since this action involves organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment. (14 Cal. Code Regs. § 15378(b)(5)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). A Notice of Exemption shall be filed as authorized by CEQA and the State CEQA guidelines.

**SECTION 4.** This resolution shall be effective immediately upon passage and adoption.


Upon motion of Council Member Pease, seconded by Vice Mayor Christianson, and on the following roll call vote:

AYES: Council Members Gomez, Pease and Rivoire,  
Vice Mayor Christianson and Mayor Harmon  
NOES: None  
ABSENT: None

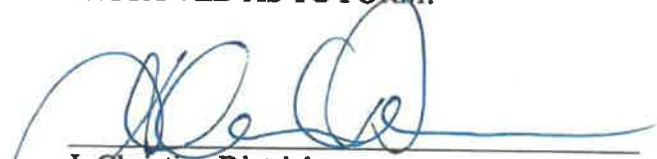
The foregoing resolution was adopted this 13<sup>th</sup> day of November 2018.

  
\_\_\_\_\_  
Mayor Heidi Harmon

ATTEST:


  
\_\_\_\_\_  
Teresa Purrington  
City Clerk

**APPROVED AS TO FORM:**



\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 15<sup>th</sup> day of November, 2018.



\_\_\_\_\_  
Teresa Purrington  
City Clerk

**ORDINANCE NO. 1656 (2018 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, REPEALING THE EXISTING COMMUNITY CHOICE AGGREGATION ORDINANCE AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING IN MONTEREY BAY COMMUNITY POWER'S COMMUNITY CHOICE AGGREGATION PROGRAM**

**WHEREAS**, on December 12, 2017, the City Council directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code Section 366.2 in order to provide electric service to customers within the City of San Luis Obispo with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

**WHEREAS**, the City of San Luis Obispo commissioned a technical study showing that a CCA program serving the City and surrounding communities would provide several benefits, including:

- Providing customers a choice of power providers and power supply options;
- Increasing local control and involvement in energy rates and other energy-related matters;
- Providing stable electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within the City and surrounding region;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of a CCA program and local renewable and energy efficiency projects over time; and

**WHEREAS**, on September 18, 2018 the Cities of San Luis Obispo and Morro Bay, formed a Joint Powers Authority called Central Coast Community Energy ("CCCE.") to host a CCA program; and

**WHEREAS**, on October 2, 2018 the City of San Luis Obispo adopted Ordinance No. 1654 (2018 Series) as required by Public Utilities Code section 366.2 authorizing the implementation of a Community Choice Aggregation program through CCCE; and

**WHEREAS**, on October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit; and

**WHEREAS**, Monterey Bay Community Power (MBCP) is an established CCA program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, MBCP will enter into Agreements with electric power suppliers and other service providers, and based upon those Agreements MBCP will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility (“PG&E”). Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCP, MBCP will be able to provide service to customers within the City of San Luis Obispo; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

**WHEREAS**, on November 13 and November 27, the City Council held public hearings on the manner in which San Luis Obispo will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City of San Luis Obispo through MBCP; and

**WHEREAS**, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a “project” as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1.** The above recitations are true and correct and material to this Ordinance.

**SECTION 2.** Repeal of Ordinance No. 1654 (2018 Series). Based upon the forgoing, the City Council hereby repeals Ordinance No. 1654 (2018 Series)

**SECTION 3.** Authorization to Implement a Community Choice Aggregation Program. Based upon the forgoing, and in order to provide businesses and residents within the City of San Luis Obispo with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a group in the Community Choice Aggregation Program of Monterey Bay Community Power, as generally described in its Joint Powers Agreement.



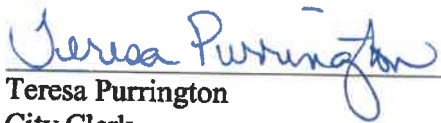
**SECTION 4.** This Ordinance shall be in full force and effective 30 days after its adoption and shall be published and posted as required by law.

**INTRODUCED** on the 13<sup>th</sup> day of November, 2018, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the 27<sup>th</sup> day of November, 2018, on the following vote:

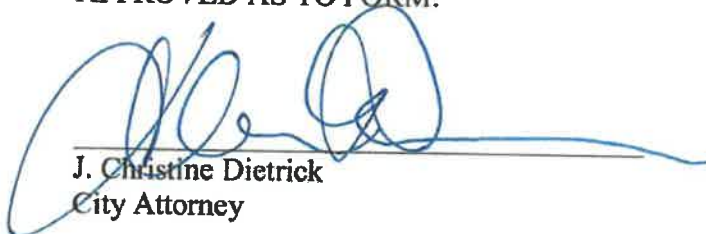
**AYES:** Council Members Gomez, Pease and Rivoire,  
Vice Mayor Christianson and Mayor Harmon  
**NOES:** None  
**ABSENT:** None

  
\_\_\_\_\_  
Mayor Heidi Harmon

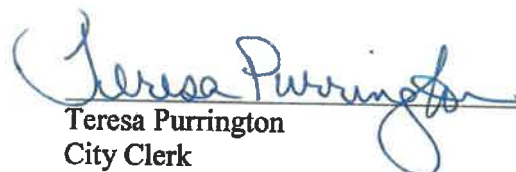
**ATTEST:**

  
\_\_\_\_\_  
Teresa Purrington  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 28<sup>th</sup> day of November, 2018.

  
\_\_\_\_\_  
Teresa Purrington  
City Clerk

**ORDINANCE NO. 618****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, REPEALING THE EXISTING COMMUNITY CHOICE AGGREGATION ORDINANCE (ORDINANCE NO. 616) AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING IN MONTEREY BAY COMMUNITY POWER'S COMMUNITY CHOICE AGGREGATION PROGRAM**

**WHEREAS**, the City Council has previously directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code section 366.2 in order to provide electric service to customers within the City of Morro Bay (City) with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

**WHEREAS**, the City, in cooperation with the City of San Luis Obispo commissioned a technical study showing a CCA program serving the City and surrounding communities would provide several benefits, including:

- Providing customers a choice of power providers and power supply options;
- Increasing local control and involvement in energy rates and other energy-related matters;
- Providing stable electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within the City and surrounding region;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of a CCA program and local renewable and energy efficiency projects over time; and

**WHEREAS**, on September 18, 2018 the cities of San Luis Obispo and Morro Bay, formed a Joint Powers Authority called Central Coast Community Energy ("CCCE.") to host a CCA program; and

**WHEREAS**, on October 9, 2018, the City adopted Ordinance No. 616, as required by Public Utilities Code section 366.2 authorizing the implementation of a Community Choice Aggregation program through CCCE; and

**WHEREAS**, on October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit; and

**WHEREAS**, Monterey Bay Community Power Authority (MBCPA) is an established CCA program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, MBCPA will enter into agreements with electric power suppliers and other service providers and, based upon those agreements, MBCPA will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility ("PG&E"). Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCPA, MBCPA will be able to provide service to customers within the City; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

**WHEREAS**, on November 13 and November 27, the City Council held public meetings on the manner in which the City will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City through MBCPA; and

**WHEREAS**, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a "project" as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

**NOW, THEREFORE**, the City Council of the City of Morro Bay does ordain as follows:

**SECTION 1.** The above recitations are true and correct and material to this Ordinance.

**SECTION 2.** Based upon the forgoing, the City Council hereby repeals Ordinance No. 616.

**SECTION 3.** Based upon the forgoing, and in order to provide businesses and residents within the City with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a group in the Community Choice Aggregation Program of MBCPA, as generally described in its Joint Powers Agreement.

**SECTION 2.** This Ordinance shall take effect 30 days after its adoption. The City Clerk, or her duly appointed deputy, shall attest to the adoption of this Ordinance and shall cause this Ordinance to be published and posted in the manner required by law.

**INTRODUCED** at a regular meeting the of the City Council of Morro Bay, held on the 13<sup>th</sup> day of November, 2018, by motion of Mayor Irons, seconded by Council Member Davis.

**PASSED AND ADOPTED** on the 27<sup>th</sup> day of November 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson  
NOES: None  
ABSENT: None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
for DANA SWANSON, City Clerk

APPROVED AS TO FORM:

  
JOSEPH W. PANNONE, City Attorney

**ORDINANCE NO. 1656 (2018 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, REPEALING THE EXISTING COMMUNITY CHOICE AGGREGATION ORDINANCE AND AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM BY PARTICIPATING IN MONTEREY BAY COMMUNITY POWER'S COMMUNITY CHOICE AGGREGATION PROGRAM**

**WHEREAS**, on December 12, 2017, the City Council directed staff to investigate the feasibility and formation of a Community Choice Aggregation (CCA) program under the provisions of the Public Utilities Code Section 366.2 in order to provide electric service to customers within the City of San Luis Obispo with the intent of achieving reduced greenhouse gas emissions, local renewable power development, competitive electric rates, and the implementation of energy conservation and other energy programs; and

**WHEREAS**, the City of San Luis Obispo commissioned a technical study showing that a CCA program serving the City and surrounding communities would provide several benefits, including:

- Providing customers a choice of power providers and power supply options;
- Increasing local control and involvement in energy rates and other energy-related matters;
- Providing stable electric rates that are competitive with those provided by the incumbent utility;
- Reducing greenhouse gas emissions arising from electricity use within the City and surrounding region;
- Increasing local renewable generation capacity;
- Increasing energy conservation and efficiency projects and programs;
- Increasing regional energy self-sufficiency;
- Improving the local economy resulting from the implementation of a CCA program and local renewable and energy efficiency projects over time; and

**WHEREAS**, on September 18, 2018 the Cities of San Luis Obispo and Morro Bay, formed a Joint Powers Authority called Central Coast Community Energy ("CCCE.") to host a CCA program; and

**WHEREAS**, on October 2, 2018 the City of San Luis Obispo adopted Ordinance No. 1654 (2018 Series) as required by Public Utilities Code section 366.2 authorizing the implementation of a Community Choice Aggregation program through CCCE; and

**WHEREAS**, on October 11, 2018 the California Public Utilities Commission amended the Power Charge Indifference Adjustment, which negatively impacted CCCE's ability to develop a program with the desired financial and environmental benefit; and

**WHEREAS**, Monterey Bay Community Power (MBCP) is an established CCA program capable of providing the desired financial and environmental benefits, and

**WHEREAS**, MBCP will enter into Agreements with electric power suppliers and other service providers, and based upon those Agreements MBCP will be able to provide power to residents and businesses at rates that are competitive with those of the incumbent utility (“PG&E”). Once the California Public Utilities Commission certifies the amended Implementation Plan adopted by MBCP, MBCP will be able to provide service to customers within the City of San Luis Obispo; and

**WHEREAS**, under Public Utilities Code section 366.2, customers have the right to opt-out of a CCA program and continue to receive service from the incumbent utility. Customers who wish to receive service from the incumbent utility will be able to do so; and

**WHEREAS**, on November 13 and November 27, the City Council held public hearings on the manner in which San Luis Obispo will participate in a CCA program at which time interested persons had an opportunity to testify either in support of or opposition to the implementation of a CCA program serving the City of San Luis Obispo through MBCP; and

**WHEREAS**, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, as it is not a “project” as it has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a)). Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant effect on the environment. (14 Cal. Code Regs. § 15061(b)(3)). The ordinance is also categorically exempt because it is an action taken by a regulatory agency to assume the maintenance, restoration, enhancement or protection of the environment. (14 Cal. Code Regs. § 15308).

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1.** The above recitations are true and correct and material to this Ordinance.

**SECTION 2.** Repeal of Ordinance No. 1654 (2018 Series). Based upon the forgoing, the City Council hereby repeals Ordinance No. 1654 (2018 Series)

**SECTION 3.** Authorization to Implement a Community Choice Aggregation Program. Based upon the forgoing, and in order to provide businesses and residents within the City of San Luis Obispo with a choice of power providers and with the benefits described above, the City Council hereby elects to implement a community choice aggregation program within the jurisdiction of the City by participating as a group in the Community Choice Aggregation Program of Monterey Bay Community Power, as generally described in its Joint Powers Agreement.


**SECTION 4.** This Ordinance shall be in full force and effective 30 days after its adoption and shall be published and posted as required by law.

**INTRODUCED** on the 13<sup>th</sup> day of November, 2018, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the 27<sup>th</sup> day of November, 2018, on the following vote:

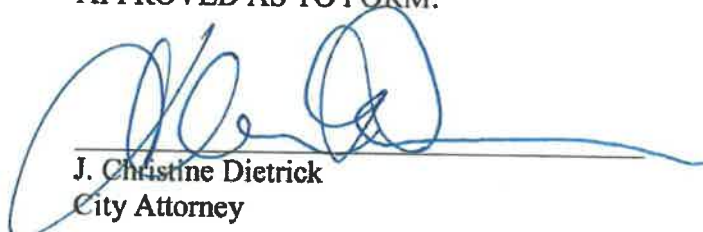
**AYES:** Council Members Gomez, Pease and Rivoire,  
Vice Mayor Christianson and Mayor Harmon  
**NOES:** None  
**ABSENT:** None

  
\_\_\_\_\_  
Mayor Heidi Harmon

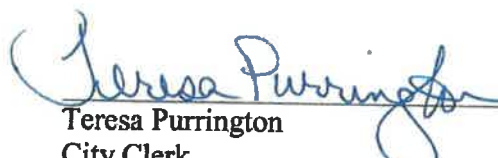
**ATTEST:**

  
\_\_\_\_\_  
Teresa Purrington  
City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, this 28<sup>th</sup> day of November, 2018.

  
\_\_\_\_\_  
Teresa Purrington  
City Clerk

# MONTEREY BAY COMMUNITY POWER AUTHORITY OPERATING RULES AND REGULATIONS

## ARTICLE I FORMATION

Monterey Bay Community Power Authority (the "Authority") was established on February 21, 2017 pursuant to the execution of the Joint Exercise of Powers Agreement (the "JPA") by the Counties of Monterey, Santa Cruz, and San Benito, and those cities and towns within the Counties of Monterey, Santa Cruz, and San Benito who become signatories to the JPA. The Initial Participants in the Authority who executed the JPA within 180 days of the establishment of the Authority are, as follows: County of Santa Cruz, County of Monterey, County of San Benito, and the Cities of Santa Cruz, Marina, Sand City, Seaside, Carmel, Monterey, Pacific Grove, Greenfield, Gonzales, Soledad, Hollister, San Juan Bautista, Capitola, Watsonville, Salinas and Scotts Valley. The Initial Participants and all subsequent members of the Authority are referred to as Party or Parties in these Operating Rules and Regulations ("Rules"). As defined by the JPA, these Rules consist of rules, regulations, policies, bylaws and procedures governing the operation of the Authority. The definition of terms used in these Rules shall be the same as contained in the JPA, unless otherwise expressly provided herein. If any provision of these Rules conflicts with the JPA, the JPA shall govern.

## ARTICLE II PURPOSES

The Parties entered into the JPA for the purposes of reducing greenhouse gases, providing electric power and other forms of energy to customers at affordable rates, carrying out programs to reduce energy consumption, stimulating and sustaining the local economy by lowering electric rates and creating local jobs and promoting long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources. Pursuant to the JPA, the Authority was formed to study, promote, develop, conduct, operate, and manage energy programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. These programs include but are not limited to the establishment of a Community Choice Aggregation ("CCA") Program, which is an electric service enterprise available to cities and counties pursuant to California Public Utilities Code Sections 331.1(c) and 366.2, in accordance with the terms of the JPA.

## ARTICLE III OFFICES

Section 1. Principal Office. The principal office for the transaction of the business of the Authority shall be located at 70 Garden Court Suite 300 Monterey, CA 93940 or at such other future location that may be selected by the Chief Executive Officer ("CEO") within the area where the Authority is qualified to do business subject to the approval of the Policy Board of Directors ("Policy Board") of the Authority.

Section 2. Other Offices and Notice. The CEO may also establish one (1) or more subordinate offices at any place or places within the area where the Authority is qualified to do business subject to the approval of the Policy Board. Written notification shall be given within seven (7) days by the Secretary of the Authority to each Party of any change in the location of the principal office or any subordinate office.

## ARTICLE IV BOARD OF DIRECTORS

Section 1. Powers of Directors. Subject to the powers and limitations as provided by law, the JPA, or these Rules, all powers of the Authority shall be exercised, its property controlled and its affairs conducted by two governing bodies consisting of a Policy Board and an Operations Board of Directors of the Authority (individually referred to herein as a "Board," and collectively, the "Boards") as is further specified in the JPA.

Section 2. Board Authority. For the purpose of governing the Authority, and consistent with Article 3 of the JPA, the Policy Board shall have the authority to make all high-level decisions of the Authority and the Operations Board shall be empowered to manage the details of implementing all of those high-level decisions. The hierarchical organization chart of the Authority's organizational structure including its lines of authority begins with the Policy Board at the top layer of governance and the Operations Board at the next level of governance. The Policy Board shall have the full authority to determine the scope, manner and means of all governing functions of the Authority, including but not limited to, the manner in which the Operations Board holds its meetings and performs its duties. The Policy Board shall govern the scope of the Authority's activities and actions described in Sections 3.3.1 and 3.3.3 of the JPA and in all other sections of the JPA that require Policy Board approval. The Operations Board shall govern, subject to the Policy Board's direction, the scope of the Authority's activities and actions described in Sections 3.3.2 and 3.3.4 of the JPA. The Operations Board shall perform its duties according to the parameters set forth by the Policy Board. Joint approval of the Boards shall be required solely for the scope of activities and actions that require joint approval in Section 3.3.5 of the JPA, which relates to litigation related matters of the Authority. The Policy Board shall be empowered to modify any action taken by the Operations Board in the furtherance of the Policy Board's oversight and decision-making role as the top level of governance of the Authority. The Boards shall be entitled to rely upon the opinion of the Authority's General Counsel to determine whether their actions comply with the guidelines, rules and intent of the JPA and these Rules.

Section 3. Board Liaisons and Coordination. Each Board shall designate a representative ("Board Liaison") to attend the other Board's meetings to clarify any recommendations and decisions already executed by the other Board. Each Board Liaison shall present a report on its Board's most recent prior activities to the other Board as a regular standing agenda item. In all matters, the Board Liaisons, Chairs, CEO and General Counsel shall ensure the Boards are well-aligned around their respective roles and responsibilities.

Section 4. Appointments. The governing body of each Party shall appoint and designate in writing to the Authority one regular Director for the Policy Board and one regular Director for the Operations Board who shall be authorized to act for and on behalf of the Party on all matters within the power of the Authority. The governing body of each Party also shall appoint and designate in writing to the Authority one alternate Director for the Policy Board and one alternate Director for the Operations Board who may vote on all matters when the regular Director is absent for its applicable Board meeting. The Authority shall be listed by each governing body in its Rules of Procedure for appointing regular and alternate members of local agencies, and such rules shall comply with the requirements of the JPA. All regular Directors and alternate Directors of the Boards shall be appointed according to the formula required by Article 3 of the JPA. The Parties shall notify the Secretary of the Authority, in writing, of all such appointments within thirty days thereof. On an annual basis in March, the governing body of each Party shall, in writing, confirm the appointment of their Director and alternate Director.

Section 5. Terms. Under Section 3.1.4 of the JPA, the Policy and Operations Boards' seats include one each for the three member Counties, with the remaining seats based on a regional allocation by each Party's population size so long as the JPA maintains more than eleven member agencies. Subject to this membership threshold minimum, each Party with a population of 50,000 and above shall be allocated one seat with no term limits. Each Party with a population below 50,000, shall be allocated a shared board



seat on a sub-regional basis, as set forth in Exhibit C of the JPA, as determined through the Mayors and Councilmembers' city selection process in their respective counties. Directors in shared Board seats shall serve two-year terms of office, but may be reappointed by their appointing Party and serve multiple terms. When a shared Board seat is vacant on the Board due to an expired term, the termed out Board member can continue to serve until a new appointment is made.

Section 6. Resignation. Any Director may resign at any time by giving written notice of such resignation to the Secretary of the Authority. Such resignation shall be effective at the time specified, and acceptance of such resignation shall not be necessary to make it effective.

Section 7. Removal. Under Section 3.1.1 of the JPA, each Director shall serve at the pleasure of the governing body of their Party, and may be removed or replaced, with or without cause, by the respective governing body of the Party at any time.

Section 8. Withdrawal/Expulsion. Directors who represent Parties which withdraw or are expelled as Parties to the JPA shall be removed as members of the Board and all committees.

Section 9. Removal of Board Members for Cause. A Director may be removed by their respective Board for cause. Cause shall be defined for the purposes of this section as follows:

- a. For the Operations Board, absence from three Board meetings in any year or two consecutive Board meetings.
- b. For the Policy Board, absence from two Board meetings in any year.
- c. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of customer confidential information in violation of the Authority's Customer Confidential Information Policy or information or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

Written notice shall be provided to the Director proposed for removal and the governing body that appointed such Director at least thirty days prior to the meeting at which the proposed removal will be considered by the Board. The notice shall state the grounds for removal, a brief summary of the supporting facts, and the date of the scheduled hearing on the removal. The Director proposed for removal shall be given an opportunity to be heard at the removal hearing and to submit any supporting oral or written evidence. A Director shall not be removed for cause from the Board unless two-thirds of all Directors of their respective Board (excluding the Director subject to removal) vote in favor of the removal.

Section 10. Vacancies and Process for Non-Compliance. If at any time a vacancy occurs on the Board, for whatever reason, the respective Party shall appoint a replacement to fill the position of the previous Director within ninety (90) days of the date that such position becomes vacant. In the event a Party fails to seat a Director as required by the JPA and these Rules, the Authority shall notify the representative for the Party. If the Party continues to be in non-compliance for more than thirty (30) days after this notification, then if the vacancy is for a shared seat, the Authority shall notify the City Selection Committee for the shared seat as allocated in Exhibit C of the JPA and the City Selection Committee shall appoint a new Director and alternate Director to serve on the Board. If the Party continues to be in non-compliance for more than thirty (30) days after the notification, and the vacancy is for a non-shared seat, the Authority shall notify the governing body of the Party at the governing body's next regular or special meeting, and such governing body shall fix the non-compliance by its subsequent meeting.

## ARTICLE V

## AUTHORITY PARTICIPATION

Section 1. Addition of Parties. Under Section 2.4.14 of the JPA, the Authority is authorized to permit additional Parties to join the JPA after the Effective Date. Approval of the Policy Board shall be required prior to accepting a new Party to the JPA. Subject to a two-thirds vote of the Policy Board, as required by Sections 3.7.1 and 7.4 of the JPA to amend the JPA, including the requirement to provide prior notice to all Parties before such vote occurs, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption, by an affirmative vote of the Policy Board of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(10) and execution of the JPA and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership dues, if any, and (e) satisfaction of any conditions established by the Policy Board.

Section 2. Board Seats. New Board seats for an additional Party or Parties shall be allocated as set forth in Section 3.1.4 of the JPA.

## ARTICLE VI DUTIES OF OFFICERS AND TERMS OF OFFICE

Section 1. Chair. The duties of each Board Chair shall be to preside over its Board's meetings, sign all resolutions, contracts and correspondence adopted or authorized by the Board that they represent, act as a liaison between the Board and the CEO to help ensure the Board's directives and resolutions are carried out, lead the Board to carry out its governance functions and ensure the Board has approved policies to help ensure sound and compliant governance and management of the Authority.

Section 2. Vice-Chair. The duties of each Board Vice-Chair shall be to perform the duties of Chair in the absence of such officer.

Section 3. Terms. Under Section 3.9 of the JPA, the Chair and Vice-Chair shall serve one year term, but there shall be no limit on the number of terms held by either the Chair or Vice-Chair.

Section 4. Initial Terms of Office. Notwithstanding the one-year term generally established for the Chair and Vice-Chair above, the terms of the initial Chair and Vice-Chair elected by the Boards shall not expire until the annual meeting of each Board pursuant to Sections 2 and 3 of Article VIII of these Rules, respectively.

Section 5. Treasurer. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all the duties and responsibilities specified in Cal. Gov. Code Section 6505.5 governing Joint Powers Authorities. The Policy Board may require the Treasurer and/or Auditor to file with the Authority an official bond in an amount to be fixed by the Policy Board, and if so requested, the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Policy Board and shall comply with the requirements of treasurers of incorporated municipalities. The positions of Treasurer and Auditor may be combined into one position known as the Treasurer/Auditor of the Authority. Neither the Treasurer nor the Auditor needs to be a Director. There shall be no term limits for the Treasurer or Auditor. The Policy

Board may transfer the responsibilities of the Treasurer and Auditor to any person or entity permitted by law.

Section 6. Secretary. Each Board shall have a Secretary who will be responsible for keeping the minutes of all meetings of its Board and all other official records of the Authority. The Secretary does not need to be a Director. If the Secretary appointed is an employee of the Authority, that employee may serve as Secretary of both Boards. There shall be no term limits for the Secretary. As used herein, the term "Secretary" shall be synonymous with the term "Board Clerk."

Section 7. Removal. An officer of the Board shall be subject to removal with or without cause at any time by a majority vote of the entire Board that he or she represents or, in the case of the Operations Board, by a majority vote of the Policy Board.

Section 8. Ethics Training Legal Compliance. Pursuant to Cal. Gov. Code Section 53235, all Board members that desire to seek reimbursement for Authority related travels expenses in accordance with the Authority's reimbursement policy shall complete at least two hours of training in general ethics principles and ethics laws ("AB 1234 ethics training") relevant to his or her public service every two years. Board members may satisfy this requirement by completing the Fair Political Practices Commission ("FPPC") online 1234 Local Ethics Training program and submitting the Certification of Completion to the Board Clerk.

Section 9. Statements of Economic Interest. Each Director shall comply with the Authority's Conflict of Interest Code, fully respond to all requests from Authority staff in regard to conflict of interest issues that may arise and timely submit all applicable forms, including Statements of Economic Interest (Form 700), Assuming, Annual, and Leaving Office Statements with the Board Clerk. The Board Clerk shall make and retain copies of these forms in compliance with applicable law and the Authority's Conflict of Interest Code.

## **ARTICLE VII COMMITTEES**

Section 1. Committees. Committees shall be standing or special (ad hoc) and may be appointed by either a majority vote of either Board or the Board's Chair ("appointing committee"). Each committee shall exercise such power and carry out such functions as are delegated to it at the time of appointment. Except as otherwise provided by the JPA, these Rules, or the appointing committee, such committees shall be advisory only and are subject to the control and direction of the appointing committee. Except as may otherwise be provided for in the JPA or these Rules, any expenditure of funds by a committee shall require prior approval from the appointing committee. All committees shall meet on an "as needed" basis, either in person or by teleconference, and shall report the outcome of such meetings during the next regular meeting of the Board.

Section 2. Community Advisory Council. The Community Advisory Council ("CAC") shall be a standing committee comprised of eleven members, representing customers and stakeholders from within the area where the Authority is qualified to do business, formed to advise the Policy Board and Operations Board. The term of service of each CAC member will be three years and CAC members can serve only two terms; regardless of the foregoing, the initial terms of the CAC members shall vary from one to three years based on a random selection process in order to allow for staggered appointments. On an ongoing basis, the Authority's staff shall accept and solicit nominations from citizens that reside or work within the Authority's territory to become a member of the CAC. A list of all CAC member applicants by geography, skills and association, along with copies of all completed applications, shall be provided to an ad hoc subcommittee of the Policy Board comprised of the Policy Board's members that

represent each county of the JPA. At the Policy Board's annual meeting in March of each year, the CAC members shall be selected by a majority of the persons entitled to vote at a meeting at which a quorum is present of the Policy Board. The CAC Chair, or designee, will be the liaison between the Policy Board, Operations Board and the CAC and to the extent requested by each Board subject to the limits of the JPA and applicable law. The CAC shall undertake the oversight of tasks specific to the Authority as directed by the Boards and the CAC's by-laws. The scope and by-laws of the CAC shall be drafted by the seated CAC members. Prior to becoming effective, the scope and by-laws of the CAC, including any amendments thereto, must be approved by a majority of the persons entitled to vote at a meeting at which a quorum is present by both Boards during their respective meetings.

Section 3. Audit and Finance Committee. The Boards' Audit and Finance Committee ("AF Committee") shall be a permanent standing committee. The AF Committee shall consist of up to five voting members made up of Directors from the Boards. All members of the AF Committee shall be: (1) generally knowledgeable about governmental accounting and finance issues and (2) selected by the Chair of the Policy Board. The purpose of the AF Committee is primarily to provide financial oversight for the Authority. The AF Committee shall meet quarterly, and as needed. AF Committee members shall serve two, three-year terms. The AF Committee shall have the following duties:

- a. Advise and work with the Authority's staff on budgeting, audits, financial planning/reporting, internal controls, accountability policies and investments.
- b. Review the proposed annual budget of the Authority prior to presentation to the Policy Board.
- c. Provide oversight of the preparation of the annual audit of the Authority's financial statements and review the completed audit reports for clarity, soundness and potential issues prior to the Policy Board's review.
- d. Recommend policies and procedures on financial matters to the Policy Board.
- e. Be available to review the proposed budget or any financial transactions that might require an in-depth review prior to the Policy Board's approval.
- f. Perform other duties as assigned by the Policy Board.
- g. Delegate any of these duties and responsibilities as it deems appropriate.

## ARTICLE VIII MEETINGS

Section 1. Regular Meetings. Regular meetings of the Boards shall be held at such day, time, and place as the Boards may determine subject to any general directives set by the Policy Board.

Section 2. Annual Meetings of Policy Board. The Policy Board shall hold an annual organizational meeting in May of each year beginning in 2019. The meeting will qualify as a "regular" meeting pursuant to the JPA, but will include annual organizational matters. This annual meeting shall include on its agenda the election of Board Officers, the installation of new Directors (if any), appointment of a Board Liaison, appointment of CAC members, establishment of the Policy Board's next year's meeting schedule and the transaction of other business.

Section 3. Annual Meetings of Operations Board. The Operations Board shall hold an annual organizational meeting in March of each year beginning in 2019. The meeting will qualify as a "regular" meeting pursuant to the JPA, but will include annual organizational matters. This annual meeting shall include on its agenda the election of Board Officers, the installation of new Directors (if any), the appointment of its Board Liaison, establishment of the Operations Board's next year's meeting schedule and the transaction of other business.

Section 4. Special Meetings. Per Section 54956 of Cal. Gov. Code and the JPA, special meetings may be called by the Chair of the respective Board or by a majority of the members of the respective Board by delivering notice personally, or by any other means, to each member of its Board and to each local newspaper of general circulation, radio or television station who has requested such notice in writing. The notice shall be received at least twenty-four (24) hours before the time of the meeting as specified in the notice, except for emergency meetings held in compliance with Section 54956.5 of Cal. Gov. Code. The notice for special meetings shall specify the time and place of the special meeting and the business to be transacted or discussed, and no other business shall be considered at such meetings. A Board member may, at or prior to the time of the special meeting, file a written waiver of notice with the Secretary of the Authority.

Section 5. Notices of Meetings. Notices of the time and place of any regular meeting for which notice is required by law or these Rules shall be delivered personally, or by any other means, to each Director utilizing the contact information as shown on the records of the Authority.

Section 6. Adjournment of Meetings. The Board may adjourn any regular, special or adjourned special meeting to a time and place specified in the order of adjournment, provided that the provisions of Section 54955 of Cal. Gov. Code are complied with by the Board.

Section 7. Posting of Agendas. In accordance with The Ralph M. Brown Act ("Brown Act"), the Board shall post agendas of all regular meetings, containing a brief general description of each item of business to be transacted or discussed at the meeting, at least seventy-two (72) hours before such regular meeting. The Board shall post agendas of all special meetings at least twenty-four (24) hours in advance of such special meeting. The agenda shall specify the time and location of the meeting and shall be posted in a location that is freely accessible to members of the public for the twenty-four (24) hours or seventy-two (72) hours prior to the meeting, as applicable. No action shall be taken on any item not appearing on such posted agendas, except as provided by Cal. Gov. Code Sections 54954.2 and 54954.3.

Section 8. Opportunity for Public to Address the Board. Per Cal. Gov. Code Section 54954.3, each agenda for a regular meeting shall provide an opportunity for members of the public to address the Board directly on matters of interest to the public, provided that such matters are within the subject matter jurisdiction of the Board, and provided that no action shall be taken by the Board on any item arising out of such speeches unless the matter already appears on the agenda. The Chair or majority vote of the Board may adopt reasonable regulations which limit the total amount of time allotted for public speakers and for each individual speaker.

Section 9. Additional Guidance. Except as provided in (i) the JPA, (ii) these Rules, and (iii) the Brown Act, as amended, meetings of the Board shall be conducted pursuant to the Robert's Rules of Order, as amended.

## **ARTICLE IX**

### **REIMBURSEMENT FOR TRAVEL EXPENSES**

In accordance with Section 3.6 of the JPA, the Board has adopted a policy that allows reimbursement by the Authority of expenses incurred by their respective Directors outside of regular or special meetings of their Board duties. Members of the Boards shall be reimbursed for all reasonable and necessary travel expenses when required or incurred by those persons in attending events and conferences on behalf of the Authority. Reimbursable expenses shall include all charges for meals, lodging, air fare and costs of travel by automobile at the rate per mile allowed as a business expense by the Internal Revenue Service. The Treasurer-Auditor, upon approval of the CEO, shall be authorized to pay all such expenses deemed reasonable and necessary so long as sufficient funds have been budgeted therefor.

Payments for amounts in excess of that budgeted must be approved by the Policy Board. The Authority shall reimburse a Board Member any reasonable and necessary travel expenses incurred for the member to attend a non-Authority Board meeting, and *only if* that member's sole purpose is to attend on behalf of the Authority. *As used in this Article IX, the term "reasonable and necessary" is defined as those expenses which the Board member would not have incurred in performing the normal business of its Party's governing body.*

## **ARTICLE X VOTING**

Section 1. Voting. Voting on Board matters shall be held in accordance with the requirements of Section 3.7 of the JPA and these Rules.

Section 2. Notice for Contributions. A Board shall provide at least 45 days prior written notice to each Party before considering a program or activity for adoption at a Board meeting that requires financial contributions by individual Parties. Such notice shall be provided to the governing body and the chief administrative officer, city manager or town manager of each Party. A Board also shall provide written notice of such program or activity adoption to the above-described officials of each Party within 5 days after the Board adopts the program or activity. Any Party voting against the approval of such program or activity may elect to opt-out of participation in the program or activity by providing written notice of this election to the Board within 30 days after the program or activity is approved by the Board. Upon timely exercising its opt-out election, a Party shall not have any financial obligation or any liability whatsoever for the conduct or operation of such program or activity.

## **ARTICLE XI DELEGATION OF AUTHORITY TO IMPLEMENT SUPPORT POLICY**

Section 1. Delegation of Authority to Chief Executive Officer. The Chief Executive Officer of the Authority shall have the authority to take action to support or oppose legislation or other initiatives and to take necessary action to provide that support or opposition consistent with the Authority's mission when all of the following conditions are met:

- a. The legislation or other initiative is directly related to, and consistent with Authority's mission.
- b. Due to time constraints, bringing the matter to the Policy Board at its next scheduled meeting is not practical
- c. Calling a special meeting to address the matter is neither practical nor appropriate under the circumstances.
- d. The Chief Executive Officer has investigated the positions of other California CCAs and understands the range of opinions on the legislation or initiative and has considered those opinions in determining whether and how to take a position.
- e. The Chief Executive Officer has conferred with the Chair of the Policy Board and both the Chief Executive Officer and the Chair agree that: (a) the position that the Chief Executive Officer intends to take is consistent with the mission of the Authority; (b) bringing the matter to the Policy Board at its next scheduled meeting or at a special meeting is not practical or appropriate under the circumstances; and (c) taking the position without a vote of the Policy Board is appropriate under the circumstances.
- f. The Chief Executive Officer reports any position taken at the next regularly scheduled Policy Board meeting as part of the Chief Executive Officer Report.

## **ARTICLE XII**

## ACCOUNTS AND RECORDS

Section 1. Fiscal Year. According to the power provided under Section 5.1 of the JPA, the Authority selected as its fiscal year the 12 months commencing on October 1<sup>st</sup>.

Section 2. Budget. The Authority staff shall prepare an annual budget in August of each year that shall delineate revenues, expenses, and capital expenditures of the Authority. Under Section 5.3.1 of the JPA and these Rules, the Policy Board shall adopt an operating budget for the Authority prior to the start of each fiscal year. The Policy Board shall annually, on or before the first day of the Authority's fiscal year, adopt a budget showing each of the purposes for which the Authority will need money and the estimated amount of money that will be needed for each such purpose for the ensuing fiscal year. The Policy Board shall ensure that a complete and accurate system of accounting of the Authority's funds shall be maintained at all times consistent with established accounting procedures and practices. The Policy Board has the authority to delegate certain duties as it deems appropriate.

Section 3. Funds and Accounts. The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by the Policy Board.

Section 4. Treasurer's Report. The Treasurer, 120 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Policy Board.

Section 5. Annual Audit. The Policy Board shall provide for a certified, annual audit of the accounts and records of the Authority which audit shall conform to generally accepted auditing standards. When such an audit of the accounts and records is made by a certified public accountant, such report shall be reviewed and approved by the Policy Board.

## ARTICLE XIII LIMITATION OF AUTHORITY'S LIABILITY

No Director, Party or Officer shall make or incur any debt or liability in the name of the Authority or on its behalf unless such debt or liability is authorized by the Chair or Vice Chair of the Policy Board and is not inconsistent with the JPA and these Rules.

## ARTICLE XIV DEBTS, LIABILITIES AND OBLIGATIONS

As provided by Section 2.2 of the JPA, the debts, liabilities and obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority.

## ARTICLE XV INVESTMENTS

The Treasurer may invest money not required for the immediate necessities of the Authority, as directed by the Policy Board, as provided by Cal. Gov. Code Section 53601.

## ARTICLE XVI EXPULSION

Member Entities may be expelled from the Authority as provided in the JPA.

**ARTICLE XVII**  
**MISCELLANEOUS**

Section 1. Agents and Representatives. The Boards may appoint such agents and representatives of the Authority, with such power and to perform such acts or duties on behalf of the Authority, as the Boards may see fit, so far as may be consistent with the JPA, these Rules and applicable laws.

Section 2. Contracts. Except as otherwise provided in these Rules, the Boards may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority, and such authority may be general or confined to a specific instance. Unless so authorized by the Boards, no officer, agent or employee shall have any power or authority to bind the Authority by any contract or engagement, nor to pledge its credit, nor to render it liable for any purpose or to any amount.

**ARTICLE XVIII**  
**AMENDMENTS**

These Rules may be amended by a majority vote of the full membership of the Policy Board but only after such amendment has been proposed at a regular meeting and acted upon at the next or later regular meeting of the Policy Board for final adoption. The proposed amendment shall not be finally acted upon unless all members of the Policy Board have received written notice of the amendment at least 10 days prior to the date of the meeting at which final action on the amendment is to be taken. The notice shall include the full text of the proposed amendment.





# City of Guadalupe MBCP Presentation

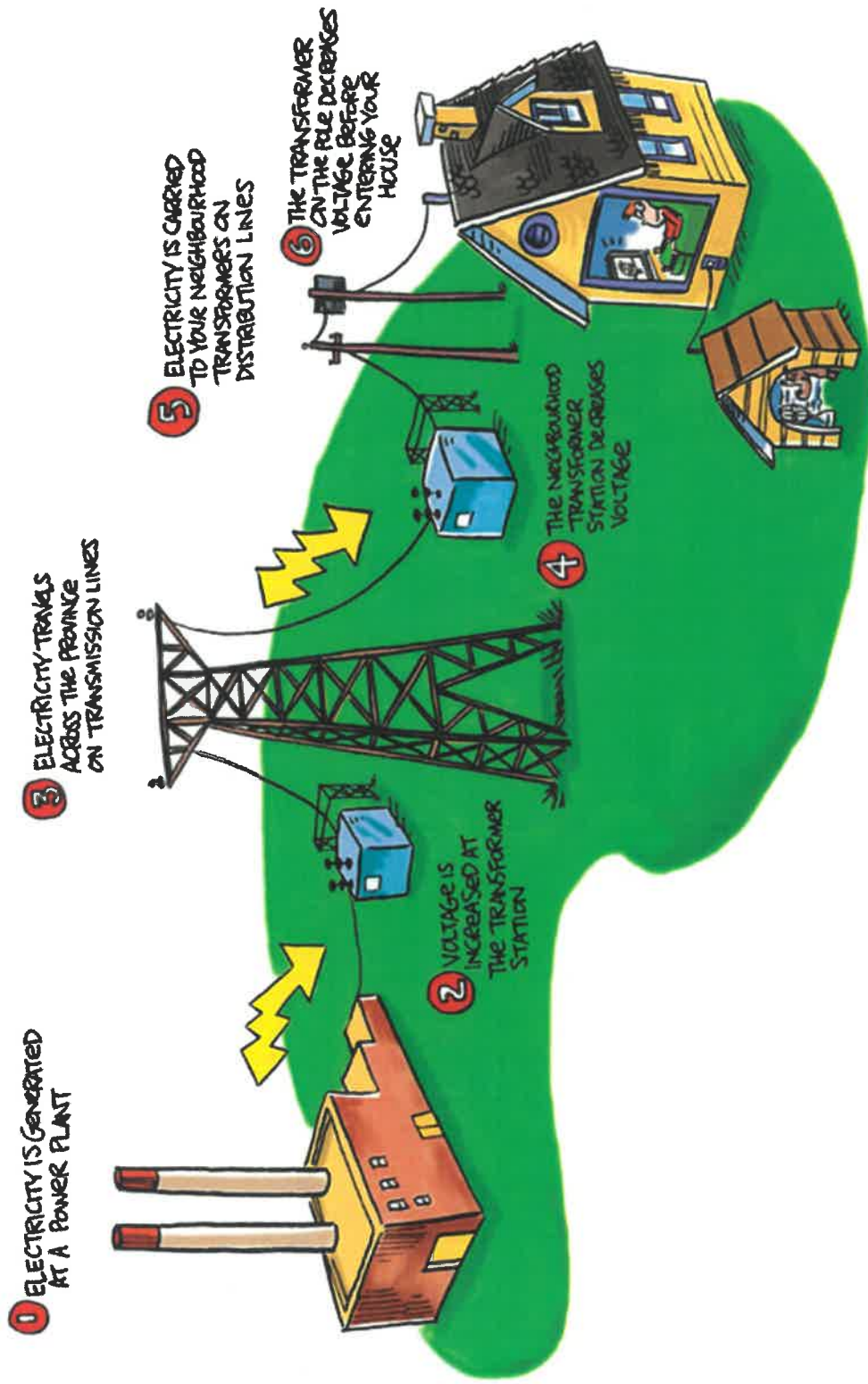
7.9.2019

LOCAL CHOICE • CLEAN ENERGY • ECONOMIC VITALITY



Monterey Bay  
Community Power

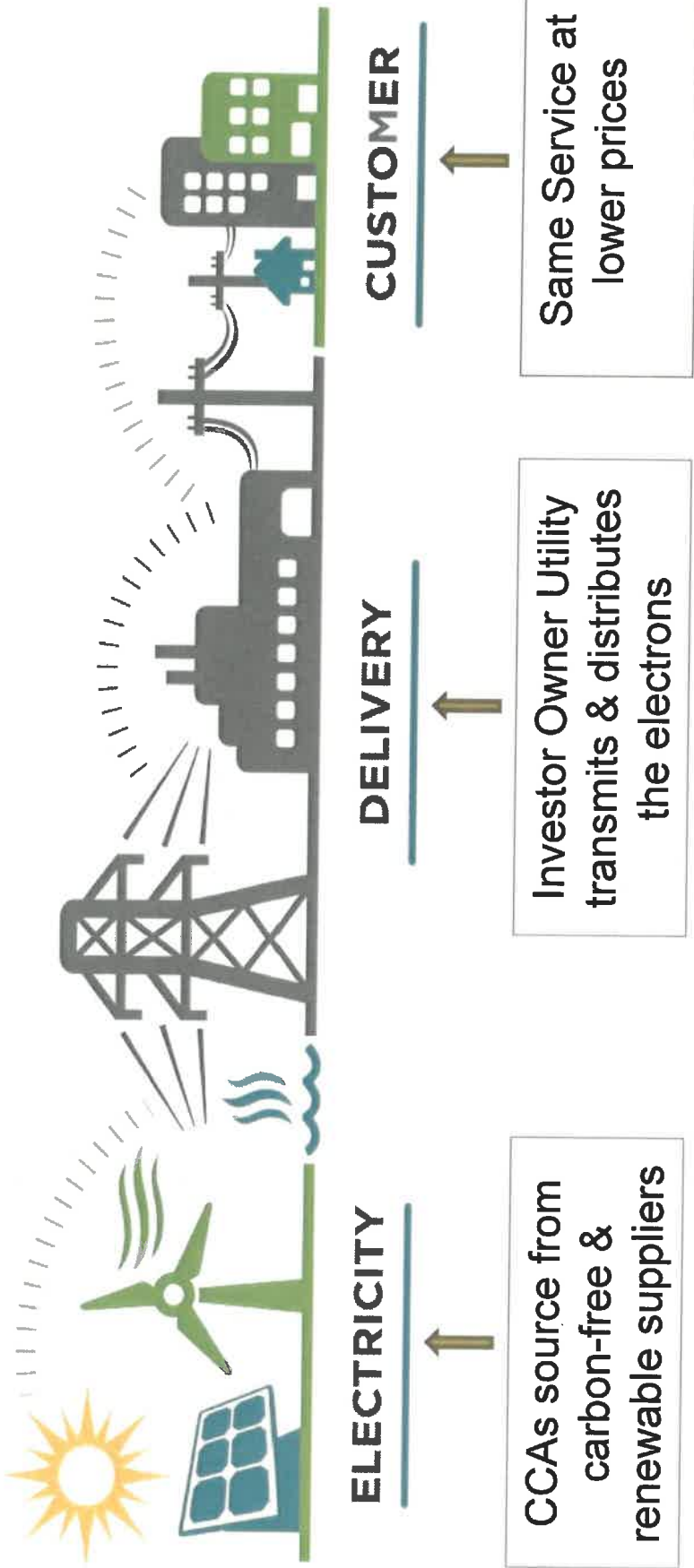
# HOW THE GRID WORKS: "A BIG BATHTUB"





# HOW COMMUNITY CHOICE WORKS

## "A Partnership"

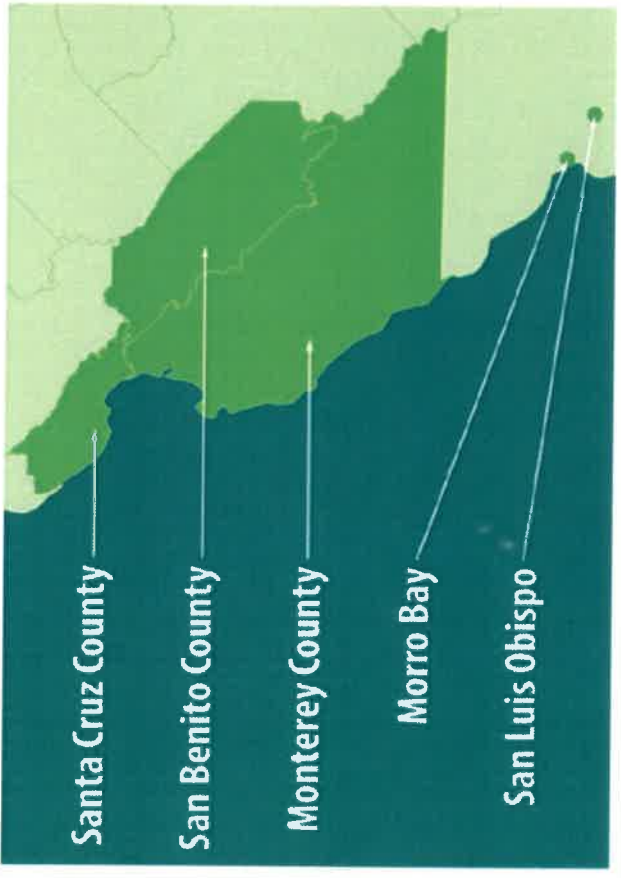
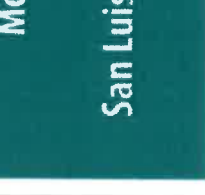
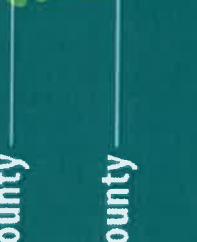
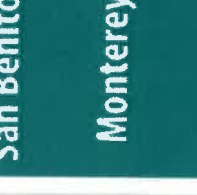


# WHY COMMUNITY CHOICE?



- Customer choice
- Local, transparent decision-making
- Rate competition / rate stability / cost savings
- Community-based programs

# WHO WE ARE





# HOW WE ARE GOVERNED

Policy Board:

Meets 4 Times Annually

Operations Board:

Meets 8 Times Annually

Community Advisory Council:

Meets Monthly

## MBCP JOINT POWER AUTHORITY

\*City representative currently serving in a shared seat.

**County of Santa Cruz**

**City of Santa Cruz**

**City of Watsonville**

**County of Monterey**

**City of Salinas**

**County of San Benito**

**Coastal Cities**  
Marina\*  
Sand City  
Seaside

**Peninsula Cities**  
Carmel  
Monterey\*  
Pacific Grove

**Salinas Cities**  
Greenfield  
Gonzales\*  
Soledad

**San Benito Cities**  
Hollister  
San Juan Bautista\*

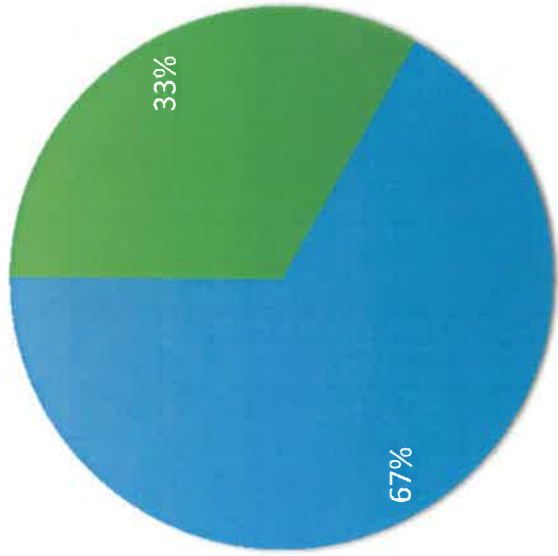
**Santa Cruz Cities**  
Capitola  
Scotts Valley\*

**San Luis Obispo Cities**  
San Luis Obispo\*  
Morro Bay



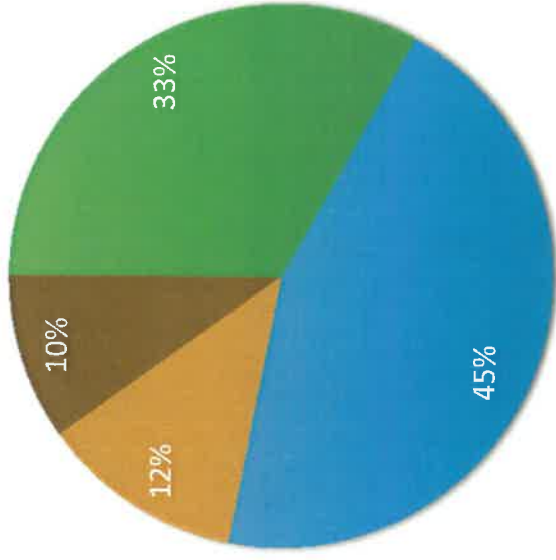
# EST. POWER MIX COMPARISON

## MBCP



- Eligible Renewables
- Carbon Free
- Natural Gas
- System Power

## PG&E



- Eligible Renewables
- Carbon Free
- Natural Gas
- System Power

# MBCP BUDGET PHILOSOPHY

FY	FY 18/19	FY19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Program	- 2% of revenue	- 2% of revenue	- 2% of revenue	- 50% of surplus	- 50% of surplus	- 50% of surplus
Rebate	- 20% of surplus	- 30% of surplus	- 40% of surplus	- 50% of surplus	- 50% of surplus	- 50% of surplus
Reserve	- 80% of surplus	- 70% of surplus	- 60% of surplus	- 50% of surplus	- 50% of surplus	- 50% of surplus

- Ensure fiscal stability, reduce customer rates and invest in local economy
- Achieve reserve target of 50% of operating expenses as quickly as possible
- Currently, over \$60 million in cash reserves (end of March 2019)



# MBCP SERVICE OFFERINGS & REBATE OPTIONS

## Service Offerings



Default Carbon Free Service Offering  
(matches PG&E rates plus 5%  
rebate)



Opt-Up to 100% Renewable Service  
Offering (\$0.01/kWh more than  
Mbchoice plus 5% rebate)

## Rebate Options



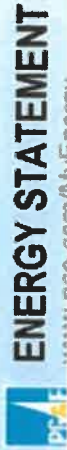
Invest your 5% rebate towards local  
energy projects



Share your 5% to support climate  
efforts with local foundations



# SAME BILL – CUSTOMER SAVINGS



ENERGY STATEMENT

[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)



ENERGY STATEMENT

[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

Account No: 1023456789-0  
Statement Date: 09/07/2018

Account No: 1023456789-0  
Statement Date: 09/07/2018  
Due Date: 09/28/2018

## Service For:

MBCP CUSTOMER  
1234 MAIN STREET  
MONTEREY, CA 93940

## Questions about your bill?

Monday-Friday 7 a.m.-9 p.m.  
Saturday 8 a.m.-6 p.m.  
Phone: 1-800-743-5000  
[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

## Local Office Address

2311 GARDEN RD  
MONTEREY, CA 93940

allowance will be charged at a higher price.  
High Usage: An excess amount per kWh whenever electricity usage exceeds four times the Baseline Allowance (Tier 1) in a billing period. This charge does not apply to Time-of-use rate plans.

\*PG&E refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation © 2018 Pacific Gas and Electric Company. All rights reserved.

## Your Account Summary

Amount Due on Previous Statement	\$207.16
Payment(s) Received Since Last Statement	-207.16
Previous Unpaid Balance	\$0.00
Current PG&E Electric Delivery Charges	\$109.14
Monterey Bay Community Power Electric Generation Charges	44.37
Current Gas Charges	18.35

**Total Amount Due by 09/28/2018**

**\$171.86**



# RATES – RESIDENTIAL E1 COMPARISON

	PG&E	MBCP
Generation Rate (\$/kwh)	\$0.11194	\$0.074
Delivery Rate (\$/kWh)	\$0.14126	\$0.14126
PG&E PCIA (\$/kWh)	N/A	\$0.03346
PG&E Franchise Fee (\$/kWh)	N/A	\$0.00058
Monthly Generation Cost (\$/kWh)	\$0.11194	\$0.10804
Monthly Cost of Electricity (\$/kWh)	\$0.25842	\$0.2493
<b>Est. Monthly Cost for Res Customer (500 kWhs)</b>	<b>\$129.21</b>	<b>\$124.65</b>

\*MBCP 5% rebate applied



# EST. COST SAVINGS FOR GUADALUPE

## Preliminary Cost Savings for Enrolled Customers in Guadalupe (5-Year Projection from 2021-2025)

<b>Scenario 1:</b>	3% Customer Rebate (2021/2022) then 8% Customer Rebate (2023 – 2025)	<b>\$767,361</b>
-	<b>Residential Customers: \$280,495</b>	
-	<b>Commercial Customers: \$486,867</b>	
<b>Scenario 2:</b>	5% Customer Rebate (2021/2022) then 8% Customer Rebate (2023 – 2025)	<b>\$869,753</b>
-	<b>Residential Customers: \$317,894</b>	
-	<b>Commercial Customers: \$551,859</b>	



# ROOFTOP SOLAR CUSTOMERS

MBCP	PG&E
<b>Premium Rates</b> for excess solar generation: (\$0.06135/kWh)  Annual or Monthly True Up	<b>Wholesale rates</b> for excess solar generation: (\$0.02875/kWh)  Annual or Monthly True Up
<b>100% Default Carbon Free Electricity Service</b>	<b>80% Default Carbon Free Electricity Service</b>
<b>3% Rebate for Net Consumers of Electricity</b>	<b>Zero Rebate for Net Consumers of Electricity</b>

# MBCP ENERGY PROGRAMS

## Overview

- 2% of gross revenue set aside per year: \$4.5 million
- Energy Programs Policy – transportation electrification, building electrification and distributed energy resources



## Current programs

- Monterey Bay eVIP - \$1.1 million
  - \$725k from MBCP
  - \$400k from MB Air District
- Project Sunshine - \$100k



# ENROLLMENT & COMMUNITY OUTREACH



## Enrollment

- 4 mailers required by law
- Aligning NEM enrollments with true up dates
- Community Outreach Plan

## Community Outreach

- Events and workshops
- Advertising & Sponsorships
- Call center of locally trained CCE & billing experts



# CUSTOMER ENROLLMENT

November  
2020 –  
Notice #1

December  
2020 –  
Notice #2

January  
2021 –  
Meter  
transition  
on meter  
read date

February  
2021 –  
Notice #3

March  
2021 –  
Notice #4

- Customers can opt-out at any time at no cost during enrollment period.
- If customers opt out after enrollment period, there is an administrative fee of \$5 for residential & \$25 for commercial customers



# FIELD PROMOTION PARTNERSHIP

## Community Oriented

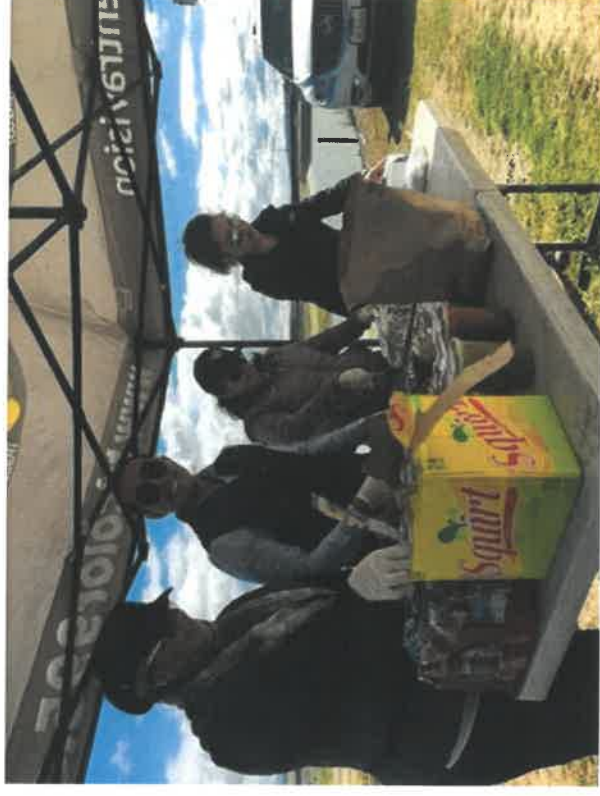
- Lunch outreach conducted twice a month
- Local farms selected throughout the Tri-County area
- Through Entravision owned regional music radio station 'La Tricolor 99.5 FM'

## Building Trust

- Partnering with non-profit organizations
  - Ex: Monterey Bay Aquarium, Monterey County Immigrant Services Network of Empowerment (CISNE)
  - Partnering with Univision to create awareness on ongoing door-to-door solicitations.
    - ✓ Univision gives away concert, soccer and local event tickets.
    - ✓ Radio and Television advertisement
    - ✓ Despierta Monterey-Salinas TV Segment
- Airs during Univision's version of Good Morning America

## Local Benefits

- Reaching out to an underserved community
- Shining light on local programs
- Conducting sustainability presentations
- Establishing strong community presence



## Est. TIMELINE TO JOIN MBCP

Action Item	Date
Meeting with Guadalupe Resilience Committee	May 16, 2019
Public Hearing to Introduce and pass resolution to join MBCP and conduct first reading of the CCE ordinance	July 9, 2019
Conduct second reading of the CCE ordinance	July 23, 2019
Submit required documents to MBCP	July 31, 2019
MBCP Policy Board Meeting to accept the new member jurisdiction & discussion of board representation	Sept. 4, 2019
Fees due for Implementation & JPA document update	Oct/Nov 2019
MBCP submit the Implementation Plan to the CPUC.	Dec. 31, 2019
Program Implementation and Operations Preparation	Mid 2020 – Late 2020
Begin MBCP Service	Early 2021

# A UNIFIED CENTRAL COAST CCA

## Benefits for Guadalupe

- Cost savings for customers
- Access to program dollars to invest locally to support new energy economy
- Voice at the table in terms of decision making
- Supporting clean energy at affordable rates



## HOW TO CONTACT MBCP

 [www.mbccommunitypower.org](http://www.mbccommunitypower.org)

 [info@mbcp.org](mailto:info@mbcp.org)

 1.888.909.MBCP

 [montereybaycommunitypower](https://www.facebook.com/montereybaycommunitypower)

 [mbcommunitypwr](https://www.instagram.com/mbcommunitypwr)

 [mbcommunitypower](https://www.facebook.com/mbcommunitypower)

Follow us online, and check our extensive FAQ section on the website.

70 Garden Court Suite 300 Monterey, CA 93940






# Understanding Your Bill

Though MBCP and PG&E are separate organizations, for customer convenience MBCP's electric generation charges are included on your PG&E bill. Your electricity is provided at the same rates as PG&E, plus it will be carbon-free and you'll receive a minimum 3% rebate. Residential customers receive their rebate as a bill credit in December, small to medium commercial twice a year in June and December, four times a year for large commercial customers in March, June, September and December. Net-Energy-Metering customers receive their rebate at their annual true-up date. You also have the [option to direct your rebate](#) to fund local green energy projects or local nonprofits that support programs that serve low-income ratepayers and/or efforts related to climate change.

- MBCP now procures energy on your behalf from carbon-free energy sources; PG&E will no longer charge you for electric generation.
- PG&E will continue to charge for electric delivery – the transmission and delivery of your electricity – as well as required regulatory and program charges, at the same rates they always have. To learn more about your PG&E energy statement visit [pge.com](http://pge.com).
- MBCP service will never be more expensive than PG&E's. MBCP matches PG&E's electric generation rates, inclusive of PG&E's exit fees. Thanks to the minimum 3% rebate, you will see a savings when the rebate is applied to your bill.
- There will never be any duplicate charges. MBCP and PG&E are charging for separate services on the same bill.

The sample bill below provides further explanation.

 <b>ENERGY STATEMENT</b> <a href="http://www.pge.com/MyEnergy">www.pge.com/MyEnergy</a>		Account No: 1023456789-0 <b>1</b> Statement Date: 09/07/2018 Due Date: 09/28/2018
<b>Service For:</b> MBCP CUSTOMER 1234 MAIN STREET MONTEREY, CA 93940	<b>Your Account Summary</b>	
<b>Questions about your bill?</b> Monday-Friday 7 a.m.-6 p.m. Saturday 8 a.m.-6 p.m. Phone: 1-800-743-5000 <a href="http://www.pge.com/MyEnergy">www.pge.com/MyEnergy</a>	Amount Due on Previous Statement \$207.16 Payment(s) Received Since Last Statement -207.16 Previous Unpaid Balance \$0.00 <b>2</b> Current PG&E Electric Delivery Charges \$109.14 Monterey Bay Community Power Electric Generation Charges 44.37 <b>3</b> Current Gas Charges 18.35	
	<b>Total Amount Due by 09/28/2018</b>	<b>\$171.86</b> <b>4</b>

- 1 Account Number** This is your PG&E account number, which you will need if you'd like to opt up to MBCP's 100% renewable service offering, *MBprime*. You will also need this account number if you would like to change your [rebate options](#); keep your rebate, green your rebate by redirecting it to *MBgreen+*, or share your rebate by donating it to *MBshare*. Your PG&E account number is also needed to opt out of MBCP service and return to PG&E.
- 2 PG&E Delivery Charges** PG&E charges to deliver electricity over their existing transmission lines, maintain infrastructure and other fees that support customer service and billing.
- 3 MBCP Generation Charge** This charge is to cover Monterey Bay Community Power's cost of purchasing clean, carbon-free electricity for customers.
- 4 Total Amount Due** Includes PG&E's electric delivery charge, MBCP's electric generation service and PG&E gas service, if applicable. This is the total amount you pay to PG&E, conveniently on one bill for services provided by both PG&E and MBCP.

**Important Phone Numbers - Monday-Friday 7 a.m.-9 p.m., Saturday 8 a.m.-6 p.m.**

**Customer Service (All Languages; Relay Calls Accepted) 1-800-743-5000**

**TTY 7-1-1**

Servicio al Cliente en Español (Spanish)	1-800-950-6789	Dịch vụ khách hàng Việt (Vietnamese)	1-800-298-8438
服務客戶服務 (Chinese)	1-800-863-9555	Business Customer Service	1-800-468-4743

**Rules and rates**

You may be eligible for a lower rate. To learn more about optional rates or view a complete list of rates and rates, visit www.pge.com or call 1-800-743-5000.

If you believe there is an error on your bill, please call 1-800-743-5000 to speak with a representative. If you are not satisfied with our response, contact the California Public Utilities Commission (CPUC), Consumer Affairs Branch, 505 Van Ness Avenue, San Francisco, CA 94102, 1-800-646-7570 or 415-763-2032 (TDD/TTY).

To avoid having service turned off while you wait for a CPUC decision, enclose a deposit check (payable to the CPUC) for the disputed amount and a description of the dispute. The CPUC will only accept deposits for matters that relate directly to billing accuracy. If it is not possible for you to pay your deposit, you must advise the CPUC. PG&E can not turn off your service for nonpayment while it is under review by the CPUC, however, you must continue to pay your current charges to keep your service turned on.

If you are not able to pay your bill, call PG&E to discuss how we can help. You may qualify for reduced rates under PG&E's CARE program or other special programs, and agencies may be available to assist you. You may qualify for PG&E's Energy Savings Assistance Program which is an energy efficiency program for income-qualified residential customers.

**Important definitions**

Retailing outage blocks are subject to change without advance notice due to operational conditions.

**Tier 1/Baseline allowance:** Some residential rates are given a Tier 1/Baseline allowance - a CPUC approved percentage of average customer usage during summer and winter months. Your Tier 1/Baseline allowance provides for basic needs at an affordable price and encourages conservation. Your allowance is assigned based on the climate where you live, the season and your heat source. As you use more energy, you pay more for usage. Any usage over your baseline allowance will be charged at a higher price.

**High Usage:** An increased price per kWh whenever electricity usage exceeds four times the Baseline Allowance (Tier 1) in a billing period. This charge does not apply to Time-of-Use rate plans.

**5 Your Electric Charges Breakdown** This is the sum of charges from transmission, distribution and other fees, taxes, and programs that fund regional or statewide programs such as low-income assistance and efficiency rebate programs. This amount will match the PG&E Electric Delivery Charges.

**Your Electric Charges Breakdown**

Conservation Incentive	\$5.51
Transmission	19.22
Distribution	51.61
Electric Public Purpose Programs	6.46
Nuclear Decommissioning	0.12
DWR Bond Charge	3.20
Competition Transition Charges (CTC)	0.79
Energy Cost Recovery Amount	-0.03
PCIA	20.04
Taxes and Other	0.33
<b>Total Electric Charges</b>	<b>\$109.14</b>

**Details of PG&E Electric Delivery Charges**

**08/02/2018 - 08/31/2018 (30 billing days)**

Service For: 1234 MAIN STREET

Service Agreement ID: 1234567890

Rate Schedule: E1 T Residential Service

The more kWh you consume, the more expensive it is

<b>08/02/2018 - 08/31/2018</b>	<b>Your Tier Usage</b>	<b>1</b>	<b>2</b>
--------------------------------	------------------------	----------	----------

Tier 1 Allowance	210.00 kWh	(30 days x 7.0 kWh/day)	
Tier 1 Usage	210.000000 kWh	@ \$0.21169	\$44.45
Tier 2 Usage	389.000000 kWh	@ \$0.27993	108.89
Generation Credit			-64.57
Power Charge Indifference Adjustment			20.04
Franchise Fee Surcharge			0.33

**Total PG&E Electric Delivery Charges \$109.14**

2018 Vintaged Power Charge Indifference Adjustment

**Service Information**

Meter #	12345678910
Current Meter Reading	50,121
Prior Meter Reading	49,522
Total Usage	599,000000 kWh
Baseline Territory	T
Heat Source	B - Not Electric
Serial	J
Retailing Outage Block	9F

- 6 Service Agreement ID** A service agreement documents your particular arrangement with PG&E (including billing days, metering information, and other factors) in order to calculate applicable charges. For customers with multiple meters under a single PG&E account, each meter will have a unique Service Agreement ID number.
- 7 Generation Credit** This is the generation fee now provided by MBCP's generation service, so PG&E credits this charge back to your account to avoid any duplication of generation fees.
- 8 Power Charge Indifference Adjustment** PG&E charges Monterey Bay Community Power customers a Power Charge Indifference Adjustment (PCIA), which is calculated based on the number of kilowatt-hours used each month. The PCIA is intended to ensure that MBCP customers pay the difference between what PG&E paid for power contracted to serve them prior to their switch, and the current market value of that power. For most MBCP customers, the PCIA is currently two to three cents per kilowatt-hour, depending on when the customer switched to Monterey Bay Community Power and whether they are a residential or a commercial customer. MBCP's rate setting process is inclusive of the PCIA charge, so that in total, customers still save money compared to PG&E's rates.
- 9 Franchise Fee Surcharge** The franchise fee is collected from PG&E to cover costs associated with rights to use public streets to provide gas and electric service. MBCP's rate setting process is inclusive of the Franchise Fee Surcharge, so that in total, customers still save money compared to PG&E's rates.



# ENERGY STATEMENT

www.pge.com/MyEnergy

Account No: 1023456789-0  
Statement Date: 09/07/2018  
Due Date: 09/28/2018

## Details of Monterey Bay Community Power Electric Generation Charges

08/02/2018 - 08/31/2018 (30 billing days)

Service For: 1234 MAIN STREET

Service Agreement ID 1234567890 ESP Customer Number: 1234567890 - 10

08/02/2018 - 08/31/2018

11	Rate Schedule: E1			
	Generation	599.000000 kWh @ \$0.07379		\$44.20
		Net Charges	44.20	
12	Energy Surcharge			0.17
	Est. MBCP Rebate for current charges \$1.33			-1.33
<b>Total Monterey Bay Community Power Electric Generation Charges</b>				<b>\$44.37</b>

### Service Information

Total Usage 599 000000 kWh

For questions regarding charges on this page, please contact:

MONTEREY BAY COMMUNITY POWER  
1-888-909-6227  
www.mbcommunitypower.org

### Additional Messages

Monterey Bay Community Power provides electricity to the counties of Monterey, Santa Cruz, and San Benito entirely from renewable and hydroelectric resources

MBCP is a not-for-profit public agency and sets its rates to be competitive with PG&E. MBCP also provides all customers with periodic rebates for their energy costs. Visit [mbcommunitypower.org](http://mbcommunitypower.org) or call (888) 909-6227 (MBCP) to learn more.

PG&E continues to provide all electric delivery, billing, and gas services for MBCP territory. Please contact PG&E for related issues.

10 **ESP Customer Number** This is your Energy Service Provider (ESP) Customer number for MBCP.

11 **Rate Schedule** This is your rate schedule determined by PG&E.

**Utility Users Tax** varies from city-to-city in MBCP's service area and may not apply to every community in our jurisdiction.

12 **Energy Surcharge** This fee is collected on behalf of the California Energy Commission and applies to all customers, regardless of service provider. The California legislature established the Energy Commission tax in 1975. The tax provides additional funding for the California Energy Commission.

13 **Est. MBCP Rebate for Current Charges** This shows the estimated amount of rebate earned for the current billing period.

14 **Additional Messages** This section explains more about MBCP and how to contact us.

# Questions? We're Here to Help.

MBCP and PG&E are dedicated to working together to make your power service and billing as simple and convenient as we can. If you have questions about your MBCP charges, call us at (888) 909-MBCP (6227) or email us at [info@mbcommunitypower.org](mailto:info@mbcommunitypower.org). For questions about PG&E charges, call PG&E at (866) 743-0335.

[mbcommunitypower.org](http://mbcommunitypower.org)