The webinar will begin in a few moments. The presentation will run for about 50 minutes followed by 5-10 minutes for Q&A as time allows.

You may submit a question at any time during the webinar. Should your question require an immediate answer, we will do our best to answer it right away. Some questions may be held until the Q&A period at the end.

Thank You For Joining Us!
Today’s Agenda

Welcome & Announcements

California Legislative Update
Jaime Minor, Legislative Advocate, Niemela Pappas & Associates, CalCCA and MCE contract lobbyist

Update on California and Western States CCA Expansion
Shawn Marshall, Executive Director, LEAN Energy US

Anatomy of a CCA Investment Grade Rating
Dan Aschenbach, Senior Vice President Public, Project & Infrastructure Finance, Moody’s Investors Service

California Regulatory Update
David Peffer, Attorney, Braun, Blaising, Smith, Wynne

Q&A and Wrap Up
Guest Speakers

Jaime Minor
Legislative Advocate,
Niemela Pappas & Associates
CalCCA and MCE contract lobbyist

Dan Aschenbach
Senior Vice President
Public, Project & Infrastructure Finance
Moody’s Investors Service

David Peffer
Attorney,
Braun, Blaising, Smith, Wynne
CalCCA 2018
Advocacy: CCA policies align with State goals

- SB 100 (DeLeon): Accelerating the RPS & 100% Carbon free by 2030 (CalCCA one of the first supporters, CCAs are already well on their way to achieving these statewide goals)
- AB 813 (Holden): Multistate Regional Energy Market (Has potential to reduce GHGs in the West, as long as CA has sovereignty over energy imports, CalCCA Supports)
- SB 1136 (Hertzberg): Resource Adequacy requirements (CCAs are participating in conversations with the author on how to reshape the state's failing RA regulations)
- SB 64 (Wieckowski): Fossil-fuel generation units (CCAs want to help the state transition away from GHG emitting sources in a thoughtful and efficient way)
CalCCA Legislative Advocacy in 2017-2018: Threats & Concerns

- AB 893 (E Garcia)/AB 2208 (Aguiar-Curry): Baseload carve out bills (Opposed given high costs of Biomass & Geothermal procurement)
- SB 1347 (Stern): Energy Storage procurement mandates (Supportive of storage system deployment, but working on cost recovery language so CCA customers don’t have to pay twice)
- SB 1088 (Dodd): Safety, reliability & Resiliency planning for IOUs (Disproportionally impacts CCA ratepayers, who already pay for and are mandated to procure reliability services)
- Looming threats of:
  - Centralized Procurement
  - Increased PUC regulation on CCAs
California CCA Developments

Operational (as of June 2018)
- MCE Clean Energy
  Marin, Napa and Contra Costa Counties, City of Berkeley
- Sonoma Clean Power
  Sonoma and Mendocino Counties
- Lancaster Choice Energy (1)
- Clean Power San Francisco
- Peninsula Clean Energy
  San Mateo County
- Silicon Valley Clean Energy
  Most of Santa Clara County
- Redwood Coast Energy Authority
  Humboldt County
- Apple Valley Choice Energy (2)
- Clean Power Alliance of Southern CA
  Phase 1 - Municipal LA County
- Monterey Bay Clean Power
  Santa Cruz, Monterey, San Benito Counties
- Pioneer Community Energy
  Placer County
- Pico Rivera Municipal Energy (PRIME) (3)
- San Jacinto Power (4)
- Rancho Mirage Energy Authority (5)
- East Bay Community Energy
  Alameda County
- Valley Clean Energy Alliance
  Unincorporated Yolo County, Cities of Davis and Woodland
- Solana Beach Energy Alliance (6)

2018 Launch (anticipated)
- Clean Power Alliance of So CA
  Phase 3 - Unincorporated LA County, South Pasadena, Rolling Hills
- Desert Community Energy (7)
  Cities of Palm Springs, Cathedral City, Palm Desert
- King City (8)
- San Jose Clean Energy (9)
  Phase 1

2019/2020 Launch (anticipated)
- Clean Power Alliance So CA
  Ventura County and 26+ additional cities
- San Jose Clean Energy
  Phase 2
- San Luis Obispo/Morro Bay
  Unincorporated Riverside County
- Western Community Energy / WRCOG (10)

Investigating
- Cities of:
  Baldwin Park
  Carlsbad
  Commerce
  Del Mar
  El Monte
  Encinitas
  Hanford
  Oceanside
  Pomona
  San Diego
  Santa Paula
- Counties of:
  Butte
  Fresno
  King
  Modoc
  Nevada
  San Joaquin
  Santa Barbara
  Solano
NEW OPERATIONAL CCAs THIS MONTH!

Congratulations to East Bay Community Energy, Valley Clean Energy Alliance and Solana Energy Alliance who launched service on June 1, 2018! Clean Power Alliance Southern CA’s phase 2 gets rolling at the end of this month.

MCE Clean Energy
Marin, Napa, Contra Costa Co.s

MCE’s enrollment of 9 new Contra Costa communities is wrapping up; average opt out 8.2%; average opt-up 1%. CPUC recently voted to approve EE business plan for 2018-2025 which more than quadruples the EE budget and allows MCE to serve large commercial, industrial customers. MCE is the first CCA in the nation to receive a Baa2 investment grade credit rating! Open inclusion period through September 15, 2018. Check out www.MCECleanenergy.org for more info. MCE currently has a job opening for Manager of Compliance Operations on the MCE legal team.

Clean Power SF
San Francisco City and County

Enrolling 27,000 commercial accounts in July; remainder of residential accounts will enroll in April 2019; Recently executed 2 long-term PPAs for 147 MW new renewables; 4.5 year PPA with Geysers; Currently seeking a Regulatory and Legislative Affairs Specialist. www.cleannpowersf.org.

Silicon Valley Clean Energy
Santa Clara County

City of Milpitas (25k accounts) enrolled starting June 1 with 100% carbon free power; Board set to approve 15-year 110 MW wind contract for period 2021-2035 (PCC1 resource serving 10% of SVCE retail load); sponsoring a feasibility study for small pumped hydro storage project in Santa Clara County; results out in the Fall. www.svcleanenergy.org.

Redwood Coast Energy Authority
Humboldt County

RCEA celebrated one year serving Humboldt Co. with 93% retention rate; P3 project for off-shore wind is on-going as is 2.5 MW solar+ storage microgrid project at the airport; launched new Public Agency Solar Program and have received over a dozen applications thus far; Peak Day Pricing program is ongoing; RCEA will be providing event day alerts via text and email to PDP customers. www.redwoodenergy.org.
## California CCA Developments: Operational Programs

<table>
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<tr>
<th>Clean Power Alliance Southern CA LA and Ventura Counties</th>
<th>County municipal accounts began service in spring 2018; Muni/commercial in unincorporated County, South Pasadena, Rolling Hills Estates launch at end of June; All residential accounts, Ventura County and 28+ additional cities will be enrolled during 2019. RFQ to become pre-qualified provider is still open. Check out <a href="http://www.cleanpoweralliance.org">www.cleanpoweralliance.org</a>.</th>
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<tbody>
<tr>
<td>Monterey Bay Community Power Monterey, Santa Cruz, San Benito</td>
<td>Commercial /muni accounts holding at 97% retention; Residential enrollments begin July 1; Recently released “Go Local RFO” for 20 MW renewable+ storage in smaller 1-3 MW projects across 3 counties; Currently negotiating long-term PPAs to meet SB350 obligations; 11 member CAC was appointed from 62 applicants; <a href="http://www.mbcommunitypower.org">www.mbcommunitypower.org</a></td>
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<tr>
<td>Lancaster Choice Energy City of Lancaster</td>
<td>Installation of 30 public EV charging stations is underway; working on special rate for electric bus fleet, expected to be 100% on line by end of 2018; Alternative Energy Community Project/Phase II EPIC grant will provide an additional $5M to effort; Staff developing an RFP for EE vendors to be issued in July. <a href="http://www.lancasterchoiceenergy.com">www.lancasterchoiceenergy.com</a></td>
</tr>
<tr>
<td>CA Choice Energy Authority - PRIME, San Jacinto Power, Rancho Mirage Energy Authority</td>
<td>Pico Rivera/PRIME is now fully enrolled (17,600 accounts; 3% savings, 50% renewable; 3.8% opt out); San Jacinto Power is now fully enrolled (14,000 accounts, 3% savings, 35% renewable, 6.8% opt out); Rancho Mirage is now fully enrolled (50% carbon free; 5% savings; less than ½% opt out). 6 other cities – Hanford, Baldwin Park, El Monte, Santa Paula, Pomona, Commerce – are in the midst of tech studies. Expected launch in 2020. <a href="http://www.californiachoiceenergyauthority.com">http://www.californiachoiceenergyauthority.com</a></td>
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## California CCA Developments: Coming Soon

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<th>Community</th>
<th>Details</th>
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<tr>
<td><strong>San Jose Clean Energy</strong></td>
<td>Muni accounts will launch on September 1; commercial and residential accounts on March 1, 2019; Website, community outreach and RFP for power supply will be happening this summer. Stay tuned! They will be recruiting in the next couple of weeks for an Account Management Analyst, Administrative Analyst, and Account Service Manager (Senior Analyst).</td>
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<tr>
<td><strong>San Luis Obispo/Morro Bay</strong></td>
<td>RFP for technical and energy services closed on June 4; bidder selection in July; anticipate January 2020 program launch which could include additional cities in SLO county.</td>
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| **San Diego County:**               | **Solana Beach** launched -- first one in SDGE territory! Will offer 3% discount for default product which will be 50% renewable, 75% GHG free; 100% clean power product TBD.  
**City of San Diego** will decide by end of 2018 whether to pursue CCE or accept SDG&E proposal to get them to goal of 100% clean energy by 2035  
**North San Diego cities** Business plan to be completed by end of summer |
| **Desert Community Energy**         | DCE on track to enroll all customers August 1st. Default product will be 3% lower than SCE, 35% renewable and 50% carbon free. Premium product will be 35% renewable and 100% carbon free at price parity with SCE.  
[www.desertcommunityenergy.org](http://www.desertcommunityenergy.org) |
| **Western Riverside Council of Govts.** | WRCOG established July 31 cut-off for cities to join JPA/pass ordinance; I-Plan prepared this Fall for potential early 2020 launch  
**Unincorporated Riverside County** Unincorporated Riverside County is still with Good Energy; anticipated launch in 2020 |
| **Other Emergent Communities**      | **King City** (Monterey County) – Expected to launch service this Fall  
**Santa Barbara County** – new technical study underway; soon complete  
**Butte County** – Technical Study is complete; County Board will vote this Fall after assessment of local interest  
**Central Valley** – City of Hanford is conducting technical study with CA Choice Energy; Center for Climate Protection is supporting local govt. and stakeholder outreach in Fresno/San Joaquin Counties |
Agenda

1-From credit perspective CCA strengths
2-Risks and mitigation
3-MCE investment grade rating
4-Questions
Credit Strengths

- Self-regulated rate setting
- Provision for full recovery under JPA agreement (not court tested)
- No cap on exit fee if needed to have departing customer pay remaining share of power obligation (not implemented)
- Prohibition against IOU marketing
- Diverse suppliers, terms and amounts of PPAs reduces counterparty risk
- State regulatory board and legislative support for CCA clean energy and choice objectives
Risks and Mitigation

- Quick exodus of customers--- procurement margin; self-rate regulation; liquidity and cost recovery charge narrow financial impact
- Challenge to the JPA statute-cities warned about potential liability before passing ordinance and JPA agreement
- PG&E A3 rating under review for downgrade-not expected to impact T&D function
- Energy remarketing is major risk- open position; liquidity and self-regulation on rates mitigates
- California legislative and regulatory risks-CCA local political strength increasing as more CCAs formed
- California uncertain power markets –uncertain
MCE Assigned Baa2 Rating

Strengths

❖ Established operating record
❖ Self-regulated rate setting
❖ Sound provisions for cost recovery from departing municipalities
❖ Strength of service territory
❖ Strong regulatory and legislative support for clean energy

Challenges

❖ New business model
❖ Very sizable long-term energy purchase commitments and power marketing risk
❖ Evolving power market issues such as PCIA design and meeting higher renewable requirement
❖ Higher liquidity targets will take several years to meet
Globally and locally acknowledged for award-winning expertise in credit ratings, research and risk analysis.

**AMERICAS**
- **CreditFlux CLO Census 2017**
- Best CLO Rating Agency: 2016–2017
- **Institutional Investor**
- #1 US Credit Rating Agency: 2012–2017

**EMEA**
- **Global Capital Bond Awards 2017**
- Multi-award winner, including best rating agency categories: 2015–2017
- **KPMG Capital Markets Awards 2017**
- Australian Rating Agency of the Year: 2014–2017

**ASIA PACIFIC**
- **IFN Awards**
- Best Islamic Rating Agency: 2015, 2017
- **GIFA Global Islamic Finance Awards**
- Market Leadership Award, Islamic Finance Intelligence & Ratings: 2016–2017
- Best Islamic Finance Rating Agency: 2015

**MENAIR**
- **MENA AIR Insurance Awards 2017 Winner**
- **MENA AIR Insurance Awards 2017**
- Best Rating Agency: 2017

**Fixed Income Poll 2016**
- **FinanceAsia**
- Multi-Award Winner, Including Best Ratings Agency: 2016
- **Most Influential Credit Rating Agency: 2013–2016**
- **AsiaMoney Best Credit Rating Agency 2016**
- #1 Asia Credit Rating Agency: 2012–2016
Key Regulatory Developments

- PCIA (R.17-06-026)
- IRP (R.16-02-007)
- Energy Storage (A.18-03-001, A.18-03-002 consolidated)
- Green Tariff Shared Renewables (R.14-07-002)
- Resource Adequacy (R.17-09-020)
Announcements & Wrap Up

*Grid Edge Innovation Summit*
June 20-21, San Francisco

*9th Annual Statewide Energy Efficiency Forum*
June 20-21, Sacramento

*Customer Choice En Banc*
June 22, 9:00 am – 5:00 pm
CA Public Utilities Commission Auditorium, San Francisco
http://www.cpuc.ca.gov/customerchoice/

*Silicon Valley Energy Summit*
June 21, Stanford University

*Pathway to 2050*
August 8, Sacramento

*Next LEAN Market Call*
August 10