KOSMATKA DONNELLY & CO., LLP

Silicon Valley Clean Energy Authority

Report to the Board of Directors

March 12, 2025

Introduction

- Kellin Gilbert, CPA
  - Audit Partner
  - 17 years in public accounting and performing audits of government entities
  - Currently working with several CCA’s throughout California
- Alauna Rico
  - Engagement Senior Associate
  - 4 years in public accounting and 2 years in performing audits of governments (CCA’s)

P&B + kdp

Transition to Kosmatka Donnelly & Co., LLP

- As of January 2025, Pisenti & Brinker LLP has joined practices with Kosmatka Donnelly & Co., LLP (dba, KDP Certified Public Accountants, LLP). The former Pisenti & Brinker LLP Partners are now Partners of KDP. Unveiling of a unified name anticipated in the summer of 2025.
- By combining resources with the strategic merger, we can make even greater investments in technology as well as our greatest assets, our people and clients.
- No changes to staffing, costs or timing of the services we provide to SVCE.

Next Steps as Kosmatka Donnelly & Co., LLP

- There is a signed contract and amendment in place between Pisenti & Brinker LLP and Silicon Valley Clean Energy Authority through the contract term September 2027 – audit period date September 30, 2026.
- Kosmatka Donnelly & Co., LLP (formerly Pisenti & Brinker LLP) will carry out the services for the remaining term of the contract.
- There will be no changes to the original contract or amendment other than the name of the company.
- The current audit partner, Kellin Gilbert, will continue to be the audit partner for the remainder of the contract.

Results of current year audit:

- The audit is complete. We reported:
  - Unmodified opinion – Based on our audit, the financial statements are materially accurate.

Audit of the year ended September 30, 2024 Financial Statements

Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.

- **Auditor** is responsible for auditing the Financial Statements
  - Considering risks of material misstatement in the Financial Statements
  - Considering internal controls relevant to the Financial Statements
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures

Risk Assessment for the year ended September 30, 2024 Financial Statements

Our audit is a risk-based audit. Risk assessment procedures include:

- Gain understanding of the entity's operating characteristics, practices, and procedures.
- Compare to our knowledge of similar entities, industry and professional guidance.
- Review procedures and controls surrounding significant transaction cycles and business processes.

Audit Procedures

Significant areas of focus

- Revenue recognition
  - Accounts receivable and accrued revenue
    - Test a sample of customer billings
    - Relate total cash received during the year to revenue
    - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash
  - Confirmations sent to financial institutions

Audit Procedures

Significant areas of focus

- Accrued Cost of Electricity
  - Review subsequent bills from electricity providers and cash payments
- Other Liabilities
  - Reviewed contracts and other support to determine completeness of amounts recorded
- Financial Statement Note Disclosures – Complete and without bias

Required Board Communications

- There were no new material accounting policies adopted by Silicon Valley Clean Energy Authority throughout the period audited.
- We did not identify any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
- We did not propose any adjustments to the financial statements.
- There were no reportable deficiencies or material weaknesses in internal controls identified.

Required Board Communications (continued)

- There have been no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management’s judgments on any significant matters.
- We have not encountered any difficulties in dealing with management during the performance of our audit.

Questions?

Kellin Gilbert: 707-577-1511

KOSMATKA DONNELLY & CO., LLP

MY 24-25 Adjusted Operating Budget

Amrit Singh
Board of Directors Meeting
March 12, 2025

SILICON VALLEY CLEAN ENERGY

Purpose

Action: Adopt Resolution Approving Mid-Year 2024-2025 (MY 25) Adjusted Operating Budget

Main Areas of Discussion

- Review the Budget Timeline
- Highlight Changes Since the Adoption of the Adjusted Budget in December
- Compare Mid-year and Adjusted Budget Key Line Items
- Review 5-yr Reserve Projections
- Additional Customer Bill Relief
- Provide Staffing Update
- Adopt Resolution

Item 4
PRESENTATION

Mid Year FY24-25 Budget Approval Timeline

May 2024
The Finance & Admin Committee (F&A Committee) reviewed the high-level budget framework

June 2024
The BOD reviewed the high-level budget framework

August 2024
The F&A Committee reviewed the proposed budget

August 2024
The BOD reviewed the proposed budget

September 2024
The BOD adopted the budget and agreed to revisit additional expenditures later in the year when there would be more certainty on PG&E rates

November 2024
The Executive Committee and F&A Committee reviewed the updated budget based on the revised PG&E rate filing and provided feedback on any additional expenditures

December 2024
The BOD reviewed and adopted amendments to the budget

February 2025
The F&A Committee reviewed the proposed Mid-Year Budget

March 2025
Mid-Year Budget Review / Adjustment

Mid-Year Budget Highlights

Excellent FY25 But Negative Margins over 5-yr Outlook

- Healthy contribution to reserves of **$98.1 million**
- Key Drivers of the Increase to Reserve Contribution:
  - Sharp drop in energy market prices contributing to lower power supply expenses
  - Reduction in staff's assessment of resource adequacy (RA) needed to comply with the newly adopted market framework
- Proposed budget includes an additional one-time bill credit for all customers at a cost of ~$35 million
- Operating expenses increased by ~ $2.8 million
  - Request for five additional positions
  - Additional professional services, marketing expenses, and general and administrative costs

- Negative contribution to reserves forecasted for the upcoming two fiscal years due to declining market prices for energy, renewable portfolio standard (RPS), and RA prices

An Increase of ~$1.3 Million vs. Adjusted Budget

Description	Variance Mid-Year Budget vs. Adjusted Budget
Revenues	-$2.98M
Power Supply Cost	-$40.6M
Other Operating Expenses	+$2.8M
Investment Income	+$0.5M
Capital Transfers	-$0.95M
Additional One-Time Bill Credit	-$35.0M
Reserve Balance	**+$1.3M**

Annual Adjusted Budget vs. Mid-Year Budget

- Revenues slightly lower
  - Adjustments for franchise fee (-)
  - Realized lower sales to date and lower sales from custom deals (-)
  - Slightly higher final rates (+)
- Power Supply Cost decrease
  - Sharp decline in market prices
  - Reduction in resource adequacy (RA) needs
- Capital Outlay adjusted due to change in office building strategy
- Program Fund, Nuclear Allocation, Customer Bill Relief, and Handford Fund all unchanged
- Additional One-Time Bill Credit to All Customers

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

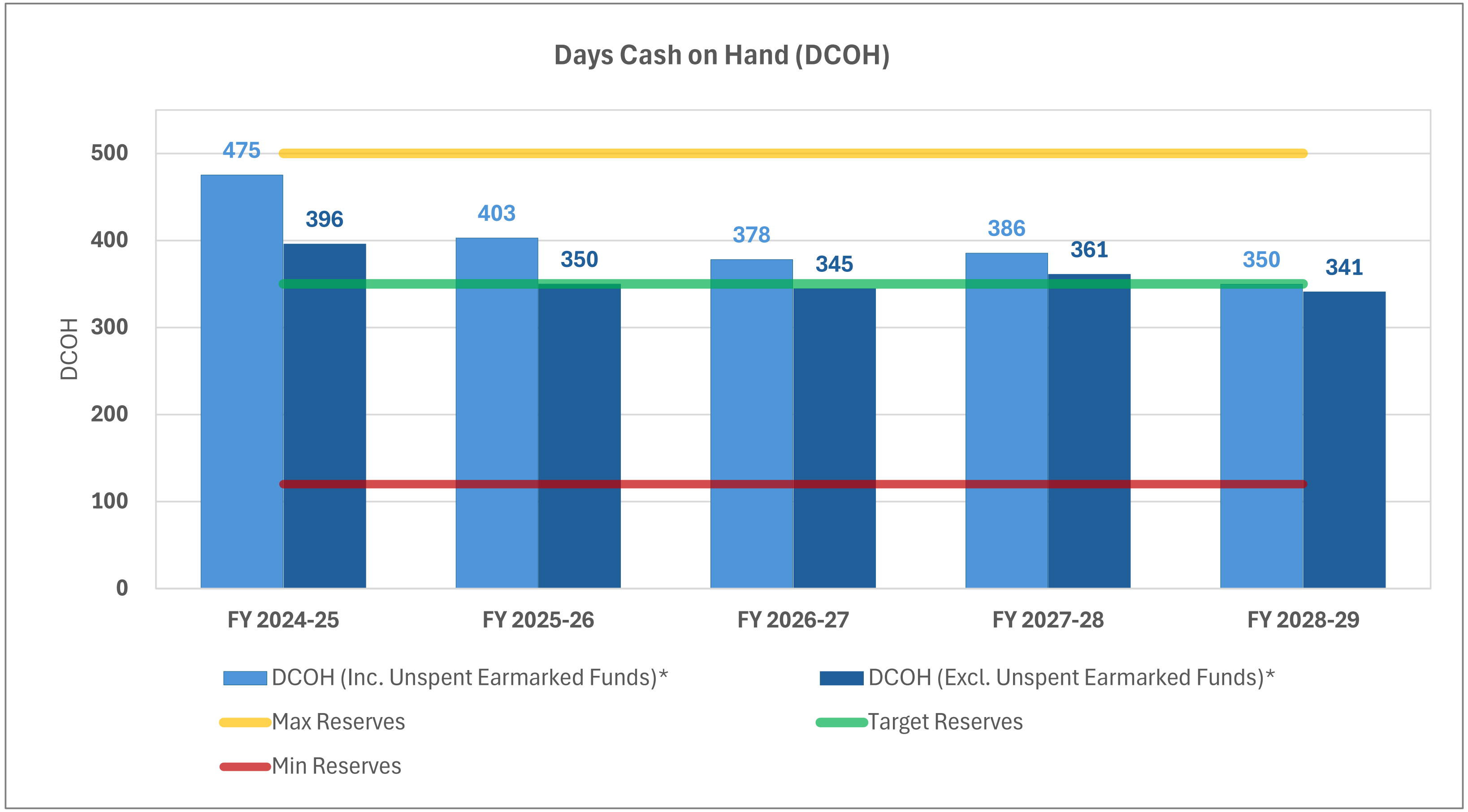
DESCRIPTION	FY 2024-25 ADJUSTED BUDGET	FY 2024-25 MID-YEAR ADJUSTED BUDGET	Change $	Change %
Energy Revenues	526,513	523,534	(2,979)	-0.6%
Power Supply Expense	390,091	349,478	(40,613)	-10.4%
Operating Margin	136,422	174,056	37,634	27.6%
Operating Expenses	36,433	39,284	2,851	7.8%
Non-Operating Revenue (Expense)	19,168	19,743	575	3.0%
Annual Transfers and Other Expenses				
Capital Outlay	1,002	50	(952)	-95.0%
Program Fund	10,530	10,530	0	0.0%
Nuclear Allocation	3,708	3,708	0	0.0%
Customer Bill Relief (Existing CARE/FERA)	5,370	5,370	0	0.0%
Additional One-Time Bill Credit for All Customers	0	35,000	35,000	0.0%
Hanford Emissions Mitigation Fund	1,800	1,800	0	0.0%
BALANCE AVAILABLE FOR RESERVES	96,746	98,057	1,310	1.4%

Reserve Projection

Projected End of FY Reserves
(inclusive of proposed additional one-time customer bill credit):

- 396 Days of Cash on Hand (DCOH)
  - Excludes Unspent Program Funds and Building Fund

- 475 Days of Cash on Hand (DCOH)
  - If unspent Program Funds and Building Fund were included in the reserve calculation



** Earmarked funds are unspent SVCE Program Funds and Building Funds.*

One-time Additional Bill Credit

With the improved financial position, staff proposes returning additional funds to customers.

- Customer rates remain high this year
- Customer rates are projected to decrease significantly next year

	2025	2026	2027	2028	2029	2030
Forecast Rates*	15.17	10.45	11.96	12.16	12.22	12.49
YoY Change		-31.2%	14.5%	1.6%	0.5%	2.2%

Customer effective rates before applying any discounts

- Staff and the Finance and Administration Committee recommend customers receive rate relief this year.

- Two alternatives considered:
  - 1) 10% volumetric discount
  - 2) Bill Credit(s)
- Staff recommends: One-time bill credit during the August billing cycle
  - More impactful in offsetting costs when most customers receive their highest electricity bills
- Expected to cost ~$33 million
  - Budget includes a $2 million buffer for normal fluctuations in the number of customer accounts

Illustrative Bill Credit per Customer Meter

(Based on Current Customer Data)

Segment	ILLUSTRATIVE Bill Credit Amount per Service Agreement ID (SAID)
Residential	$48
Small Commercial	$165
Medium Commercial	$2,200
Large Commercial	$7,500
Agricultural Sm/Med	$110
Agricultural Large	$1,200
Business Electric Vehicles	$9,600
Standby	$3,700
Street Lighting	$80
Traffic Control	$43

- As illustrated, every account within a segment receives the same bill credit. For non-residential accounts, bill credits may vary within a class based on the customer's proportionate share of the historical usage of that class.
- Customer designation may change based on additional analyses
- Staff will promote the bill credit using direct mail and other marketing channels

Staffing

Current Budgeted Staffing

- 62 Full-time Employees (3 Vacancies)
- 3 intern positions (3 Open)
- 4 Part-time Employees (1 Open)
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultant

Proposed Staffing

- 67 Full-time Employees (8 Vacancies)
- 3 intern positions (3 Open)
- 4 Part-time Employees (1 Open)
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultants

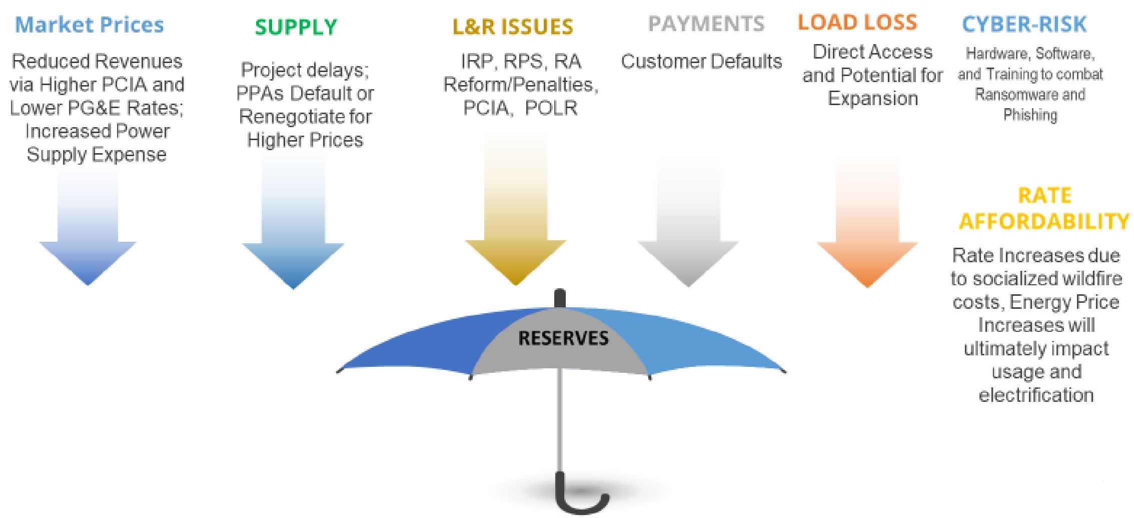
The proposed budget requests approval for 5 additional position

- **Customer Success (CS) (2)**
  - Energy Lead (1) - the upcoming demand flex program (deploying and controlling batteries, HVAC, EVs, etc.) will require specific expertise and significant bandwidth. This role will also increase the capacity to engage with various dynamic rate pilots and the implementation of CPUC-required load management standards
  - Sr. Energy Specialist (1) - in order for SVCE to pursue energy efficiency program funding from the state, a skilled resource to manage the application and ongoing reporting for the funds would be required (this funding would also eventually be able to pay for this resource)
- **Regulatory, Policy, Planning & Legislative (RPPL) (1)**
  - Resource Planner (1) - bringing more of SVCE's resource planning in-house will improve efficiency and effectiveness for long-term planning, strategic policy development, and gaining long-term market insights
- **Finance & Administration (F&A) (1)**
  - Data Analyst (1) - to achieve efficient and effective maturity in data analyses and modeling, SVCE needs to expand staffing at a lower level to ensure data and analytical needs are met while allowing experienced staff to meet new data and modeling goals
- **Power Policy Planning Procurement Regulatory and Operations (PRO) (1)**
  - Power Program Analyst (1) - to ensure strong long-term business continuity, this role will be trained to support front, middle, back office, and regulatory functions, allowing for cross-training, coverage, and succession planning in key roles

Summary – While Declining Energy Prices Improve FY25 Results, Outlook Over Next Two Fiscal Years are Negative

- Next Steps
  - Staff will conduct financial stress test analyses and recommend any updates to the reserve targets
  - Stress test results will be presented to the Finance and Admin Committee in May and to the Board in June
  - Staff will present the framework for developing the next fiscal year's budget to the Finance and Admin Committee in May
  - Draft budget for FY25-26 will be presented to the Finance and Admin Committee in August
  - Final FY25-26 budget will be presented to the Board in September

Many Risks can Deplete Reserves



Recommendation

Adopt Resolution 2025-08 Approving the Mid-year 2024-25 Adjusted Operating Budget that projects contributing $98.1 million to the reserves.

Thank you! / Questions?

2024-2025 Mid-Year Adjusted Operating Budget

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

DESCRIPTION	FY 2024-25 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
Energy Sales	521,650
Green Prime	1,884
TOTAL ENERGY REVENUES	**523,534**
ENERGY EXPENSES	
Power Supply	349,478
OPERATING MARGIN	**174,056**
OPERATING EXPENSES	
Data Management	3,549
PG&E Fees	1,516
Salaries and Retirement	18,805
Professional Services	7,797
Marketing & Promotions	1,885
General & Administrative	5,733
TOTAL OPERATING EXPENSES	**39,284**
OPERATING INCOME (LOSS)	**134,771**
NON-OPERATING REVENUES	
Interest Income	19,756
TOTAL NON-OPERATING REVENUES	**19,756**
NON-OPERATING EXPENSES	
Financing	12
TOTAL NON-OPERATING EXPENSES	**12**
TOTAL NON-OPERATING INCOME (EXPENSES)	**19,743**
CHANGE IN NET POSITION	**154,515**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Program Fund	10,530
Nuclear Allocation	3,708
Customer Bill Relief (Existing CARE/FERA)	5,370
Additional One-Time Bill Credit for All Customers	35,000
Hanford Emissions Mitigation Fund	1,800
Other	
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**56,458**
BALANCE AVAILABLE FOR RESERVES	**98,057**

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]	$486,650	$368,559	$412,040	$451,239	$460,998
GreenPrime Electricity Premium	$1,884	$2,532	$2,561	$2,373	$2,340
Total Operating Revenues	**$488,534**	**$371,091**	**$414,601**	**$453,612**	**$463,338**
Operating Expense					
Power Supply	$349,478	$377,921	$379,686	$385,358	$415,503
Operating Margin	**$139,056**	**$(6,830)**	**$34,915**	**$68,254**	**$47,835**
Data Management	$3,549	$3,726	$3,913	$4,108	$4,314
PG&E Service Fees	$1,516	$1,592	$1,672	$1,755	$1,843
Salaries and Retirement	$18,805	$19,745	$20,732	$21,769	$22,857
Professional Services	$7,797	$8,187	$8,596	$9,026	$9,477
Marketing & Promotions	$1,885	$1,979	$2,078	$2,182	$2,291
General and Administration	$5,733	$5,871	$5,695	$6,754	$7,092
Transfers to Programs Fund	$21,408	$7,422	$8,292	$9,072	$9,267
Total Operating Expenses	**$410,170**	**$426,443**	**$430,663**	**$440,024**	**$472,644**
Operating Income	**$78,363**	**$(55,352)**	**$(16,062)**	**$13,588**	**$(9,306)**
Nonoperating Revenue					
Investment Income	$19,756	$19,241	$13,844	$15,261	$15,373
Total Non-Operating Revenues	$19,756	$19,241	$13,844	$15,261	$15,373
Nonoperating Expense					
Financing Cost	$12	$26	$26	$26	$26
Capital Outlay	$50	$50	$50	$50	$50
Total Non-Operating Expense	**$62**	**$76**	**$76**	**$76**	**$76**
Non-Operating Income	**$19,693**	**$19,165**	**$13,768**	**$15,185**	**$15,297**
Change in Net Position/Available for Reserves	**$98,057**	**$(36,187)**	**$(2,294)**	**$28,773**	**$5,991**
Begin, Net Financial Position	**$485,197**	**$563,730**	**$500,360**	**$475,803**	**$494,468**
Adjustment for Program Expenditure and Building Fund[2]	**$(19,524)**	**$(27,182)**	**$(22,264)**	**$(10,108)**	**$(17,950)**
End, Net Financial Position	**$563,730**	**$500,360**	**$475,803**	**$494,468**	**$482,509**

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 $5.37 million. 1% discount for FY26-27, FY27-28 and FY28-29. In addition, FY24-25 has a reduction in revenue for the $35M allocated for Additional One-Time Bill Credit for All Customers.

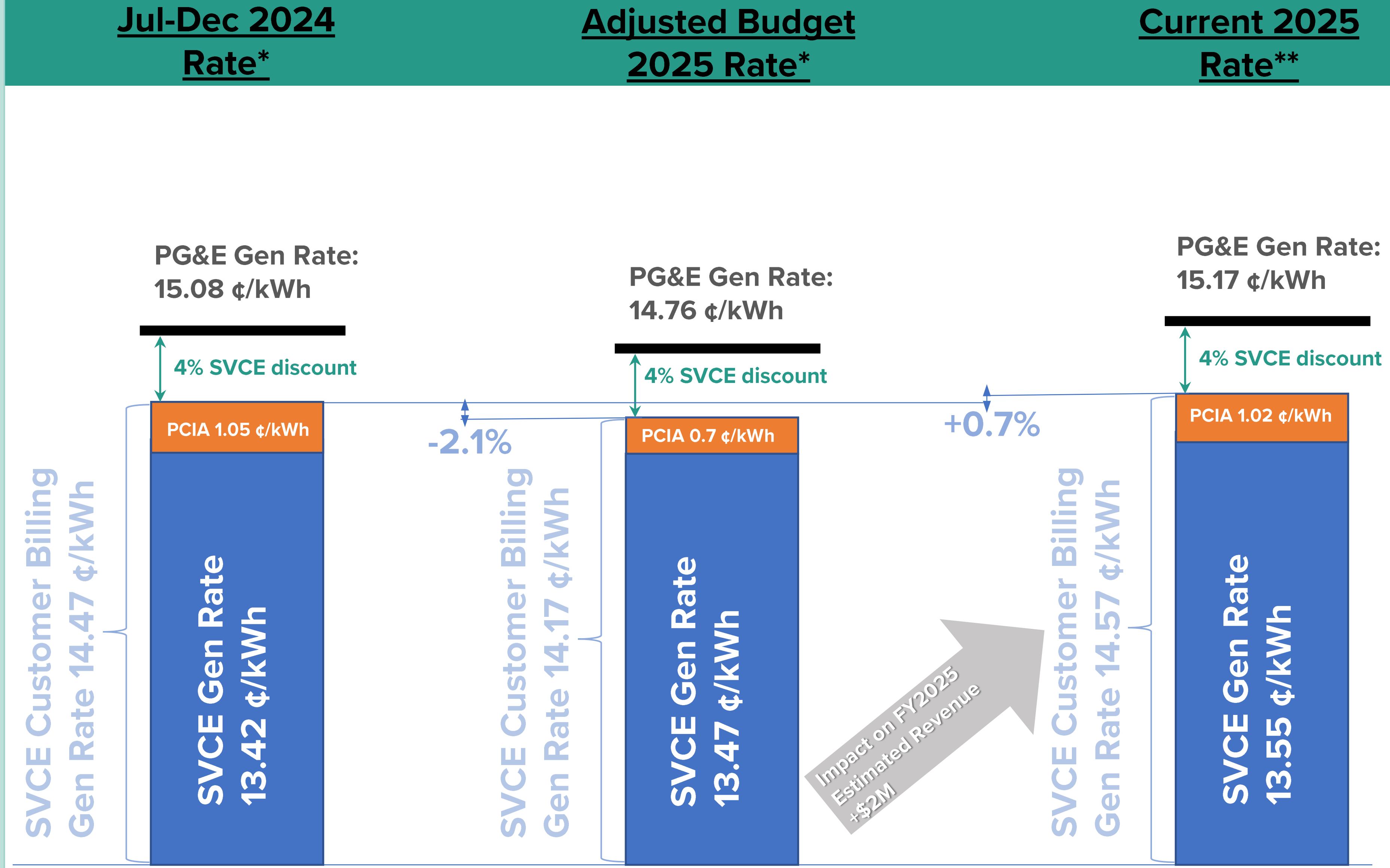
2. Each year the Board transfers funds from the Operating Budget to the Decarbonization Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between forecasted spend for programs versus the 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 between FY24-25 to FY26-27.

For forecast years FY24-25 onward:

- **Revenues are based on SVCE's load forecast and CalCCA NewGen Model for SVCE margin analysis using market data as of 1/31/2025**
- **Power Supply Costs are based on updated portfolio positions and latest market data**
- **Operating Expenses are assumed to grow 5% / year**

Final PG&E Rate Improved SVCE Margins

- Relative to Assumptions in the December Adjusted Budget:
  - PG&E's average 2025 generation rate increased by about 2.8%
  - PCIA increased from 0.70¢/kWh to 1.02¢/kWh
- Relative to Adjusted Budget, SVCE's 2025 margin improved by about 0.5%
- The rate changes were effective Jan 1, 2025.



* Source: PG&E 2024 ERRA Forecast Update, released in October,2024 (Weighted for SVCE Portfolio Load)
** PG&E 2024 Average Rate, effective January 1, 2025 (Weighted for SVCE Portfolio Load)

Above margin analyses ignores minor reductions for franchise fees (0.1¢/kWh)

Estimated Customer Billing Rate Breakdown and Comparison Y-o-Y

	Residential		Res CARE*		Small Commercial		Medium Commercial		Large Commercial	
	2024	2025**	2024	2025**	2024	2025**	2024	2025**	2024	2025**
Rate Schedule (as of Oct, 2024)	E-TOUC	Est. Avg	E-TOUCL	Est. Avg	B-1	Est. Avg	B-10S	Est. Avg	B-19S	Est. Avg
PG&E Bundled Gen Rate ($/kWh)	$ 0.150	$ 0.160	$ 0.150	$ 0.157	$ 0.150	$ 0.151	$ 0.158	$ 0.159	$ 0.144	$ 0.153
SVCE Gen Rate ($/kWh)	$ 0.132	$ 0.142	$ 0.132	$ 0.139	$ 0.132	$ 0.134	$ 0.140	$ 0.141	$ 0.127	$ 0.136
PG&E Delivery Rate ($/kWh)	$ 0.281	$ 0.265	$ 0.124	$ 0.090	$ 0.283	$ 0.285	$ 0.211	$ 0.211	$ 0.161	$ 0.161
PG&E PCIA/FF ($/kWh)	$ 0.012	$ 0.012	$ 0.012	$ 0.012	$ 0.012	$ 0.011	$ 0.012	$ 0.012	$ 0.011	$ 0.011
Total Electricity Cost ($/kWh)	$ 0.425	$ 0.418	$ 0.269	$ 0.241	$ 0.427	$ 0.430	$ 0.363	$ 0.364	$ 0.300	$ 0.308
SVCE CARE/FERA Monthly Credit*			$ (12.50)	$ (17.50)						
Est. Average Usage (kWh/month)	491	491	491	491	1,851	1,851	22,540	22,540	148,625	148,625
SVCE Gen Rate Discount vs PG&E	**4%**	**4%**	**~21%***	**~27%***	**4%**	**4%**	**4%**	**4%**	**4%**	**4%**
Est. Av. Monthly Savings vs PG&E	**$ 3.09**	**3.14**	**$ 15.59**	**20.59**	**$ 11.16**	**11.18**	**$ 143.54**	**143.64**	**$ 902.81**	**910.60**

*Estimated, based on PG&E average rates at the and of 2024 and as of Jan.1st 2025, also, average historic residential usage and number of CARE/FARE customers at the end of 2024.
**Estimated, based on PG&E Advice Letter 7469E filed with the CPUC on 12/30/2024.

Total CARE bill discount (including T&D) vs average residential customer, assuming the same usage (491 kWh/month) is about -51%.

On average, CARE usage is about 11% lower than that of an average E-TOUC customer.

In addition, customers will see a one-time bill credit for the summer of 2025.

Typical Customer Bill Savings

(Current Rates)

	Residential*		Residential CARE*		Small Commercial*		Medium Commercial*		Large Commercial*	
	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E
Rate Schedule (eff. Jan 1, 2025)					B-1	B-1	B-10S	B-10S	B-19S	B-19S
Average Usage (kWh/month)	491	491	491	491	1,851	1,851	22,540	22,540	148,625	148,625
Annual Peak Demand (kW)									499	499
PG&E Electric Delivery	$ 129.94	$ 129.94	$ 44.30	$ 44.30	$ 527.07	$ 527.07	$ 5,130.33	$ 5,130.33	$29,053.22	$29,053.22
Electric Generation	$ 69.66	$ 78.59	$ 68.39	$ 77.27	$ 247.63	$ 279.48	$ 3,183.04	$ 3,591.07	$20,204.56	$22,764.89
PG&E Added Fees (PCIA, Franchise)	$ 5.78	$ -	$ 5.78		$ 20.68	$ -	$ 264.39	$ -	$ 1,649.74	$ -
CARE/FERA monthly bill credit			$ (17.50)							
Average Total Cost	$ 205.39	$ 208.53	$ 100.98	$ 121.57	$ 795.38	$ 806.55	$ 8,577.76	$ 8,721.40	$50,907.51	$51,818.11
Average Monthly Savings vs PG&E	$ 3.14		$ 20.59		$ 11.18		$ 143.64		$ 910.60	

*Estimated, based on PG&E Advice Letter 7469E filed with the CPUC on December 30, 2024, average residential customer usage, and a number of CARE/FERA customers at the end of 2024.

Updated Market Price Benchmarks

	% Change from Adjusted Budget*					Impact on Estimated SVCE Headroom**				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
Forecast On Peak Energy MPB	0%	-11%	-9%	-6%	5%	0.0%	-11.6%	-6.8%	-4.9%	2.3%
Forecast Off Peak Energy MPB	0%	-11%	-16%	-11%	1%					
Actual On Peak Energy MPB	-14%	-11%	-9%	-6%	5%					
Actual Off Peak Energy MPB	-11%	-11%	-16%	-11%	1%					
Forecast RPS MPB	0%	-47%	-38%	-14%	0%	0.0%	-15.2%	-9.0%	-2.5%	0.0%
Actual RPS MPB	-11%	-47%	-38%	-14%	0%					
Forecast System RA MPB	0%	-34%	-4%	-1%	1%	0.0%	-9.4%	0.2%	0.4%	0.4%
Forecast Local RA MPB	0%	-34%	16%	19%	21%					
Forecast Flex RA MPB	0%	-34%	16%	19%	21%					
Actual System RA MPB	-3%	-34%	-4%	-1%	1%					
Actual Local RA MPB	-3%	-34%	16%	19%	21%					
Actual Flex RA MPB	-3%	-34%	16%	19%	21%					
Total Estimated Impact						0.0%	-36.2%	-15.6%	-7.0%	2.7%

* Based on CPUC adopted benchmarks for CY2025 and snapshots of market data as of 10/25/2024 and 1/31/2025.
** Based on CalCCA NewGen Model analysis using market data as of 10/25/2024 and 1/31/2025.

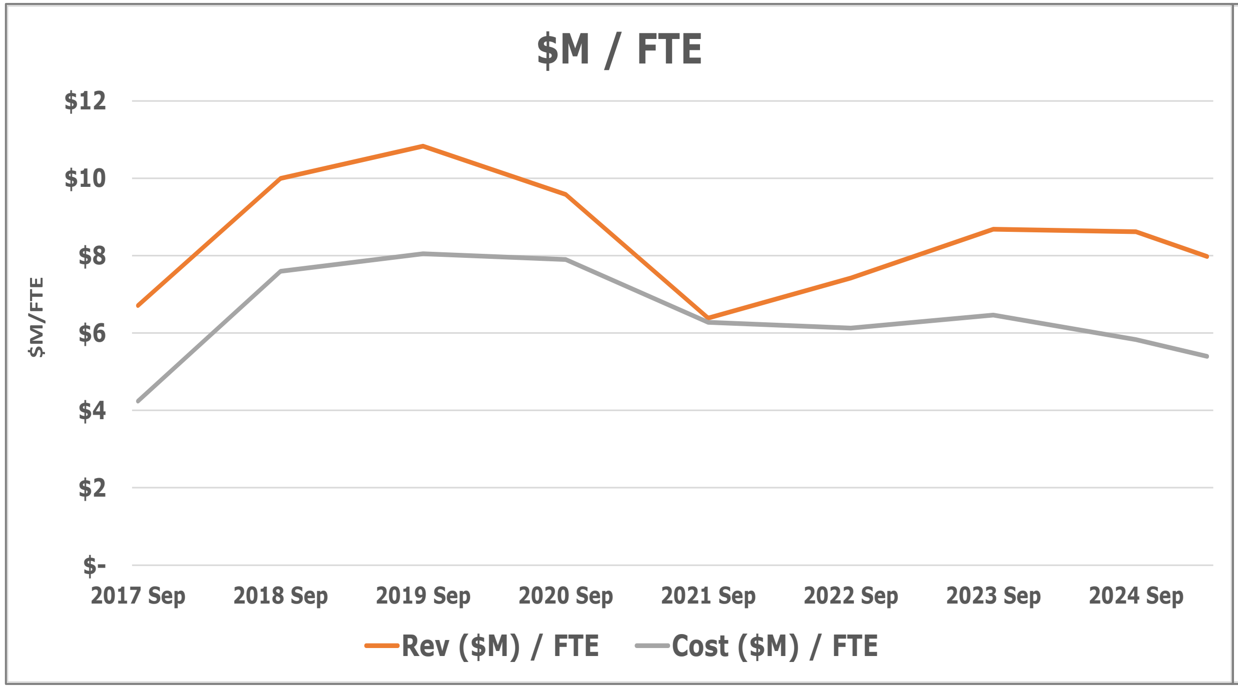
Operating Expenses

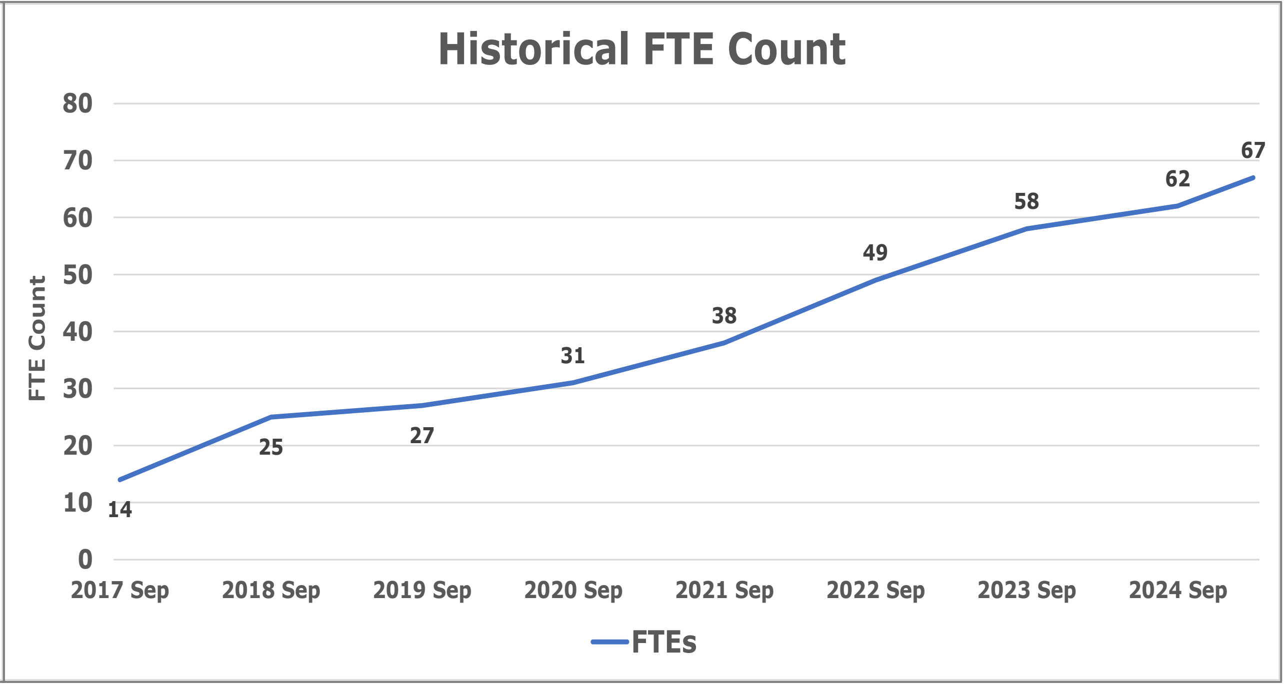
FY24-25 Adjusted Budget	MY24-25 Mid-Year Budget Updates
• Data Management Fees • $3.7M	• Slight decrease of ~$0.19M based on better contract rate
• Billing (PG&E Fees) • $1.5M	• Unchanged
• Staffing (Salaries & Retirement) • $17.4M	• Increase of $1.42M due to additional headcounts
• Professional Services • $9.4M	• Increased by $0.66M due to additional vendors and contracts for data integration (RADar) project support and additional legal and legislative consulting services.
• Marketing & Promotions • $1.6M	• Slight increase of $0.27M to support board-approved educational non-profit grants and scholarships, and to cover additional outreach marketing materials.

• G&A / Lease
  • $2.8M
	• Increase of ~$0.69M
	  • Slight increase due to additional headcounts, more in-person meetings, and anticipated insurance expense increase
	• Not an increase, but ~$1.5M from Professional Services was recategorized to G&A to align with accounting cost categories

Revenues/FTE; Energy/FTE

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





CCA Staffing Comparisons

CCA Comparisons						
CCA Name	**FY 23-24**			**Staffing**		
	Accounts	**Revenue ($MM)**	**Net Position ($MM)**	**FY 23-24**	**FY23-24 Revenue ($MM) Per FTE**	**FY 24-25 Budget**
Silicon Valley Clean Energy	280,000	$503.7	$324.5	58	$8.7	67
Peninsula Clean Energy	310,000	$431.2	$307.6	50	$8.6	62
Central Coast Community Energy	450,000	$461.3	$241.9	52	$8.9	56
Clean Power Alliance	1,071,800	$1,169.5	$211.6	79	$14.8	86
Ava Community Energy	640,000	$824.0	$361.6	78	$10.6	86
MCE	500,550	$644.8	$244.2	84	$7.7	Unavailable

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.

Affordability SFA Update

March 12, 2025

SILICON VALLEY
CLEAN ENERGY

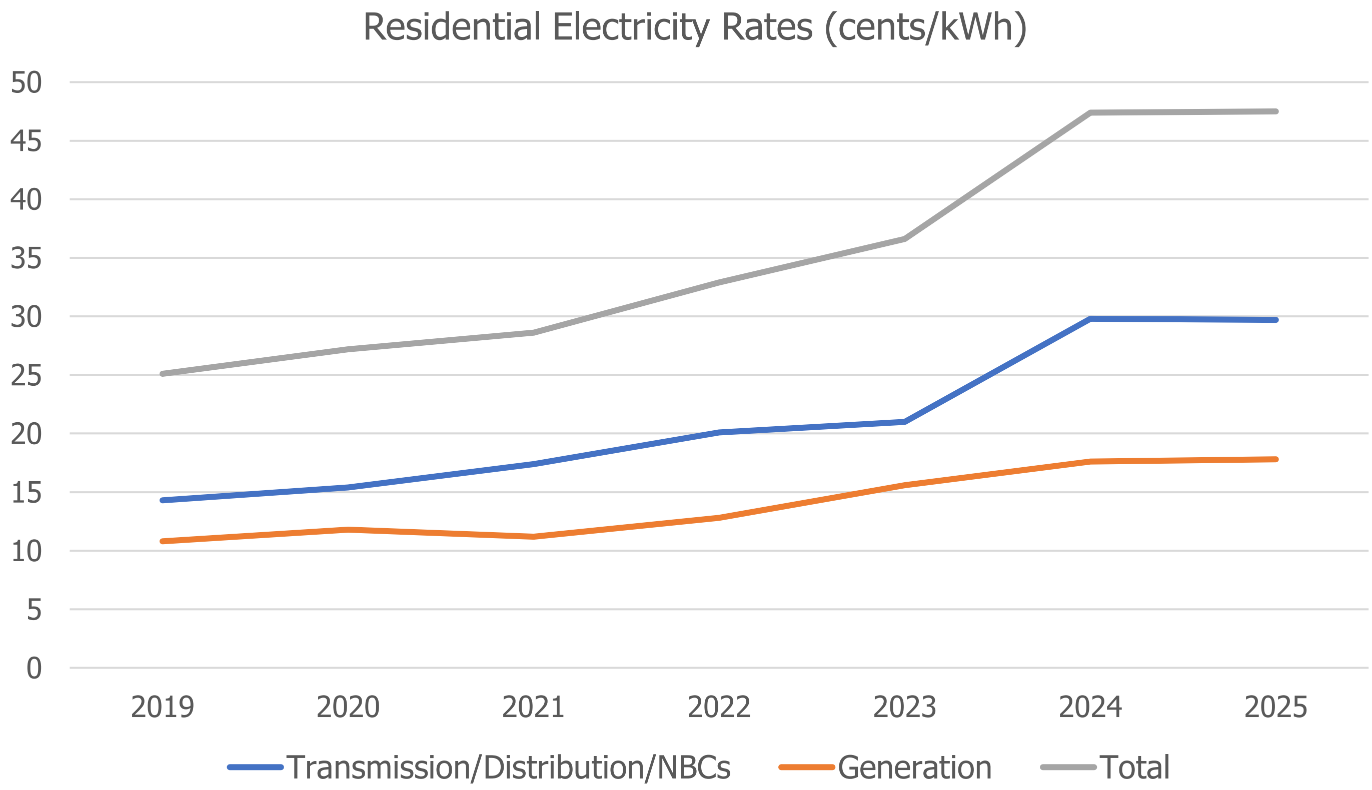
What we will cover

- Review Affordability Strategic Focus Area
- What Makes Up Bills and Rates
- Customer Perspective
- SVCE Previous and Upcoming Activities

SVCE is expanding affordability efforts

PG&E's bundled (Generation + T&D) residential electricity rates have increased 90% since 2019

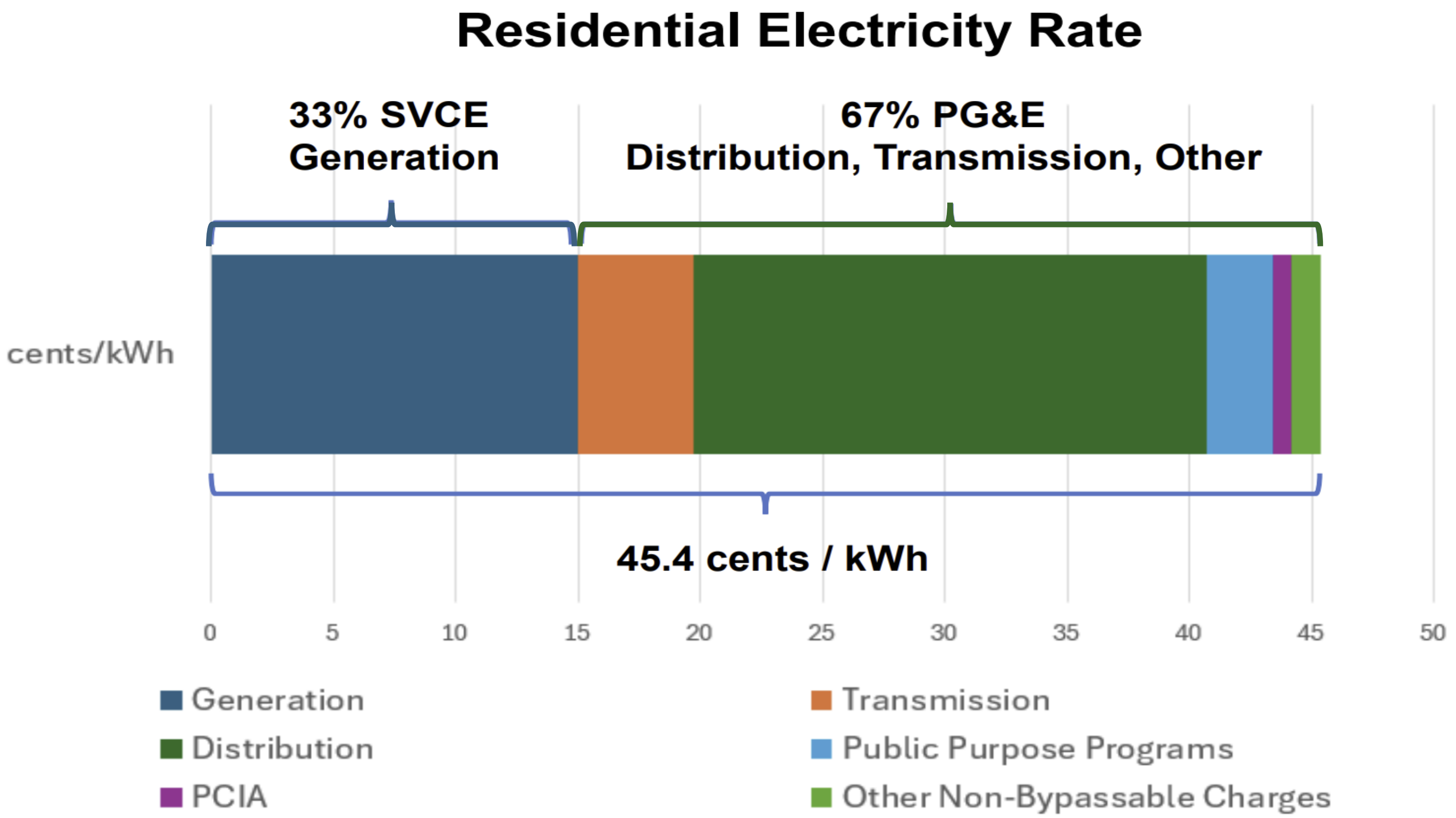
Bundled Residential Electric Rates Over Time



- **Transmission and Distribution rates have more than doubled**
- Generation rates have also grown due to market pressures, but have been more stable

SVCE only controls a portion of the rate

For electricity, customers pay **SVCE** for generation and **PG&E** for everything else.



Source: PG&E E-1 residential rate, non-baseline

Gas rates have also increased

Figure 36: PG&E Gas Average Rates per Therm by Class in Effect January 1 (2016-2024)

Residential gas has increased 50% since 2019

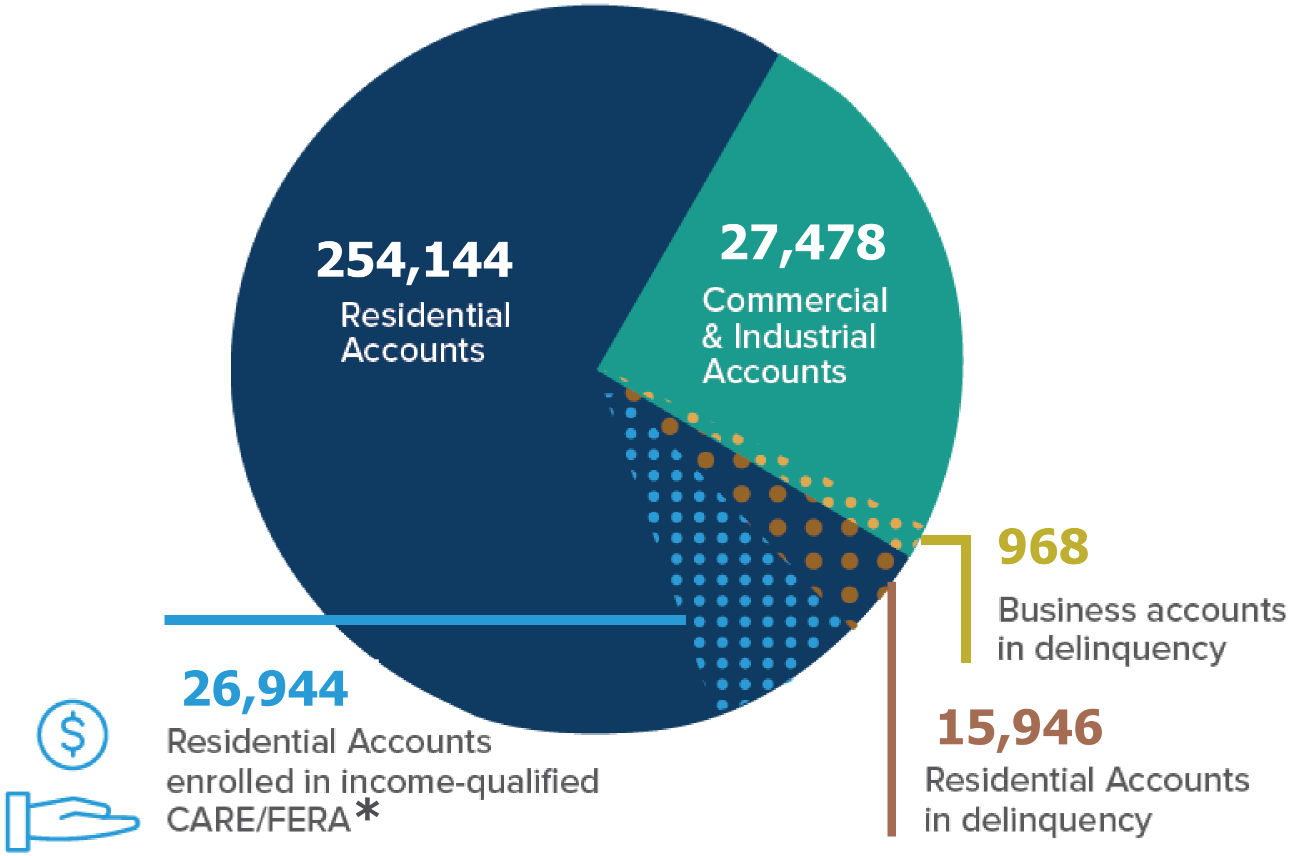
Source: 2024 Senate Bill 695 Report, CPUC

‘Energy Burden’ measures gas and electric bill as a percentage of household income

Average Monthly Electricity and Gas Bills by Socioeconomic Vulnerability Index – Census Tracts

Vulnerability Level (by quartile)	Average Gas Cost	Average Electricity Cost	Average Energy Bill	Area Median Income	Average Energy Burden
Least Vulnerable	$143	$238	$381	$166K	2.8%
Slightly Vulnerable	$112	$194	$306	$145K	2.5%
Moderately Vulnerable	$88	$176	$264	$116K	2.7%
Most Vulnerable	$80	$173	$253	$79K	3.8%

Impact – delinquency increase



*Based on census and billing data, we estimate there are ~5,000 additional customers eligible for CARE/FERA but not enrolled.

5.9% of SVCE customer accounts are behind on bill payments – **a 50% increase from 2020.**

CBS NEWS

SACRAMENTO | News Weather Sports Video Your County 64°

LOCAL NEWS

Report finds California residential electricity rates increasing faster than inflation

KQED Donate

NEWS

PG&E Bills Keep Rising. What Can You Do to (Potentially) Lower Your Bills?

By Nisa Khan, Carly Severn Jan 24

The Mercury News

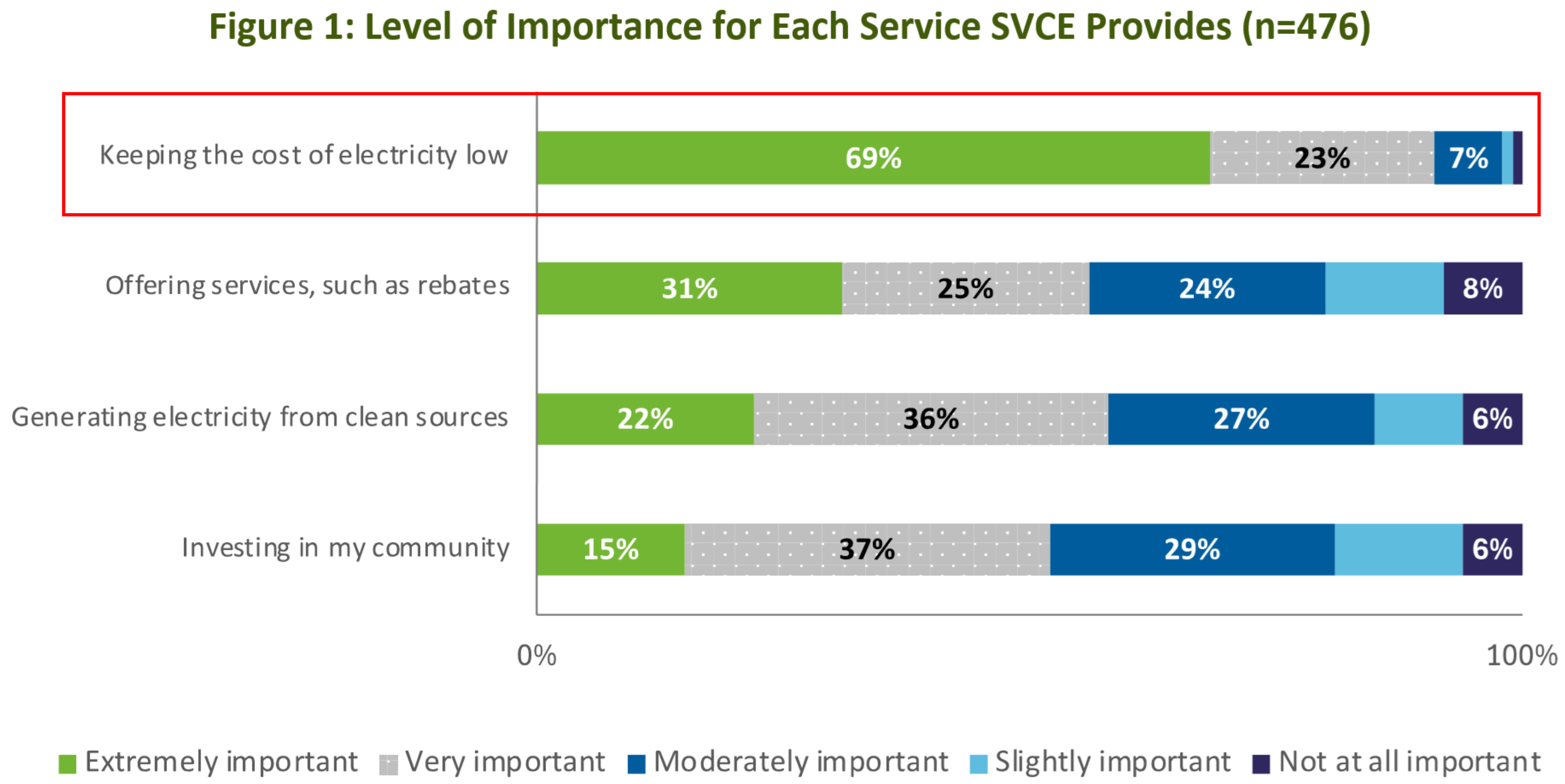
NE

BUSINESS > ECONOMY • News

PG&E electricity bills are rising far faster than other utility titans: official report

CEO of PG&E had previously predicted customer costs would recede

Electricity cost is the #1 priority to our customers

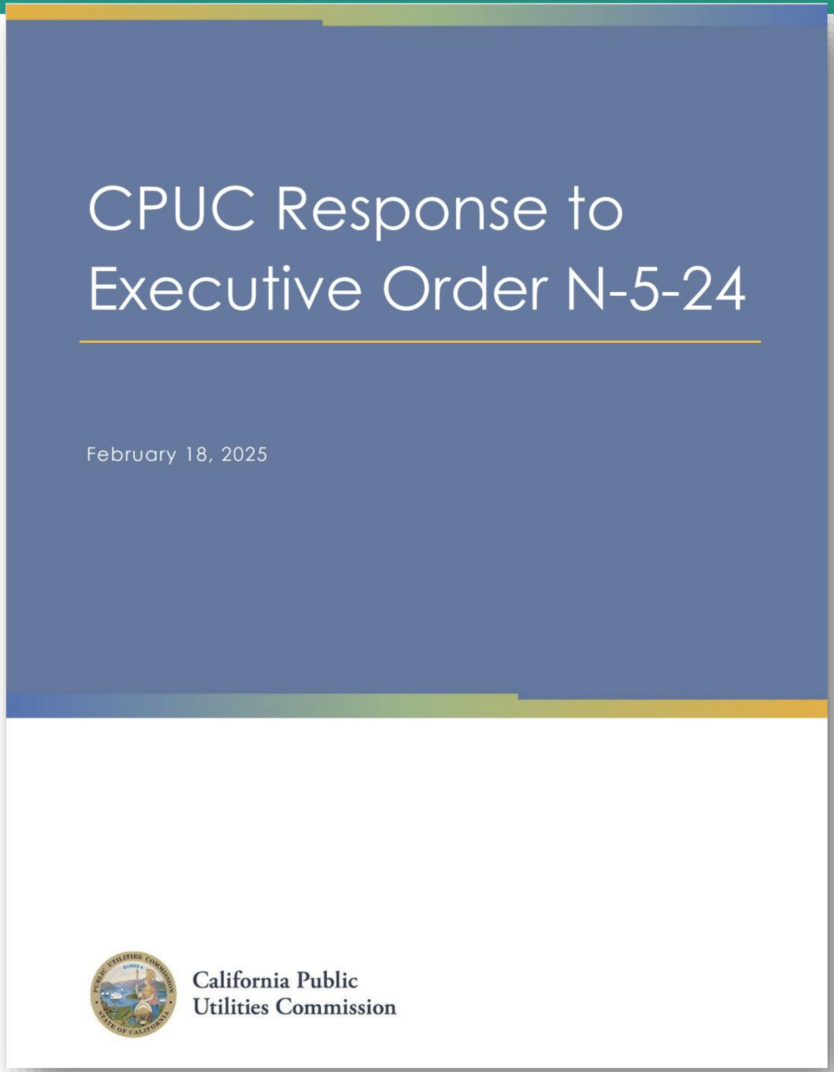


From 2024 Customer Survey

State is exploring solutions as well

CPUC *recommendations*

- Reduce wildfire mitigation costs
- Change how some initiatives are funded to non-ratepayer sources
- Make sure solar customers are paying sufficient non-bypassable charges
- And other discussions on rate of return



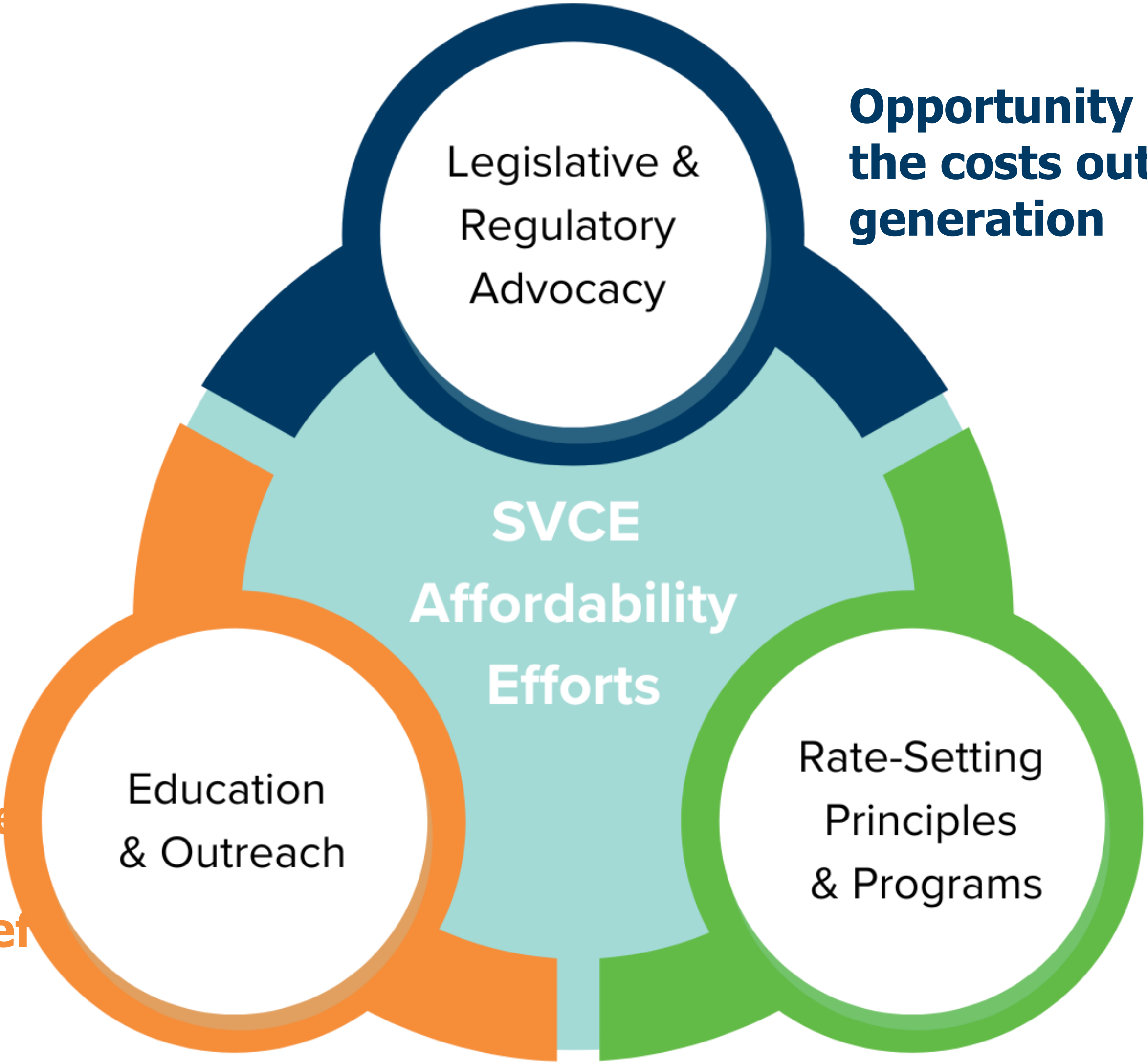
Meaning of affordability changes across customers and communities

Helping customers in immediate need

Supporting customers frustrated with the drastic increases

Ensuring electrification is the scalable, feasible option for the future

SVCE affordability focus



Opportunity to influence the costs outside of generation

Channels to provide immediate bill assistance and relief

Important factor in achieving decarbonization mission

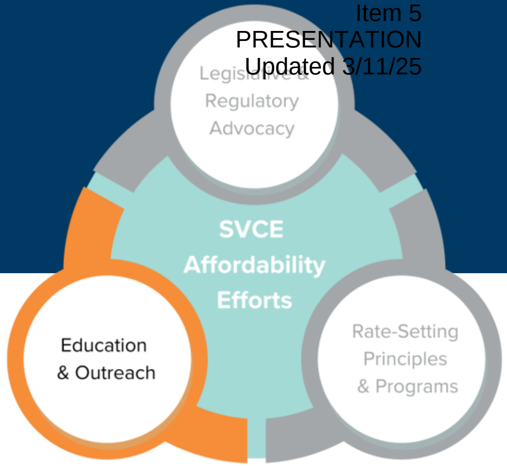
Active/done, in the works and exploratory actions

(we'll talk about the highlighted cells today)

Board adoption of affordability platform to allow more advocacy	Encourage bills savings through optimized EV charging (GridShift)	Run targeted outreach campaign to increase awareness of payment assistance
Build capacity for rate analysis	Analysis of decarbonization impacts on bills (2023 study)	Ramp up general customer outreach on affordability issues
Deep dive on cost drivers of electricity rates	Refresh late payment notification to highlight bill assistance	Update payment assistance communications to highlight EE resources
Encourage electrification with exclusive rates (E-ELEC)	Participate in Hour Flex Pricing Pilot	Advocate on bills to support lower cost impacts
Connect customers to payment assistance programs	Participate in ChargeWise RTP pilot	Provide competitive rates that strengthen electrification as the cheapest option
Publish description of SVCE's role in rates and bills	Identify state bills and proceedings to target to push for reduced T&D costs	Develop comprehensive, historical rates/bills tracking system for internal analysis
Promote local and state energy efficiency programs	Compile and synthesize various rate analyses	Explore ways to expand funding for EE and weatherization for income-qualified residents
Increase awareness about energy efficient appliances	Test VPP/demand flex as a lever for bill savings	Assess delinquency and arrearage policy impacts on customers
Pair energy efficiency recommendations/info with rebate programs	Identify and partner with local organizations that provide bill relief	Run rate education campaign to encourage load shifting for bill reduction
Provide additional bill credits to CARE/FERA customers totaling $11M	Collect customer-feedback and redesign E-ELEC offering	Refresh 'understanding your bill' materials
Integrate energy efficiency measures into SVCE's direct install electrification programs	Keep returning dollars to customers on bills	Explore additional rebate programs to reduce bills long-term

Item 5
PRESENTATION
Updated 3/11/25

Promoting energy efficiency - active/done



Silicon Valley Clean Energy
SVCE Community Relations Team · 24 Jan 23 · Edited

Energy efficiency and bill assistance programs available to you. This winter, we want to remind Silicon Valley Clean Energy (SVCE) customers of the available resources and programs to help increase your home's energy efficiency. According to PG&E, recent energy bills may be high due to the increasing cost of natural gas due to low natural gas storage supply, pipeline constraints, below-average temperatures, and increased energy consumption. Gas service remains with PG&E and is separate from SVCE electric generation charges.

Below is a list of home energy efficiency programs that can help you conserve energy and save money on your bill.

- DIY Home Energy Saving Toolkit: designed to help you save money on your utility bills while conserving vital resources. DIY Toolkits can be checked out from your local library and contain energy efficiency items like LED light bulbs and weather stripping that you can use to make immediate adjustments. www.svcleanenergy.org/diy-toolkits/
- HomeIntel: offers a free in-depth analysis of your home's energy use with monthly efficiency progress reports. After the initial analysis, an energy coach provides guidance on where and how you can save. https://bit.ly/homeintel
- BayREN Home+: provides rebates and resources to help you make your home more energy efficient and comfortable. www.bayren.org/how-get-started/single-family-homeowners

Additionally, SVCE customers may be eligible for bill assistance programs. Visit https://www.svcleanenergy.org/financial-assistance/ to learn more about available programs and eligibility requirements.

[Incentives Finder for Residents]

3 people

Interested in

- [ ] Home Upgrades
- [ ] Electric Vehicles
- [x] Energy Efficiency & Bill Assistance

How much help do you need getting started with your electrification project?

Low Support | Medium Support | High Support

Learn More

DIY Energy Savings Toolkit
Check out a DIY Energy Savings Toolkit from your local library just like a book to save energy, save money, and update your home.

Learn More

Residential Rates
Pay less for clean, renewable energy with SVCE's generation service.

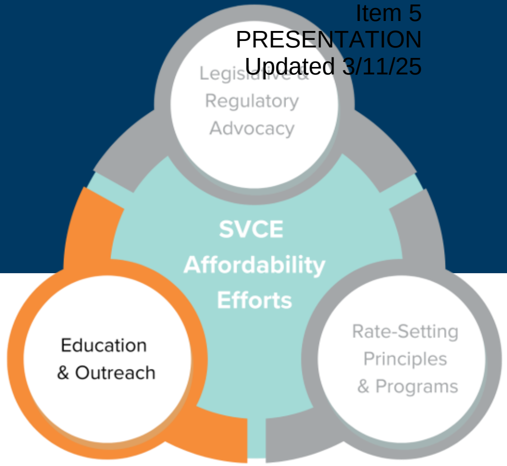
Learn More

HomeIntel
Create a free custom plan to reduce wasted energy in your home, including new options for electrification

Start Saving

Item 5
PRESENTATION
Updated 3/11/25

Targeted outreach campaign - in the works



Financial assistance

Low-income and Medical Baseline assistance

Get Bill Payment Assistance

Silicon Valley Clean Energy is committed to providing clean electricity at competitive rates to everyone in our communities. Whether you are already enrolled in a support program or believe you may be eligible, you can still participate in Silicon Valley Clean Energy's service and receive additional discounts on your energy bill.

California Alternate Rates for Energy (CARE) Program
Qualified households receive discounts on their energy bills through the CARE Program. CARE eligibility is based on public assistance program participation or based on the number of individuals in your household and total gross household income. This monthly discount is a minimum of 20% on electric rates.

Family Electric Rate Assistance (FERA) Program
The FERA Program provides a monthly discount on your electric bills. The program is designed for income-qualified households of three or more persons. The monthly discount is 18% on electric rates.

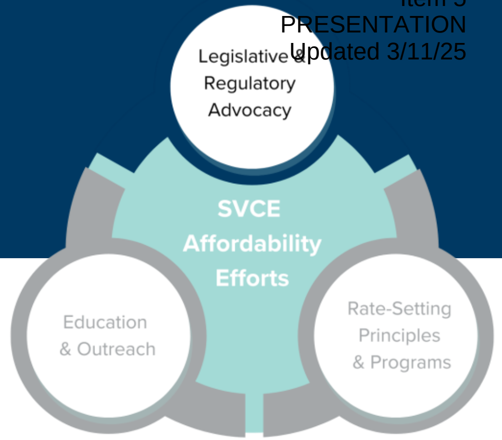
Medical Baseline
Medical Baseline is a financial assistance program for residential customers that have special energy needs due to qualifying medical conditions. Qualifying customers are allocated a larger quantity of energy within the Baseline tier of lower-cost power.

To enroll in any of these programs or to learn more, please contact PG&E by phone at **1-800-743-5000** or online at **pge.com/financialassistance.**

Payment assistance and efficiency resources campaign - *Launching Spring*

- Highlighting payment assistance/discount programs, energy efficiency and other savings tactics
- Targeting income qualified customers, those behind on payments, seniors on fixed incomes, plus a general awareness campaign

Advocating for customers on T&D reductions - in the works

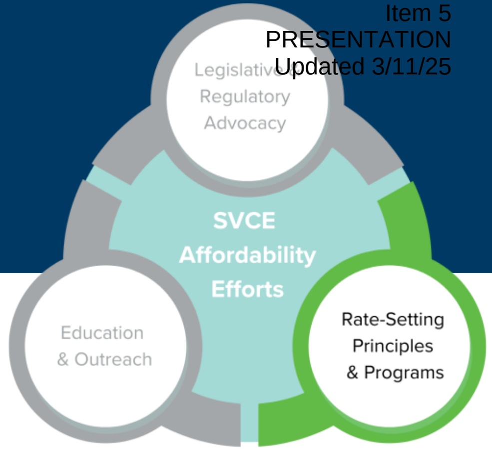


Looking at bills and proceedings to advocate for sensible adjustments to T&D (annual effort)

- Rate making cases (GRC and ERRA)
- Cases with big financial implications
  - Resource adequacy
  - Provider of last resort
  - High DER
- Bills proposed this legislative cycle
  - West-wide energy markets
  - Wildfire mitigation oversight, streamlining, funding sources
  - Rate caps

Item 5
PRESENTATION
Updated 3/11/25

Demand flex and dynamic rates - in the works

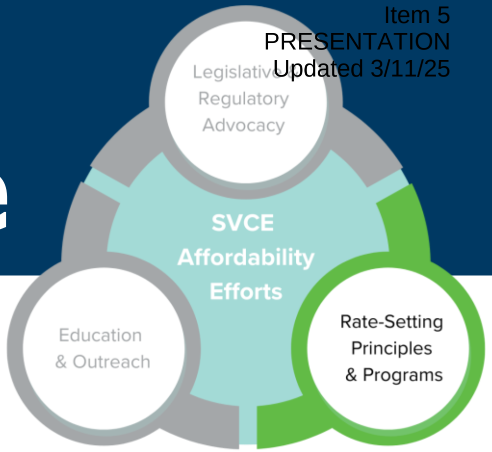


Demand Flexibility will use automated, connected devices to capture the most value for customers by responding to rates

New **Dynamic Rates** can pass more granular signals and offer bigger savings potential

✓E-ELEC, ChargeWise pilot, HFP pilots, etc.

Integrating energy efficiency with electrification - active/done

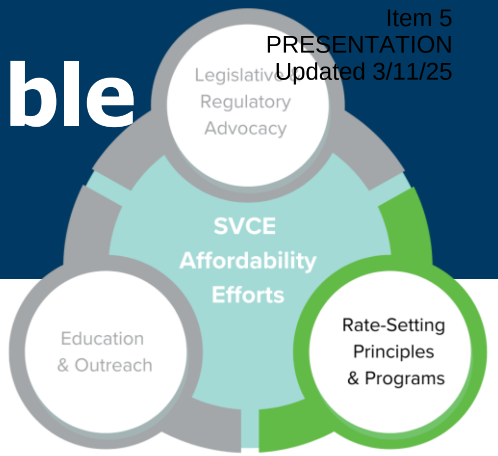


Improving efficiency while electrifying is key

- ✓ Multifamily affordable housing no-cost electrification
- ✓ Single-family turnkey
- ✓ Financing pilot

Item 5
PRESENTATION
Updated 3/11/25

Ensure electrification remains the affordable option - active/done + in the works



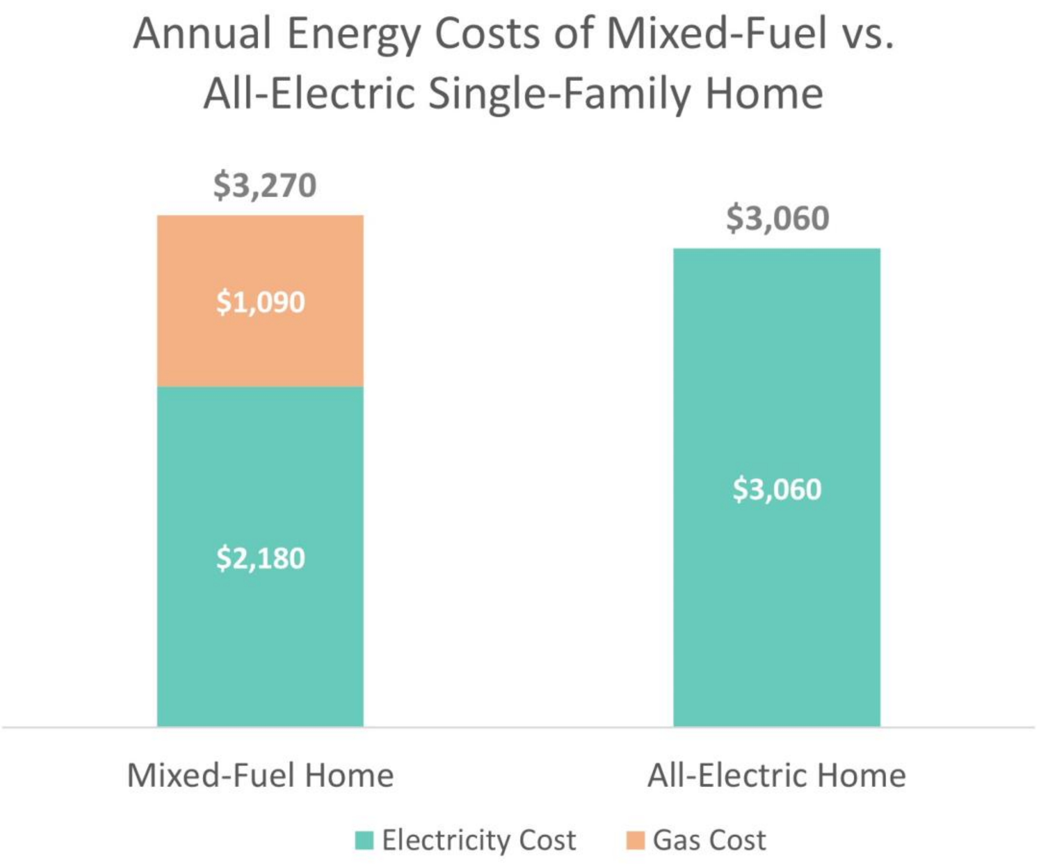
Electrification **saves ~$200/yr** (when paired with good rate plans)

SVCE looking to continue this with

✓Rebates with lower up-front costs

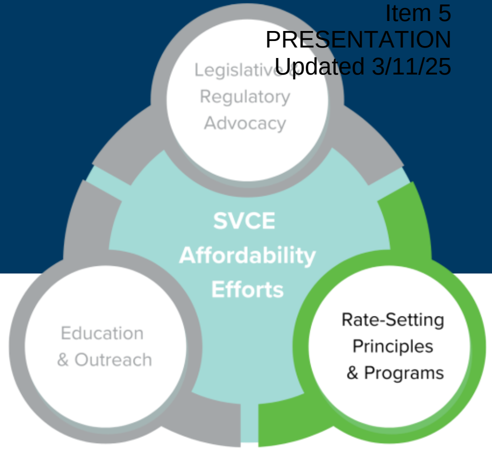
✓Smart rate design to pass savings to customers

- Exploring how to grow savings and to ensure this can scale to all customers



[SVCE/PCE Bill Impact Study 2023]

Return money to customers - active/done + in the works



- ✓$141M in on-bill savings since 2017
- ✓CARE/FERA also gets $17.50/month bill credit from SVCE on top of ~30% reduction on T&D side
- ✓Rate setting always part of budgeting process
- Exploring one-time return to customers in 2025 (single lump sum bill credit)

But remember that SVCE is only 1/3 of electricity rate

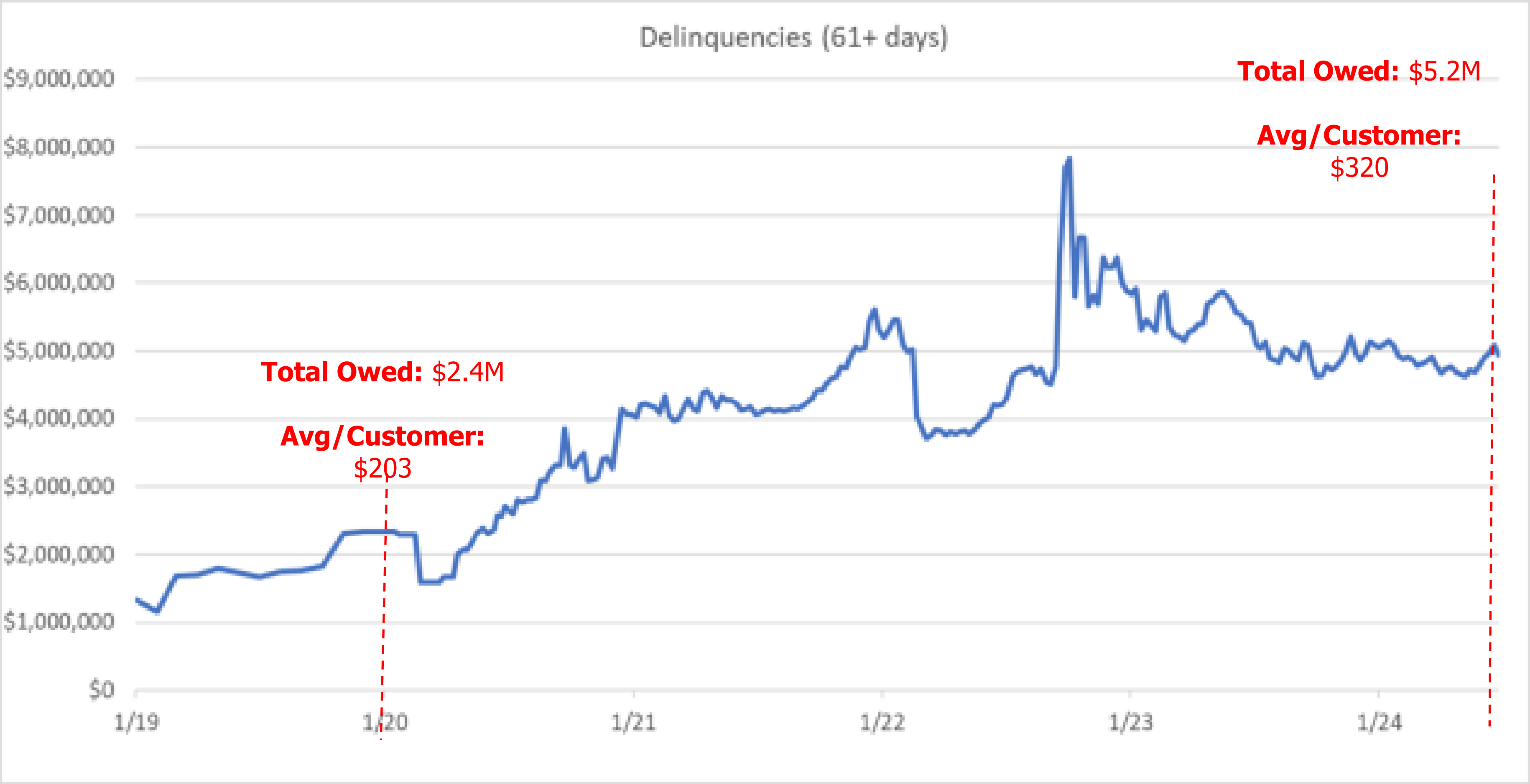
Recap

- All eyes are on CA energy rates
- SVCE generation is 1/3 of electricity rate – limiting our direct impact
- SVCE is addressing affordability on a variety of fronts and will keep growing our focus

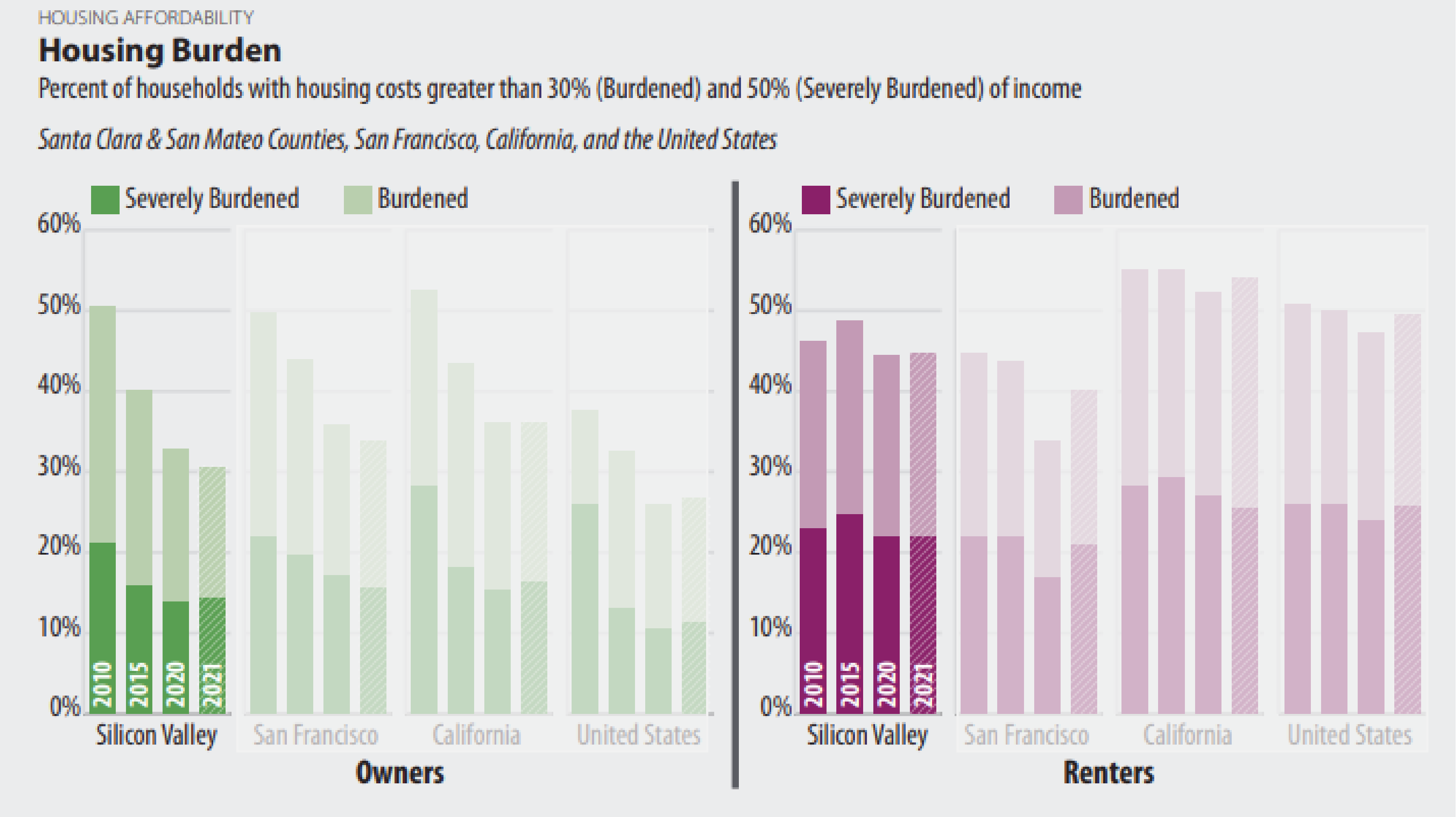
Questions

Appendix

SVCE still sees arrearage growth

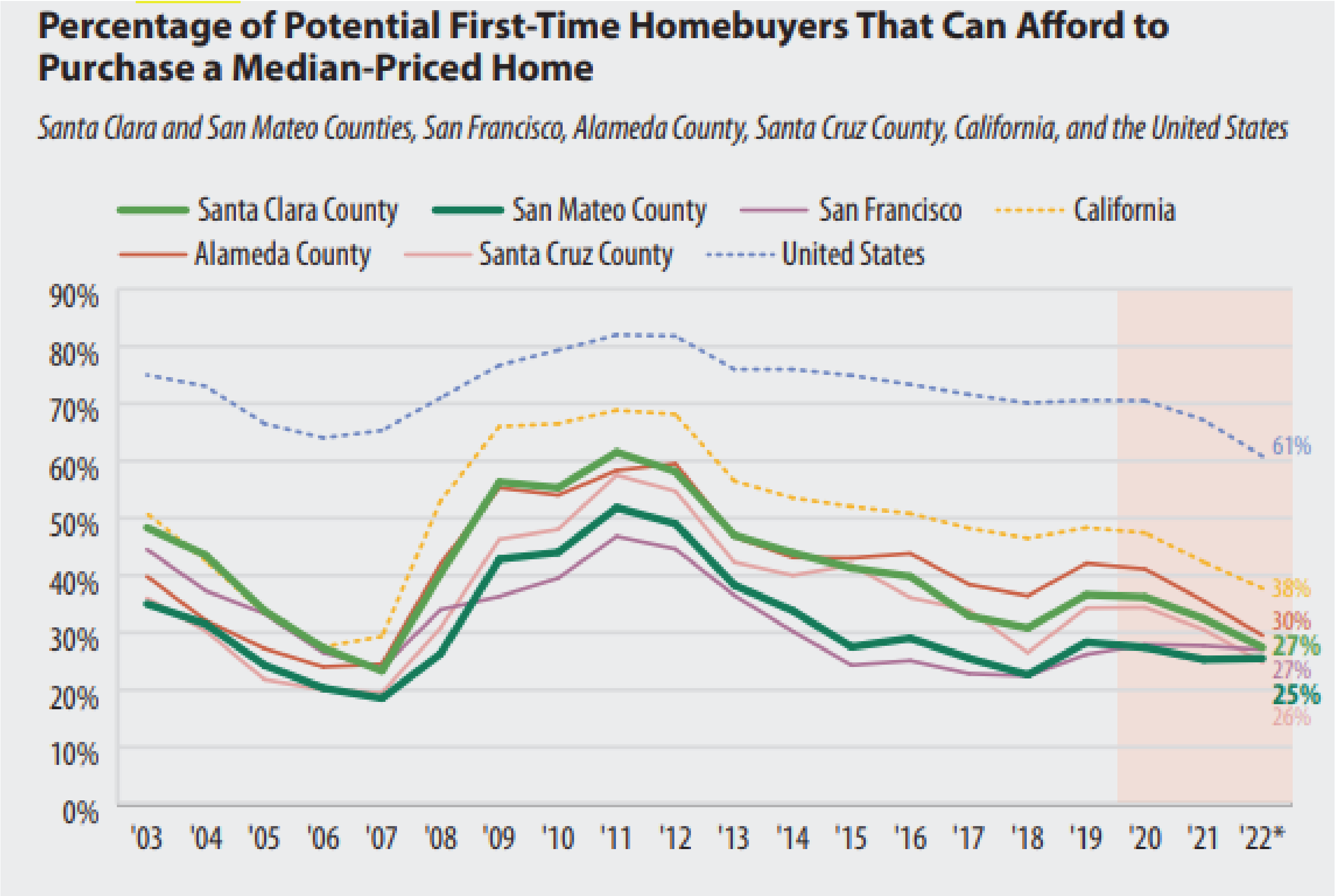


People still struggle overall because housing costs remain high, especially for renters



Source: [Joint Venture Silicon Valley Index 2023]

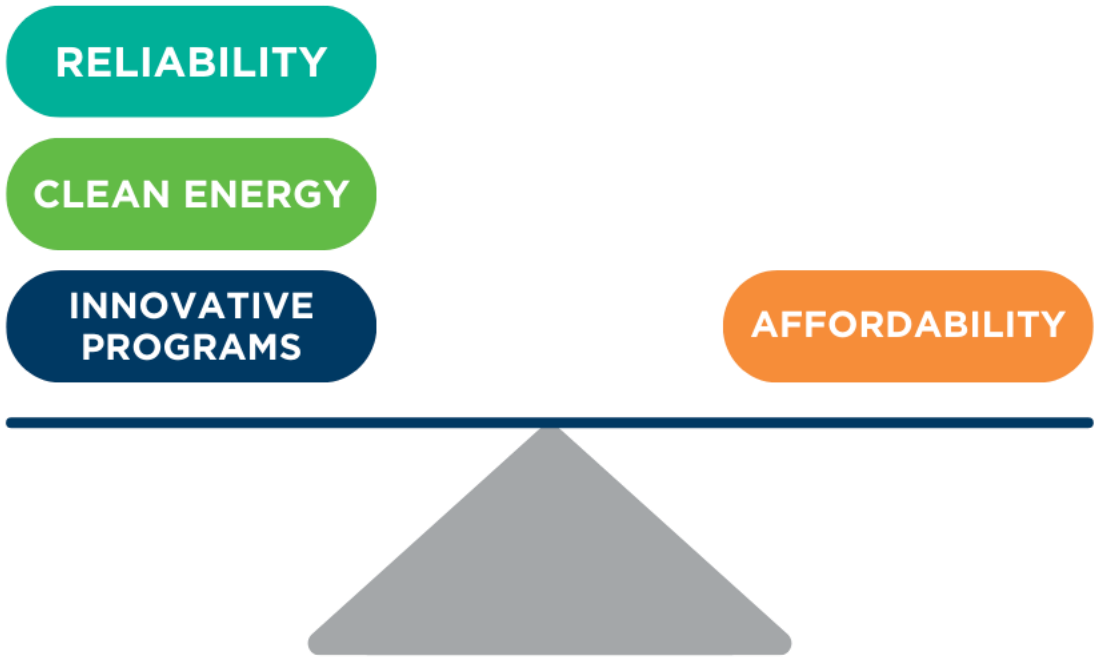
People still struggle overall because housing costs remain high



Source: Joint Venture Silicon Valley Index 2023

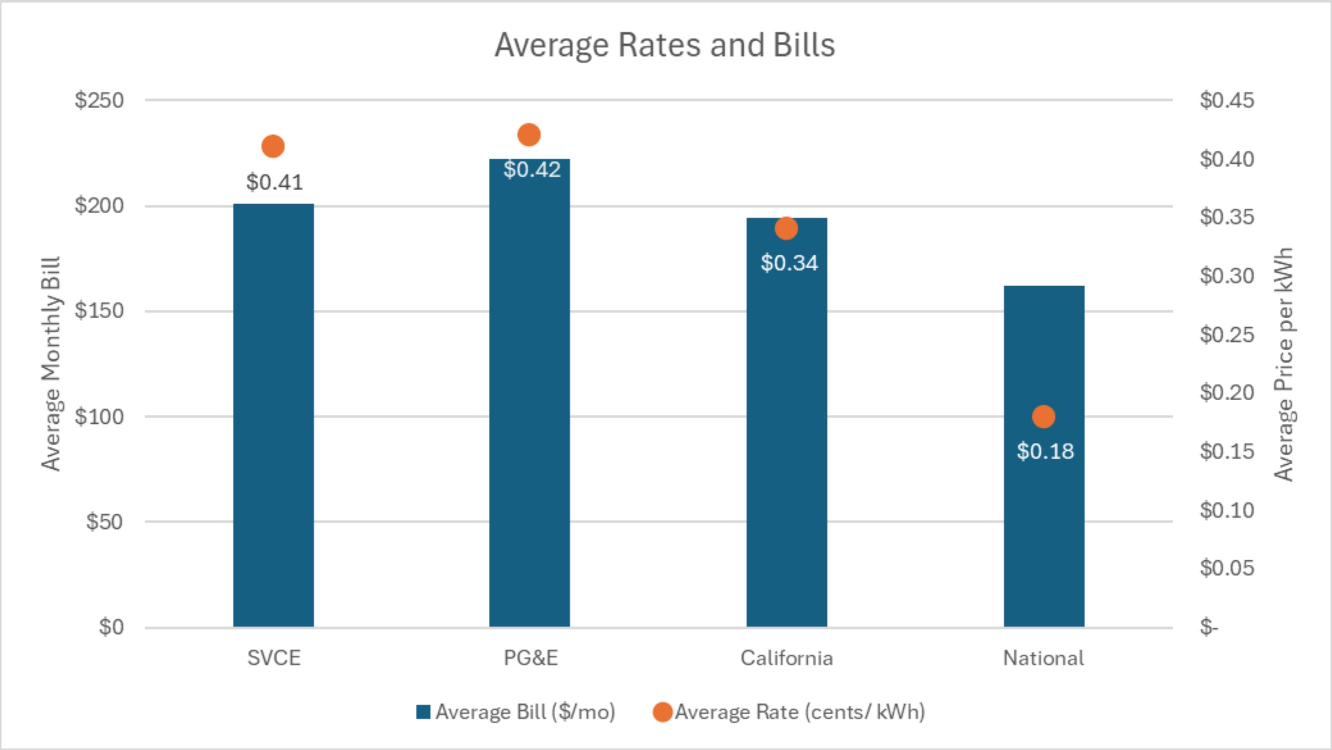
Why We Care: SVCE's decarbonization mission is at risk if energy is not affordable.

This is a challenging balancing act.



Rates vs. Bills and how California compares

While California rates in general, and PG&E's rates in particular, are high relative to the national average, mild weather in the area and decades of energy efficiency measures help reduce rate impact.



Capital investment is a key driver of IOU profitability.

PG&E's rates are determined by the company's revenue requirement, which is comprised of both "pass through costs" and capital expenditures; the utility's share holders only earn on the capital expenditures – "steel in the ground".

Revenue Requirement = **Operating Expenses** + **Return on capital, Return of capital**

Revenue Requirement

$$Rates = \frac{Revenue\ Requirement}{Total\ Load}$$

Operating Expenses

- O&M (e.g. vegetation management)
- Business operating costs (e.g. staff, offices)
- Procurement costs for non-IOU owned resources (e.g. PPAs)
- Taxes

Return on capital, Return of capital

- Depreciation on capital assets
- Rate of Return (ROR)

*Where ROR = Rate base * Weighted Average Cost of Capital (WACC)*

PG&E shareholders receive revenues from ROR after debt costs are covered.

Key Regulatory and Legislative Decisions

Both legislative and regulatory decisions impact costs to ratepayers.

Clean Energy Goals and Decarbonization

- **SB 100** – 100% clean retail sales by 2045
- **AB 32** – Established GHG emissions targets
- **SB 1020** – Interim SB100 Requirements
- **AB 1373** – Department of Water Resources centralized procurement

Reliability Requirements

- Resource Adequacy: Slice of Day
- Integrated Resource Planning: Procurement Orders

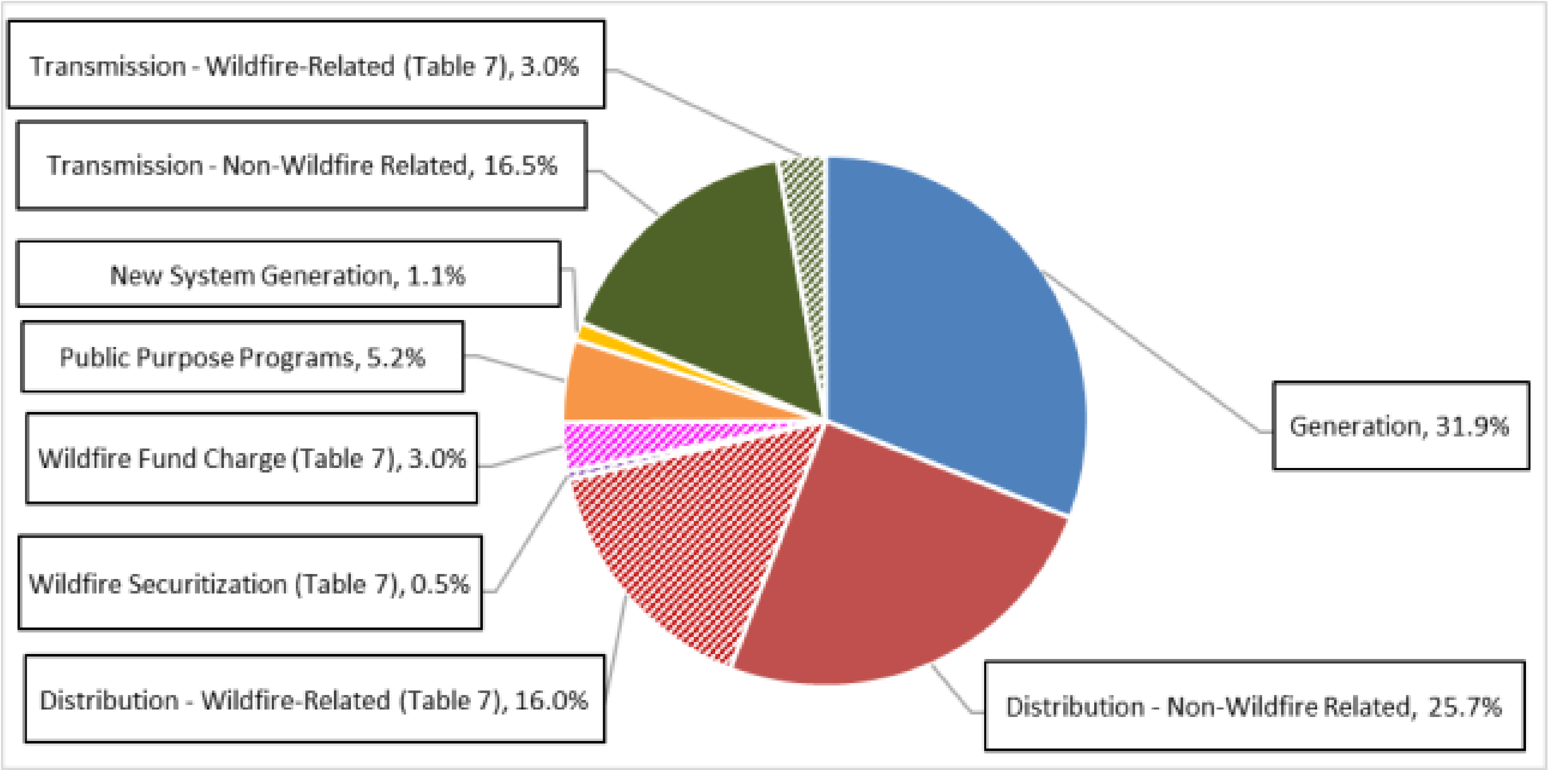
Public Policy on Electricity Bills

- **NEM – 12-15% of total customer bill for non-NEM customer is due to NEM subsidies**
- Energy Efficiency
- Low Income Programs
- **Wildfire Safety – 22.5% of total customer bill from wildfire safety (largely embedded in T&D)**
- Electric Program Investment Charge (EPIC) Pilots
- *Gas infrastructure transition (potential future)*

Electricity Customers Pay Significant Wildfire Recovery Charges ~20% of total bill.

- 'Wildfire recovery' revenue requirements are embedded in PG&E T&D Rate components and have fluctuated month to month.
- In recent years, wildfire recovery has grown to become roughly 20% of the total electricity rate.

Figure 10: PG&E 2022 Year-End Total System Revenue Requirement by Rate Component with Additional Wildfire-Related Revenue Requirement Breakout

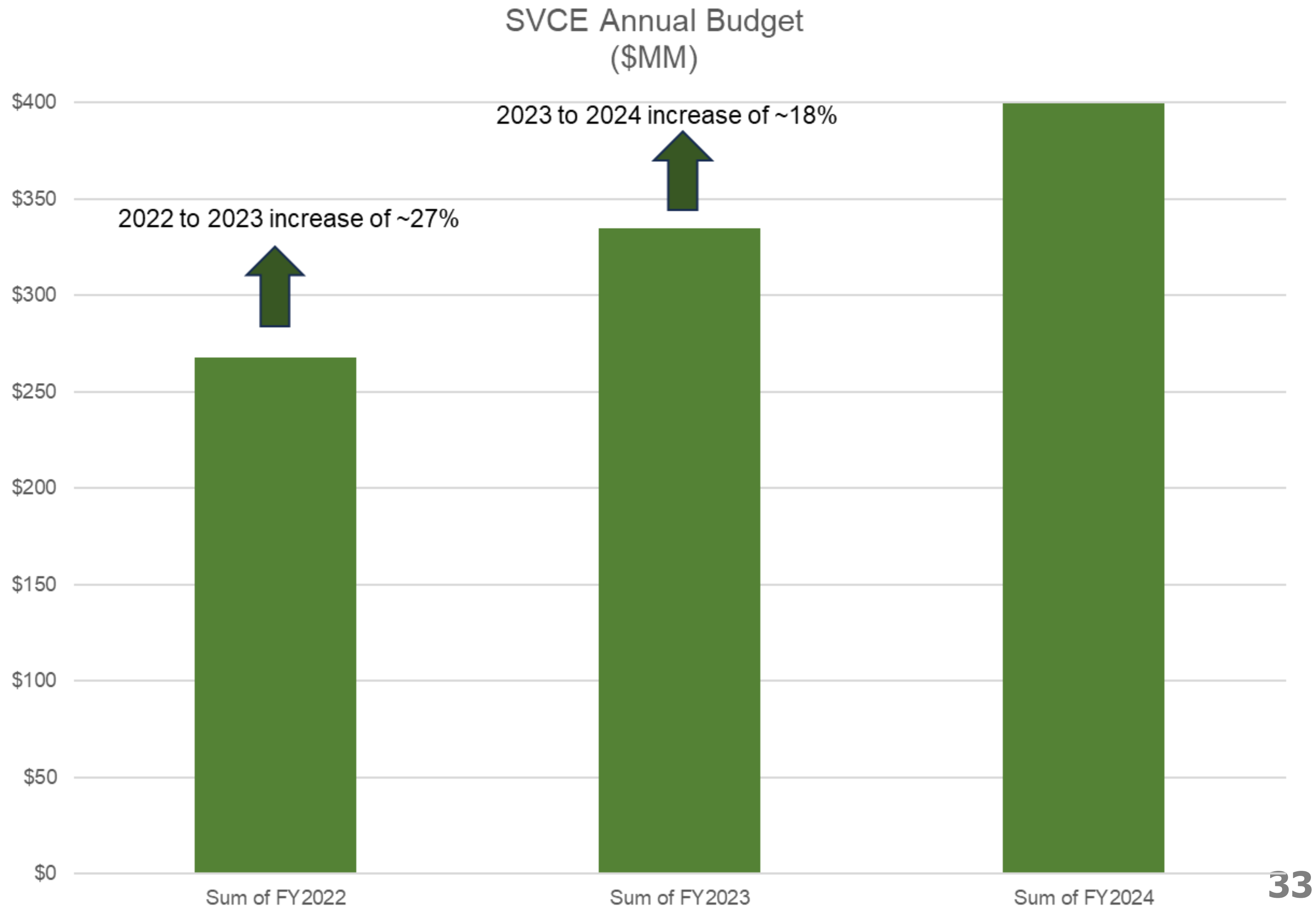


Source: California Public Utility Commission. *2023 Senate Bill 695 Report.* May, 2023. https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2023/2023-sb-695-report---final.pdf

What are SVCE's energy-related costs, and how are they trending?

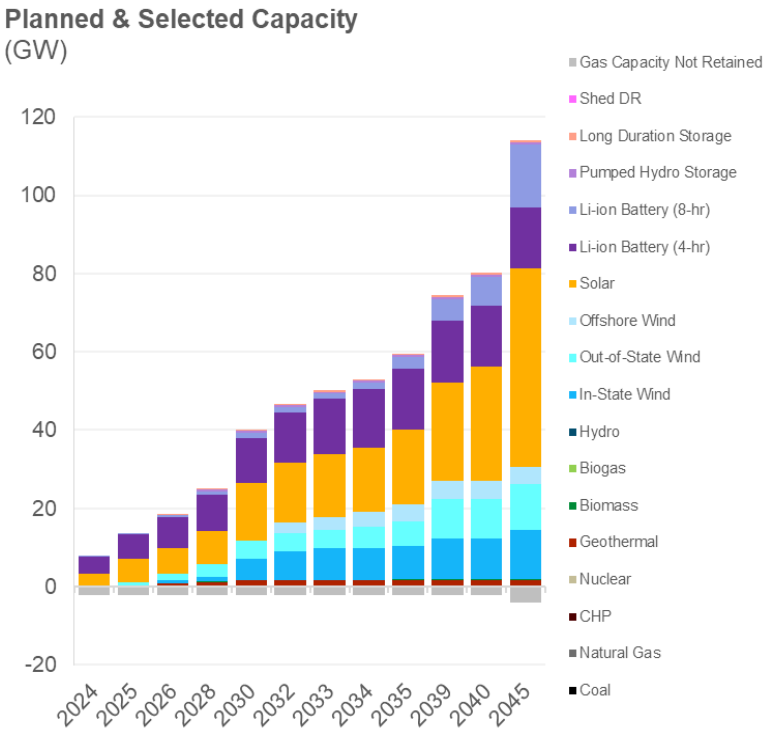
Costs continue to fluctuate with changing commodity prices.

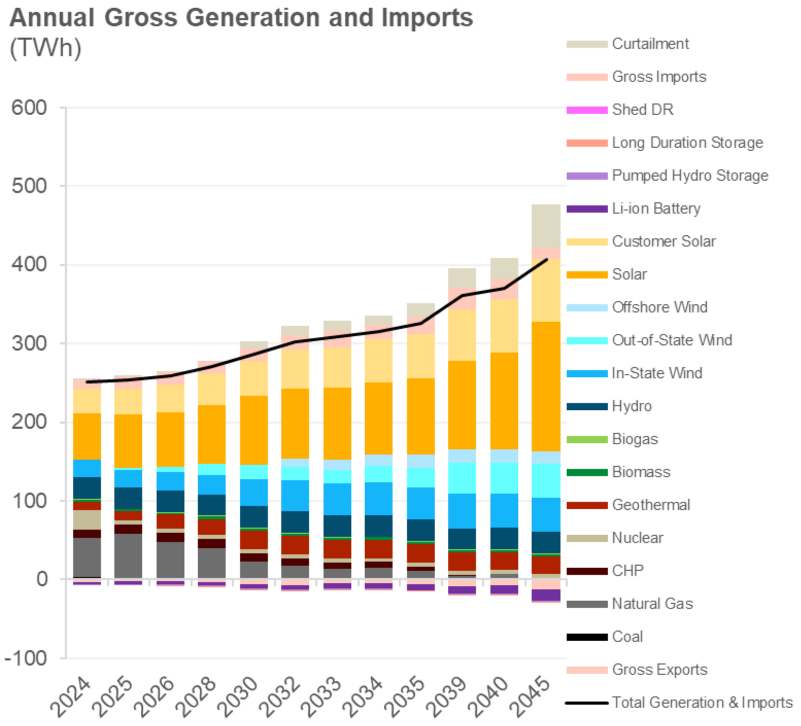
Annual budget includes costs such commodity costs as Environment Products, Resource Adequacy, Renewable Energy Supply, Energy Supply and the Net cost of Demand.



Clean Goals: Getting to 2045

- To achieve SB 100 goals, resource build for CA is expected to more than double relative to 2020.
- SVCE has supported the state in aiming for such aggressive climate goals.





Overview of the impacts of transmission and distribution needs

Analyses suggest significant investment in infrastructure at great expense to CA ratepayers

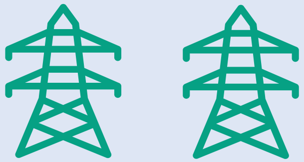
Given large uncertainties in assumptions these are very rough estimates – and are very likely conservative!

Generation

- **120 GW** new build
- Load growth largely keeps pace with cost of new generation

Source: 2023 CPUC Preferred System Plan

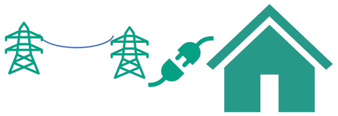
Transmission



- Upgrades to existing system plus offshore and out of state integration
- **$30.5 Billion+**
- Costs are only capital costs – Operations & Maintenance not included
- Some estimates significantly higher (3-4x current costs)

Source: CAISO 20-Year Transmission Outlook (2022).

Distribution



- Studies for 2035 range from **$8B - $51B**
- Scaling to 2045 load, a mid-point estimate is similar to Tx projections

Sources: Public Advocates Office Distribution Grid Electrification Model/ CEC IEPR Forecast

Public Policy

?

Examples:
- Offshore Wind
- Gas System Transition Charges
- Moving costs to general fund/ alternate funding sources

State Policy Priorities and Actions

Energy affordability is top policy issue for Governor, legislature, and CPUC.

Major Cost Driver	Action or Anticipated Action
Wildfire Costs	Legislature authorized wildfire mitigation securitization. $170M in Nov. 2024 Climate Bond Measure.
Rooftop Solar	CPUC adopted Net Energy Metering 3.0 rules to reduce non-rooftop solar customer subsidies for rooftop solar.
Distribution Grid Investments	CPUC's High DER and Timely Energization proceedings are examining ways to improve distribution grid planning and build out processes.
Transmission Investments	Legislature pursuing permit streamlining for transmission projects and encouraging grid-enhancing technologies. California received $600M in federal funds for grid-enhancing technologies. $325M in Nov. 2024 Climate Bond.
Generation Costs	Legislature potentially considering environmental streamlining for renewable projects and regionalization.