FY 24-25 Proposed Operating Budget Review

Amrit Singh
Finance and Administration Committee
August 6, 2024

SILICON VALLEY
CLEAN ENERGY

Purpose

1. Review: Proposed budget
2. Action: Recommend approval to the Board, with any suggested changes:
   a) Proposed budget
   b) Staff benefits upgrades
   c) Reserve policy target levels

Main Areas of Discussion

1. Review key highlights
2. Proposed budget forecast
3. Revenue forecast uncertainty
4. Power supply cost review
5. Other operating expenses
   - Merit/Cola adjustment
   - Transfer to programs
6. Review reserve targets
7. Office space update
8. Benefits upgrades

FY24-25 Budget will be ready for Review in August

May 13
Discuss the high-level budget framework with the **Finance and Admin Committee**

June 12
Discuss the high-level budget framework with the BOD

August 6
Review the draft budget with the **Finance & Admin Committee**

August 14
Present the draft budget to the BOD

September 11
Present the recommended budget to the BOD for approval

November (tbd)
Review adjustments to the budget to reflect updates to PCIA and PG&E gen rate assumptions with the **Finance and Admin Committee**

December 11
Present the adjusted budget to the BOD for approval

February (tbd)
Review the mid-year budget with the **Finance and Admin Committee**

March 12, 2025
Present the mid-year budget to the BOD for approval

Key Highlights of the Draft Budget

1. **Positive financial year with upside for a very favorable year; Results highly uncertain**

   - Forecast year-over-year (YOY) revenues decrease ~$112 million
     - Results highly dependent on CPUC's adoption of Market Price Benchmarks (MPBs) in the fall
     - Staff estimates for fall MPB update indicate results could improve by about $145 million if CPUC's prices align with staff estimates
   - Modest increase in Power Supply Costs of about 6%
     - Increase driven by higher cost of clean resources, RA products, and higher load partially offset by lower energy forward prices.
   - Contribution to reserves remains positive at $14 million

2. **Customer Discount**

   - Continue 4% discount with an additional 1% directed to low-income customers as bill credits
   - Revisit in December once there's more certainty on PG&E rates

3. **Other Changes**

   - No additional full-time positions; Adjustment of employee compensation for the cost of living and merit (~6%)
   - Delay decision on any additional spending until the December budget refresh

Proposed FY 24 vs. FY 23 Mid-Year Adjusted Budget

SILICON VALLEY CLEAN ENERGY
FY 2024-25 OPERATING BUDGET
($ in thousands)

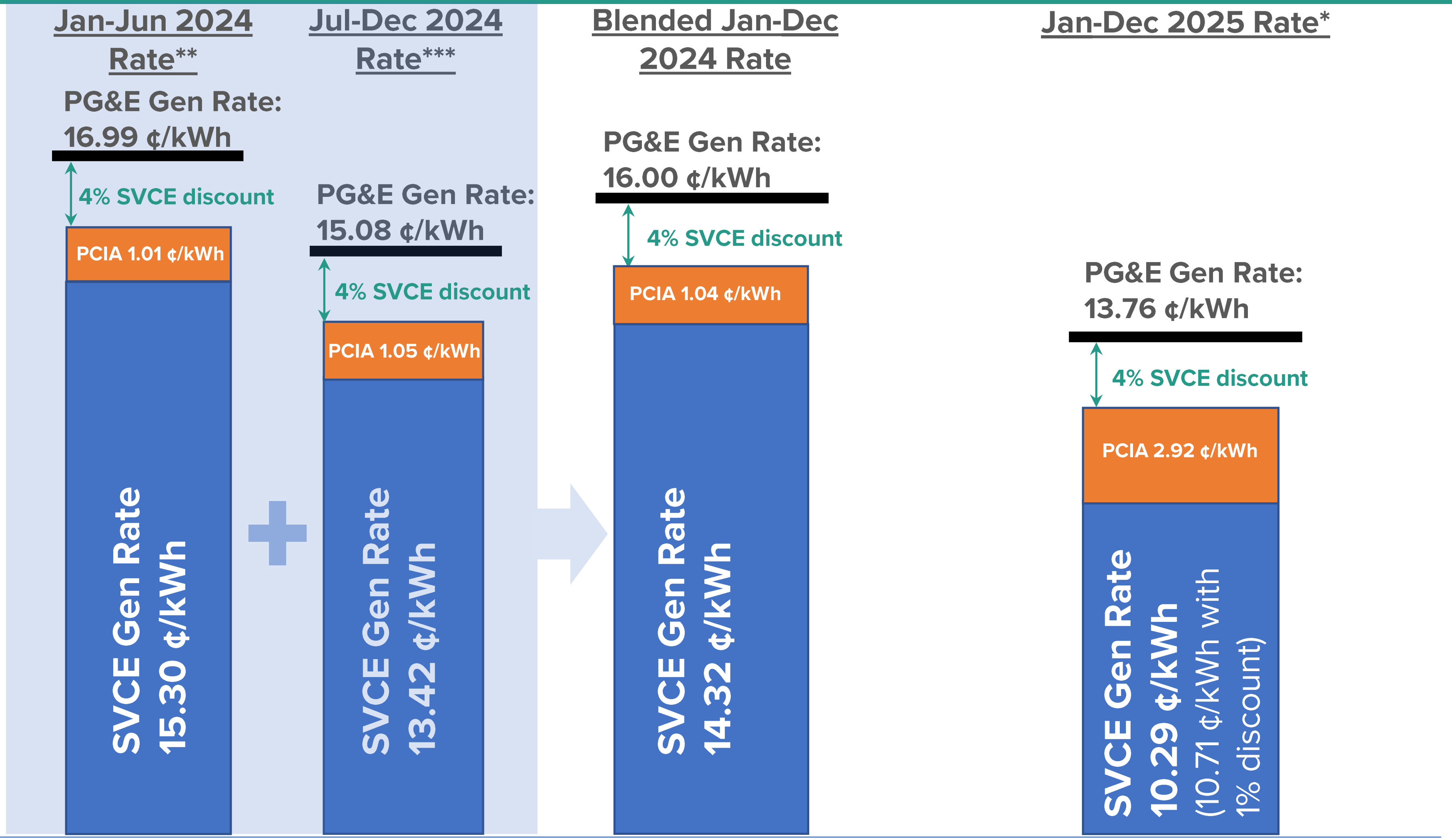
DESCRIPTION	FY 2023-24 MID-YEAR ADJUSTED BUDGET	FY 2024-25 PROPOSED BUDGET	Change $	Change %
Energy Revenues	552,864	441,050	(111,814)	-20.2%
Power Supply Expense	365,617	387,145	21,528	5.9%
Operating Margin	**187,247**	**53,905**	**(133,342)**	**-71.2%**
Operating Expenses	32,116	36,433	4,318	13.4%
Non-Operating Revenue (Expense)	12,864	16,275	3,411	26.5%
Annual Transfers and Other Expenses				
Capital Outlay	50	1,002	952	1904.0%
Building Fund	20,000		(20,000)	
Program Fund	28,874	8,821	(20,053)	-69.5%
Nuclear Allocation	2,188	3,708	1,520	69.5%
Customer Bill Relief	4,300	4,411	111	2.6%
Hanford Emissions Mitigation Fund		1,800	1,800	
BALANCE AVAILABLE FOR RESERVES	**112,584**	**14,005**	**(98,579)**	**-87.6%**

Margins Highly Uncertain

- PG&E has reduced gen rates for the 2nd half of 2024 (effective July 1st, 2024)
    - PG&E Gen Rate decreased -11.3% vs first half of 2024
    - PCIA was slightly increased in March from 1.01 ¢/kWh to 1.05 ¢/kWh
    - SVCE margin decreased ~12%
- PG&E proposed to use last year's RA MPBs for setting 2025 rates
- Current market prices for RA and RPS are significantly above last year's MPB levels
- Using last year's MPBs, SVCE margin dropped -28% Y-o-Y

Current 2024 Rate

Projected 2025 Rate – Last Year RA/RPS*



* Source: CalCCA NewGen Model analysis using market data as of 6/28/2024 and CPUC attribute benchmarks adopted for CY 2024 (Weighted for SVCE Portfolio Load)
** PG&E Jan-Jun 2024 Average Rate, effective January 1, 2024 (Weighted for SVCE Portfolio Load)
*** PG&E Jul-Dec 2024 Average Rate, effective July 1, 2024 (Weighted for SVCE Portfolio Load)
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

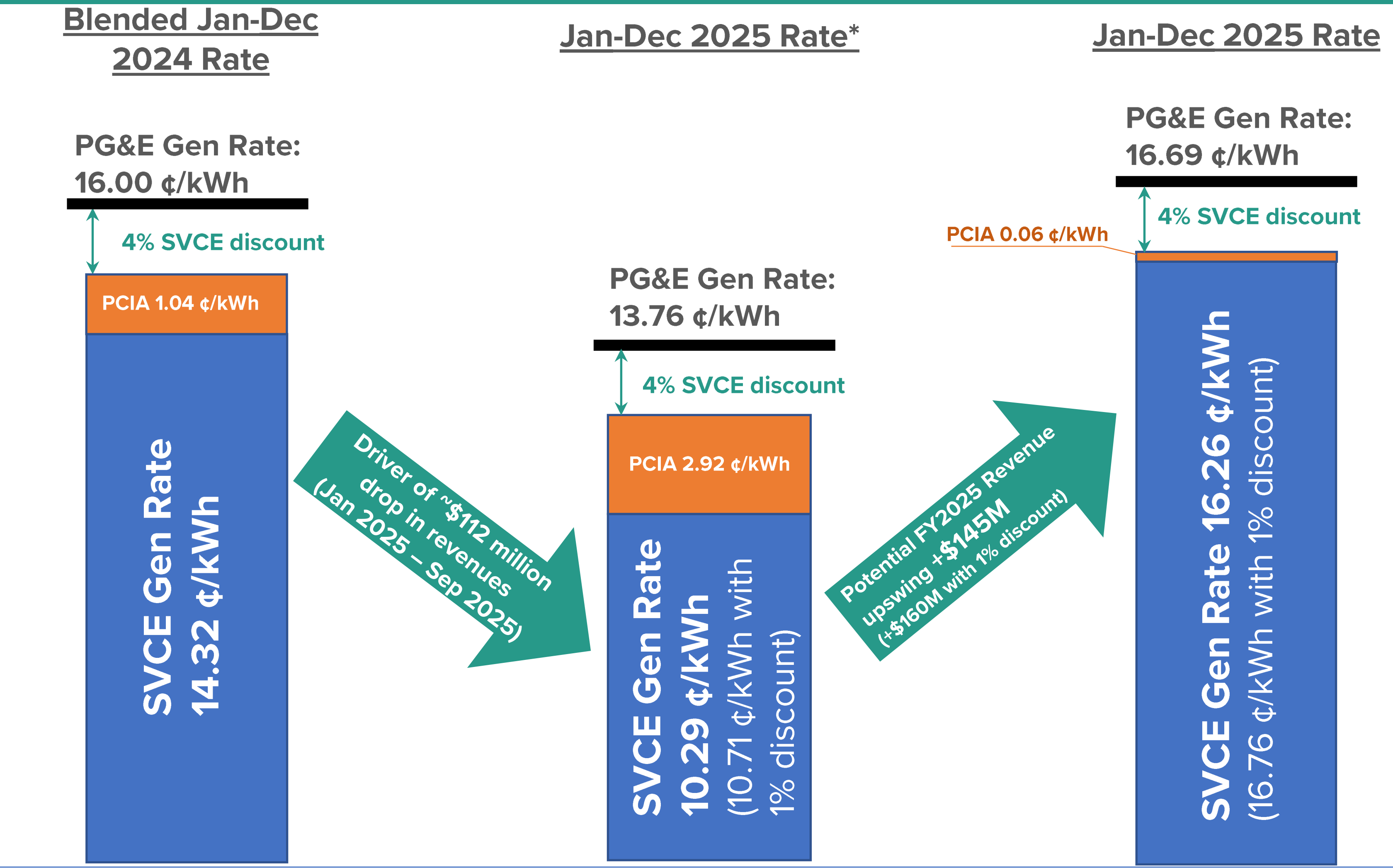
Margins Highly Uncertain

- Current market prices for RA and RPS are significantly above last year's MPB levels.
  - Staff's estimate of 2025 forecast RPS MPB is ~95% higher than 2024 MPB
  - Staff's estimate for 2025 system RA MPB is ~ 120% above 2024 MPB
- CPUC uses a historical volume-weighted average of all IOU, CCA, and ESP market transactions executed in a specific time frame to set next year's MPBs.

Current 2024 Rate**

Projected 2025 Rate – Last Year RA/RPS*

Projected 2025 Rate – Estimated CPUC RA/RPS MPBs***



Source: CalCCA NewGen Model analysis using market data as of 6/28/2024 and CPUC MPBs (Market Price Benchmark) adopted for CY 2024 (Weighted for SVCE Portfolio Load)
*** Blended PG&E Jan-Jun 2024 & Jul-Dec 2024 Average Rate (Weighted for SVCE Portfolio Load)*
**** CalCCA NewGen Model analysis using market data as of 6/28/2024 and estimated CPUC MPBs for CY 2025 (Weighted for SVCE Portfolio Load)*
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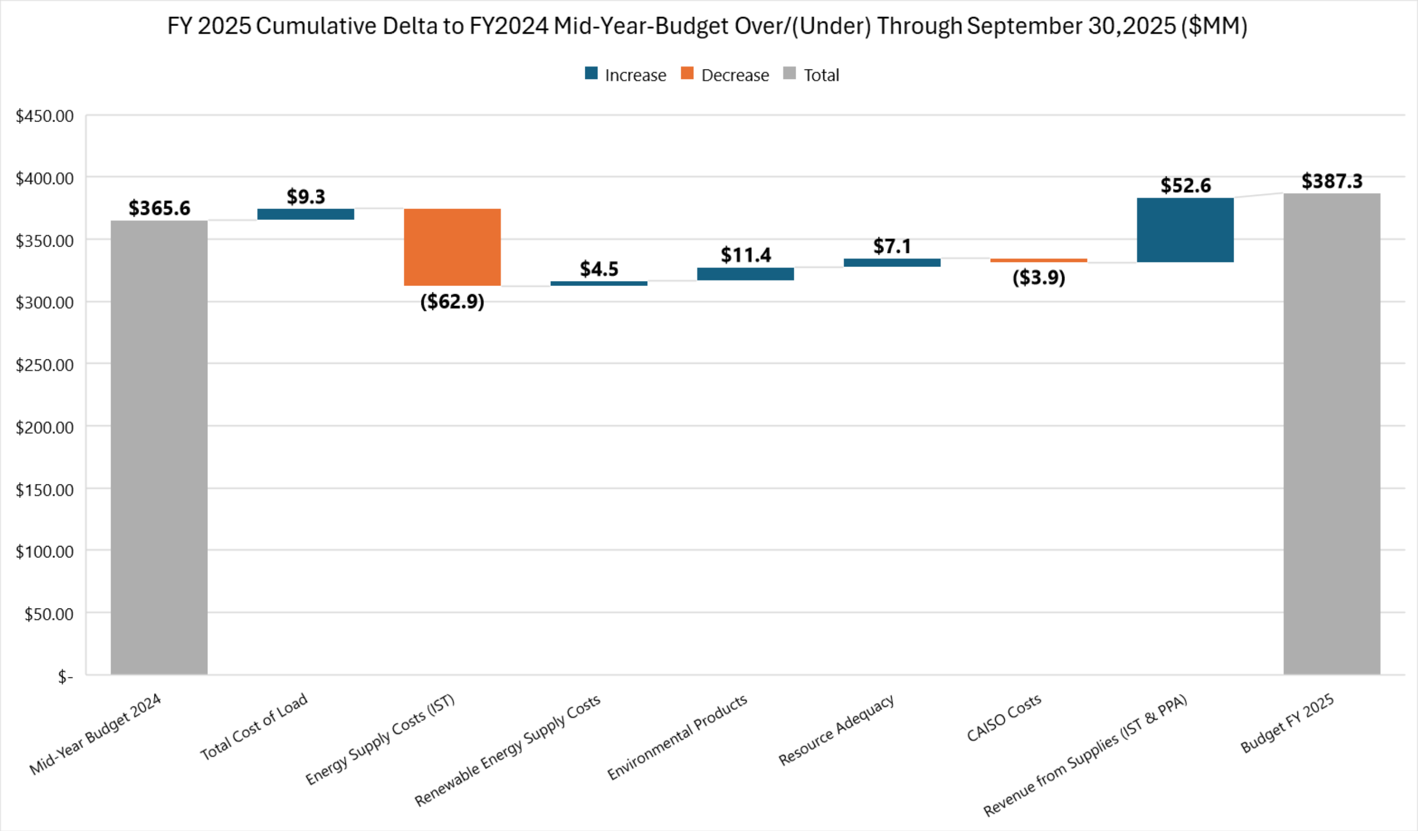
Power Supply Costs



FY 2024-25 Costs, forecasted at $387M, are estimated to be ~$22M higher than FY23-24 at Mid-Year Budget

This is primarily driven by increased costs for clean resources and RA products and a projected increase in customer load of 1.6%, partially offset by lower forward energy market prices.

Operating Expenses and Transfers

Sources of Operating Expense, Capital Outlay, and Transfer Amount Changes

Operating Expenses	Change (000s)*	Implications/Reasons
Personnel Costs*	$2,570	
Staffing	$0	0 additional FTE positions
Annualized Positions	$1,845	Vacancy Savings from MY budget; Promotions/Position Upgrades
COLA	$363	3% COLA
Merit	$363	3% budgeted for merit increases (avg)
Other Expenses	$1,745	Add'l Data Management, PG&E fees, Marketing, G&A, and Professional Services

**Amounts include 5% operating expense contingency*

Capital Outlay	Amount (000s)	Implications/Reasons
Office Building Expenses	$1,002	Estimated renovation and furniture cost for new office space, in preparation for potential office move when current office lease ends in Oct'25.

Transfers	Amount (000s)	Implications/Reasons
Programs Transfer	$8,821	2% of projected revenues
Nuclear Allocation	$3,708	2023 PG&E Carbon Free Allocation
Customer Bill Credit	$4,411	1% of projected revenues
Hanford Emissions Mitigation Fund	$1,800	Jun'24 BOD approved new program fund

Review Reserve Targets

- Ensure SVCE maintains sufficient reserves to manage risks such as those modeled in the Stress Test analysis.

- 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 to reflect power portfolio positions and assumptions consistent with those used to develop the proposed budget as well for corrections for some modeling errors.

Reserve Targets (DCOH)	Current	Implied Targets	Proposed
Minimum	120	120	120
Goal (Target)	300	342	350
Maximum (Upper Target)	490	713	500

Staff Recommendation:

- Increase target reserves to 350
  - Considerable market price uncertainty, especially for Resource Adequacy (RA) and clean energy resources
  - Aligns with credit rating agency's guidance that DCOH in excess of 300 is credit positive
- Round upper target to 500
  - Higher implied targets are driven by conservative RA and RPS price assumptions

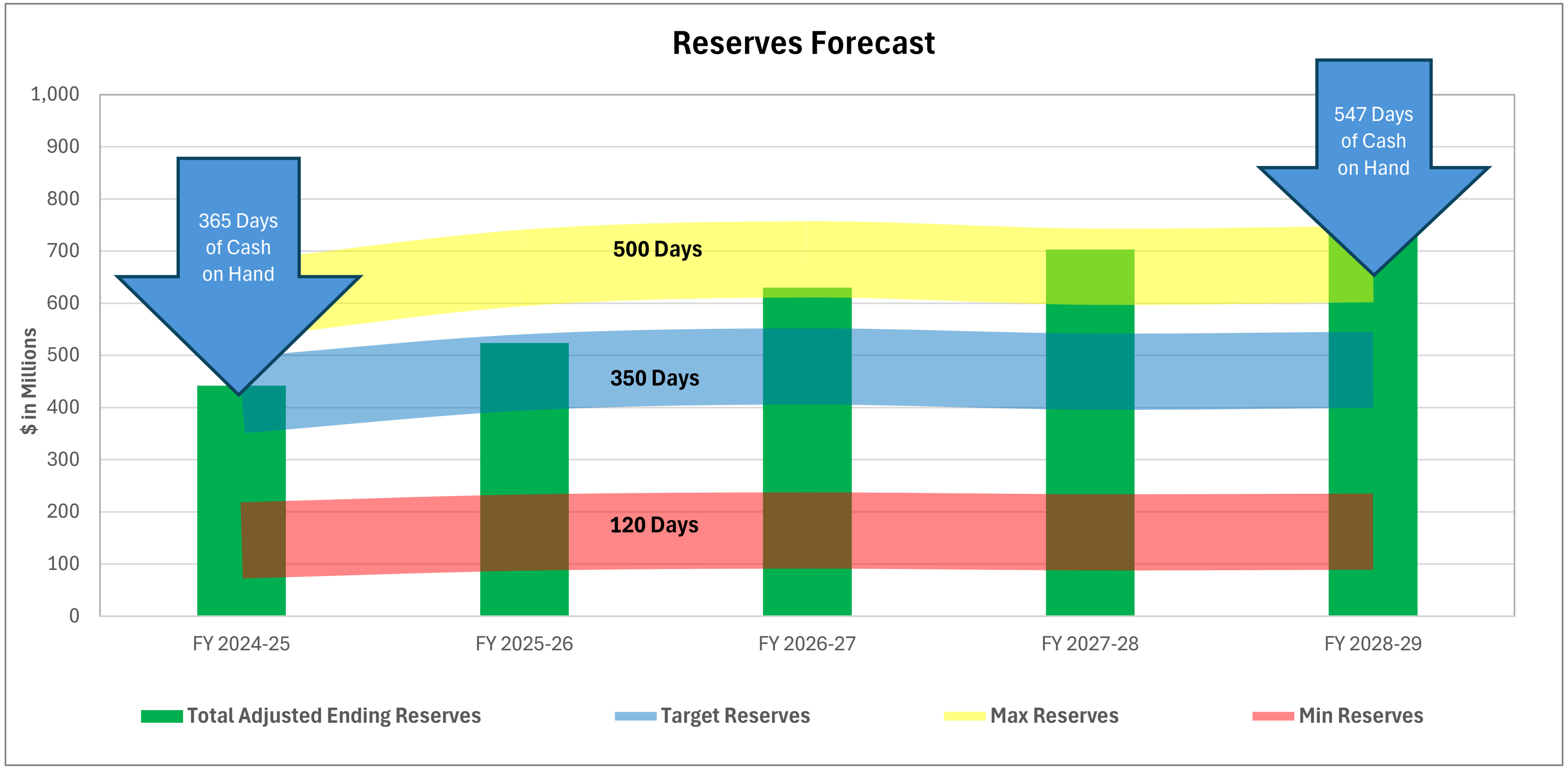
Reserve Projection

Projected End of FY Reserves:

- $442 Million
- 365 Days of Cash on Hand
- Includes Unspent Program Funds and Building Fund

If all Approved Programs Dollars and Building Fund were Spent:

- $346 Million in Reserves
- 285 Days of Cash on Hand



Reserve Projection shown with updated proposed FY24-25 reserve targets

SVCE New Office Space Update

At the June 28, 2024, meeting the Executive Committee concurred with the following strategy:

- Staff to continue to research office building leasing options, as follows:
  - 3-to-5-year lease term, flexible lease terms
    - Will explore the option to opt out early
  - Staff to target office space around 11,000 to 14,000 to accommodate growing staff and Board/Community room
  - Target Sunnyvale, Mountain View, Campbell and Cupertino
  - Allow for reasonable initial capital expenditure cost on renovation and furniture
    - Estimated capital expenditure has been incorporated into FY24-25 proposed budget
  - May need to consider a temporary extension of the current lease to accommodate the new lease agreement
- Revisit office building purchase options in 2028
  - Likely to enter an office building purchase agreement in FY28-29
  - The Board allocated funds for purchasing a building will remain in the Building Fund.
- Proposed FY24-25 Budget includes the above considerations
- Actual lease and terms will be brought to the Board for consideration and approval in a closed session before the end of 2024

FY24-25 Proposed Benefit Changes

- Add Cesar Chavez Day to the Holiday Schedule
  - Majority of CCAs and half of our member agencies provide the holiday
  - With this addition, SVCE holidays will remain competitive but not excessive in comparison
- Increase Paid Parental Leave to 240 hours from 120 (within the first year for eligible employees)
  - Most CCAs of similar size had much stronger parental leave
  - As our agency and our workforce matures, parental leave is important for retention
- Increase Bereavement to 5 days (state compliance)
  - State law requires us to give 5 days (3 must be paid) but almost all mature organizations pay 5
- Allow staff to accrue the annual $600 fitness reimbursement up to $3,000
  - Without adding dollars, allows for larger purchases and potentially better retention over the years
- Hybrid work reimbursable: $500/one-time home office set up (previously approved during COVID, but not added as ongoing)
  - With ongoing hybrid/remote work being one of our employees' favorite benefits, we want to continue to boost comfortability by supporting home office initial setup for new employees as we did for all during COVID

** Full Benefits Summary in Appendix*

Summary – Positive Year But Results are Highly Uncertain

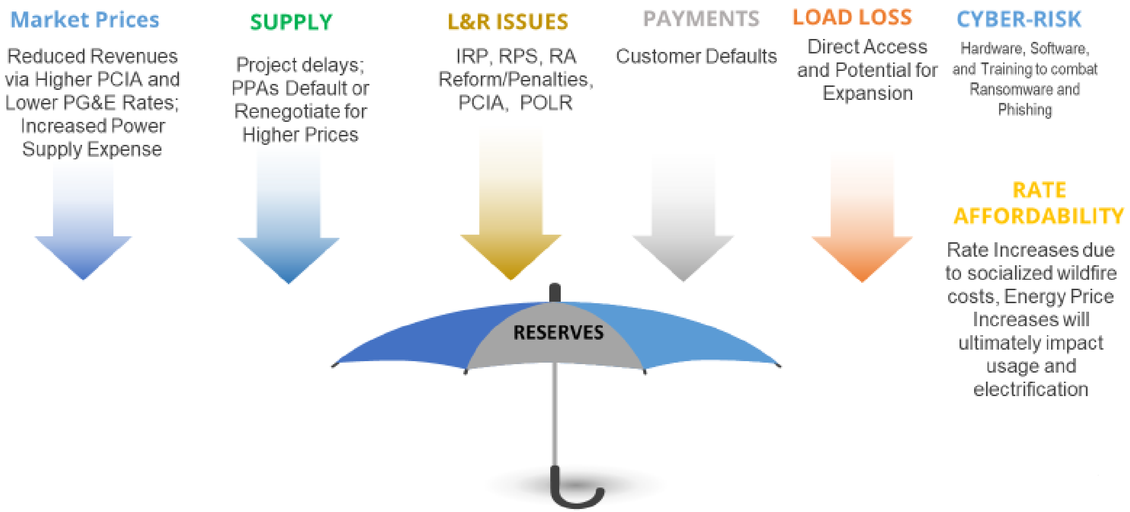
- Biggest risks include late-year adjustments to PCIA / PG&E Gen Rate and significant price volatility for RA and clean energy resources

- Keep the current customer discount rate of 4% 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 expenditures
  - More funding for programs is needed over time but is currently well funded to engage staff fully.

- In the near term, pursue office building leasing options and revisit purchasing building around 2028

Many Risks can Deplete Reserves



Recommendation

Recommend that the Board of Directors approve the proposed:

- FY 2024-25 operating budget
- Benefits changes
- Reserve policy target and upper target levels

Thank you! / Questions?

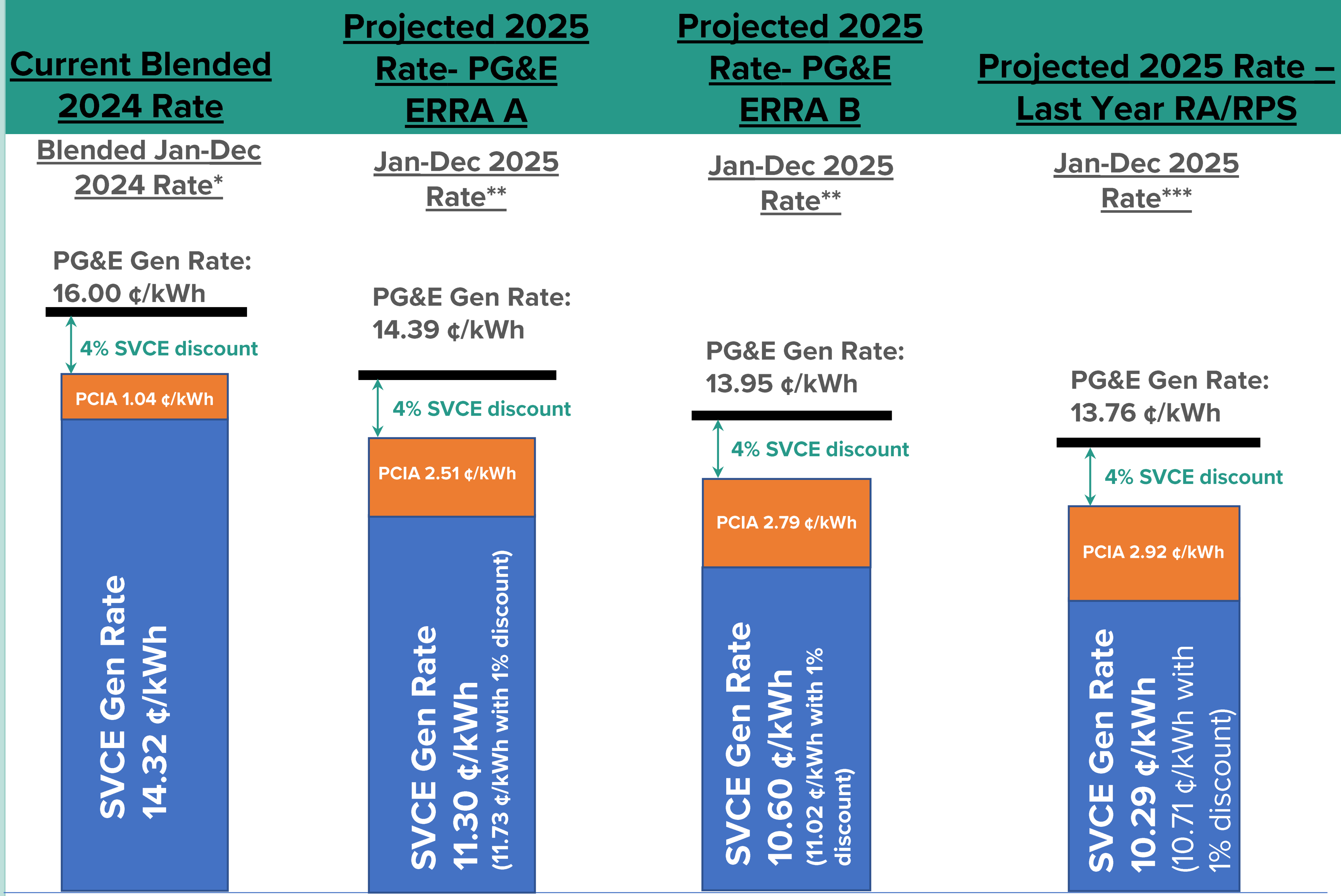
5-Year Forecast

($ in Thousands)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Operating Revenue	(Budget)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
Electricity Sales, Net[1]	$438,837	$573,975	$608,968	$558,344	$537,314
GreenPrime Electricity Premium	$2,213	$2,234	$2,260	$2,296	$2,340
Total Operating Revenues	**$441,050**	**$576,209**	**$611,228**	**$560,640**	**$539,654**
Operating Expense					
Power Supply	$387,145	$436,863	$446,138	$434,784	$436,707
Operating Margin	**$828,195**	**$1,013,072**	**$1,057,366**	**$995,425**	**$976,361**
Data Management	$3,734	$3,920	$4,116	$4,322	$4,538
PG&E Service Fees	$1,516	$1,592	$1,672	$1,755	$1,843
Salaries and Retirement	$17,388	$18,258	$19,171	$20,129	$21,136
Professional Services	$9,370	$9,838	$10,330	$10,846	$11,389
Marketing & Promotions	$1,617	$1,698	$1,783	$1,872	$1,965
General and Administration	$2,808	$3,844	$4,036	$4,238	$4,450
Transfers to Programs Fund	$18,740	$11,524	$12,225	$11,213	$10,793
Total Operating Expenses	**$442,318**	**$487,538**	**$499,471**	**$489,161**	**$492,822**
Operating Income	**$(1,268)**	**$88,671**	**$111,757**	**$71,480**	**$46,832**
Nonoperating Revenue					
Investment Income	$16,299	$14,651	$15,820	$15,440	$13,182
Total Non-Operating Revenues	$16,299	$14,651	$15,820	$15,440	$13,182
Nonoperating Expense					
Financing Cost	$24	$24	$24	$24	$24
Capital Outlay	$1,002	$50	$50	$50	$50
Total Non-Operating Expense	**$1,026**	**$74**	**$74**	**$74**	**$74**
Non-Operating Income	**$15,273**	**$14,577**	**$15,746**	**$15,366**	**$13,108**
Change in Net Position/Available for Reserves	**$14,005**	**$103,247**	**$127,503**	**$86,846**	**$59,940**
Begin, Net Position	**$473,838**	**$469,996**	**$551,765**	**$658,068**	**$731,141**
Adjustment for Program Expenditure and Building Fund[2]	**$(17,847)**	**$(21,478)**	**$(21,201)**	**$(13,773)**	**$(24,600)**
End, Net Position	**$469,996**	**$551,765**	**$658,068**	**$731,141**	**$766,481**
Days Cash On Hand (DCOH) at Year End	**$441,975**	**$523,744**	**$630,047**	**$703,119**	**$738,460**
Days of cash on hand	365	392	460	525	547

1 Assumptions: 4% overall discount relative to comparable PG&E rates for FY 24-25 and FY 25-26. FY 24-25 includes additional bill credit to low income customers totaling $4.4 million. 1% discount for FY26-27, FY27-28 and FY28-29.

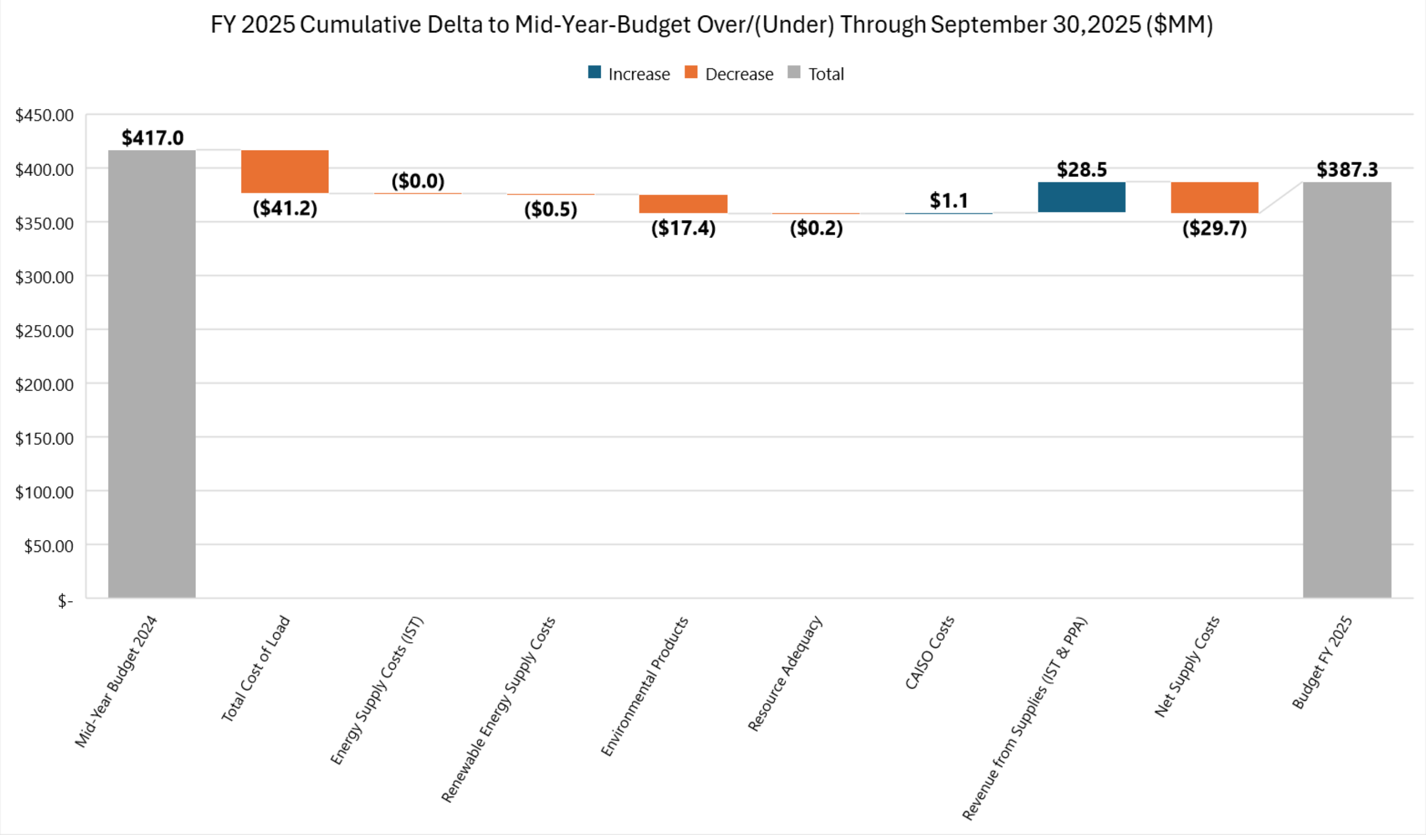
2 Each year the Board transfers funds from the Operating Budget to the Decarbonization Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between *forecasted spend* for programs versus the amount transferred to the fund. This adjustment is needed because program spending to date has been less than the amount transferred to the programs fund. The $20 million in building Fund is assumed to be spent in FY28-29.

- PG&E filed its forecast of 2025 Rates on 5/15/24
  - Two methodologies were proposed for calculating ERRA, using existing and revised common cost allocations.
  - PG&E used energy forward market prices as of March 28, 2024.
  - PG&E Gen Rate down ~10.1% (A) and 12.8% (B).
  - PCIA up significantly.
- PG&E proposes to cap the RA MPBs at the 2024 RA MPB
- The projected 2025 Rate, used in the FY2025 Budget deteriorated further due to weaker energy market prices



Source: Blended PG&E Jan-Jun 2024 & Jul-Dec 2024 Average Rate (Weighted for SVCE Portfolio Load)
*** Estimated rate, based on PG&E ERRA filings (Weighted for SVCE Portfolio Load)*
**** CalCCA NewGen Model analysis using market data as of 6/28/2024 and CPUC attribute benchmarks adopted for CY 2024 (Weighted for SVCE Portfolio Load)*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Power Supply Costs



<u>FY 2024-25 </u>Costs, forecasted at $387M, are $30M less than forecasted at the mid-year budget.

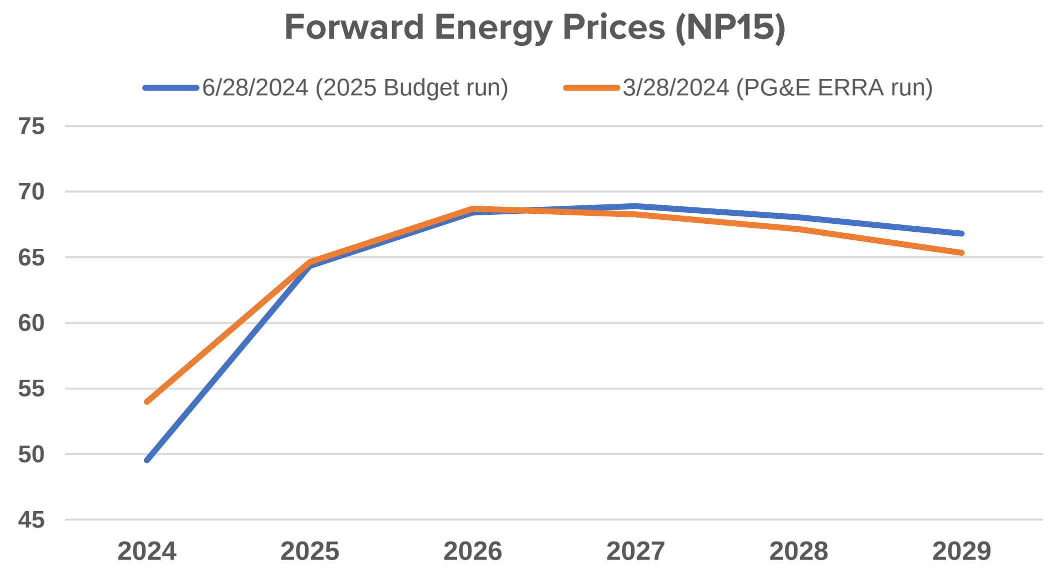
Favorable Drivers

- Drop in forward prices
- More favorably priced PPAs coming online, resulting in a lower need for energy supply and environmental products
- Lowered Clean target to 90% per board directive 6/12/2024

Forward Energy Price Comparison

Budget Run (6/28/2024) vs ERRA Forecast Run (3/28/2024)

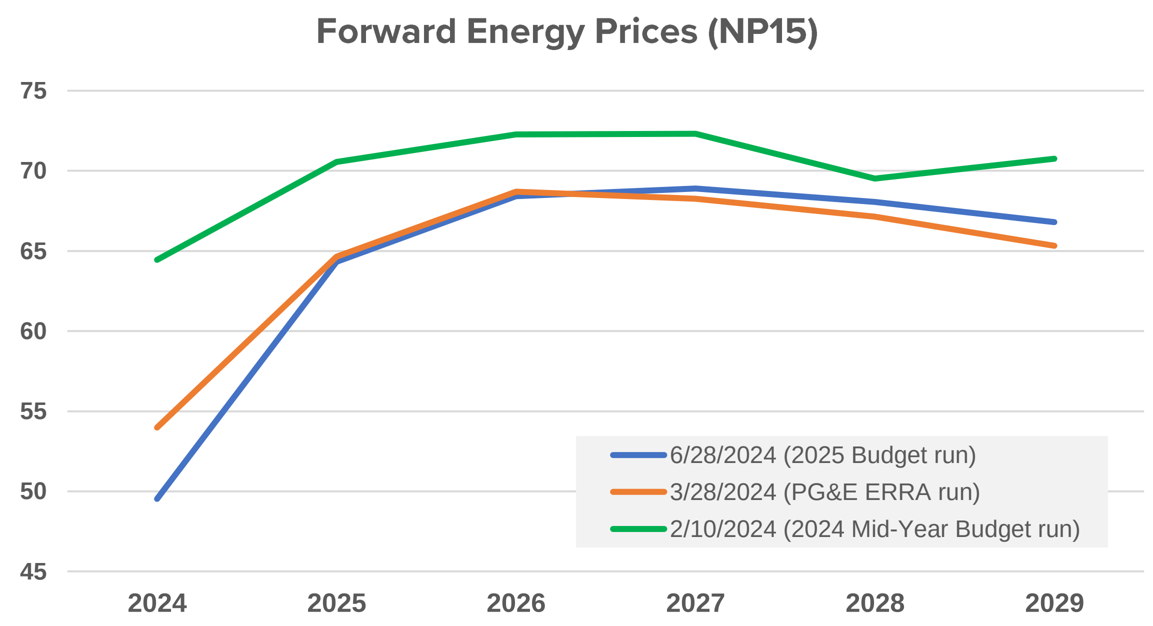
Forward Energy Prices (NP15)	2024	2025	2026	2027	2028	2029
6/28 (Budget run)						
On-Peak	50.75	64.77	67.00	65.72	62.99	62.12
Off-Peak	47.95	63.78	70.23	72.97	74.48	72.80
ATC (Around-the-Clock)	**49.52**	**64.34**	**68.42**	**68.90**	**68.05**	**66.81**
3/28 (PG&E ERRA run)						
On-Peak	56.13	65.73	66.45	64.68	61.75	61.10
Off-Peak	51.24	63.24	71.59	72.85	73.97	70.72
ATC (Around-the-Clock)	**53.98**	**64.64**	**68.71**	**68.26**	**67.14**	**65.33**
ATC Price % change						
	-8%	0%	0%	1%	1%	2%



Forward Energy Price Comparison

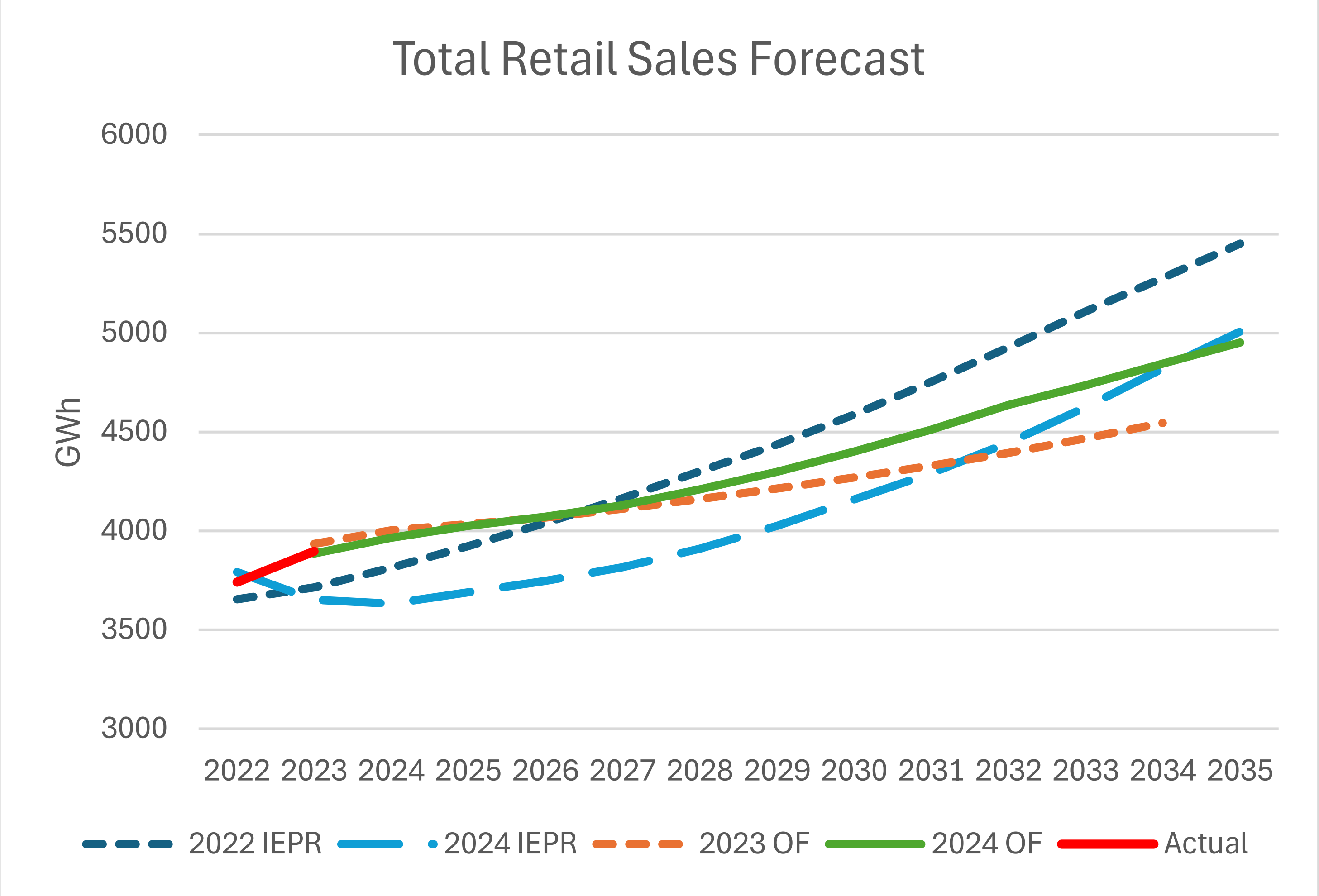
2025 Budget Run (6/28/2024) vs ERRA Forecast Run (3/28/2024) vs 2024 Mid-Year Budget Run

Forward Energy Prices (NP15)	2024	2025	2026	2027	2028	2029
6/28/2024 (2025 Budget run)						
On-Peak	50.75	64.77	67.00	65.72	62.99	62.12
Off-Peak	47.95	63.78	70.23	72.97	74.48	72.80
ATC (Around-the-Clock)	**49.52**	**64.34**	**68.42**	**68.90**	**68.05**	**66.81**
3/28/2024 (PG&E ERRA run)						
On-Peak	56.13	65.73	66.45	64.68	61.75	61.10
Off-Peak	51.24	63.24	71.59	72.85	73.97	70.72
ATC (Around-the-Clock)	**53.98**	**64.64**	**68.71**	**68.26**	**67.14**	**65.33**
2/10/2024 (2024 Mid-Year Budget run)						
On-Peak	68.51	72.56	71.33	70.45	64.51	66.47
Off-Peak	59.25	68.00	73.49	74.69	75.88	76.25
ATC (Around-the-Clock)	**64.45**	**70.56**	**72.28**	**72.31**	**69.52**	**70.77**
ATC Price % change						
2025 Budget vs ERRA	**-8%**	**0%**	**0%**	**1%**	**1%**	**2%**
2025 Budget vs 2024 MY Budget	**-23%**	**-9%**	**-5%**	**-5%**	**-2%**	**-6%**



Medium-Term Load Forecast

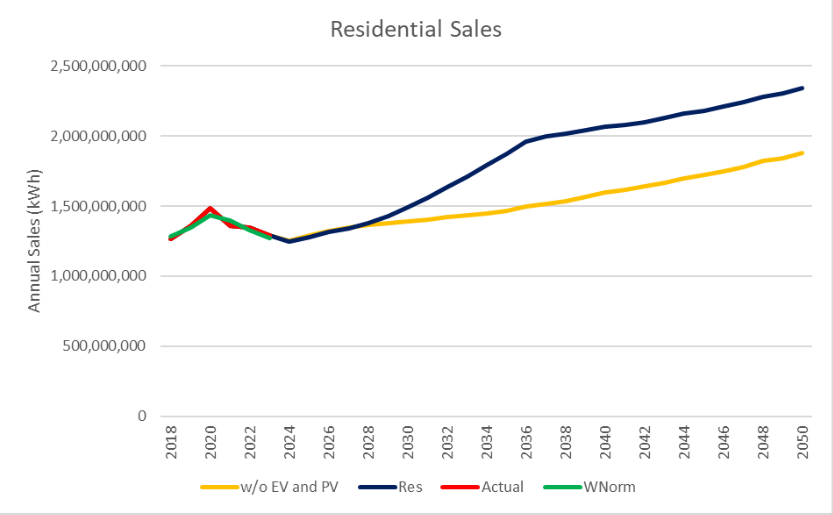
- Since 2023, SVCE began forecasting load in-house after using a third-party service since inception.
- 2024 IEPR is lower than 2022 IEPR due to lower population forecast.
- 2024 Operating Forecast ("OF") begins to grow slower than 2024 IEPR from year 2025 due to more realistic BE forecast.
- EVs will drive growth, especially near term. However, SVCE territory should lag the state average, since it already has higher % of Evs.
- By 2030 BE begins to play larger role in growth trajectory due to widespread heat pump adoption.

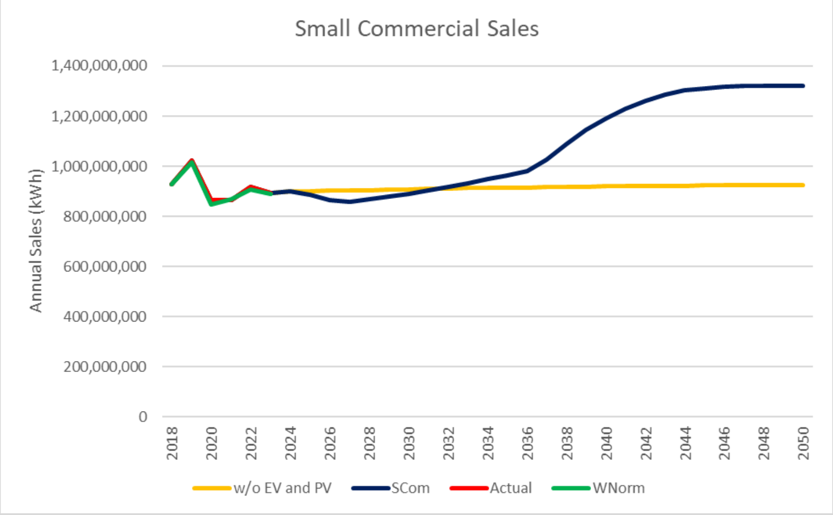


"OF" – Operating Forecast

Long-Term Load Forecast by Sector

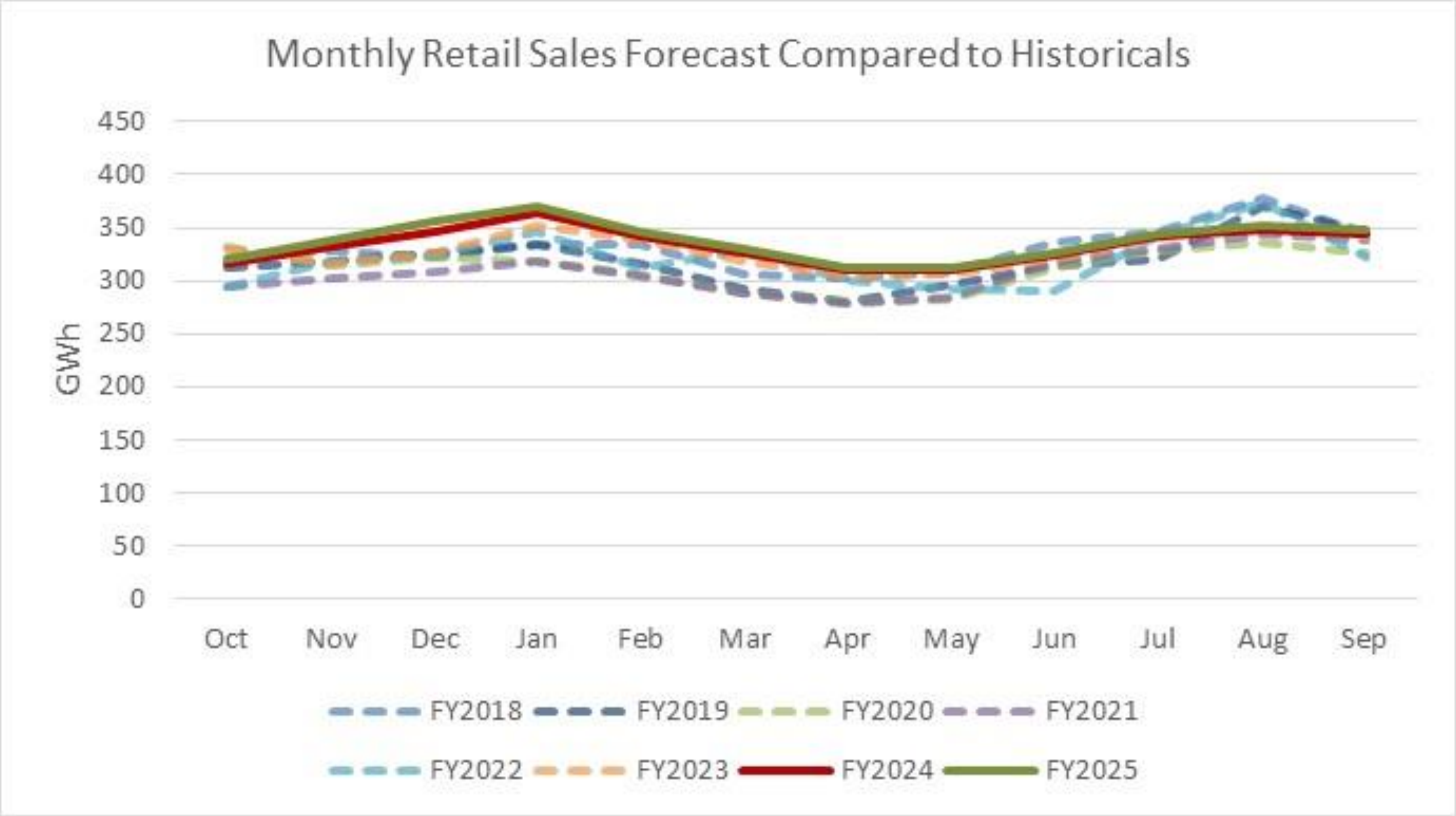
Share of SVCE Sales by Class	2024	2030	2035	2045	Driver
Residential	32%	35%	40%	41%	Load Modifiers
Small Medium	24%	20%	19%	23%	Near-term: BTM PV, Long-term: public EV charging
Large	37%	35%	32%	28%	Economy
Agriculture	1%	1%	1%	1%	Held Constant
Lighting	0%	0%	0%	0%	Change in Residential Customers, but minimal impact





Medium-Term Load Forecast by Sector

Medium-Term Load Forecast



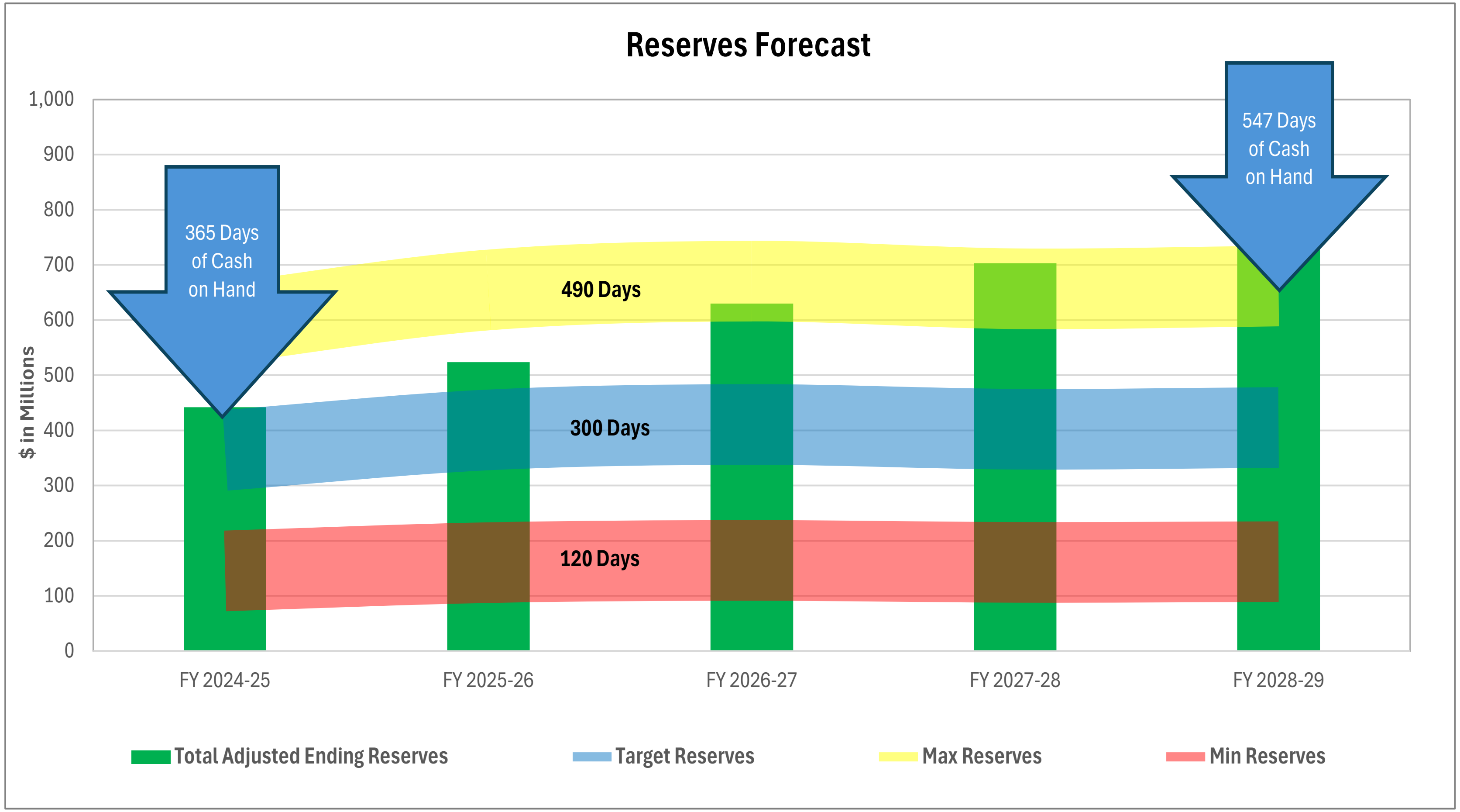
Reserve Projection (FY23-24 Reserve Targets)

Projected End of FY Reserves:

- $442 Million
- 365 Days of Cash on Hand
- Includes Unspent Program Funds and Building Fund

If all Approved Programs Dollars and Building Fund were Spent:

- $346 Million in Reserves
- 285 Days of Cash on Hand



Staffing – No New Positions To Request in Proposed FY24-25 Budget

Current Staffing

- 62 Authorized FTE
    - 56 filled FTE
    - 6 current vacancies
- 3 Intern positions
- 3 Part-time employees
- 3 Climate Corps Fellows
- 1 Long-term independent consultant

Personnel Authority

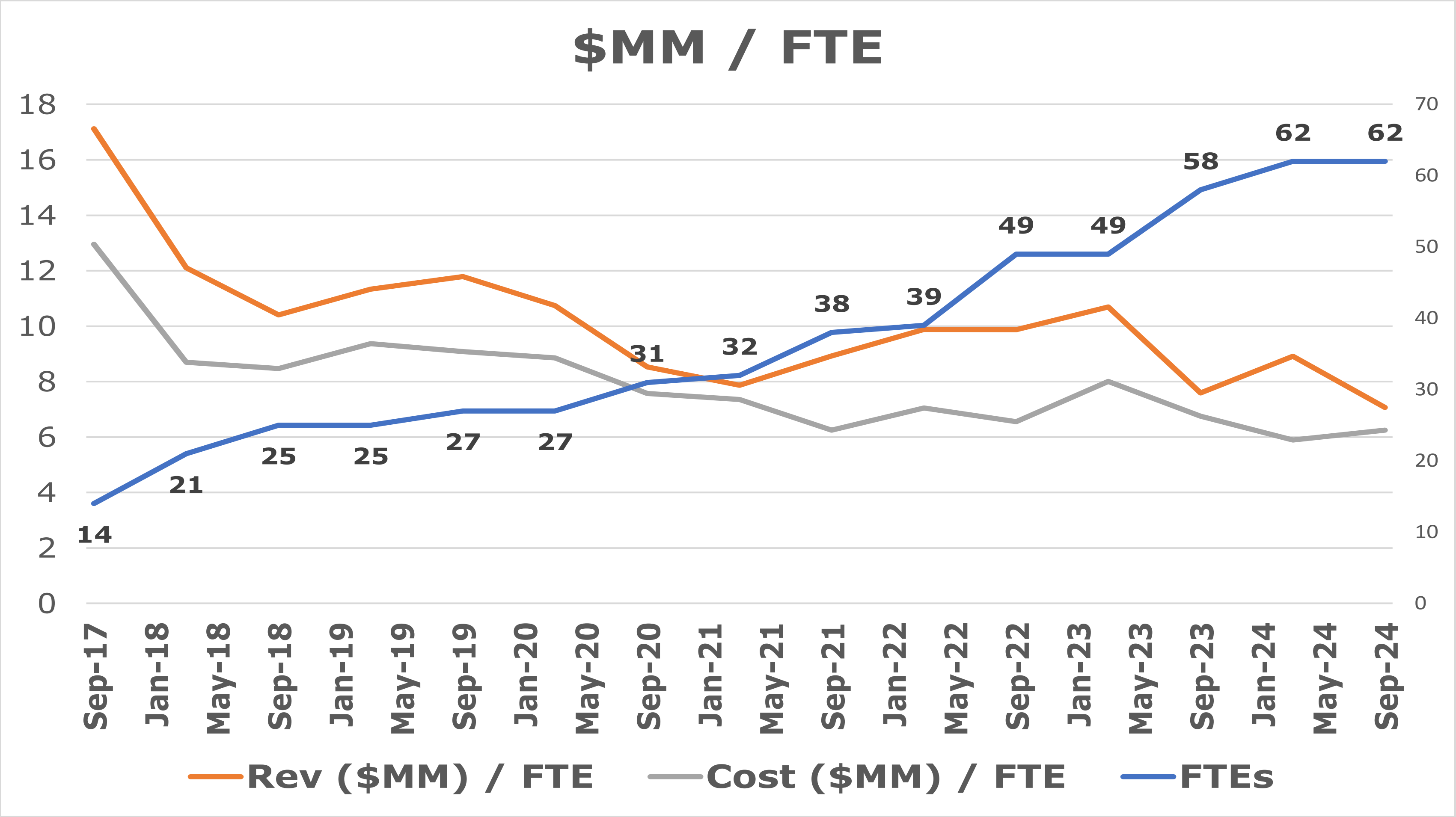
- CEO can approve job titles, salary ranges, and org chart positions
- Positions can be swapped/changed and added within Board-approved budget
- Additions will not exceed 10% of authorized number shown in budget
- Changes/hires communicated in next CEO report to Board

No additional FTE request in Proposed FY24-25 budget

Previous FY FTE Request Summary	FTE
Authorized in the FY23-24 Annual Budget	58
Feb'24 CEO Personnel Authority	+3
Authorized in the Midyear 23-24 Budget	+1
Current Authorized FTE Total	**62**

Revenues/FTE; Energy/FTE

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



CCA Staffing Comparisons

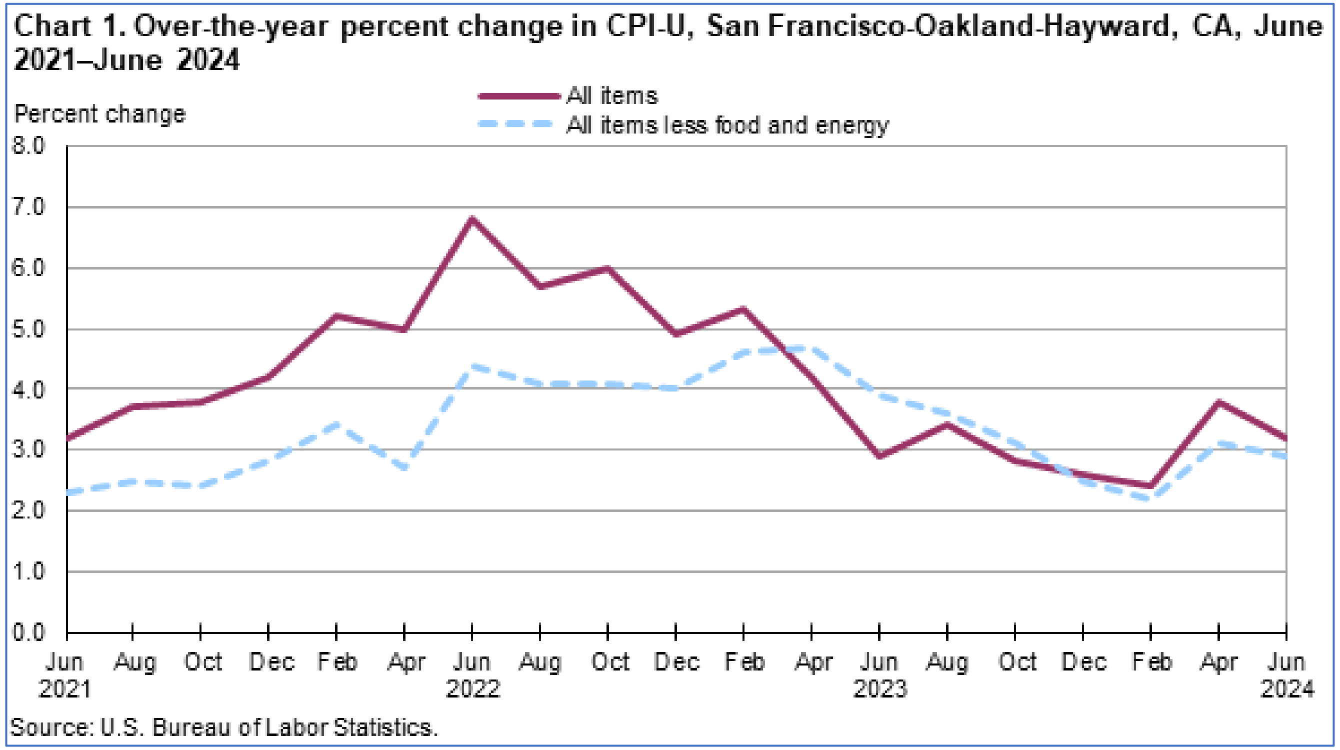
CCA Comparisons							
	FY 23-24			Staffing			
CCA Name	Accounts	Revenue ($MM)	Net Position ($MM)	FY 22-23	FY 23-24	FY 24-25 Budget	Revenue ($MM/FTE) FY23-24
Silicon Valley Clean Energy	280,000	$512.9	$324.5	49	58	62	$8.8
Peninsula Clean Energy	310,000	$431.2	$307.6	39	50	63	$8.6
Central Coast Community Energy	450,000	$461.3	$241.9	43	52	59	$8.9
Clean Power Alliance	1,071,800	$1,169.5	$211.6	69	75	Unavailable	$15.6
Ava Community Energy	640,000	$824.0	$361.6	68	78	Unavailable	$10.6
MCE	500,550	$644.8	$244.2	76	84	Unavailable	$7.7

Data is based on information available and reported online or from peer agency feedback; the timeline for comparisons may not align because each organization has a different budgeting and planning cycle, but they are meant to provide general patterns for comparison.

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

Current 3.00% COLA based on SF Bay Area CPI; smoothed over trailing months;

Additional Merit/promotional increases at CEO discretion



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%
FY24-25	3.00%

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

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. July 1, 2024**)**	**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	22,540	22,540	148,625	148,625
Annual Peak Demand (kW)							499	499
PG&E Electric Delivery	$ 124.84	$ 124.84	$ 482.30	$ 482.30	$ 4,755.94	$ 4,755.94	$ 25,884.53	$ 25,884.53
Electric Generation	$ 68.34	$ 77.36	$ 246.10	$ 278.69	$ 3,169.39	$ 3,588.37	$ 19,964.14	$ 22,570.19
PG&E Added Fees (PCIA, Franchise)	$ 5.93		$ 21.43		$ 275.44		$ 1,703.24	
Average Total Cost	$ 199.10	$ 202.20	$ 749.84	$ 760.98	$ 8,200.77	$ 8,344.31	$ 47,551.91	$ 48,454.72
Average Monthly Savings	$ 3.09		$ 11.15		$ 143.53		$ 902.81	

CCA Comparison – Reserve Targets

Reserve Targets	Min	Goal	Max
Silicon Valley Clean Energy	120	300	490
Peninsula Clean Energy	n/a	180	250
Clean Power Alliance	72	120	144
Ava Community Energy	90	180	270
MCE	-	240	-
Sonoma Clean Power	180	280	280

Programs capacity is increasing

$116M allocated over the last ~5 years

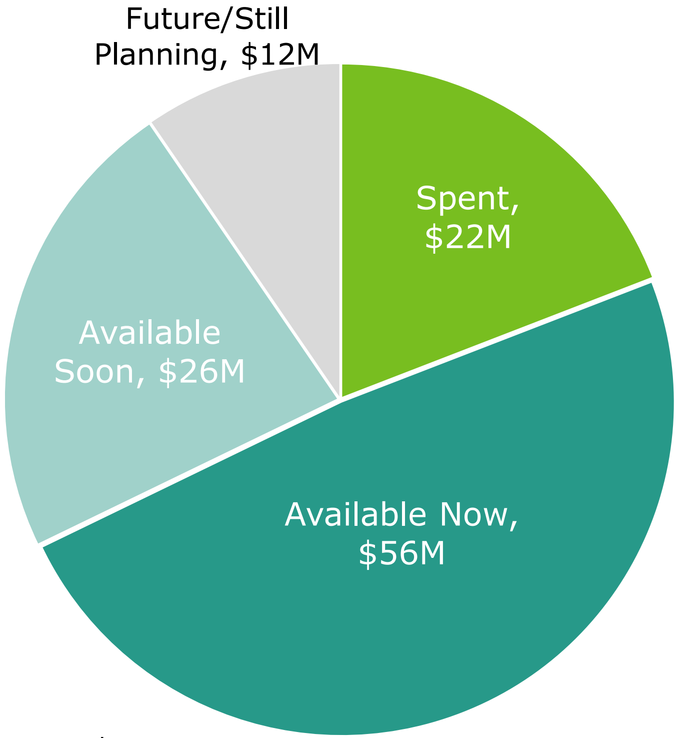
~$60M allocated within last 2 years

FY24 program spending on track to be almost 2x higher than FY23

Some programs are open multiple years so may take time to ramp up spending

SILICON VALLEY CLEAN ENERGY

Programs Fund Availability



Spent: Already paid out to customer or vendors

Available Now: 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: In a planning phase, but will launch by ~December 2024

Future/Still Planning: Won't launch until after December 2024 and funds not currently earmarked for a program

Benefits Overview

2024/2025

Proposed benefits overview

-includes changes noted in

Slide 17, in red.

Health Insurance	
Employer Premium Contribution	SVCE provides up to $1,500 per month to cover the employee and dependent insurance premiums - health, dental and vision.
Medical	Coverage is provided through the CalChoice marketplace, and currently includes the following options: Kaiser – HMO plans Sutter Health – HMO plans Anthem Blue Cross – PPO plans Cigna –EPO G
Dental	Delta Dental PPO
Vision	Vision PPO Plan
Retirement	
401 (a) Plan	Mandatory 10% employee contribution matched by 10% employer contribution in lieu of Social Security. Fully vested from date of hire.
457 (b) Deferred Compensation	Voluntary pre-tax employee contributions up to annual IRS limits.
HRA -or- has	
Health Reimbursement Account	SVCE contributes $500 / month towards a Health Reimbursement Account that the employee can use for qualified health care expenses. Unused balances can be carried over to the next year.
Health Savings Account (only with eligible High Deductible Health Plans)	SVCE contributes up to $400 / month towards a Health Savings Account that the employee can use for qualified health care expenses. Balance can be invested and stays with employee after separation.
FSA – Health / Dependent Care / Transportation / Parking	
Employer Contribution	SVCE contributes $200 / month towards flexible spending accounts that can be used for qualified expenses in the categories below. Employee can contribute additional funds up to the IRS limits.
Health Spending Account	Employee can annually contribute up to $3,200 pre-tax to their Health FSA. A maximum of $640 rolls over for 2024.
Dependent (Child / Elder) Care Assistance	Employee can annually contribute up to $5,000 pre-tax to their Dependent Care account. Funds do no roll over.
Transit / Parking Plan	Non-taxable reimbursement of up to $315 per month for qualified transit and parking expenses.

Benefits Overview

2024/2025

Proposed benefits overview

-includes changes noted in Slide 17…

(continued)

Health / Wellness	
Fitness Reimbursement Program	SVCE will reimburse up to $600 / year for qualified fitness expenses (class / program / equipment) per year. This reimbursement will accrue annually up to $3000.
Professional Development	
Tuition Reimbursement Program	SVCE will reimburse up to $5,000 / year for qualified educational advancement that supports the organization's mission.
Employee Rebate Reimbursement	
SVCE Employees are eligible to receive the same rebate benefits as its customers	SVCE rebates are available for single-family homes, accessory dwelling units (ADUs), and multi-family homes (4 dwelling units or fewer) swapping out existing equipment, not for completely new building construction. Each dwelling unit is eligible for one rebate per appliance type.

Miscellaneous	
Short Term Disability Insurance	STD provided at 60% of weekly earnings subject to terms of STD insurance carrier and cap based on salary.
Long Term Disability Insurance	LTD provided at 60% of monthly earnings subject to terms of LTD insurance carrier and cap based on salary.
Term Life Insurance	100% Employer-paid $200,000 life and AD&D coverage (guaranteed at $50,000).
Employee Assistance Program (EAP)	100% Employer-paid confidential counseling for you and your immediate family member and work/life services assistance.
Hybrid Work Set up	One time $500 reimbursable for home office set up.
Technology Stipend	$120 monthly stipend for phone and internet connection costs
Voluntary Term Life and AD&D Rates	
Voluntary term life monthly rate	Voluntary term life rates do not include the AD&D rate. The spouse is charged based upon his/her individual age. Child(ren) monthly rate: $10,000 of coverage for $2.00 per family
Voluntary Accidental Death and Dismemberment (AD&D) monthly rate	Employee and spouse $.039

Benefits Overview

2024/2025

Proposed benefits overview

-includes changes noted in

Slide 17…

(continued)

Leave	
Vacation Leave	SVCE offers 160 hours of Paid Time Off (PTO) that is accrued bi-weekly for the first year. PTO includes vacation, sick, etc. After the first-year anniversary date, an additional 8 hours will be granted per year up to the tenth year of employment. All unused PTO at the end of the year can be carried over to a maximum of twice the annual accrual. Exempt employees receive an additional 40 hours of Management Leave at the beginning of each calendar year, which does not carry over to the next year.
Holidays	12 days (88 hours) per year. New Year's Day Martin Luther King Jr.'s Birthday Presidents' Day Cesar Chavez Day Memorial Day Juneteenth Independence Day Labor Day Veteran's Day Thanksgiving (2 days) Christmas Day
Administrative Shut-Down Leave	Christmas Day though New Year's Day
Bereavement Leave	Up to 5 days paid bereavement leave in the event of a death in your immediate family.
Parental Leave	If you have worked at least 12 months and for at least 1,250 hours in the previous 12 months you will be eligible for 240 hours of paid parental leave in the first 12 months

CCA Parental Leave

CCA Parental leave data is based on CCA input to survey questions, not all CCAs provided input or refreshed data

CCA	# employees:	Do you provide Paid Parental Leave in addition to Mandated CA Pregnancy Disability Leave, If so how many hours?
SDCP	55	6 weeks or **240 Hours.** Benefit reduced for Reg PT employees on prorated basis.
Sonoma Clean Power	44	SCP employees eligible for up to **160 hours** of paid bonding leave.
Marin Clean Energy	94	Yes, 30 days **(240 hours)**
Peninsula Clean Energy	50	We follow state regulations. Additional supplemental leave of 240 hours to FT EES employe 6+ months. -The first 120 hours of which are 100% paid. (or 120/8 hours=15 days for FT EE)
AVA	77	**16 weeks (640 hrs)**
Silicon Valley Clean Energy	58	**Yes: 120 hours (current FY 23/24 approval)**

Holiday

Cesar Chavez Day		
Agency Comparitor	#of agencies observing	# of agencies NOT observing
CCA	8	5
Member Agency	5	5

Indigineous People Day		
Agency Comparitor	#of agencies observing	# of agencies NOT observing
CCA	7	6
Member Agency	4	6

*Indigenous People Day is another holiday that many agencies have added and was under consideration, but it was not requested in this budget cycle. The data is based on online availability in June.

Holiday Comparison Among CCAs

Holiday	VCE	3CE	SCP	CPA	MCE	AVA	RCEA	SVCE	Pioneer
Martin Luther King Jr.'s Birthday	X	X	X	X	X	X	X	X	X
Lincoln's Birthday									x
President's Day	X	X	X	X	X	X	X	X	X
Cesar Chavez Day		x		X	X	X	X		
Good Friday									
Memorial Day	X	X	X	X	X	X	X	X	X
Juneteenth		x	X	X	X	X	X	X	
Independence Day	X	X	X	X	X	X	X	X	X
Labor Day	X	X	X	X	X	X	X	X	X
Indigenous peoples day					X	X			
Veterans Day	X	X	X	X	X	X	X	X	X
Thanksgiving	X	X	X	X	X	X	X	X	X
Day after Thanksgiving	X	X	X	X	X	X	X	X	X
Day before Christmas				X					X
Christmas Day	X	X	X	X	X	x	x	x	X
New Year's eve				X		x	x	x	X
	10	12	11	14	13	14	13	12	13

*Data is based on CCA input to survey question, not all CCAs input or refreshed data

Holiday

Holiday	VCE	3CE	SCP	CPA	MCE	AVA	RCEA	SVCE	Pioneer
Floating Holidays	2	3	2	3		3	3		1
Shut down			4		3			3	3
Admin or Management Leave (various levels)	10							5	10
	12	15	13	17	13	17	16	12	14
Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours.	20	20	20	15	15	15	15	20	10
Total PTO	32	35	33	32	28	32	31	32	24
Total Sick Leave	10	0	0	12	12	12	12	0	12
Total Combined Paid Leave	42	35	33	44	40	44	43	32	36

*Data is based on CCA input to survey question, not all CCAs input or refreshed data

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

Issue: Rate Uncertainty	Staff Recommendation	Implications/Reasons
• PG&E issued the 2024 ERRA forecast on May 15 with preliminary 2025 PG&E generation and PCIA rate forecasts • PG&E will update this forecast in the fall. CPUC normally adopts the rate in December based on this update	• Update the Cal-CCA NewGen model using lasted energy price data after calibrating the model to PG&E's forecasted rates and making any adjustments to account for potential modeling errors	• Likely aligns revenues closer to rates that PG&E will update in October • 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 there's more information on likely 2025 PG&E gen and PCIA rates

Power Supply Expenses
(>90% of Expenses)

Issue: Volatile Power Prices	Staff Recommendation	Implications/Reasons

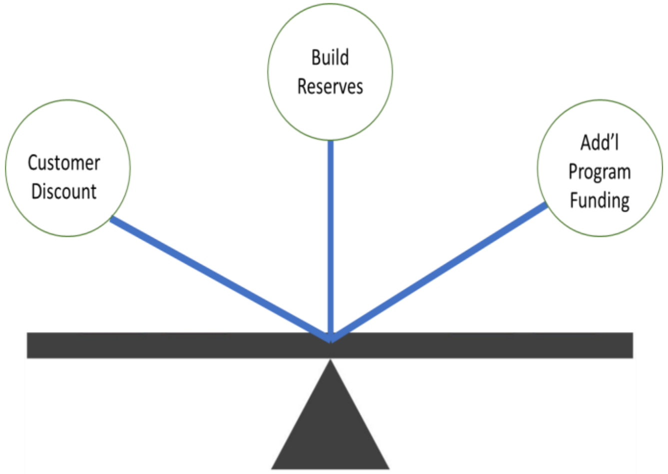
• Power prices are very volatile and have declined significantly.
• In addition to power price volatility, recent volatility in RA and RPS prices makes budget projections highly uncertain
  ◦ Budget has been developed based on a snapshot of market prices in July 2024
• Contract delays/renegotiations further add uncertainty
• Resource adequacy requirements are changing, and costs are high. Slice of Day methodology is expected to be implemented in January 2025, and the portfolio is well positioned for its implementation.
	• Continue hedging to current ERM (Energy Risk Management) targets
	  ◦ Staff to develop additional analysis to revisit the hedging targets to account for impacts from PCIA and PG&E Gen Rate
	• The BOD has authorized 90% clean energy target for calendar year 2025
		• The budget projection for power supply costs reflects the updated clean energy target for FY24-25

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

Status	Staff Recommendation	Implications/Reasons

• Review and assess staffing in all areas of the organization
  • 13 new budgeted positions added in FY23-24
  • 14 new staff hired since Sept 2023
  • 9 vacancies
• Adjust employee salaries for cost-of-living and merit/promotions
• Review existing employee benefits to remain competitive with peer CCAs
• Finalize office lease with authorized parameters by Oct 2024.
	• Current budgeted headcount of 62
	  • Expect staffing levels to stabilize
	• Adjustment for COLA
	  • Propose to continue using the 6-month (Jan – June 2024) rolling average of SF Bay Area CPI – current trailing 6-mo average is 3.0%
	  • CEO discretion applied depending on employee pay relative to market range, performance, and date of hire
	• Any additional increases for merit and promotions based on CEO discretion
	  • Budgeted at 3%
	• Employee benefits –
	  • Adding Cesar Chavez holiday
	  • Increasing paid Parental Leave from 120 hrs to 240 hrs
	  • 5 days of Bereavement to adhere to state compliance
	  • Make $600 fitness reimbursement an accrual up to $3000
	  • Re-engage the $500 (one time) reimbursement for remote work set-up
		• Evaluate staffing levels to:
		  • Scale up decarbonization programs
		  • Reduce the 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 continue

Additional Funding for Programs, Customer Discounts, and Building Reserves



- 1% customer discount over 12 months of 2024 is ~$5.02 million*
- 1% discount over 9 months (Jan – Sep 2025) ~$3.84 million*
- Monthly Average Bill Savings of 1%* Discount:
  - Residential - ~$0.71
  - Small Commercial - ~$2.53
  - Medium Commercial -~$27.91

** Based on 6/28/24 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
	• Continue with 4% discount with an additional 1% towards 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
		• Keeping reserves at or above target levels ensures SVCE can withstand adverse risk scenarios and helps maintain/improve credit ratings
		• Keeping the discount rate at 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 July using market prices consistent with those used to develop the annual budget	Target to keep reserves above 120 Days of Cash On Hand (DCOH) for FY 2024-2025 and FY 2025-2026 under the modeled stress scenario Reset upper reserve target such that over the next 5 fiscal years, reserves do not fall below 90 DCOH under the modeled stress scenario	• FY 25 margins not guaranteed given true-up in 2024 for PCIA and PG&E Gen rate • If adverse conditions materialize, need 120 days to reshape strategy and secure additional liquidity • The upper reserve target enables the agency to take advantage of good margin years to manage risks over a 5-year period

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