

# Monterey Bay Community Power Authority



## Proposed Operating Budget Fiscal Year 2018-2019

Policy Board  
9/12/2018

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September 5, 2018

## CHIEF EXECUTIVE OFFICER'S MESSAGE

I am delighted to present the Monterey Bay Community Power (MBCP) Fiscal Year 2018-19 Budget. This budget projects over \$228 million in revenues with a strong 18.5% net margin. Surplus revenues are expected to fund reserves, local programs and customer rebates. As predicted, power supply cost is the largest expense, forecasted at \$175 million or 94% of total operating expenses.

MBCP launched MBchoice, its default, carbon-free electricity service on March 3, 2018 and by July 31, 2018, nearly all 270,000 customers were enrolled. In addition to MBchoice, MBCP offers another service, MBprime, a 100% renewable option sourced from eligible renewable generation such as wind and solar. Both service offerings enable customers to choose from three rebate options; *keep your rebate* as a credit on your bill; *green your rebate* by redirecting it to MBgreen+ in support of local renewable energy projects; or *share your rebate* by donating it to MBshare in support local non-profit projects and low-income rate payers.

The first and partial year of operation, FY 2017-18, concludes September 30, 2018 with projected revenues of \$132 million and expenditures of \$94 million. This includes operating expenses, capital investment, retiring debt obligation, customer rebates, and rolling over \$2 million to FY 2018-19 for proposed program funding to increase investments in EV and EV chargers throughout the tri-county.

## CEO Message

Opportunities abound and MBCP's path is clear, guided by lasting values and a well-defined mission. In less than one year, we have negotiated a long-term agreement for wind generation and are days away from executing two other agreements for solar and storage capacity. Combined, the expected energy from these projects will be enough to meet 20% of MBCP's electricity demand.

Threats are also looming. Sensing the popularity of the Community Choice model and forecasting that Community Choice Aggregators (CCAs) are likely to dominate the California electricity-generation market in the next ten years, the incumbent investor-owned utility and independent power producers are targeting legislators and regulators. Their efforts to tilt the playing field in their favor and slow CCA expansion are relentless.

No matter the odds, Monterey Bay Community Power has a powerful driver propelling it forward; the communities of Monterey, San Benito and Santa Cruz counties. Our community's active involvement coupled with the wisdom of its Board members and Community Advisors are the keys to MBCP's success; now and for the foreseeable future.

Sincerely,



Tom Habashi  
Chief Executive Officer



# MBCP's Mission

## Mission Statement

Monterey Bay Community Power (MBCP) provides competitively priced carbon-free electricity to our participating communities while reducing the need to consume fossil fuels to generate energy that powers all sectors of our local economy. MBCP actively promotes the economic vitality of the Monterey Bay Region while preserving its clean water and air.

## FY 2017-18 Key Accomplishments

### Reduction of Green House Gas (GHG) emissions

- Carbon free as default offer
- 90 MW, 15-year New Wind Project to meet 10% of MBCP Annual demand
- 125 MW Solar + 38 MW Storage – Long term agreements near completion

### Affordable and lower rates

- 3% Rebate to all customers
- Higher rates for net energy generation for NEM customers

### Stimulate local economy

- Potential for 20 MW of renewable local generation
- Employed 19 staff members, working and mostly living locally
- Supported the move of GridX's, MBCP Data Manager, 5 staff members to our offices for a Tier 2 local call center
- Executed \$450k in contracts with local service providers
- Hosting Cal-CCA 2018 Annual Meeting at Asilomar conference center in Pacific Grove
- Sponsored and supported over 135 community events and organizations
- Examining the feasibility of partnering with MBARD and State Agencies to deploy Electric Vehicle Infrastructure Program for Level II & DC fast chargers in the Tri-County
- Support for PG&E's Battery Storage Project to be located in Moss Landing

**FY 2018-2019**



**Operating Budget**



# Summary of Key Assumptions

There are many variables that can impact FY 2018-19 expected revenues such as demand forecast, spike in future energy, opt-out rate, etc. The most significant of these variables are:

- Changes in PG&E's generation rates
- Continued escalation in PG&E's Power Charge Indifference Adjustment (PCIA).

In June, PG&E forecasted a reduction in generation rates and a rise in PCIA. Both actions will lead to reduction of MBCP revenue. In addition, The California Public Utilities Commission (CPUC) is conducting proceedings related to the proper calculation of the PCIA and early indication is that the outcome will be less favorable to CCAs in general and MBCP in particular.

To address this uncertainty, funding for discretionary expenses, namely reserves, programs, and rebates, will be altered subject to 3 potential future scenarios:

## Base Case

### 15% Increase in PCIA & 7.5% Generation Rate Reduction

- Considering this scenario, for FY 2018-19, funding for programs is set at 2% of total revenues. Surplus revenue will be allocated at 80% to reserves and 20% to rebates. For the following years, funding for reserves will be reduced by 10% of the surplus every year until the desired reserve balance is reached, while funding for rebates increases by 10% every year. Once the reserve target balance is reached, all surplus funding will be split 50-50% between programs and rebates.

## Best Case

### 10% Increase in PCIA & 5.6% Generation Rate Reduction

- In the Best Case scenario, the approach to funding for reserves, programs, and rebates will be the same as the previous Base Case scenario. The key difference is that we are likely to reach the desired reserve target sooner than we would in the Base Case scenario and have more funds for rebates and programs.

## Worst Case

### 19% Increase in PCIA & 10% Generation Rate Reduction

- In this Case, Staff proposes that 80% of surplus funds be allocated to reserves, 10% to programs and 10% to rebates until reserves reach target level, then all surplus funds would be split between programs and rebates.

# Budgetary Summary

## MONTEREY BAY COMMUNITY POWER AUTHORITY FY 2018-19 PROPOSED BUDGET

### BASE CASE

(\$ in thousands)					
Period Ending Sep 30	Revised Budget FY2017/18	% of Rev	Actual (9 mo) + Forecast (3 mo) FY2017/18	% of Rev	Proposed Budget FY 2018/19
<b>REVENUE AND OTHER SOURCES</b>					
Revenue - Electricity	133,716		126,654		229,341
Less: Uncollectible Accounts	(669)		(633)		(1,296)
Net Revenue - Electricity	133,047	100.0%	126,020	100.0%	228,045
Other Source - bank loan proceeds	3,556	2.7%	6,156	4.9%	0
<b>Total net revenue and other sources</b>	<b>136,603</b>	<b>102.7%</b>	<b>132,176</b>	<b>104.9%</b>	<b>228,045</b>
<b>EXPENDITURES AND OTHER USES</b>					
<b>CURRENT EXPENDITURES</b>					
Cost of energy	80,489	60.5%	74,703	59.3%	174,564
Data manager	1,182	0.9%	1,249	1.0%	2,659
PG&E service fees	356	0.3%	355	0.3%	1,210
Staffing	1,941	1.5%	1,620	1.3%	4,399
Professional services	747	0.6%	826	0.7%	838
Legal Services	321	0.2%	367	0.3%	200
Marketing and Customer Enrollment	1,421	1.1%	995	0.8%	787
General and administration	696	0.5%	581	0.5%	1,100
Total current expenditures	87,152	65.5%	80,695	64.0%	185,758
<b>OTHER USES</b>					
Capital outlay	0	0.0%	271	0.2%	98
Total other uses	0	0.0%	271	0.2%	98
<b>DEBT SERVICE</b>					
Principal and interest	315	0.2%	6,292	5.0%	44
<b>Total expenditures, Other Uses and Debt Service</b>	<b>87,467</b>	<b>65.7%</b>	<b>87,258</b>	<b>69.2%</b>	<b>185,900</b>
<b>Fund balance surplus BEFORE Rebate, Program and Reserve</b>	<b>49,136</b>	<b>36.9%</b>	<b>44,918</b>	<b>35.6%</b>	<b>42,145</b>
<b>Rebate Expenditures</b>	<b>3,991</b>	<b>3.0%</b>	<b>3,781</b>	<b>3.0%</b>	<b>7,517</b>
<b>Program Expenditures</b>	<b>2,674</b>	<b>2.0%</b>	<b>2,520</b>	<b>2.0%</b>	<b>4,561</b>
<b>Fund balance surplus AFTER Rebate and Program</b>	<b>42,470</b>	<b>31.9%</b>	<b>38,617</b>	<b>30.6%</b>	<b>30,067</b>
<b>Program Balance:</b>					
Carryover balance			0		2,520
Net increase		0.0%	2,520	2.0%	4,561
Propose to spend		0.0%	0	0.0%	(1,292)
Ending balance			2,520		5,789
<b>Reserve Balance:</b>					
Carryover balance			(363)		38,254
Net increase		0.0%	38,617	30.6%	30,067
Ending balance			38,254		68,321
% of operating expenses					37%

# Five-Year Financial Proforma

## MONTEREY BAY COMMUNITY POWER AUTHORITY FINANCIAL PLAN FOR FISCAL YEAR 2018/19 THROUGH 2023/24 BASE CASE

(\$ in thousands)	Proposed Budget FY 2018/19	% of Rev	Projection FY2019/20	% of Rev	Projection FY2020/21	% of Rev	Projection FY2021/22	% of Rev	Projection FY2022/23	% of Rev	Projection FY2023/24	% of Rev
<b>Period Ending Sep 30</b>												
<b>REVENUE AND OTHER SOURCES</b>												
Revenue - Electricity	229,341		221,009		226,409		233,198		240,191		247,395	
Less: Uncollectible Accounts	(1,296)		(1,301)		(1,333)		(1,373)		(1,414)		(1,457)	
Net Revenue - Electricity	228,045	100.0%	219,708	100.0%	225,076	100.0%	231,825	100.0%	238,777	100.0%	245,938	100.0%
Other Source - bank loan proceeds		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%
<b>Total net revenue and other sources</b>	<b>228,045</b>	<b>100.0%</b>	<b>219,708</b>	<b>100.0%</b>	<b>225,076</b>	<b>100.0%</b>	<b>231,825</b>	<b>100.0%</b>	<b>238,777</b>	<b>100.0%</b>	<b>245,938</b>	<b>100.0%</b>
<b>EXPENDITURES AND OTHER USES</b>												
<b>CURRENT EXPENDITURES</b>												
Cost of energy	174,564	76.5%	181,200	82.5%	188,179	83.6%	195,204	84.2%	202,846	85.0%	210,186	85.5%
Data manager	2,659	1.2%	2,672	1.2%	2,195	1.0%	2,209	1.0%	2,223	0.9%	2,237	0.9%
PG&E service fees	1,210	0.5%	1,251	0.6%	1,295	0.6%	1,341	0.6%	1,388	0.6%	1,437	0.6%
Staffing	4,399	1.9%	4,619	2.1%	4,850	2.2%	5,093	2.2%	5,347	2.2%	5,615	2.3%
Professional services	838	0.4%	776	0.4%	788	0.4%	801	0.3%	814	0.3%	829	0.3%
Legal Services	200	0.1%	170	0.1%	170	0.1%	170	0.1%	170	0.1%	170	0.1%
Marketing and Customer Enrollment	787	0.3%	841	0.4%	793	0.4%	812	0.4%	844	0.4%	876	0.4%
General and administration	1,100	0.5%	1,144	0.5%	1,195	0.5%	1,246	0.5%	1,298	0.5%	1,356	0.6%
Total current expenditures	185,758	81.5%	192,673	87.7%	199,466	88.6%	206,875	89.2%	214,930	90.0%	222,706	90.6%
<b>OTHER USES</b>												
Capital outlay	98	0.0%	17	0.0%	20	0.0%	23	0.0%	26	0.0%	29	0.0%
Total other uses	98	0.0%	17	0.0%	20	0.0%	23	0.0%	26	0.0%	29	0.0%
<b>DEBT SERVICE</b>												
Principal and interest	44	0.0%	44	0.0%	44	0.0%	44	0.0%	44	0.0%	44	0.0%
<b>Total expenditures, Other Uses and Debt Service</b>	<b>185,900</b>	<b>81.5%</b>	<b>192,734</b>	<b>87.7%</b>	<b>199,529</b>	<b>88.6%</b>	<b>206,942</b>	<b>89.3%</b>	<b>215,000</b>	<b>90.0%</b>	<b>222,778</b>	<b>90.6%</b>
<b>Fund balance surplus BEFORE Rebate, Program and Reserve</b>	<b>42,145</b>	<b>18.5%</b>	<b>26,974</b>	<b>12.3%</b>	<b>25,547</b>	<b>11.4%</b>	<b>24,883</b>	<b>10.7%</b>	<b>23,777</b>	<b>10.0%</b>	<b>23,160</b>	<b>9.4%</b>
<b>Rebate Expenditures</b>	<b>7,517</b>	<b>3.3%</b>	<b>6,774</b>	<b>3.1%</b>	<b>8,418</b>	<b>3.7%</b>	<b>9,100</b>	<b>3.9%</b>	<b>9,875</b>	<b>4.1%</b>	<b>9,636</b>	<b>3.9%</b>
<b>Program Expenditures</b>	<b>4,561</b>	<b>2.0%</b>	<b>4,394</b>	<b>2.0%</b>	<b>4,502</b>	<b>2.0%</b>	<b>9,100</b>	<b>3.9%</b>	<b>9,875</b>	<b>4.1%</b>	<b>9,636</b>	<b>3.9%</b>
<b>Fund balance surplus AFTER Rebate and Program</b>	<b>30,067</b>	<b>13.2%</b>	<b>15,806</b>	<b>7.2%</b>	<b>12,627</b>	<b>5.6%</b>	<b>6,684</b>	<b>2.9%</b>	<b>4,028</b>	<b>1.7%</b>	<b>3,888</b>	<b>1.6%</b>
<b>Program Balance:</b>												
Carryover balance	2,520		5,789		6,110		5,306		5,762		4,691	
Net increase	4,561	2.0%	4,394	2.0%	4,502	2.0%	9,100	3.9%	9,875	4.1%	9,636	3.9%
Propose to spend	(1,292)	(0.6%)	(4,073)	(1.9%)	(5,306)	(2.4%)	(8,643)	(3.7%)	(10,946)	(4.6%)	(11,462)	(4.7%)
Ending balance	5,789		6,110		5,306	2.4%	5,762		4,691		2,865	
<b>Reserve Balance:</b>												
Carryover balance	38,254		68,321		84,127		96,754		103,437		107,465	
Net increase	30,067	13.2%	15,806	7.2%	12,627	5.6%	6,684	2.9%	4,028	1.7%	3,888	1.6%
Ending balance	68,321		84,127		96,754		103,437		107,465		111,353	
% of operating expenses	37%		44%		49%		50%		50%		50%	

\* The 2018/19 fiscal year is the first full year of service to customers, and is generally the cause of the large variances from the prior year

# Revenue Assumptions

The Base Case for the FY 2018-19 is based on the following assumptions:

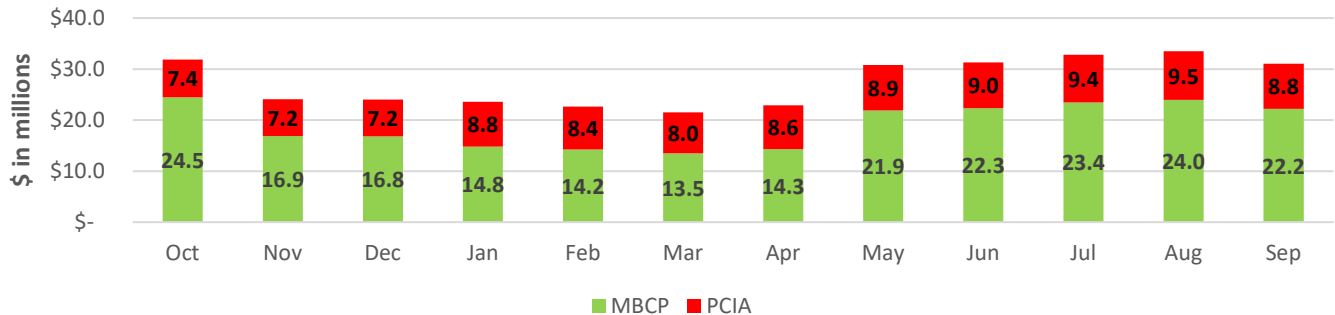
- PCIA will increase by 15% to approximately 3.2 cents per KWh.
- Power generation rates will be reduced by an average of 7.5%.
- Total consumption will be 3,337,000 MWh, assuming a 4% opt-out rate.
- Uncollectible is assumed at 0.5%.
- Load growth is assumed at 0.5%.
- Power supply rates will escalate annually by 2.5% starting 2020.

# Revenue by Month – 3 Scenarios

## Base Case Revenues by Month

15% increase in PCIA

7.5% decrease in PG&E rates

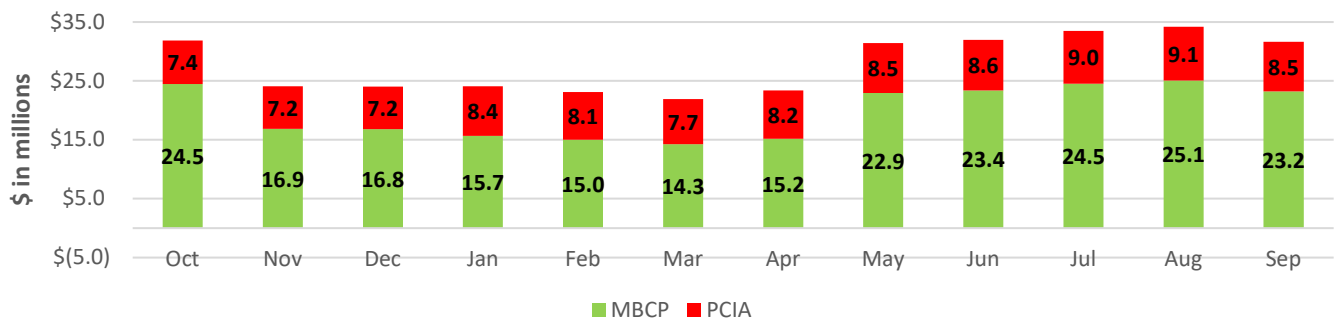


**Base Case Revenue = \$228 MILLION**

## Best Case Revenues by Month

10% increase in PCIA

5.6% decrease in PG&E rates

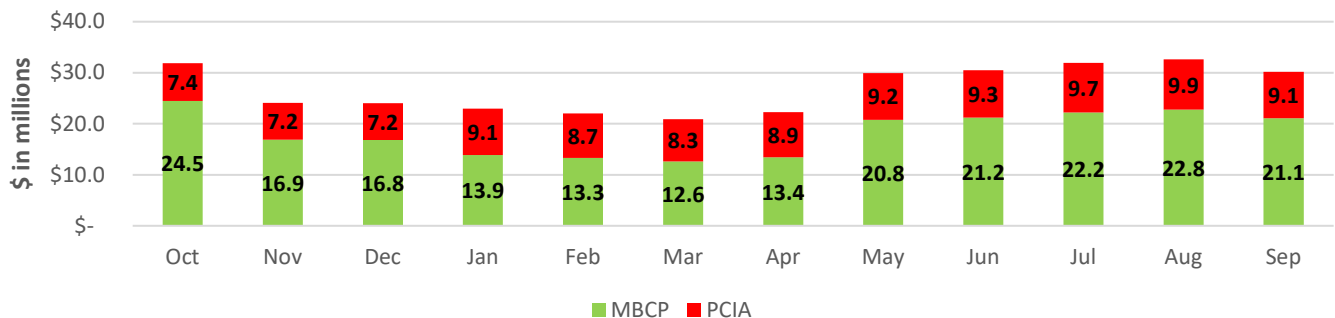


**Best Case Revenue = \$237 MILLION**

## Worst Case Revenues by Month

19% increase in PCIA

10% decrease in PG&E rates

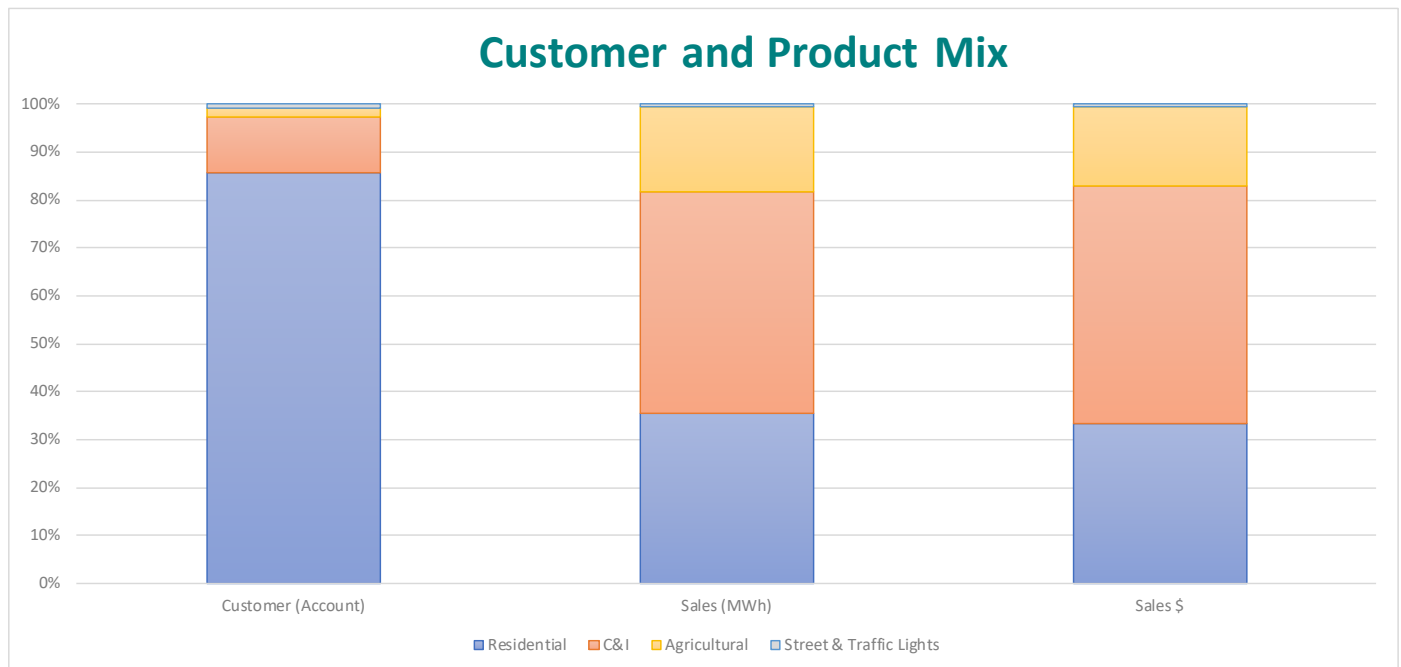


**Worst Case Revenue = \$219 MILLION**

# Non-Discretionary Spending

## Power Supply Expenses:

- Energy consumption is estimated to be 3,337 GWh. Energy cost includes system energy, eligible renewables, and carbon free attributes, which are estimated at \$155.9 million, or 89% of the total power supply cost. Resource adequacy cost is forecasted at \$18.7 million, or 11% of the total power supply cost.
- System and distribution system losses are estimated at 6.44%.
- Energy prices are hedged for 85% of expected consumption. Therefore, changes in market price, forecast accuracy, unusual weathers and regulatory risks are likely to cause deviations from current forecast.
- For solar customers, MBCP's Net Surplus Compensation (NSC) rate is set at 6.135 cents per KWh vs. PG&E's rate of 2.822 cents per KWh. The total payout amount forecast for MBCP NEM customers is estimated at \$0.5 million for the fiscal year.



# Non-Discretionary Spending (Cont'd)

## **Operating Expenses:**

### **Data Manager and PG&E Service Fees:**

- MBCP's contracts with GridX for data management services, billing services, and call center operations. The data management fees are based on a fixed price per meter per month.
- Service fees paid to PG&E consist of a charge of \$0.14 per account per month for meter data posting services, and \$0.21 per account per month for processing MBCP's energy charges and customer payments.

### **Human Resources:**

The FY 2018-19 proposes the following adjustments to MBCP organization. Impact of organization addition, deletion, and retitling is a reduction of \$16,000, and total staffing costs are budgeted at less than 2% of revenue.

- Adding two positions to the Communication and External Affairs team, namely Energy Programs Manager and Community Outreach & Event Coordinator (Bilingual), retitling Energy Planning Manager to Power Supply Analyst and deleting the Finance Manager position.

# Non-Discretionary Spending (Cont'd)

## Professional and Legal Services:

- Accounting: day-to-day accounting services provided by Maher Accountancy, and an annual external audit to be performed by an independent auditor.
- Power Procurement: budgeted to cover consulting support for scheduling coordination and generation dispatch services, power procurement and risk management support, customer portal, and IT security and related work.
- Marketing and Outreach: marketing consulting fees for video production, graphic design, and customer survey to determine brand awareness, customer priorities, and customer satisfaction with MBCP.
- Legal: support negotiation for long-term power supply procurement and regulatory advocacy.

## Marketing and Customer Enrollment:

By the end of July 2018, over 99% of all residential and business accounts in the tri-county area, representing 97% of electricity demand, are enrolled into MBCP service. To maintain this remarkable level of success, MBCP should engage with the community at all levels, understand and promptly address their needs.

Proposed initiatives for this fiscal year include:

- Engagement with relevant organizations, groups and underserved communities
- Continued sponsorships, advertisements, working with press/media outlets to share MBCP story and value proposition
- Rebuild of MBCP website and secondary MBCP page in Spanish
- Social media and video development to promote brand name
- Support and collaboration on energy educational opportunities
- Campaigns to raise awareness about service offerings and rebate options
- Development of community outreach plan 2.0
- Support of strategic accounts through re-enrollment campaign and customer portal build-out

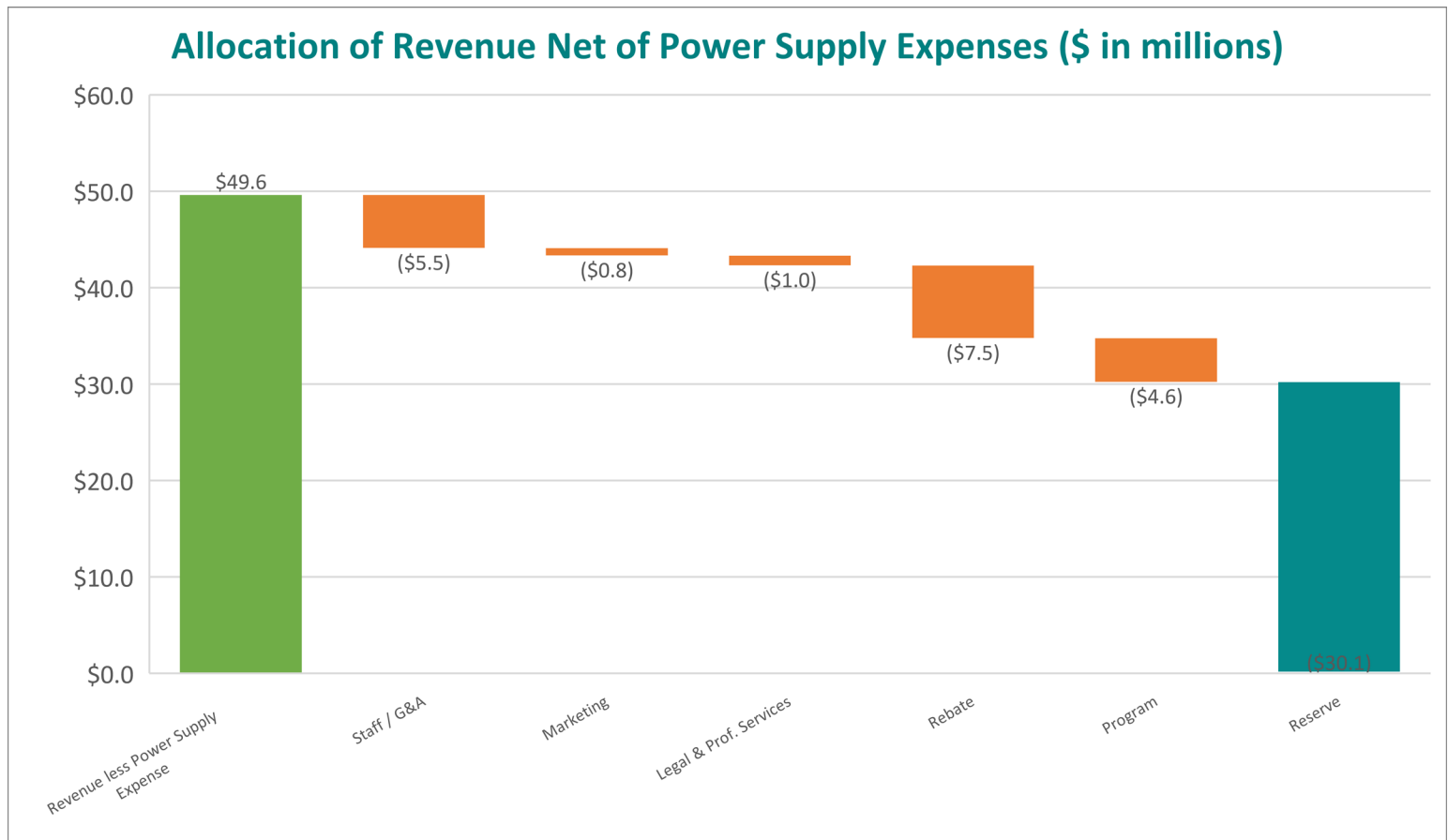


# Non-Discretionary Spending (Cont'd)

## General and Administration:

General and Administrative budget supports:

- Ordinary business expenses such as conferences and professional development, rent, liability insurance, office supplies, phone and internet, small equipment and software, subscriptions, copier lease and usage, travel, business meals, and miscellaneous operational expenses.
- In addition, this budget covers the California Community Choice Association (Cal-CCA) Membership Dues. Cal-CCA provides legislative and regulatory support to its members to address many of the challenges that face our industry in these arenas.



## Non-Discretionary Spending (Cont'd)

### Capital Investment:

Staff is investigating the acquisition of an agenda management program for assembly and distribution of board meeting agenda, minutes, and video streaming. In addition, funds are included to purchase a vehicle for staff use.

### Debt Service:

By the conclusion of this fiscal year, MBCP is expected to pay its debt obligation, namely \$3mil Non-revolving line of credit, \$2.6mil Revolving line of credit and \$563k Loan from the County of Santa Cruz. In addition, we plan to retire the guarantees secured from the three Counties by September 30, 2018.

# Discretionary Spending

To ensure fiscal stability, reduce customer rates, and invest in the local economy, Staff proposes two basic strategies for funding rebates and programs: one to address the funding under the Best and Base Case scenarios and the other to manage funding under Worst Case scenario. Providing that either the Best or Base Case scenario materializes, Staff recommends that programs are funded at 2% of total revenues and that the remaining revenue is allocated at 80% to reserves and 20% to rebates for FY2018-19. In the following year, this allocation will be changed in favor of higher share for rebates until reserves balance reaches the proper level (currently set at 50% of operating expenses), then Staff recommends that all surplus revenues would be split equally between programs and rebates. Under the Worst Case scenario, Staff recommends to fund reserves, rebates and programs at 80-10-10% of surplus revenues and continues at that level of funding until reserve target is reached.

Strategy		FY 18/19	FY 19/20	FY20/21	FY 21/22	FY 22/23	FY 23/24
1A	Program Rebate Reserve	2% of Revenue 20% of surplus 80% of Surplus	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target
1B	Program Rebate Reserve	2% of Revenue 20% of Surplus 80% of Surplus	2% of Revenue 30% of Surplus 70% of Surplus	2% of Revenue 40% of Surplus 60% of Surplus	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target	50% of Surplus 50% of Surplus At Target
2	Program Rebate Reserve	10% 10% 80%	10% 10% 80%	10% 10% 80%	10% 10% 80%	10% 10% 80%	10% 10% 80%

## Recommended Two Basic Strategies for future Scenarios:

Strategy 1A: Under Best Case Scenario

Strategy 1B: Under Base Case Scenario

Strategy 2: Under Worst Case Scenario

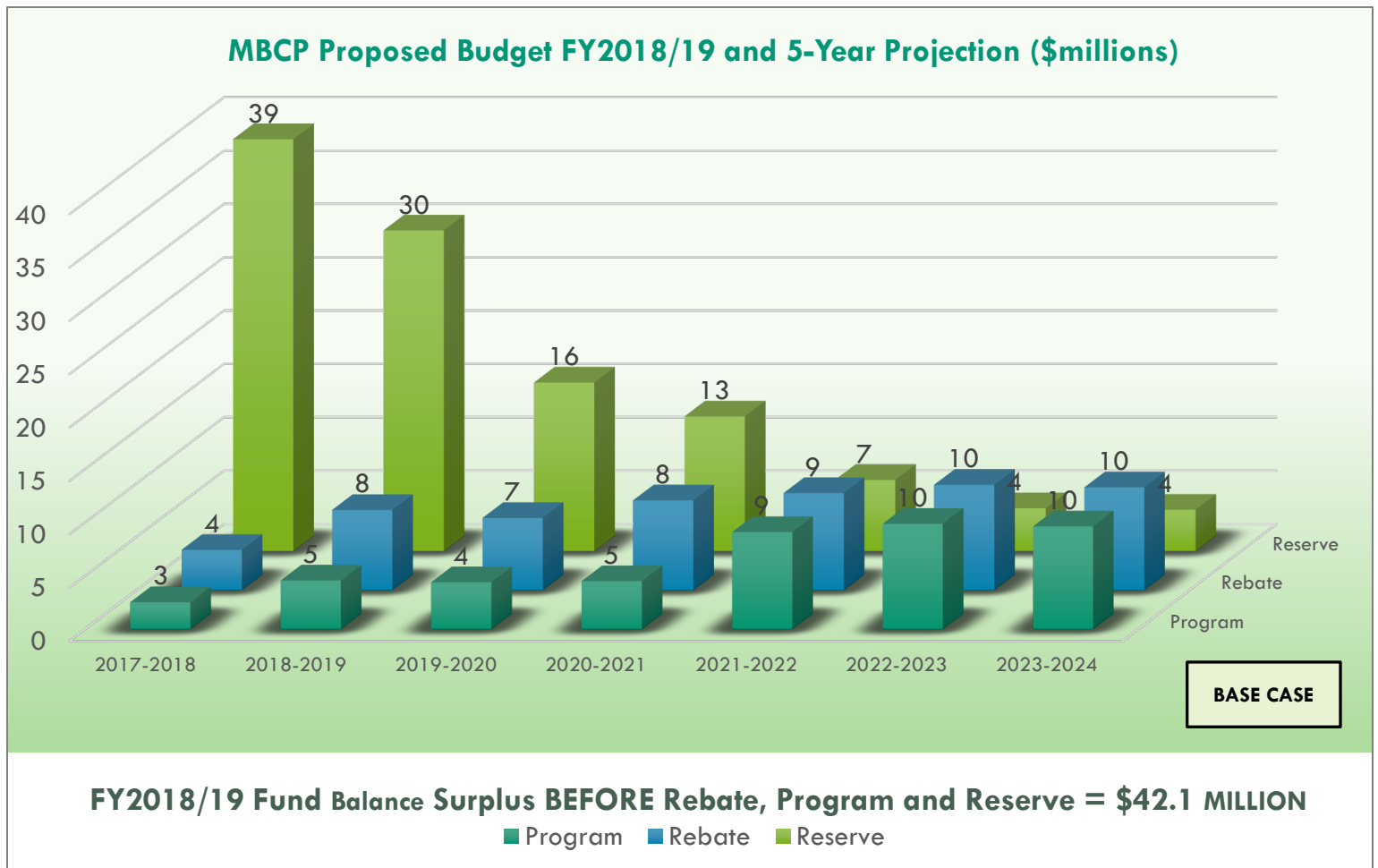
# Discretionary Spending (Cont'd)

## Five-year financial proforma for Base Case scenario:

- Customer rebates are assumed at \$7.5mil or 3.3% of revenue (20% of revenue surplus).
- Program funding balance at the end of FY 2017-18, estimated at \$2.5mil will rollover to FY 2018-19. The accumulated program fund will allow for several programs to be launched next year. These programs will meet a variety of quantitative and qualitative objectives, including GHG emissions reductions, incremental local jobs, brand awareness, and access to technologies for disadvantaged communities. Programs will fall into one of three categories:
  - **Transportation electrification** programs are designed to encourage the community to switch from fossil fuel-powered vehicles to clean electric options.
  - **Building Electrification** programs will motivate customers to upgrade building stock by switching from gas to clean electric appliances and efficient building equipment.
  - **Local Energy Resources** programs prioritize opportunities to support local development and reduce grid dependence and include storage and demand management programs.

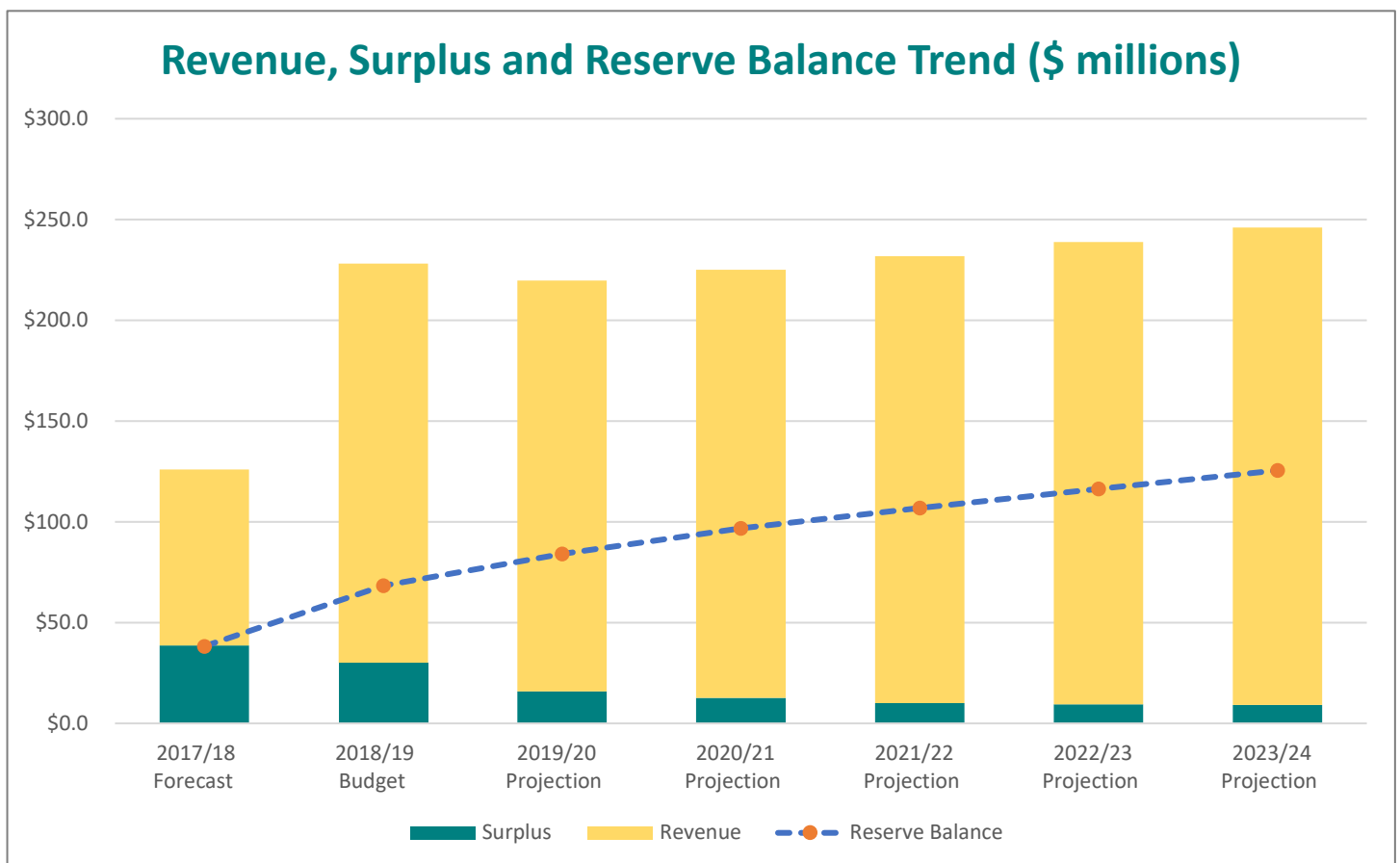
Education and awareness campaigns will be critical to the success of each of these three program categories. Customer needs assessments and the development of an electrification strategic plan will direct program designs and meet the longer-term community emergency preparedness goals.

# Proposed Budget and 5-year Projection



## 5-Year Financial Proforma Assumptions

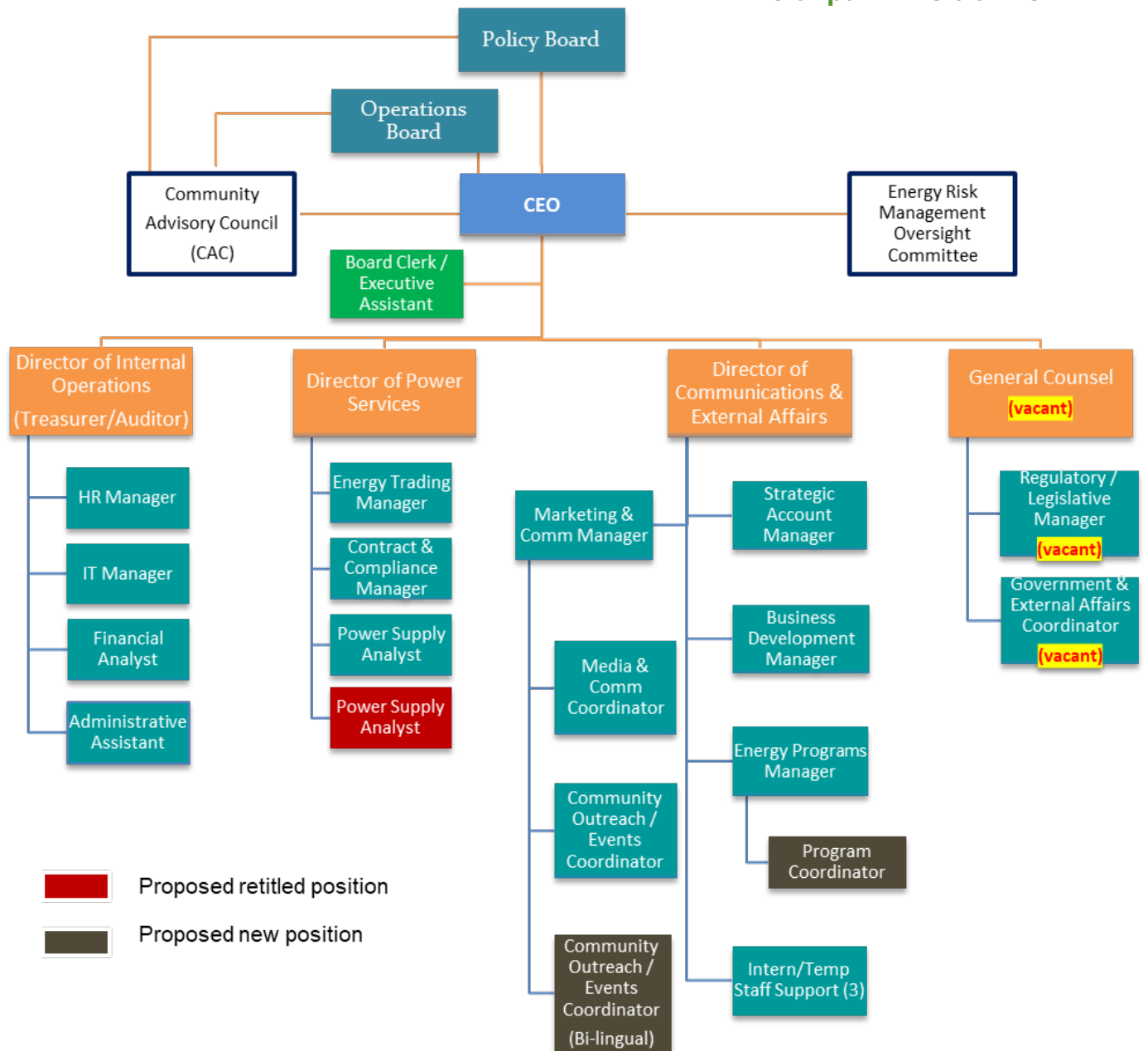
- PG&E rate decreases by 7.5% in CY 2019, flat in 2020, and then increases by 2.5% each subsequent year.
- PCIA increasing by 15% in 2019 and remain flat thereafter.
- Load growth at 0.5% annually.
- 3-5% inflation rates each year for Non-Power Supply Expenses.



# Organization Chart

## Proposed MBCP Organization Chart

Total full-time staff: 24  
Total part-time staff: 3



# CCA FY 2018-19 Proposed Budget Comparison

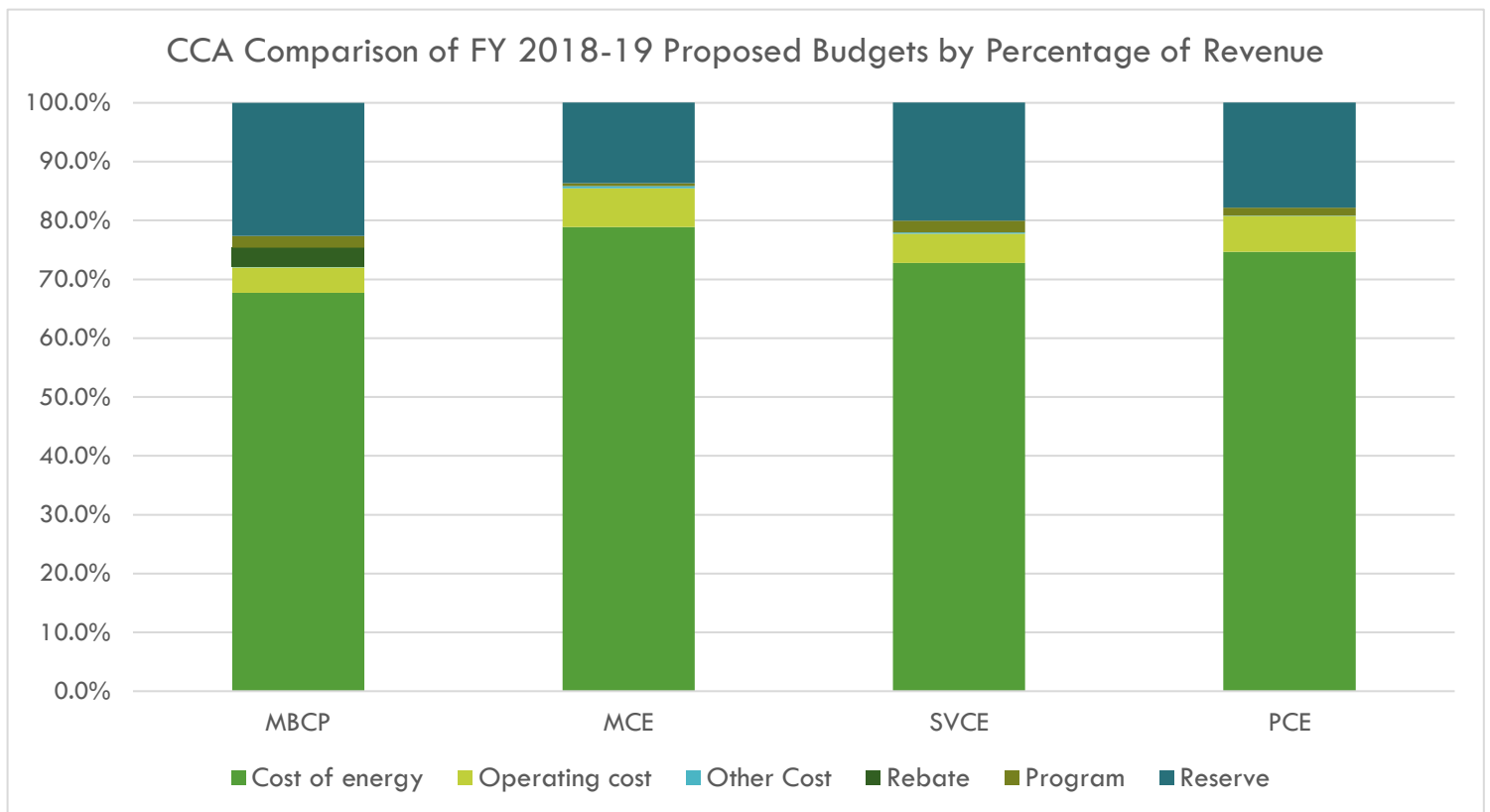
## COMPARISON ACROSS MULTIPLE CCAs FY 2018-19 PROPOSED BUDGET (\$ in thousands)

Fiscal Year	10/1-9/30		4/1-3/31		10/1-9/30		7/1-6/30	
	2018/19 Budget MBCP (No change)	% of Rev	2018/19 Budget MCE	% of Rev	2018/19 Budget SVCE	% of Rev	2018/19 Budget PCE	% of Rev
<b>REVENUE AND OTHER SOURCES</b>								
Revenue - Electricity	259,248		384,583		285,497		236,718	
Less: Uncollectible Accounts	(1,296)						(829)	
Net Revenue - Electricity	257,952	100.0%	384,583	100.0%	285,497	100.0%	235,890	100.0%
Other Source			1,733		700		440	
<b>Total net revenue and other sources</b>	257,952	100.0%	386,316	100.5%	286,197	100.2%	236,330	100.2%
<b>EXPENDITURES AND OTHER USES</b>								
<b>CURRENT EXPENDITURES</b>								
Cost of energy	174,564	67.7%	303,259	78.9%	207,710	72.8%	176,148	74.7%
Data manager	2,659	1.0%	7,005	1.8%	3,388	1.2%	3,758	1.6%
PG&E service fees	1,210	0.5%	1,413	0.4%	1,078	0.4%	1,260	0.5%
Staffing	4,399	1.7%	8,891	2.3%	5,577	2.0%	4,493	1.9%
Professional services	838	0.3%	2,999	0.8%	1,405	0.5%	1,433	0.6%
Legal Services	200	0.1%	834	0.2%	400	0.1%	1,147	0.5%
Marketing and Customer Enrollment	787	0.3%	1,881	0.5%	1,258	0.4%	1,011	0.4%
General and administration	1,100	0.4%	2,182	0.6%	1,113	0.4%	1,227	0.5%
<b>Total current expenditures</b>	185,758	72.0%	328,464	85.4%	221,929	77.7%	190,476	80.7%
<b>OTHER USES</b>								
Capital outlay	98	0.0%	947	0.2%	350	0.1%	42	0.0%
Financial Security Requirement	0	0.0%	0	0.0%	147	0.1%	0	0.0%
Transfer to Renewable Energy Dev Fund	0	0.0%	428	0.1%	0	0.0%	0	0.0%
<b>Total other uses</b>	98	0.0%	1,375	0.4%	497	0.2%	42	0.0%
<b>DEBT SERVICE</b>								
Principal and interest	44	0.0%	243	0.1%		0.0%	48	0.0%
<b>Total expenditures, Other Uses and Debt Service</b>	185,900	72.1%	330,082	85.8%	222,425	77.9%	190,566	80.8%
<b>Fund balance surplus BEFORE Rebate, Program and Reserve</b>	72,052	27.9%	56,234	14.6%	63,772	22.3%	45,764	19.4%
Rebate Expenditures	8,512	3.3%		0.0%		0.0%		0.0%
Program Expenditures	5,159	2.0%	1,690	0.4%	5,698	2.0%	3,200	1.4%
<b>Fund balance surplus AFTER Rebate and Program</b>	58,381	22.6%	54,544	14.2%	58,074	20.3%	42,564	18.0%



# CCA FY 2018-19 Proposed Budget Comparison

For the purposes of comparing our proposed revenue and expenditures with those proposed by other CCAs we compiled the FY 2018-19 Proposed Budgets of Marin Clean Energy (MCE), Silicon Valley Clean Energy (SVCE), and Peninsula Clean Energy (PCE). We note that the other CCAs made no adjustments for the anticipated changes to PG&E's PCIA and generation rates, so in order to make an apple-to-apple comparison we calculated what MBCP's revenue would be if there were no changes to the PCIA or generation rates.



	Percentage of Revenue		
	MBCP vs MCE	MBCP vs SVCE	MBCP vs PCE
Cost of Energy	-11.2% pts	-5.1% pts	-7.0% pts
Data Manager & PG&E Service Fees	-0.7% pts	-0.1% pts	-0.6% pts
Staffing	-0.6% pts	-0.3% pts	-0.2% pts
Professional Services	-0.5% pts	-0.2% pts	-0.3% pts
Legal Services	-0.1% pts	same	-0.4% pts
Marketing Customer Enrollment	-0.2% pts	-0.1% pts	-0.1% pts
General and Administrative	-0.2% pts	-0.1% pts	-0.1% pts
Other Cost	-0.3% pts	-0.1% pts	+0.1% pts
Program	+1.6% pts	same	+0.6% pts
Reserve	+8.4% pts	+2.3% pts	+4.6% pts

# About MBCP

By March 2017, the County Board of Supervisors from Monterey, San Benito and Santa Cruz counties as well as City Councils in sixteen local communities voted to establish the Joint Powers Authority, Monterey Bay Community Power (MBCP). MBCP was formed to provide locally-controlled, carbon-free electricity to residents and businesses in Monterey, San Benito and Santa Cruz Counties through the Community Choice Energy (CCE) model established by the State of California.



CCE is an opportunity to change the electricity market and provide residents and businesses with a new choice. A CCE functions as a new electricity provider and is locally operated and administered. The agency buys power on the open market encouraging the kind of competition that can result in more carbon free energy sources contributing to the energy grid at lower rates. California state policy allows local governments to form a CCE to pool electricity demand within and across their communities.

# MBCP Major Milestones

Feb  
2017

- Monterey Bay Community Power was established

May  
2017

- First meeting of the MBCP JPA Board

Sept  
2017

- Tom Habashi hired as CEO
- Initial FY 2017/18 Budget approved

Nov  
2017

- MBCP Implementation Plan was certified by the CPUC

Dec  
2017

- Initial staff hired
- Negotiated initial short-term power supply agreements
- Set rates and rebate schedule

Jan  
2018

- Move into MBCP Offices in Monterey

Mar  
2018

- **Phase 1 enrollment launched** - Commercial customers
- Formation of Energy Risk Management (ERM) Committee and policy adopted

Jun  
2018

- Policy Board appoints the Community Advisory Council (CAC)

July  
2018

- **Phase 2 enrollment launched** - Residential customer & Residential NEM
- New 100% eligible renewable service offering, MBPrime is launched

# Our Boards

MBCP is governed by two Boards, a Policy Board and an Operations Board. Each Board is comprised of 11 members with 11 alternates representing the participating communities. Policy Board Members are elected officials from MBCP member communities; and Operations Board Members are appointed executives leading the members cities and counties.

In addition, in June 2018, the Policy Board appointed the Community Advisory Council (CAC). The Council is comprised of 11 members that represent the three counties in the same proportions as our governing Boards.





# 2018 Policy Board



**Chair**  
Bruce McPherson  
County of Santa Cruz



**Vice Chair**  
Steve McShane  
City of Salinas



**Member**  
Michael Termini  
City of Capitola



**Member**  
Maria Orozco  
City of Gonzales



**Member**  
Vacant  
City of Hollister



**Member**  
Bruce Delgado  
City of Marina



**Member**  
Alan Haffa  
City of Monterey



**Member**  
Jane Parker  
County of Monterey



**Member**  
Jerry Muenzer  
County of San Benito



**Member**  
Sandy Brown  
City of Santa Cruz



**Member**  
Trina Coffman-Gomez  
City of Watsonville

# 2018 Operations Board



**Chair**  
Rene Mendez  
City of Gonzales



**Vice Chair**  
Ray Corpuz  
City of Salinas



**Member**  
Jamie Goldstein  
City of Capitola



**Member**  
Vacant  
City of Hollister



**Member**  
Layne Long  
City of Marina



**Member**  
Lew Bauman  
County of Monterey



**Member**  
Ben Harvey  
City of Pacific Grove



**Member**  
Ray Espinosa  
County of San Benito



**Member**  
Martin Bernal  
City of Santa Cruz



**Member**  
Carlos Palacios  
County of Santa Cruz



**Member**  
Matt Huffaker  
City of Watsonville



# 2018 Community Advisory Council



**Chair**  
Jeff Byron  
County of Monterey



**Vice Chair**  
Natalie LaVan  
County of Santa Cruz



**Member**  
Horacio Amezcuita  
County of Monterey



**Member**  
Norman Groot  
County of Monterey



**Member**  
Richard Stedman  
County of Monterey



**Member**  
Amy Wolfrum  
County of Monterey



**Member**  
Seth Capron  
County of San Benito



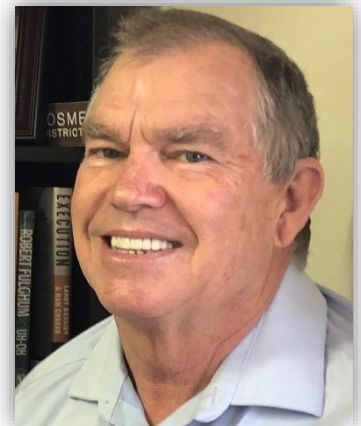
**Member**  
Ludmila Wist  
County of San Benito



**Member**  
Allen Bueno del Bosque  
County of Santa Cruz



**Member**  
Andy Hartmann  
County of Santa Cruz



**Member**  
Dennis Osmer  
County of Santa Cruz

Thank You...



...from all of us at MBCP