Item 3
PRESENTATION

FY 23-24 Proposed Operating Budget Review

Amrit Singh
Finance and Administration Committee
August 1, 2023

SILICON VALLEY CLEAN ENERGY

Purpose

1. Review: Proposed fiscal year 2023-2024 (FY 24) budget
2. Action: Recommend approval to the Board, with any suggested changes:
   a) Proposed budget
   b) Reserve Policy Target Levels

Main Areas of Discussion

1. Review Key Highlights
2. Proposed Budget Forecast
3. Revenue Forecast Uncertainty
4. Power Supply Cost Comparison to FY 23 Mid-Year Budget
5. Other Operating Expenses
   - Increase Staffing
   - Merit/Cola Adjustment
   - Transfer to Programs
6. Review Reserve Targets

FY23-24 Budget Development Timeline

May 12

High-level Budget Framework Discussion with Finance and Admin Committee

May/June

Budget Framework Discussion with Executive Committee and BOD

August 1

Present Draft Budget to Finance & Admin Comm

August 9

Present Draft Budget to BOD

Late August

Incorporate Changes based on BOD feedback

Sept. 13

Present Recommended Budget to BOD. Adopt updated Strategic Plan

March 2024

Mid-Year Budget Review / Adjustment

Key Highlights of the Draft Budget Preview

1. **Potentially positive financial year; Results highly uncertain due to the impact of energy price volatility on revenues**

   - Forecast year-over-year (YOY) revenues decrease ~$84 million
     - Energy price volatility from March 2023 to July 2023 has contributed to a downward adjustment in revenue projections of ~$140 million
     - High RA and RPS prices, unlike in prior years, substantially increase forecast uncertainty
   - Power Supply Costs remain almost flat YOY (-0.2%)
     - Lower forward energy prices and more favorable PPAs coming online help offset the increase in costs resulting from higher load, RPS, and RA prices
   - Contribution to reserves remains positive at $7.7 million

2. **Customer Discount**

   - Continue the 4% discount until the new 2024 PG&E rates are in effect
   - Rest of fiscal year
     - 1% discount for all customers
     - 1% offered as $ bill credits to low-income customers
   - Primarily for setting the budget. Revisit (likely in December) once there's more certainty on PG&E rates

3. **Other Changes**

   - 9 additional full-time positions; Adjustment of employee compensation for the cost of living and merit (~7.5%)
   - Delay decision on additional funding for programs or set aside for a building fund

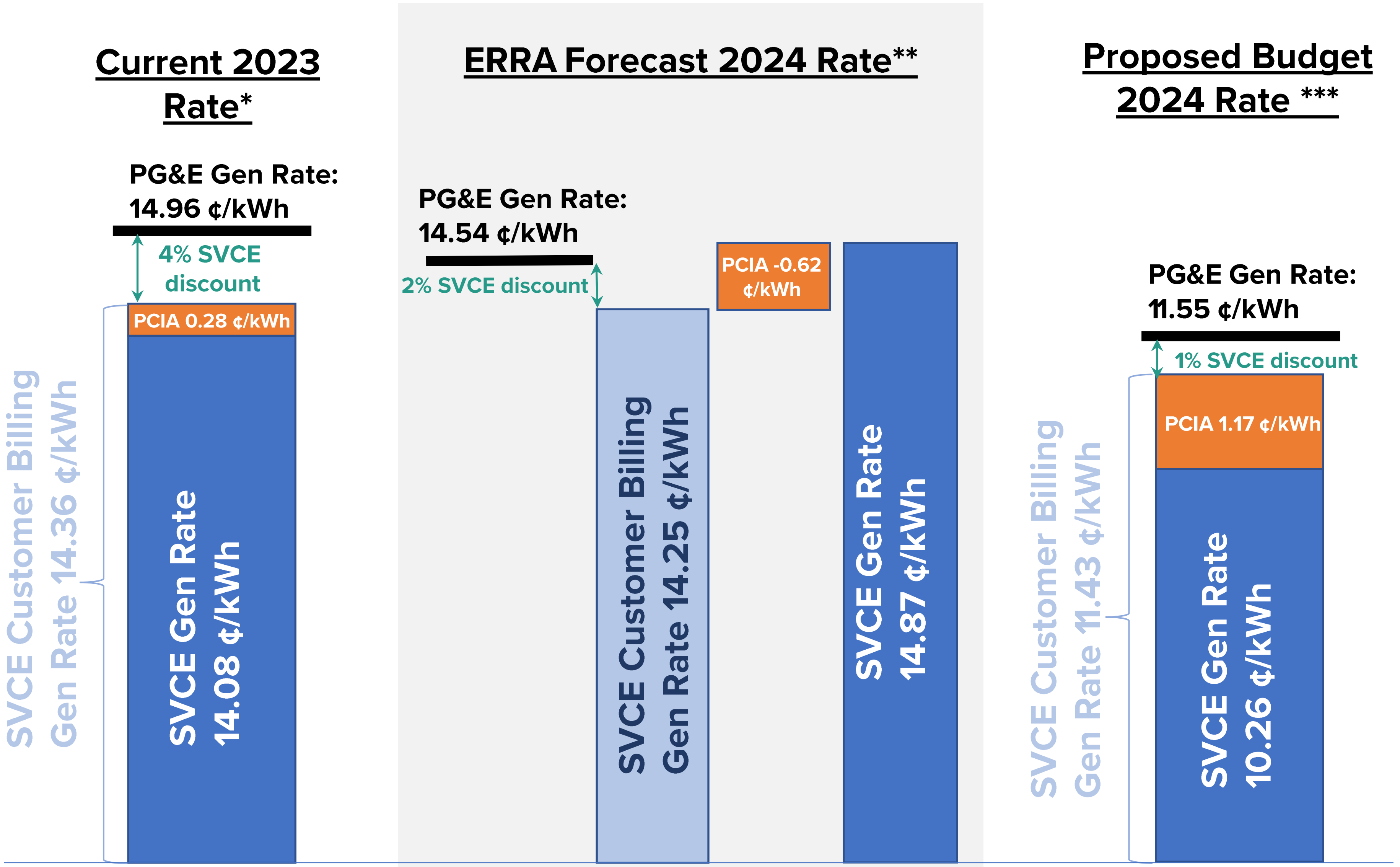
Preliminary FY 24 vs FY 23 Mid-Year Adjusted Budget

SILICON VALLEY CLEAN ENERGY
FY 2023-24 OPERATING BUDGET
($ in thousands)

DESCRIPTION	MY 2022-23 ADJUSTED BUDGET	FY 2023-24 PROPOSED BUDGET	Year over Year Change $	%
Energy Revenues	523,958	440,404	(83,554)	-15.9%
Power Supply Expense	392,436	391,624	(812)	-0.2%
Operating Margin	**131,522**	**48,780**	**(82,742)**	**-62.9%**
Operating Expenses	27,559	32,361	4,802	17.4%
Non-Operating Revenue (Expense)	3,867	5,498	1,631	42.2%
Annual Transfers and Other Expenses				
Program Fund	9,765	8,874	(891)	-9.1%
Nuclear Allocation	1,900	2,188	288	15.2%
Multi Family Direct Install Program	9,500	0	(9,500)	-100.0%
Electrification Discount Program	9,500	0	(9,500)	-100.0%
Customer Bill Relief	3,600	3,136	(464)	-12.9%
Other	200	50		
BALANCE AVAILABLE FOR RESERVES	**$73,365**	**$7,669**	**($65,696)**	**-89.5%**

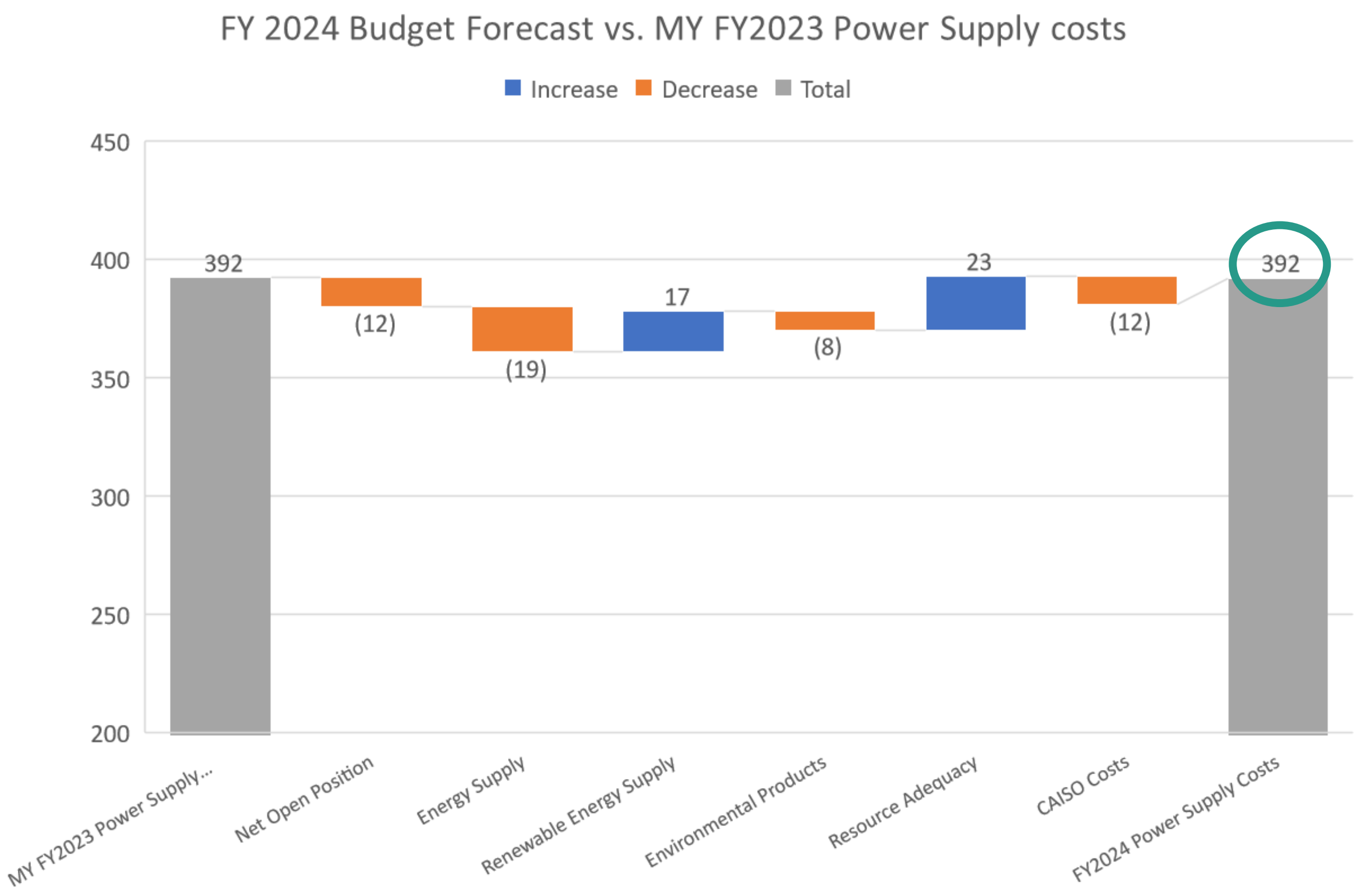
Margins Highly Uncertain

- PG&E filed its forecast of 2024 Rates on 5/15/23
    - PG&E Gen Rate down ~3%
    - PCIA down from positive 0.28 ¢/kWh to negative -0.62 ¢/kWh
    - SVCE margin up ~6% due to negative PCIA
- PG&E used 3/27 forward prices
- Prices since have decreased ~18% for 2023 and ~14% for 2024
- SVCE 2024 Margins since ERRA forecast dropped -31%
- SVCE Margins Y-o-Y dropped -27%



* Source: PG&E 2023 Average Rate, effective January 1, 2023 (Weighted for SVCE Portfolio Load)
** PG&E 2024 ERRA Forecast, released on 15th of May,2023 (Weighted for SVCE Portfolio Load)
*** Using NewGen Model with 7/7/2023 Forward Curves and 10% haircut
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Power Supply Costs



FY 24 costs, forecasted at 392 million dollars, are estimated to be in line with FY 23 at the Mid-Year Budget

- Favorable Drivers
  - Drop in forward prices
  - More favorably priced PPAs coming online resulting in lower need for energy supply and environmental products
  - Lower CAISO non-energy costs in FY2024 compared to MY FY2023. High costs in MY FY2023 due to prior period adjustments from the winter's disruption in the natural gas market.
- Offset by
  - Increase in load YOY (1.5%)
    - Increase in direct access load
    - Recovery from COVID
  - Increase in RA costs

Operating Expenses and Transfers

Sources of Operating Expense and Transfer Amount Changes

Operating Expenses	Change (000s)*	Implications/Reasons
Personnel Costs**	$4,120	
Increased Staffing	$1,830	9 additional FTE positions
Annualized Positions	$1,490	Vacancy Savings from MY budget; Promotions/Position Upgrades
COLA	$500	4.5% COLA
Merit	$300	3% budgeted for merit increases (avg)
Other Expenses	$681	Add'l Marketing, G&A, Professional Services

*Amounts include 5% operating expense contingency
** Staff to present potential enhancements to benefits package to promote employee retention later during the fiscal year.

Transfers	Amount (000s)	Implications/Reasons
Programs Transfer	$8,874	2% of projected revenues
Nuclear Allocation	$2,188	2022 PG&E Carbon Free Allocation
Customer Bill Credit	$3,136	1% of projected revenues for January – September 2024

Staffing – 9 Additional Positions Since Last FY

Current Staffing

- 43 full-time employees
  - 7 current vacancies (including Senior Regulatory Analyst position)
- 3 intern positions (open)
- 4 part-time employees
- 1 Climate Corps Fellows
- 2 long-term independent consultants

Personnel Authority

- CEO can approve job titles, salary ranges, and org chart positions
- Positions can be swapped/changed and added within Board-approved budget
- Additions will not exceed 10% of authorized number shown in budget
- Changes/hires communicated in next CEO report to Board

Per CEO personnel authority, the Associate Data Scientist position is filled, and the Senior Regulatory Analyst is currently being recruited.

Proposed budget requests approval for the remaining 7 positions.

ESCR (3)

- Program Marketing Specialists (3) – focused marketing efforts on program growth and adoption

Decarbonization Programs and Policy (2)

- Programs Specialist – Community Programs (1)– to design and implement decarbonization programs
- Associate Data Scientist (1) – to support data use, visualization, and communication across the organization. (Already filled per CEO personnel authority).

4PRO (3)

- Senior Regulatory Analyst (1) – to support engagement at CPUC, CAISO, and CEC (unfilled during FY22-23 and swapped for another position – currently being recruited under CEO personnel Authority)
- Data Engineer (1) – to integrate the various wholesale and operational data streams within 4PRO
- Management Analyst /Admin (1) – to coordinate and effectively manage 4PRO team efforts

Finance & Admin (1)

- Senior Financial Analyst (1)– to support the organization with budgeting, accounting, and financial analysis

Review Reserve Targets

- Ensure SVCE maintains sufficient reserves to manage risks such as those modeled in the Stress Test analysis.
    - Prices collapse reducing revenues and there's an additional draw on reserves from an increase in financial posting requirements to the Provider of Last Resort (PG&E).
- Set reserve targets such that if the stress scenario were to occur:
    - Target threshold stays above 120 Days Cash On Hand (DCOH) for the next two fiscal years
    - Upper Reserve Target stays above 90 DCOH over the next 5 fiscal years

Stress test analysis was updated with assumptions consistent with those used to develop the proposed budget.

Reserve Targets (DCOH)	Current	Implied Targets
Minimum	120	120
Goal (Target)	285	**300**
Maximum (Upper Target)	490	490

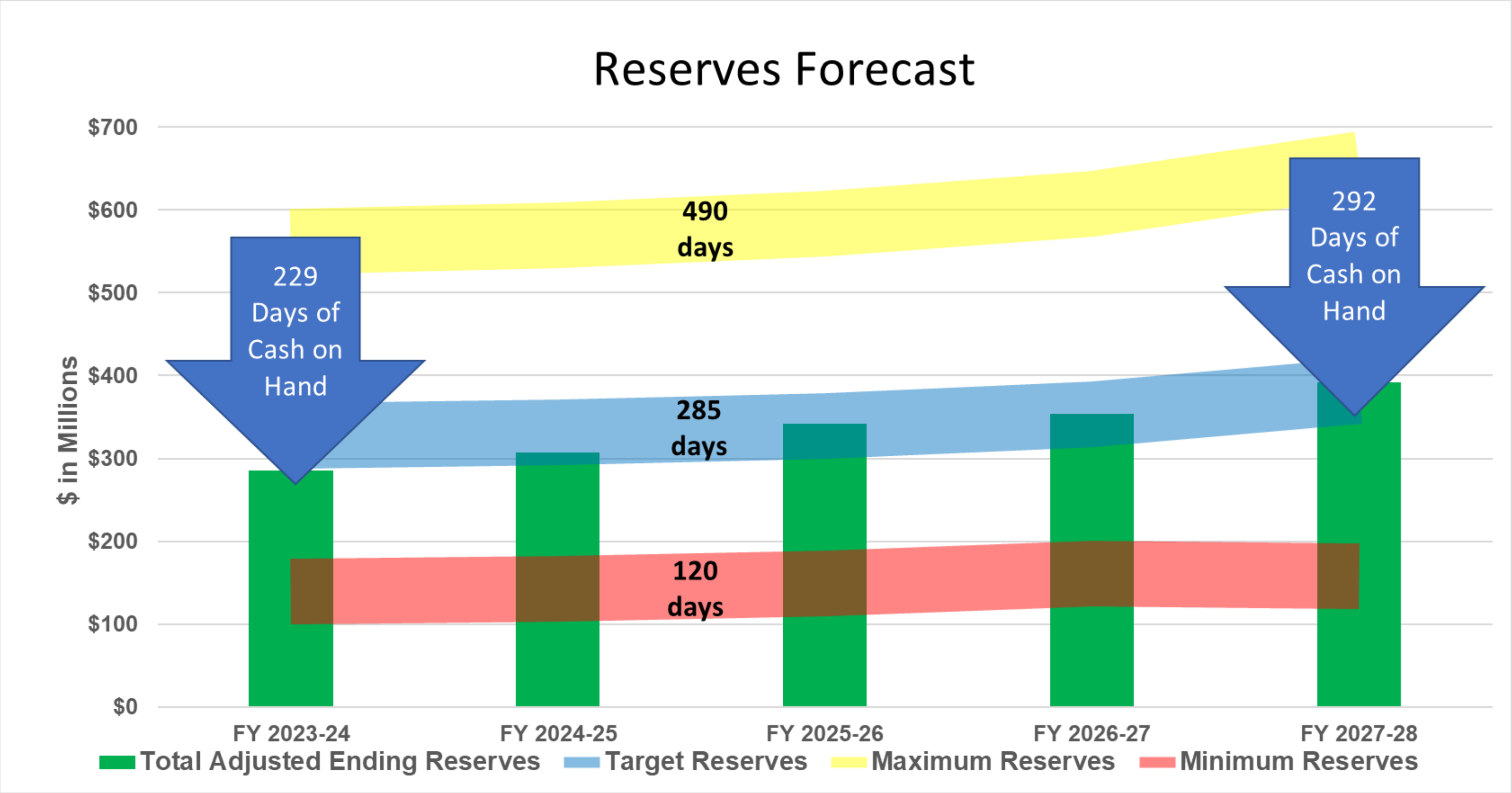
Recommendation:

Keep the existing targets
- New implied targets are close to the current targets
- The modeling of uncertainty in RA and RPS prices to derive PCIA and PG&E generation rates are conservative
- Changing targets has no practical implication
    - 5-yr forecast shows ending reserves will be below target levels in the near term

Reserve Projection

Projected End of FY Reserves:

- $285 Million
- 229 Days of Cash on Hand

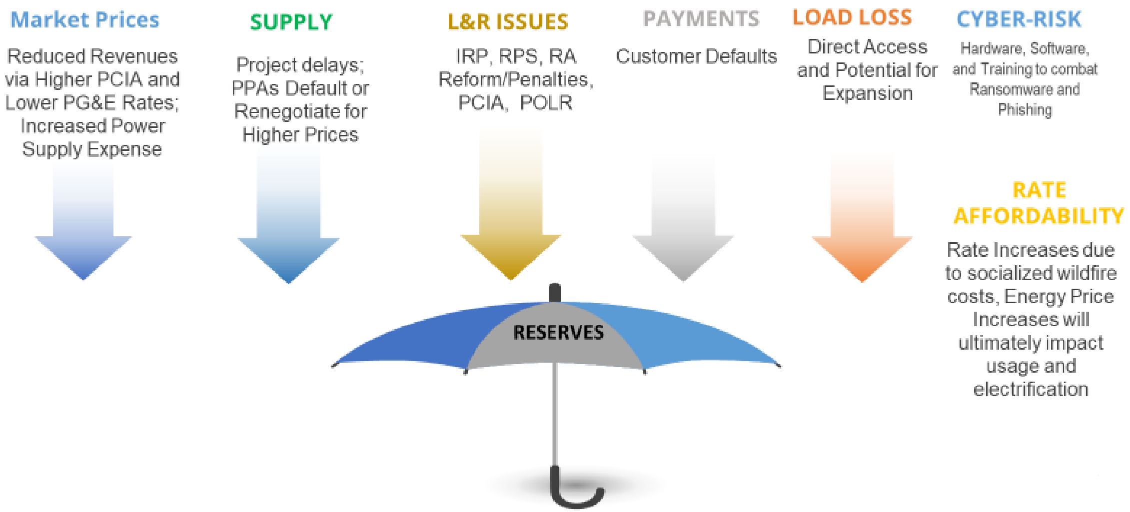


SILICON VALLEY CLEAN ENERGY

Summary – Potentially Positive Year But Results are Highly Uncertain

- Biggest risks include late-year adjustments to PCIA / PG&E Gen Rate and significant volatility in energy prices.
- Keep the current customer discount rate of 4% until new PG&E rates are enacted.
    - Budget 1% for the rest of the fiscal year and an additional 1% towards bill credits for low-income customers.
    - Revisit once there's more certainty on PG&E and PCIA rates.
- Delay decisions on additional funding for programs or set aside for a building fund.
    - More funding for programs is needed over time but is currently well funded to engage staff fully.
    - Staff will continue assessing opportunities to purchase a building and will later update the Board on the next steps.

Many Risks can Deplete Reserves



Recommendations to the Board

- Approve the Proposed FY 2023-24 Operating Budget
- Affirm the current reserve policy target levels

Thank you! / Questions?

5-Year Forecast

($ in Thousands)	FY22-23 (Adjusted Budget)	FY23-24 (Budget)	FY24-25 (Forecast)	FY25-26 (Forecast)	FY26-27 (Forecast)	FY27-28 (Forecast)
Operating Revenue						
Electricity Sales, Net[1]	$ 531,561	$ 435,206	$ 471,956	$ 503,130	$ 515,879	$ 517,916
GreenPrime Electricity Premium	1,055	2,012	2,322	2,334	2,351	2,371
Total Operating Revenues	**532,616**	**437,218**	**474,278**	**505,464**	**518,230**	**520,287**
Operating Expense						
Power Supply	$ 391,261	$ 391,624	$ 400,877	$ 416,343	$ 450,677	$ 439,648
Operating Margin	**141,355**	**45,594**	**73,401**	**89,122**	**67,553**	**80,639**
Data Management	3,413	3,413	3,583	3,762	3,950	4,148
PG&E Service Fees	1,470	1,470	1,544	1,621	1,702	1,787
Staff Compensation	11,285	15,406	16,176	16,985	17,834	18,726
Consultants and other Professional Fees	8,016	8,084	8,570	9,084	9,629	10,206
Communications and Noticing	993	1,370	1,439	1,511	1,586	1,666
General and Administration	2,382	2,618	2,749	2,886	3,031	3,182
Transfers to Programs Fund	34,265	11,062	9,486	10,109	10,365	10,406
Total Operating Expenses	**453,085**	**435,047**	**444,422**	**462,300**	**498,773**	**489,769**
Operating Income	**79,531**	**2,171**	**29,856**	**43,164**	**19,457**	**30,518**
Nonoperating Revenue (Expense)						
Other Income	182	50	51	51	52	52
Investment Income	-	5,501	5,251	5,683	6,389	6,635
Capital Outlay & Financing Costs	(200)	(53)	(53)	(53)	(53)	(53)
Grant Income	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)	**(18)**	**5,498**	**5,249**	**5,681**	**6,387**	**6,634**
Change in Net Position/Available for Reserves	**79,513**	**7,669**	**35,104**	**48,845**	**25,844**	**37,152**
Begin, Net Position	**212,684**	**320,082**	**307,579**	**329,143**	**364,448**	**376,752**
Adjustment for Program Expenditure[2]	**27,886**	**(20,173)**	**(13,540)**	**(13,540)**	**(13,540)**	**0**
End, Net Position	**$ 320,082**	**$ 307,579**	**$ 329,143**	**$ 364,448**	**$ 376,752**	**$ 413,904**

1 Assumptions: 4% overall discount relative to comparable PG&E rates for Oct-Dec 2023 and 1% for Jan-Sept 2024. FY 23-24 includes additional bill credit to low income customers totaling $3.14 million (1% of Jan-Sept 2024 Revenue). 1% discount for FY24-25, FY25-26, FY26-27 and FY27-28.

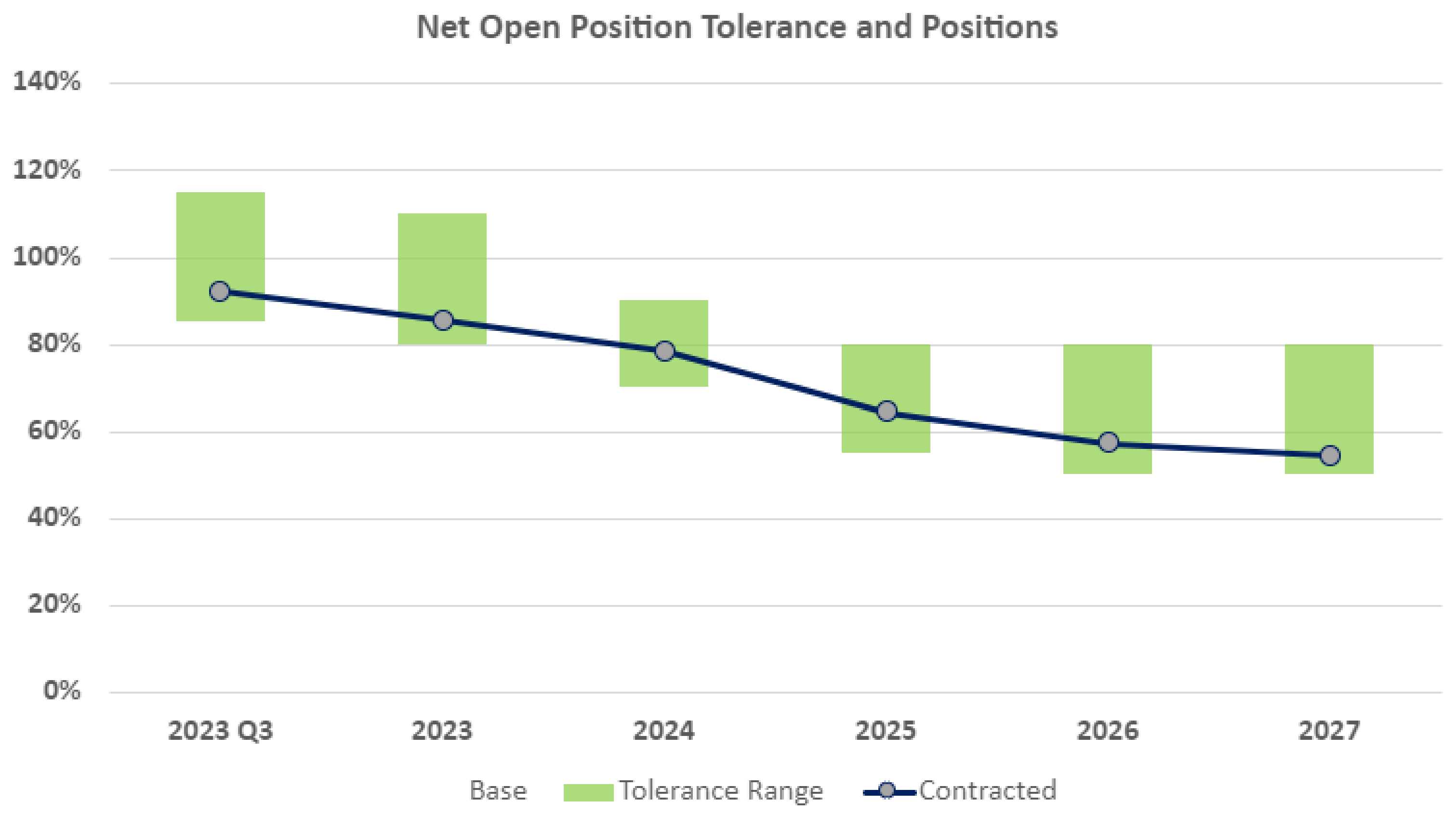
2 Each year the Board transfers funds from the Operating Budget to the Decarboniztion Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between *forecasted spend* for programs versus the amount transfered to the fund. This adjustment is needed because program spending to date has been less than the amount transferred to the programs fund.

Days Cash On Hand (DCOH) at Year End	$ 297,561	$ 285,058	$ 306,622	$ 341,927	$ 354,230	$ 391,383
Days of cash on hand	255	229	244	262	252	292

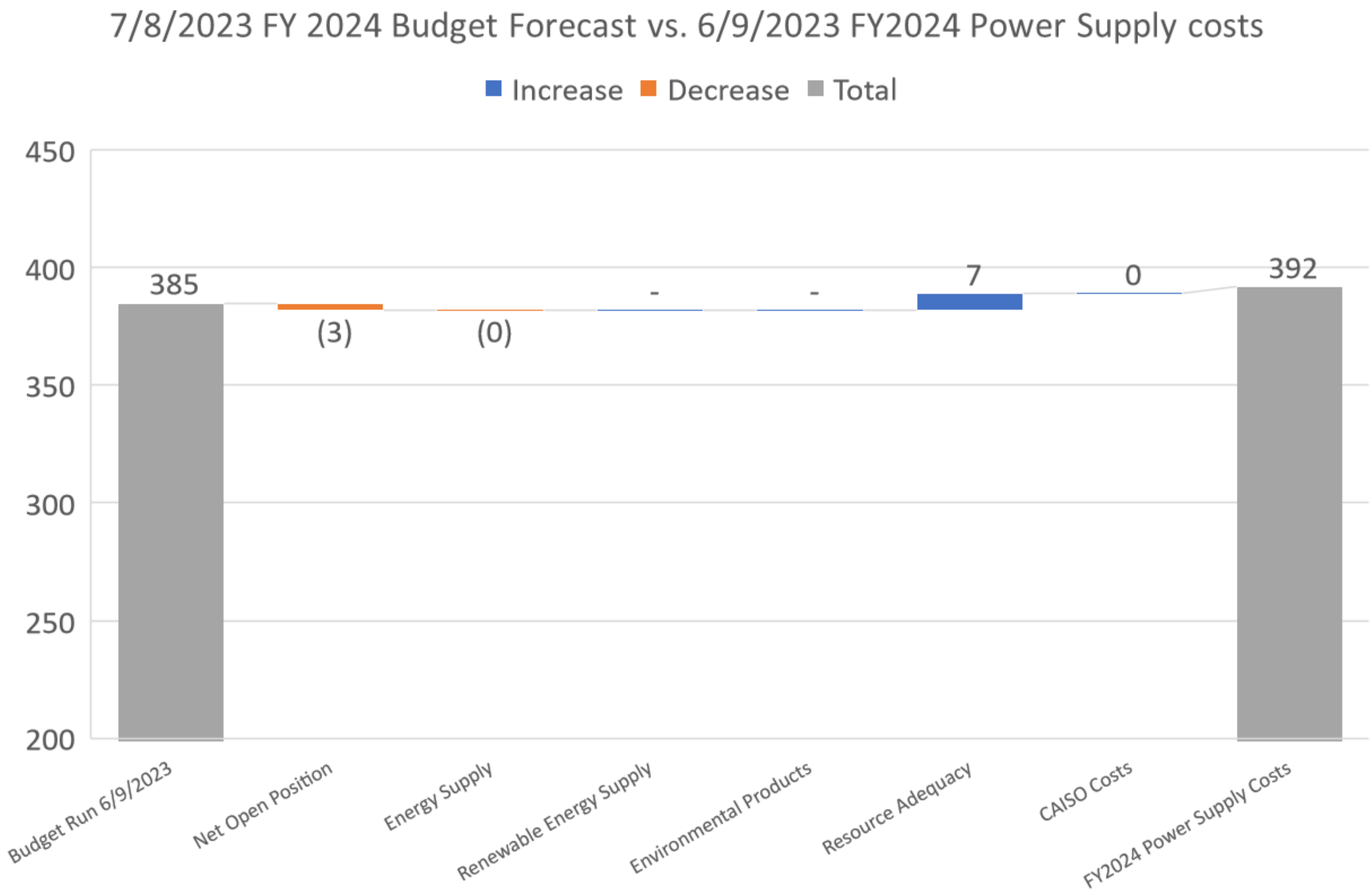
Current Energy Hedge Levels

Hedged 82% for FY24

Calendar Period	ERM Min Tolerance	ERM Max Tolerance	Current
Prompt Quarter (Q3 2023)	85%	110%	92%
BoY (June-Dec 2023)	80%	110%	86%
2024	70%	90%	78%
2025	55%	80%	65%
2026	50%	80%	57%
2027	50%	80%	55%



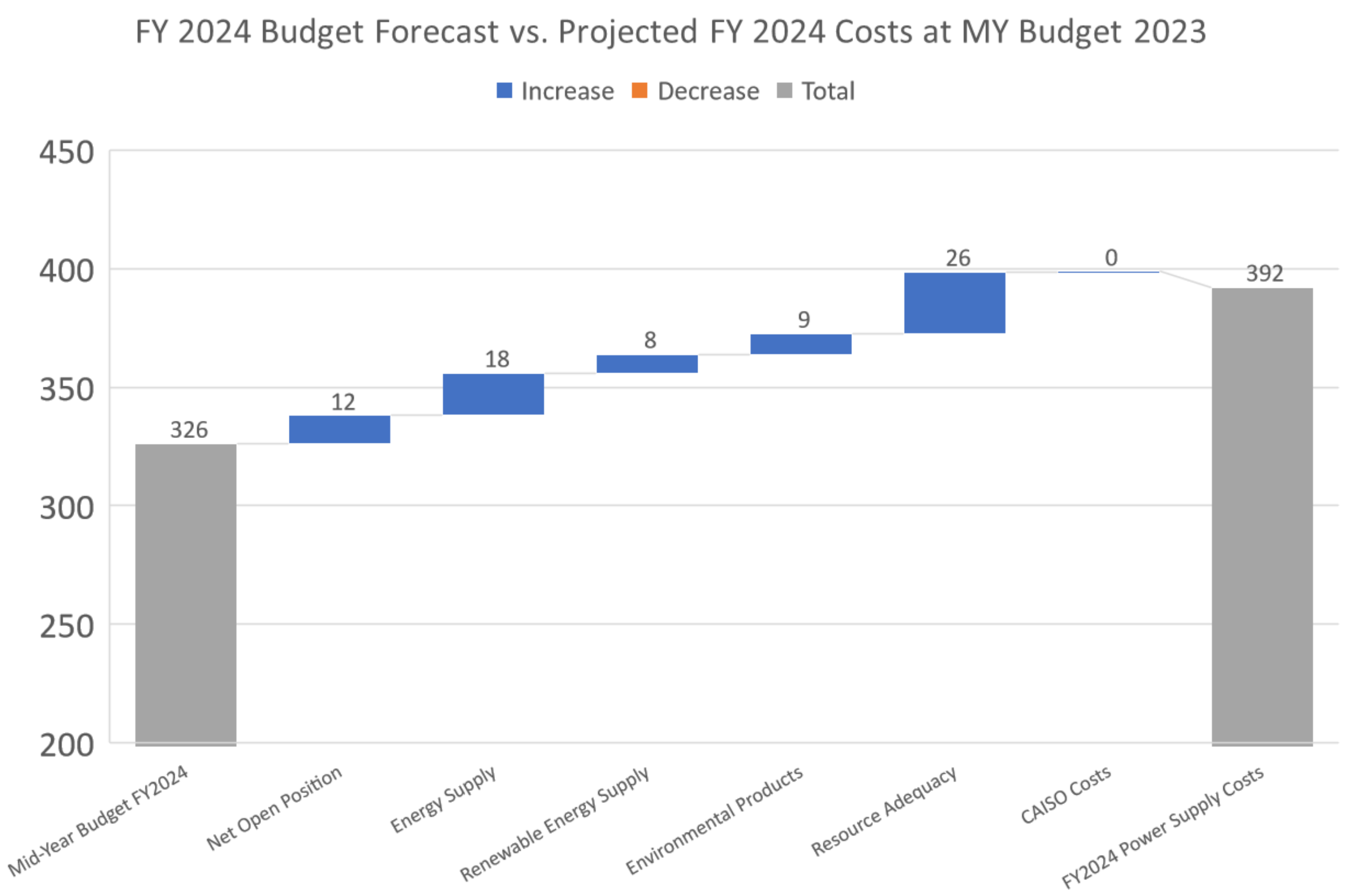
Power Supply Costs – Variance to June EC



FY 24 costs, forecasted at 392 million dollars, are estimated to be $7M higher than projected at 6/9/2023 ($385M)

- RA Costs have increased by $7M due to increased RA market prices, new Q2-Q3 2024 deal.
- Despite the forward prices decreasing, the open position costs are offset by lower revenues from supplies

Power Supply Costs – Variance to FY2024 Projections at 2023 Mid-Year Budget



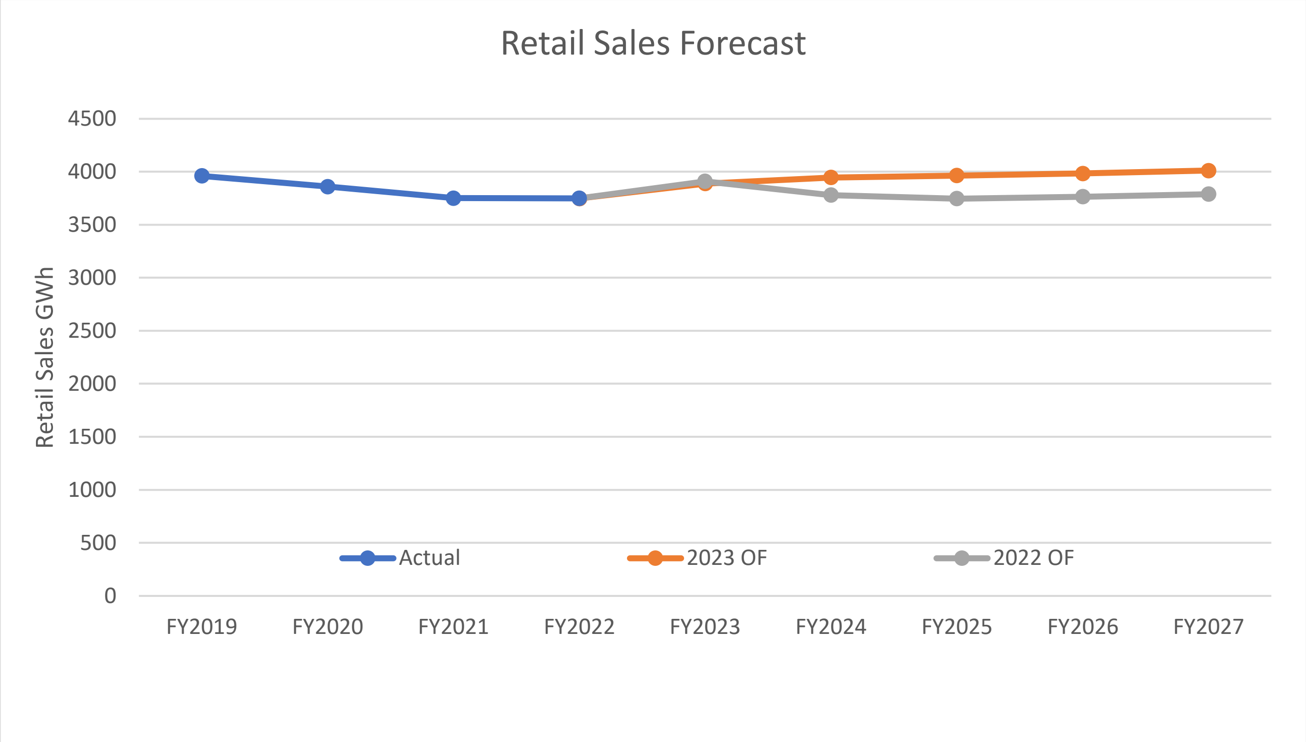
FY 24 costs, forecasted at 392 million dollars, are estimated to be $62M higher than projected at 2023 Mid-Year Budget ($328M)

- Increase in load forecast increases open position, CAISO costs
- Increased hedging since mid-year budget has increase energy supply
- New PPA Rio Bravo Fresno increases PPA costs
- Market prices for PCC1, CF, and RA costs have increased from mid-year budget

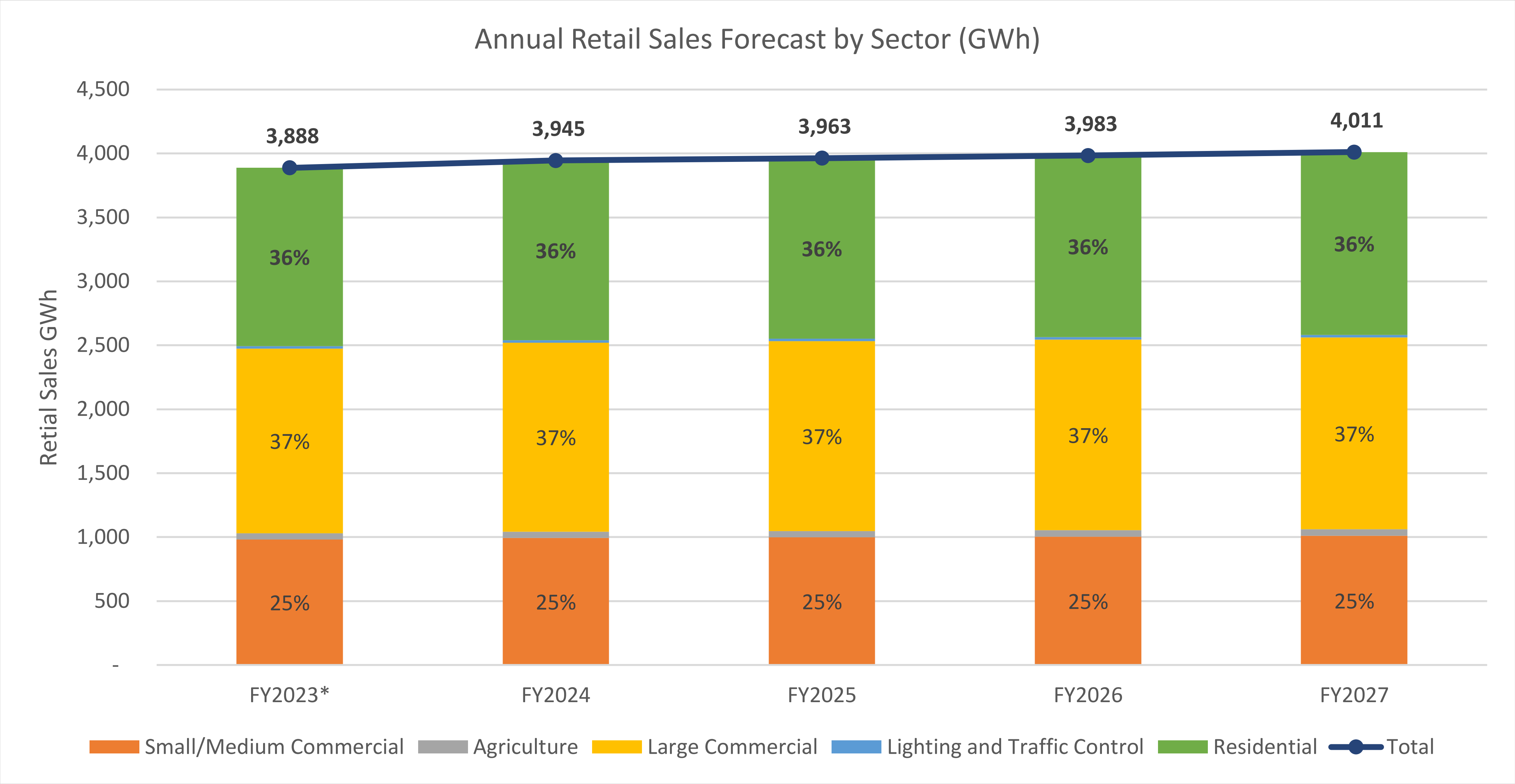
Product	MYB Price 2/2/2023	7/7/2023 Budget
PCC1 ($/MWh)	$40.00	$45.00
CF ($/MWh)	$5.00	$9.00
RA ($ kW-Month)	$7.50	$12.75

Medium-Term Load Forecast

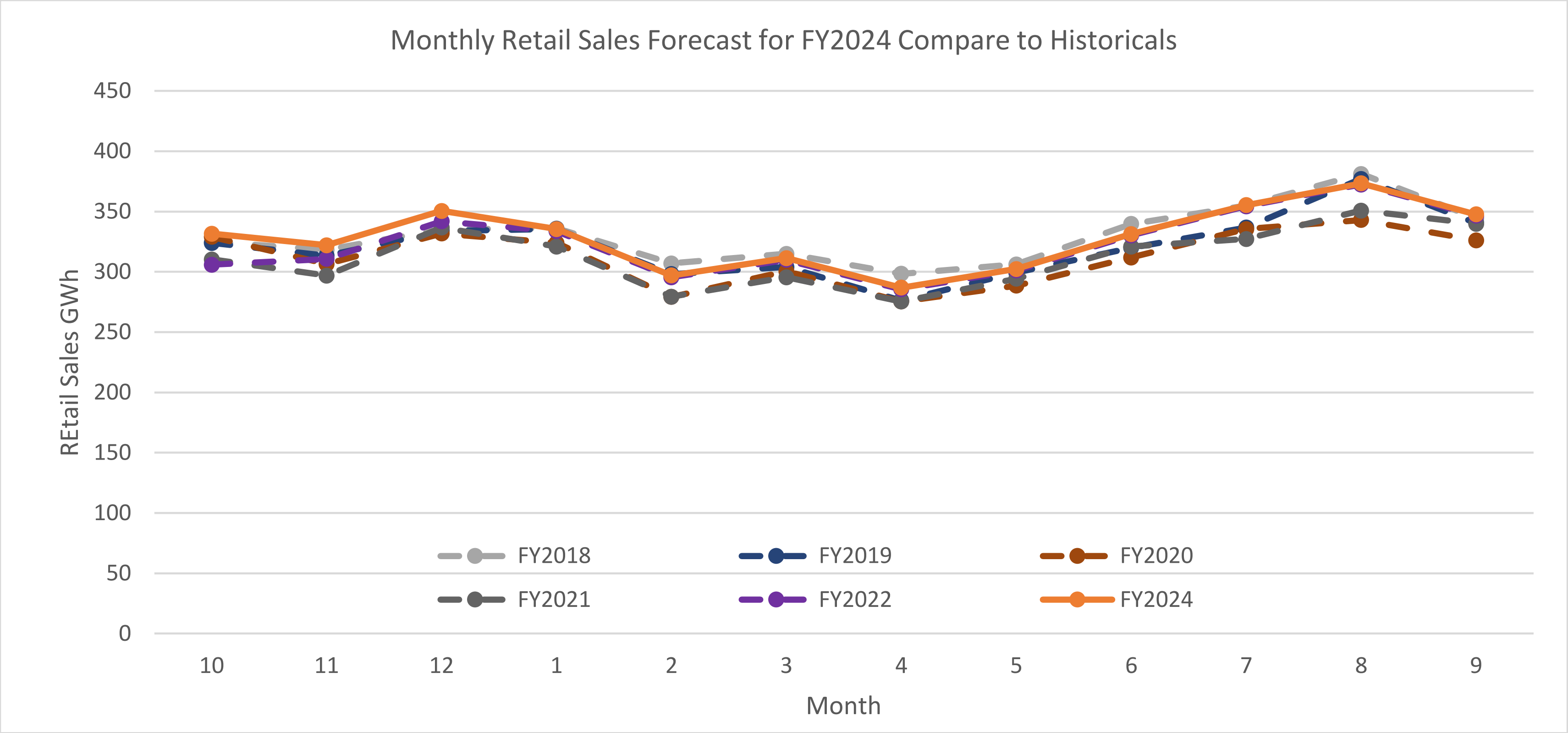
- In 2023, SVCE began forecasting load in-house after using a third-party service since inception.
- The past model assumed partial COVID-19 impacts, while the new forecast excludes COVID-19 impacts, assuming 100% recovery. 2023 actuals support this assumption.
- FY 2025 and beyond averages 6% above the previous forecast, largely due to expected load growth from electrification in the transportation and building sectors.



Medium-Term Load Forecast by Sector



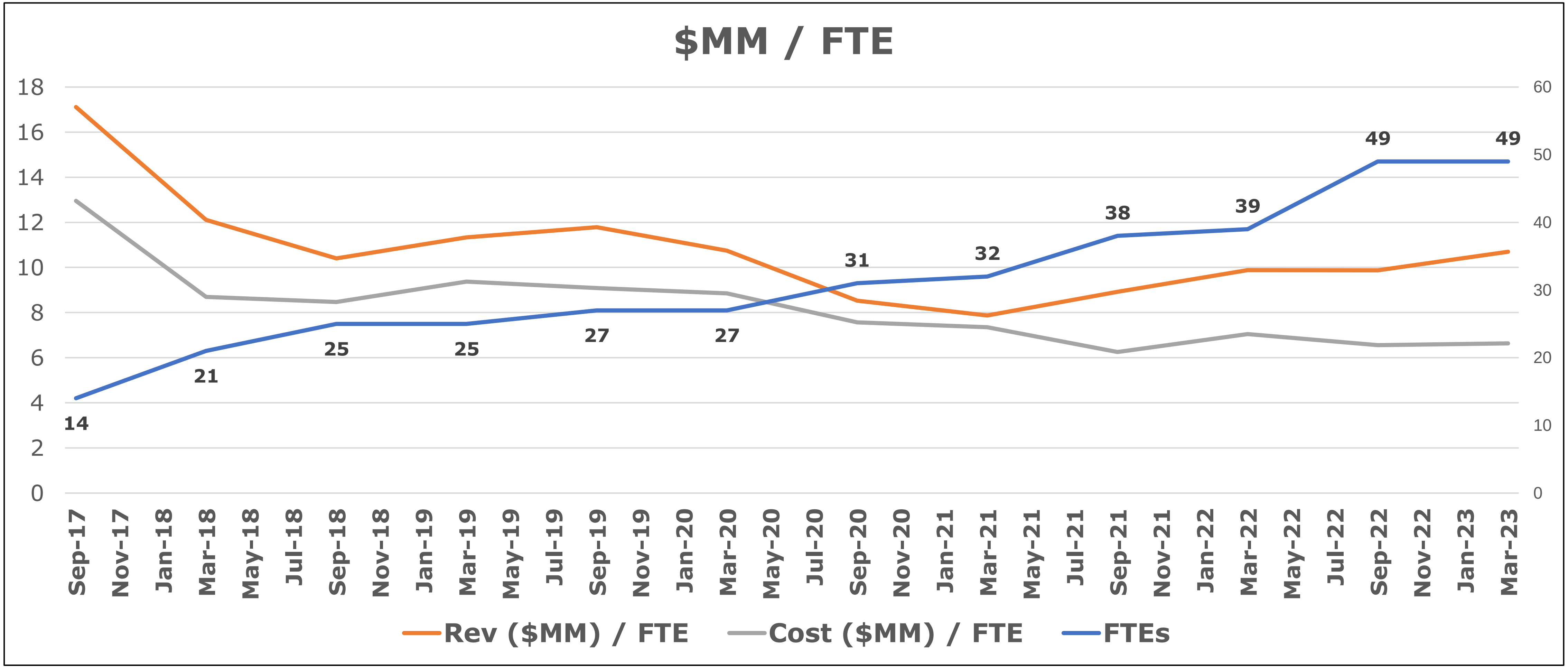
Medium-Term Load Forecast



	10	11	12	1	2	3	4	5	6	7	8	9	Total
FY2018	325	318	335	336	307	315	298	306	340	355	381	345	3,962
FY2019	324	314	334	336	298	304	276	299	320	337	377	340	3,859
FY2020	329	306	332	324	279	300	275	289	312	336	343	326	3,751
FY2021	310	297	337	321	279	296	275	294	321	327	351	340	3,748
FY2022	306	311	342	334	296	310	286	301	330	354	372	347	3,888
FY2024	332	322	351	335	297	311	287	302	331	355	373	348	3,945

Revenues/FTE; Energy/FTE

Revenue and Energy Costs / FTE have remained fairly flat over time.



CCA Comparisons

CCA Comparisons							
CCA Name	**FY22-23**			**Staffing**			
	Accounts	**Revenue ($MM)**	**Net Position ($MM)**	**FY21-22**	**FY22-23**	**FY23-24 Budget**	**Revenue ($MM/FTE) FY 23**
Silicon Valley Clean Energy	280,000	$365.4	$212.7	39	49	58	$7.5
Peninsula Clean Energy	300,000	$233.6	$167.7	32	39	Unavailable	$6.0
Central Coast Community Energy	449,500	Unavailable	Unavailable	43	43	56	Unavailable
Clean Power Alliance	1,029,800	$867.6	$141.2	59	69	75	$12.6
East Bay Community Energy	640,000	$563.5	$232.5	49	68	78	$8.3
MCE	470,000	$487.7	$203.3	63	76	84	$6.4

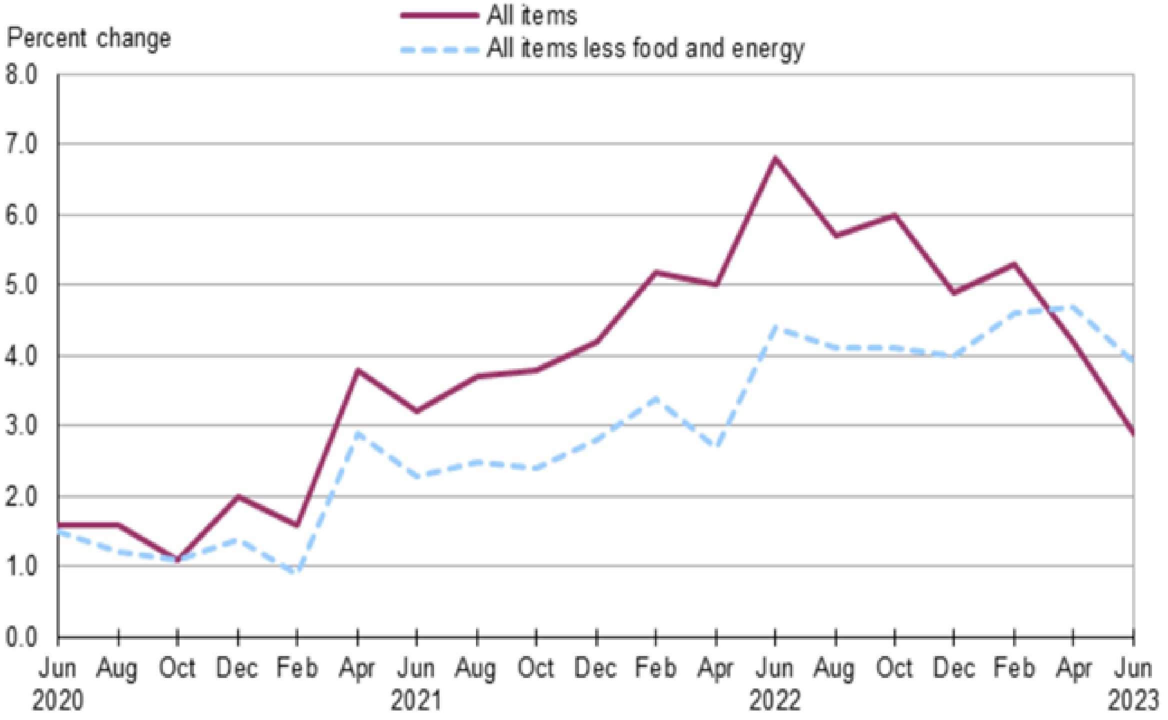
*n/a – not available

Cost-of-Living & Adjustment (COLA) & Merit Increase Proposals

Current 4.33% COLA based on SF Bay Area CPI; smoothed over trailing months;

Add'l Merit/promotional increases at CEO discretion

Chart 1. Over-the-year percent change in CPI-U, San Francisco-Oakland-Hayward, CA, June 2020–June 2023



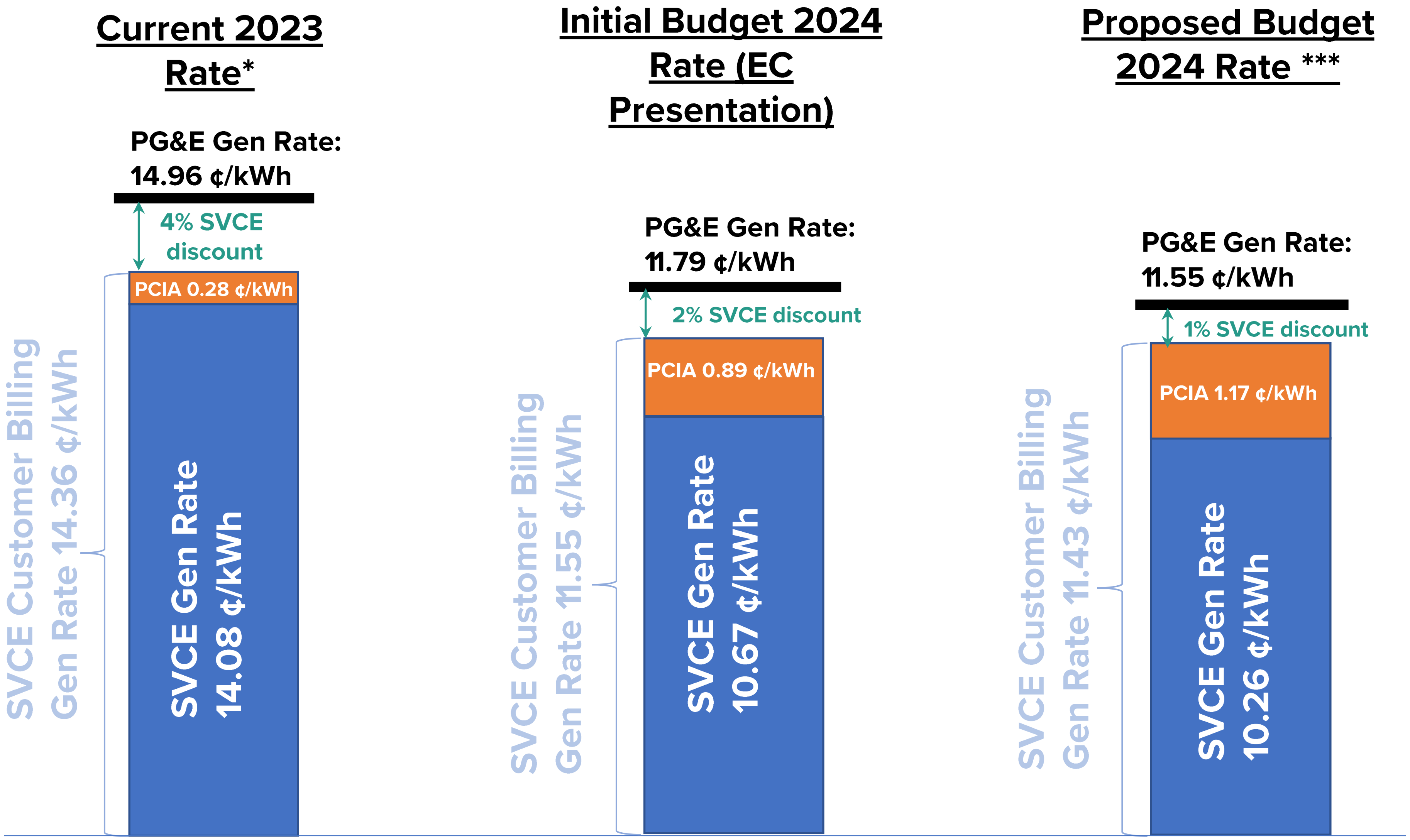
Source: U.S. Bureau of Labor Statistics.

Year	COLA
FY17-18	3.00%
FY18-19	4.00%
FY19-20	4.00%
FY20-21	0.00%
FY21-22	5.00%
FY22-23	5.30%
FY23-24	4.33%

Consumer Price Index, San Francisco Area — U.S. Bureau of Labor Statistics (bls.gov)

Projected margins are declining

- Prices since the initial 2024 budget run for the June 2023 Executive Committee Meeting have decreased ~5% for 2023 and ~1% for 2024
- SVCE 2024 Margins since dropped -4%
- The initially proposed 2% SVCE Customer discount for Jan – Sep 2024 was divided:
  - 1% to all SVCE customers
  - 1% as an additional bill credit distributed to low-income customers



Source: PG&E 2023 Average Rate, effective January 1, 2023 (Weighted for SVCE Portfolio Load)
*** PG&E 2024 ERRA Forecast, released on 15th of May,2023 (Weighted for SVCE Portfolio Load)*
**** Using NewGen Model with 7/7/2023 Forward Curves and 10% haircut*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Recap: Revenue Forecast Depends on PG&E Generation and PCIA Rates

Issue: Rate Uncertainty	Staff Recommendation	Implications/Reasons
• PG&E issued the 2023 ERRA forecast on May 15 with preliminary 2024 PG&E generation and PCIA rate forecasts • Shows negative PCIA and about 3% lower PG&E generation rate leading to an overall ~3% improvement in SVCE revenues (at current discount level) • Results already outdated, given the high volatility in energy prices • Based on 7/7 prices, revenues could be lower by an estimated ~31 % • PG&E will update this forecast in the fall. CPUC normally adopts the rate in December based on this update	Use the latest market data in the Cal-CCA NewGen model after calibrating the model to PG&E's forecasted rates and accounting for modeling error (10% downward adjustment on headroom)	• Likely aligns revenues closer to rates that PG&E will later update • Better aligns revenues with power supply costs • Primarily for budget-setting purposes • Additional expenditures based on headroom projections can be made by the Board in December when actual PG&E and PCIA rates are known

Power Supply Expenses
(>90% of Expenses)

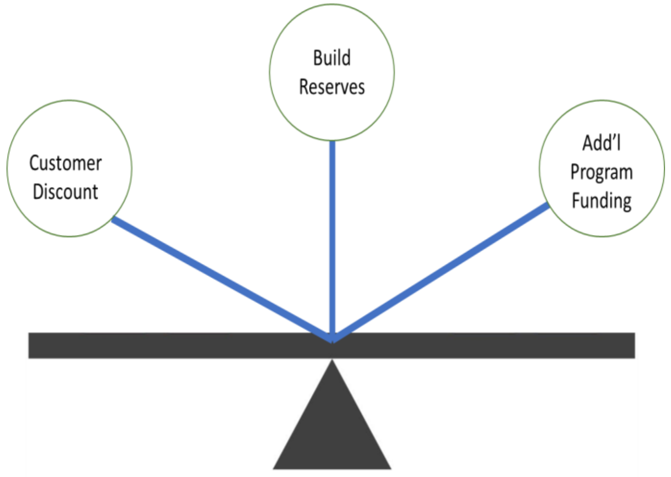
Issue: Volatile Power Prices	Staff Recommendation	Implications/Reasons
• Power prices are very volatile • In addition to PG&E Gen Rate and PCIA uncertainty, power price volatility makes energy budget projections highly uncertain • Contract delays/renegotiations further add uncertainty • Resource adequacy requirements are changing, and costs are high, but more hedged next year	• Continue hedging to current ERM (Energy Risk Management) targets • Continue with SVCE's 100% clean policy Purchasing remaining carbon free allocations expected to cost about $2.1 million to $9.6 million depending on PG&E allocations.	• Maintain a high customer value proposition with 100% clean energy and serve SVCE's mission • Furthers SVCE focus toward 24x7 clean energy goal

Other Costs
(Staffing, Cost of living/Merit, Building)

Status	Staff Recommendation	Implications/Reasons

• Review and assess staffing in all areas of the organization
  • 10 new budgeted positions were authorized in the FY22-23 budget
  • 7 Current Vacancies
• Adjust employee salaries for cost-of-adjustment and merit/promotions
• Review existing employee benefits to remain competitive with peer CCAs
• Decarb Programs continue to ramp – quantity of rebates/ scope of outreach
	• Current FY22-23 budgeted headcount of 49
	• Proposed FY23-24 budgeted headcount of 58
	  • 9 Add'l Since last Fiscal Year
	    • 1 position recently filled and 1 posted under the CEO Personnel Authority
	    • 7 additional positions requested
	• Budgeted Personnel Costs include:
	  • Salary Ranges adjusted based on 6-month rolling average of SF Bay Area CPI – currently ~4.5% (COLA)
	  • Additional 3% Merit increase included in budget
	• Individual salary adjustments and promotional recommendations based on CEO discretion during performance review process
	  • Individual changes based on employee pay relative to market range, performance, and date of hire
	• Employee benefits review and update
		• Evaluate staff levels needed to:
		  • Scale up programs team
		  • Reduce high level of existing employee workload
		  • Advance strategic focus area goals
		  • Create organizational depth for business continuity
		• Sustained investments in cybersecurity preparedness and business process optimization projects

Additional Funding for Programs, Customer Discounts, and Building Reserves



- 1% customer discount over 12 months of 2024 is ~$4.11 million*
- 1% discount over 9 months (Jan – Sep 2024) ~$3.14 million*
- Monthly Average Bill Savings of 1%* Discount:
  - Residential - ~$0.59
  - Small Commercial - ~$2.14
  - Medium Commercial -~$23.57

** Based on 7/7/23 Forward prices*

Issue: Balancing Priorities	Staff Recommendation	Implications/Reasons

• Continue to provide competitively-priced and high-valued services to SVCE customers
 	
• Funds not needed to cover cost-of-service flow to customers via lower SVCE rates (discount to comparable PG&E rates)
 	
• Cost-of-service includes funds needed to cover operations, meet reserve targets, and fund decarbonization programs
	• Keep current discount through the end of this year
	  ◦ Set a preliminary discount for next year of 1% for all customers and 1% translated to dollar bill credits for low-income customers
	
	• Board can change the budgeted discount rate once actual PG&E rates are known towards the end of the year
		• Reaching new target reserve levels ensures SVCE can withstand adverse risk scenarios
		
		• Keeping the discount rate to a reasonable level
		  ◦ Enables additional funding for valued customer programs such as decarbonization efforts
		  ◦ Ensures there's more organizational resiliency to respond to risks over the 5-yr planning horizon

Reserve Targets

Issue: Review Reserve Targets	Staff Recommendation	Implications/Reasons
• Ensure SVCE maintains sufficient reserves to manage risks such as those modeled under the Stress Test analyses • Staff updated the stress test analyses in using market prices consistent with those used to develop the annual budget	<u>Target</u> to keep reserves above 120 Days Cash On Hand (DCOH) for FY 2023-2024 and FY 2024-2025 Reset <u>Upper</u> Reserve Target such that over the next 5 fiscal years reserves do not fall below 90 DCOH	• FY 24 margins not guaranteed given true-up in 2023 for PCIA and PG&E Gen rate • If adverse conditions materialize, need 120 days to reshape strategy and secure additional liquidity • Increase upper reserve target to take advantage of good margin years to manage risks over 5-year period

SVCE Office Space – Lease vs Buy

Currrent Lease Details		
Monthly Lease Cost	5.30 $/sf	
Size	7,900 sf	
New Lease Assumptions		
New Monthly Lease Cost	7.50 $/sf	(est)
Purchase Assumptions		
Purchase Cost	700 $/sf	(est)
Improvement Cost	100 $/sf	(est)
Office Assumptions		
Size	20,000 sf	(est)
Location for Comps*	Sunnyvale, Mtn View, Santa Clara, San Jose	

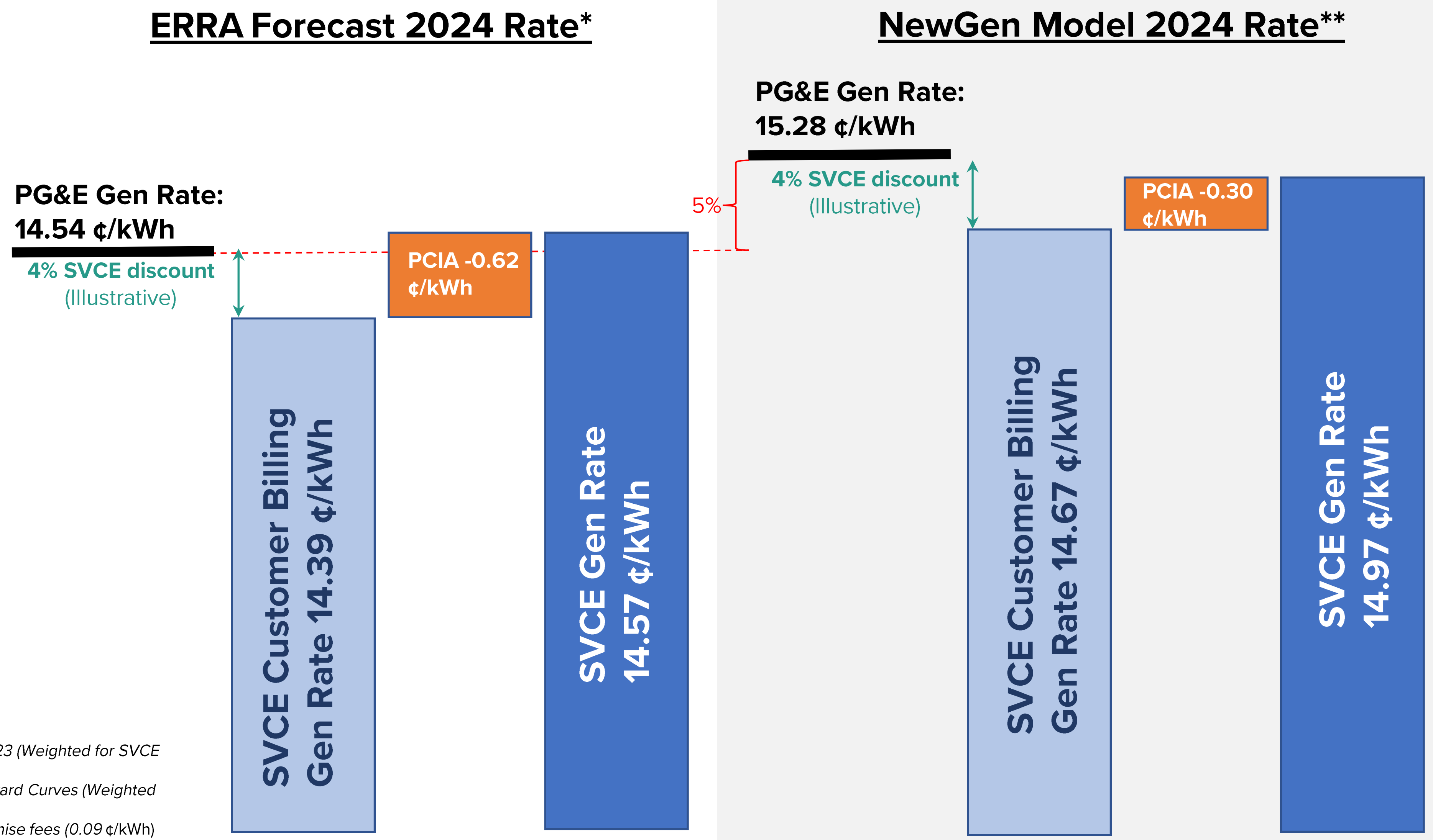
* further analyses to include broader service territory

Issue: Financial Stewardship	Staff Recommendation	Implications/Reasons

• SVCE's current lease runs through Sept. 2025
  • Need time to explore the alternatives of buying or leasing new space
• SVCE should be prepared to pursue attractive property opportunities as they arise
	• Research alternatives and establish an ad hoc Committee to advise staff and evaluate property and financing options
	• Staff to continue assessing market opportunities and return to the Board at a later time to Earmark a portion of reserves for a potential building purchase
	  • $16MM (based on current assumptions) + 25% contingency = $20MM set aside
		• Buying may be a cheaper longer-term option
		  • Initial back-of-the-envelope analysis indicates a roughly 10-year breakeven period compared to leasing
		• SVCE is growing and requires more space for employees and expanded programs
		• Purchasing also enables customization to suit the hybrid work environment
		  • Flexible workspace for collaborative work

PG&E 2024 ERRA Forecast vs NewGen Model Run
Using 3/27/2023 Forward Prices

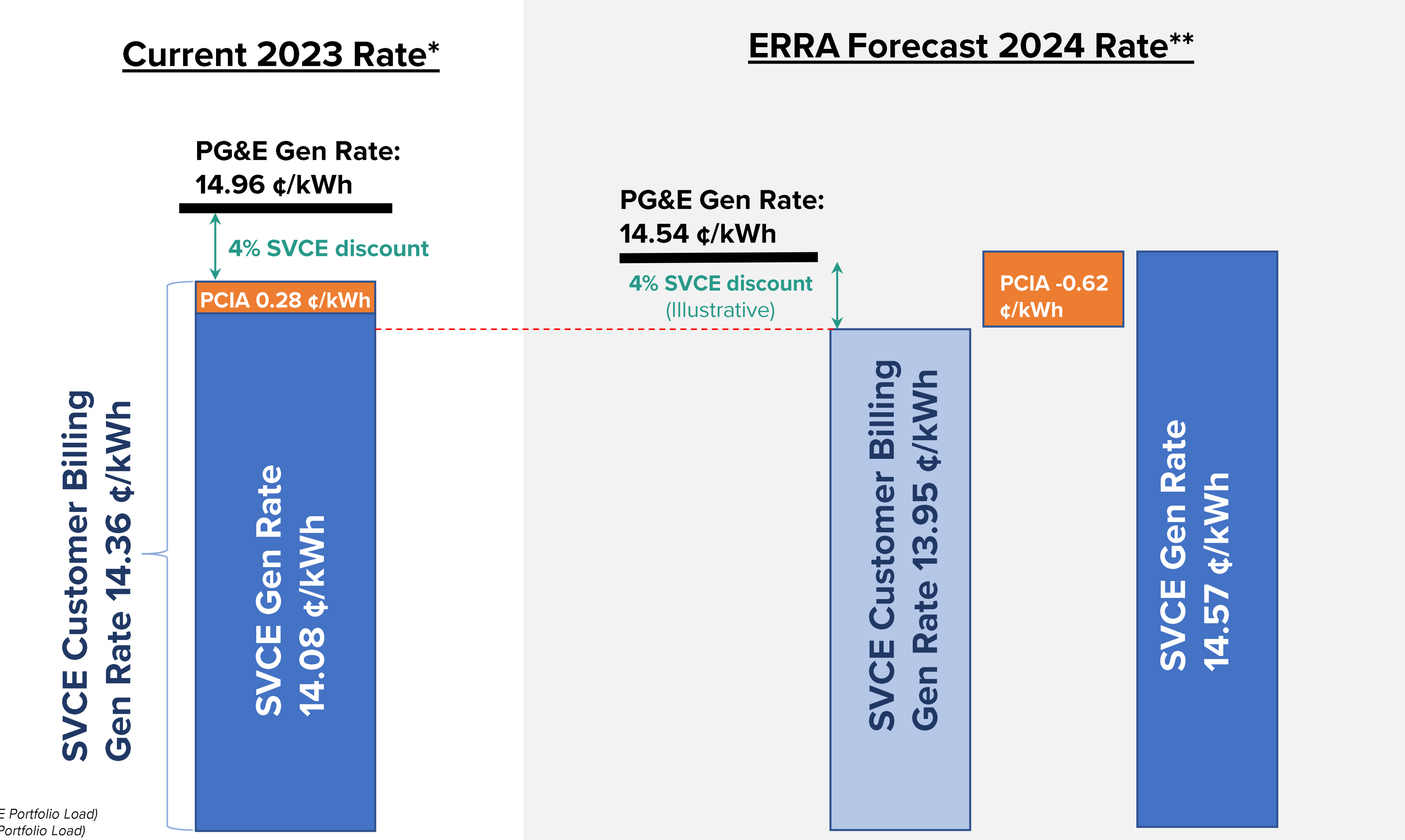
NewGen Model has approximately 3 - 5% modeling error



**PG&E 2024 ERRA Forecast, released on 15th of May,2023 (Weighted for SVCE Portfolio Load)*
***Using NewGen Model (version 3.4) with 3/27/2023 Forward Curves (Weighted for SVCE Portfolio Load)*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Current 2023 Rate vs PG&E 2024 ERRA Forecast

- PG&E filed it's forecast of 2024 Rates on 5/15/23
    - PG&E Gen Rate decreased ~-3%
    - PCIA reduced from positive 0.28 ¢/kWh to negative -0.62 ¢/kWh
- PG&E ERRA forecast is based on 3/27/2023 forward market prices
- Represents weighted average customer billing rate decrease of -3% from 14.36 ¢/kWh to 13.95 ¢/kWh
- SVCE gen rate is higher than Customer Billing Rate due to negative PCIA
    - SVCE gen rate up ~3.5%

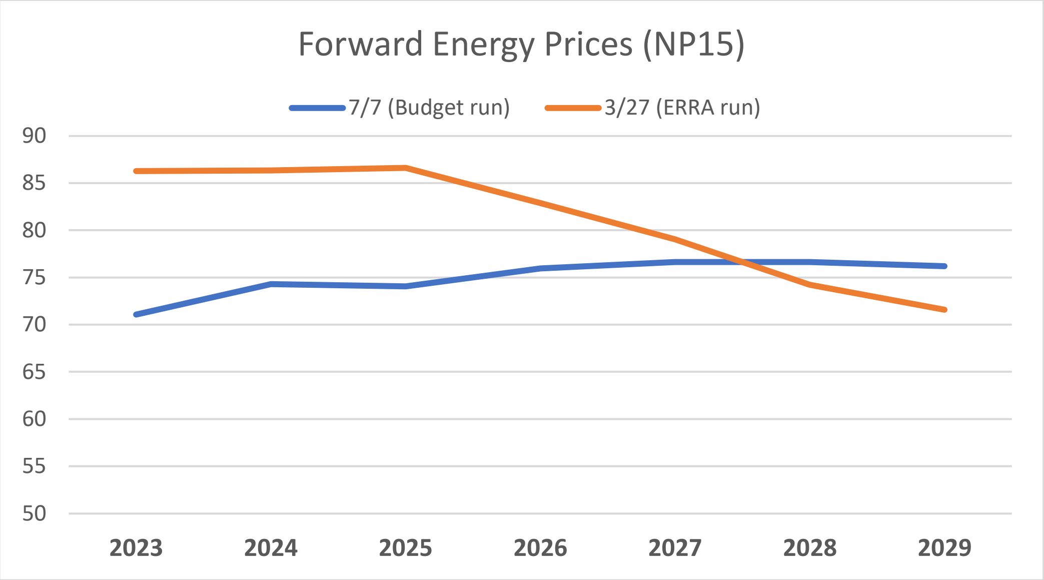


Source: PG&E 2023 Average Rate, effective January 1, 2023 (Weighted for SVCE Portfolio Load)
*** PG&E 2024 ERRA Forecast, released on 15th of May,2023 (Weighted for SVCE Portfolio Load)*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Forward Energy Price Comparison

Budget Run (7/7/2023) vs ERRA Forecast Run (3/27/2023)

Forward Energy Prices (NP15)	2023	2024	2025	2026	2027	2028	2029
7/7 (Budget run)							
On-Peak	75.14	77.99	74.06	74.30	74.55	75.91	71.67
Off-Peak	65.89	69.57	74.04	78.05	79.30	77.57	81.93
ATC (Around-the-Clock)	**71.06**	**74.29**	**74.05**	**75.95**	**76.63**	**76.64**	**76.18**
3/27 (ERRA run)							
On-Peak	91.92	90.37	87.25	83.00	75.90	71.15	65.15
Off-Peak	79.11	81.17	85.80	82.68	83.04	78.15	79.79
ATC (Around-the-Clock)	**86.27**	**86.33**	**86.61**	**82.86**	**79.04**	**74.23**	**71.58**
ATC Price % change							
	-18%	**-14%**	**-15%**	**-8%**	**-3%**	**3%**	**6%**



Typical Customer Bill Savings

(Current Rates)

	Residential		Small Commercial		Medium Commercial		Large Commercial	
	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E
Rate Schedule (eff. Jan 1, 2023)	E-TOUC	E-TOUC	B-1	B-1	B-10	B-10	B-19S	B-19S
Average Usage (kWh/month)	491	491	1,851	1,851	19,390	19,390	148,625	148,625
Annual Peak Demand (kW)							499	499
PG&E Electric Delivery	$ 93.36	$ 93.36	$ 334.88	$ 334.88	$ 3,484.91	$ 3,484.91	$ 18,457.74	$ 18,457.74
Electric Generation	$ 71.63	$ 76.66	$ 258.55	$ 276.71	$ 3,319.99	$ 3,550.05	$ 20,835.80	$ 22,292.26
PG&E Added Fees (PCIA, Franchise)	$ 1.96	$ -	$ 7.09	$ -	$ 91.06	$ -	$ 564.78	$ -
Average Total Cost	$ 166.95	$ 170.02	$ 600.52	$ 611.59	$ 6,895.96	$ 7,034.96	$ 39,858.32	$ 40,750.00
Average Monthly Savings	$ 3.07		$ 11.07		$ 139.00		$ 891.68	

Programs capacity is increasing

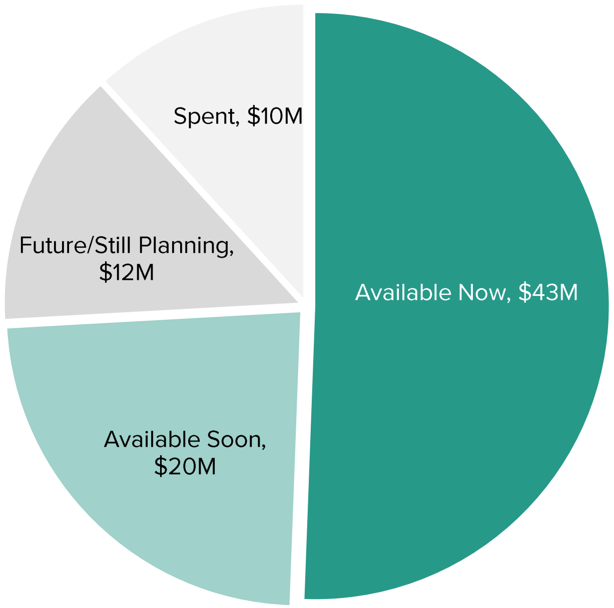
$85M allocated over the last ~5 years

~$50M within last 1.5 years

Making progress in opening funds to customers

Some programs take time to spend budget, once open

Programs Fund Availability



Spent: already paid out to customer or vendors

Available Now: program currently open to customers – includes available and reserved customer incentives (e.g. FutureFit Homes), or funds contracted with a vendor (e.g. eHub, fleet electrification support)

Available Soon: currently in a planning phase, but will launch by ~June 2024

Future/Still Planning: programs that won't launch until after June 2024 and funds not currently earmarked for a program

SILICON VALLEY CLEAN ENERGY

There is a need for continued program funding

2025 goal for SVCE territory: emissions 40% below 2015 levels (currently at 29% below)

Illustrative Budgeting Example: $100M

Sample # Units	Portion of reduction needed for 2025 goal*
2021 emissions % below 2015 levels (weather and other factors also influence)	29%
10,000 HPWH rebates, with emergency replacement support ($50M)	+0.3%
10,000 smart L1/L2 outlets at multifamily, with some rebates and education ($50M)	+0.7%
TOTAL, for $100M, below 2015 levels	**~30%**
Looking to other SVCE programs, market, other actors (e.g. IRA) to help hit 2025 goal	~10%

*Assumptions:
- 1 HPWH replaced avoids ~1.4 MTCO2e annually
- Every smart L1/L2 outlet installed leads to 1 new EV (from gas car) immediately
- 1 EV avoids 3 MTCO2e annually

- Even $100M will just be incremental
- We are one part of the ecosystem in hitting goals, and rely on many actors to help our region
- SVCE works on addressing barriers and “friction” as well as rebates – needed to help all customers
- Plan to explore funding and financing to reach larger scales and funnel through current programs

Example program funding packages

Showing possible # units that would result, based on draft allocations

Package A $40M Expand some current building and EV charger programs	**Package B $80M** Package A + More program expansion and new approaches/topics	**Package C $120M** Package B + More new approaches/topics
650 HP HVAC, 500 HPWH, 200 panel, 750 circuit and 100 gas meter rebates	Dozens of large C&I engaged for load reduction and electrification	More resilience projects at community facilities
100 income-qualified homes fully electric, 1,500 emergency HPWH installs	700 HP HVAC, 600 HPWH, 200 circuit and 400 point-of-use water heaters as small/medium businesses	Handful of complete electrification projects at public facilities
Hundreds to thousands more equipment in support of new, local policies	200 homes fully electrified, clustered in neighborhoods (pilot zonal electrification)	50,000 controlled smart thermostats
130 multifamily sites with 9 L2s or 20 L1s, with education for 1,200 residents and 500 EV rebates for low income	eHub 2.0, multiple campaigns for electric tech (e.g. induction) awareness and 10 major grants for local CBOs	Flexible funds to reinforce existing programs based on uptake/interest
	15 DCFC hubs with 20 ports each, with affordable rates for local residents	
	Partner with several organizations on workforce development – 1,000 new trainees	

Example program funding packages

To be considered later in the year

Package A **$40M** Expand some current building and EV charger programs
Add funds to FutureFit Home rebates
Provide emergency water heater support and an SVCE “turnkey” pathway
Add funds to support local policy adoption
Add funds to multifamily EV charging rebates

Package B **$80M** Package A + More program expansion and new approaches/topics
Large C&I-focused rebates
Add funds to small/med business electrification rebates
Neighborhood electrification pilot
Expand website to eHub 2.0
Add funds to Priority Zone DCFC charging program
Workforce development partnerships

Package C **$120M** Package B + More new approaches/topics
Add funds to community resilience grants
Public facility complete electrification pilots
Smart thermostat “virtual power plant”
Keep some flexible funds to deploy opportunistically

SVCE Planning & Budgeting Process

SVCE Mission: Reduce dependence on fossil fuels by providing carbon-free, affordable, and reliable electricity and innovative programs for the SVCE community.

Funding in alignment with achieving the strategic focus areas

Organization-wide priorities and alignment toward achieving the mission

Comprehensive assessment of risks and opportunities to optimally achieve mission