Execute Agreements to Enable Prepay Transaction

Board of Directors
November 13, 2026

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Purpose

Action:

1. **Authorize the CEO to Execute Agreements with Firms Providing Services to Enable SVCE to Execute One or More Prepays**
2. **Approve the Parameters of the Transaction(s)**

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Main Areas of Discussion

1. Review of Prepay Goal and Structure
2. Leverage the Prior Prepay Structure
3. Overview of Request
4. Fiscal Impact
5. Next Steps
6. Recommendations
7. Appendix

Recap of Prepay Goal and Structure

Substantial savings with minimal risks

To-date: 4 prepays completed, $19mm annual savings

Goal

- Reduce the cost of power purchases by leveraging SVCE's ability to fund low-cost tax-exempt debt

How

- Benefit from the spread between taxable and tax-exempt interest rates
- Use of financially vetted prepay structure consistent with SVCE's existing four prepays
  - Bonds not guaranteed by SVCE or California Community Financing Authority (CCCFA).
  - Bonds secured by the contractual rights and transaction cashflows
- Seasoned team of professionals helps guide, negotiate, and structure the transactions.

Minimal Risks

- Fees (except rating agency) are contingent on the execution of the deal and paid from the bond proceeds
- Bonds issued are non-recourse to SVCE

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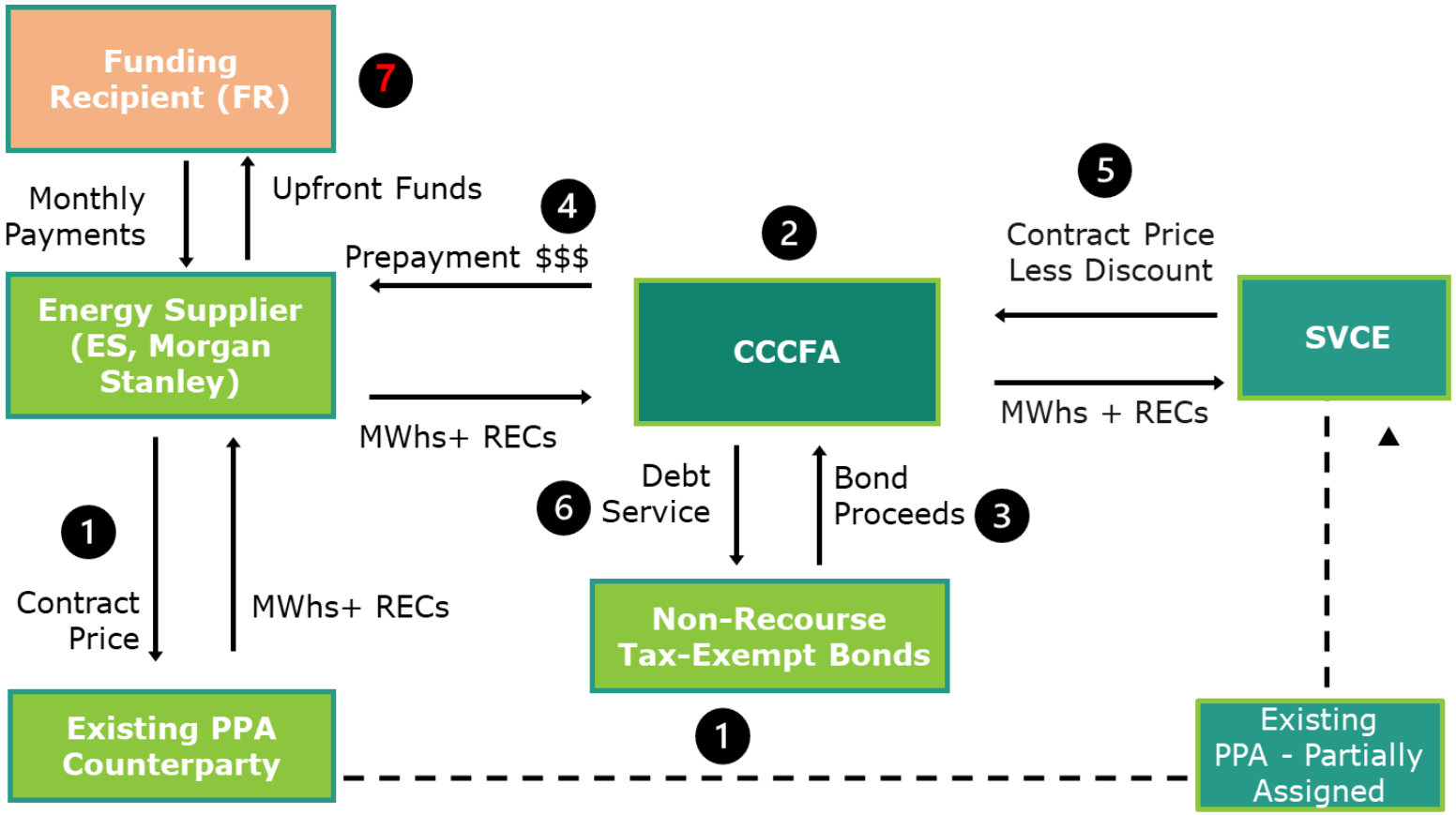
Overview of Prepay Structure

***Term*: 30-year with bonds repricing every 5-10 years, depending on the optimal spread between taxable and tax-exempt interest rates.**

1. SVCE partially assigns, using a Limited Assignment Agreement, an energy contract to Energy Supplier (ES). ES agrees to pay the contract price to the PPA provider.
2. CCAs created CCCFA, a separate legal entity that can issue tax-exempt debt.
3. CCCFA issues non-recourse tax-exempt bonds.
   - Bonds not guaranteed by SVCE or CCCFA.
   - Bonds secured by the contractual rights and transaction cashflows; Bonds carry FR credit ratings.
4. CCCFA pays bond proceeds, net of transaction fees, to ES as prepayment for energy and related products that ES will provide over the 30-year term. Executes Prepaid Agreement.
5. SVCE and CCCFA execute a Power Supply Agreement, where SVCE pays CCCFA the contract price less a discount for the energy delivered by CCCFA.
6. CCCFA uses payments from SVCE to pay interest and principal payments to bondholders.
7. ES and Funding Recipient (FR) execute a funding agreement where FR receives upfront funds and makes monthly payments to ES, which they use to pay PPA provider.



Leverage the Existing Prepay Structure

Slides in the appendix provide:

- **Details of the SVCE's Prior Prepays transactions and cost breakdown**
- **Overview of the Prepay Structure**

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Established Structure

- Several years of effort to establish proven and repeatable structure
- **Four prepays executed**
- **$19mm annual savings**

CCCFA Stats

- **33 issuances** amongst CCAs
- **$31.5bn** par amount
- $210mm annual savings

Request 1

Authorize the CEO to Execute Agreements with Firms Providing Services to Enable SVCE to Execute One or More Prepays and Approve Engagement with Morgan Stanley as Prepay Supplier

Financial Advisor	• PFM Financial Advisors LLC & PFM Swap Advisors LLC • $275,000
Disclosure Counsel	• Chapman & Cutler • $225,000
Bond & Tax Counsel	• Barnes and Thornburg • $300,000
Rating Agency	• Moody's Investor Service Inc • $575,000
Underwriter / Prepay Supplier	• Morgan Stanley • Bond underwriting fee plus underwriter expenses shall not exceed $6.00/bond

Except for Moody's all payments are <u>contingent</u> on the execution of the transaction.

The agreement with Moody's will be executed later when there's more certainty on the likelihood of a transaction.

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Request 2

Authorize the CEO to Execute Prepay Transactional Agreements Contingent on Board-Authorized Parameters

★ **New: SVCE will have option to have two bond series with different maturity dates to realize greater savings**

Execution Contingent on:

- Aggregate principal amount of bonds will not exceed $1.5 billion
- Bonds issued by California Community Financing Authority (CCCFA) are not guaranteed obligations of SVCE
- Overall energy savings to SVCE shall be at least 8 percent during the initial term of the bonds

Other Parameters:

- Energy Service Revenue Fee shall not exceed: $1.10/MWh
- Commodity Swap Counterparty Fee shall not exceed: $0.50/MWh
- If floating rate debt issued, up to 4 basis point charge on an interest rate swap

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Fiscal Impact

Savings Level

- Actual savings depend on market conditions - the spread between taxable and tax-exempt debt rate

Illustrative Savings

- If SVCE gets savings of 8 to 10% for a transaction at current commodity prices, this could amount to $6-7 million savings per year

Minimal Risk to SVCE

- Fees (except rating agency) are contingent on the execution of the deal and paid from the bond proceeds
- Bonds issued are non-recourse to SVCE

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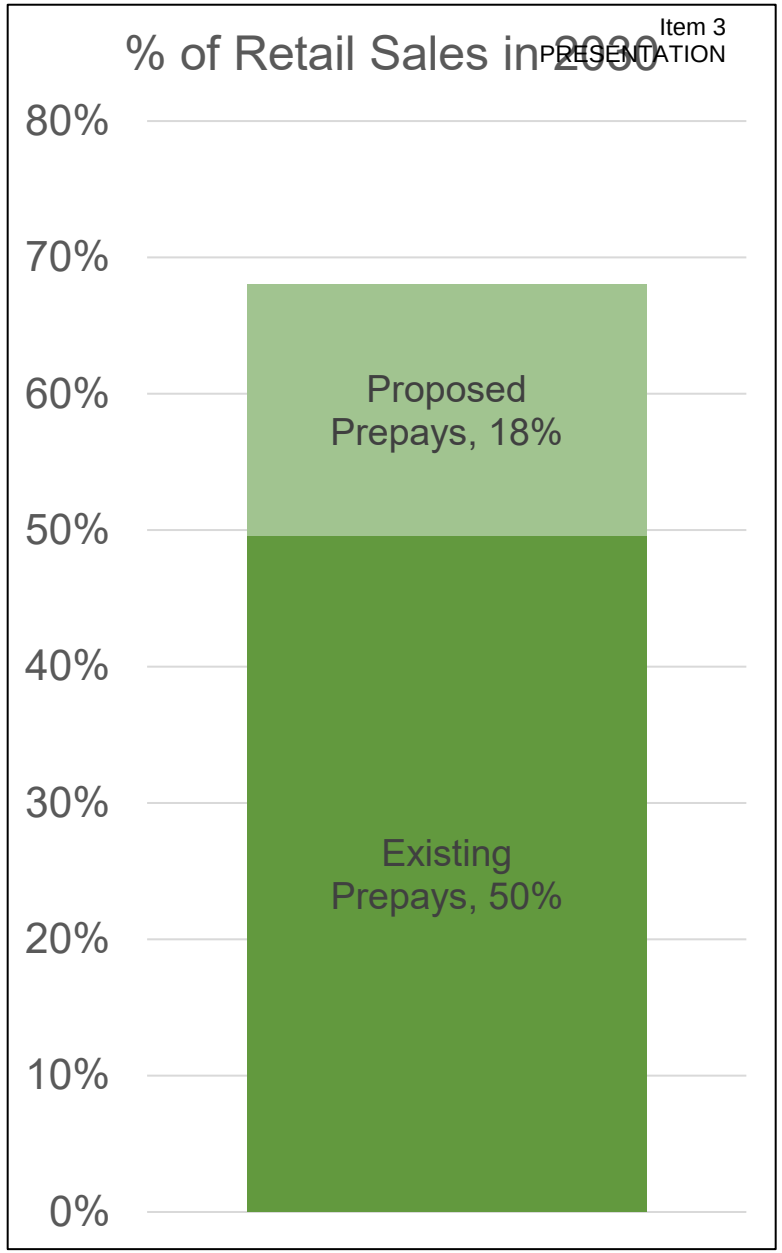
Cumulative Coverage of Existing and Proposed Prepays could approach 70% in 2030





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Next Steps

Ongoing	• Work with parties to structure the transaction (Now – Early 2027)
December 3rd	• Seek California Community Choice Financing Authority (CCCFA) Board Approval
December 2026, January 2027	• Target bond issuance. Timing will depend on market conditions.

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Recommend for Approval: (1)

Adopt Resolution 2026-18 authorizing the Chief Executive Officer to negotiate and approve or execute agreements directly or through California Community Choice Financing Authority, as necessary, with Barnes and Thornburg LLP, Chapman and Cutler LLP, PFM Financial Advisors LLC & PFM Swap Advisors LLC, Morgan Stanley & Co. LLC and Moody's Investor Service Inc. for the proposed energy prepayment transaction or transactions

1. PFM Financial Advisors LLC & PFM Swap Advisors LLC - $275,000
2. Chapman & Cutler (Disclosure/Issuer's Counsel) - $225,000
3. Barnes and Thornburg (Bond and Tax Counsel) - $300,000
4. Moody's Investor Service Inc (Credit Rating) - $575,000
5. Morgan Stanley as Underwriter / Prepay Supplier with the following fee structure
    1. Bond underwriting fee plus underwriter expenses shall not exceed $6.00/bond

The combined fees for services provided by the firms identified above shall not exceed 1% of the bond proceeds amount, including other ancillary services such as green bond verification, bond trustee and counsel fees, an investment advisor fee, and other miscellaneous costs such as printing.

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Recommend for Approval: (2)

Adopt Resolution 2026-19 authorizing the execution and delivery of one or more Power Supply Contracts and certain other documents in connection with the issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds in one or more series; and certain other actions in connection therewith

The Board's authorization will be subject to the following parameters.

- No more than two total prepayment transactions will be completed on behalf of SVCE pursuant to the authorizations granted by the Resolution
- The Bonds, issued by CCCFA, will not be guaranteed obligations of SVCE but will be limited obligations of CCCFA payable solely from the revenues and other amounts pledged under the Indenture as the Trust Estate, including amounts owed by SVCE under the Power Supply Contract.
- The aggregate principal amount of the Bonds shall not exceed $1,500,000,000.
- The energy savings to SVCE under the respective Power Supply Contract for the initial Bond Reset Period, including the Annual Refund (defined in the Power Supply Contract), shall be at least 8 percent.
- The commodity swap counterparty fee in the transaction shall not exceed $0.50 per MWh.
- Energy Service Revenue of $1.10/MWh
- If any floating rate bonds are issued, Morgan Stanley may charge up to four basis points on the interest rate swap spread to mid-market for the corresponding interest rate swap

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Appendix



Fees for Consultants

Firms	Role	Proposed Fees for Next Prepay
PFM Financial Advisors LLC / PFM Swap Advisors	Municipal Advisor: recommended by the Municipal Securities Rulemaking Board (MSRB), required by CCCFA, advises prepay buyer in negotiations, and on commodity and interest rate swaps.	$275,000
Chapman & Cutler	Disclosure and Issuer's Counsel: Provides legal counsel and prepares official statement and prospectus	$225,000
Barnes and Thornburg	Bond and Tax Counsel: Represent bondholders and provide tax opinion on the transaction	$300,000
Moody's Investor Service Inc	Rating Agency: Provides the credit rating for the bonds	$575,000
Total		**$1,375,000.00**

Except for Moody's all payments are <u>contingent</u> on the execution of the transaction.

The agreement with Moody's will be executed later when there's more certainty on the likelihood of a transaction.

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Summary of Key Transaction Documents

Executed by SVCE

- **Power Supply Contract** – The agreement is between SVCE and CCCFA and it provides for the sale of clean energy from CCCFA to SVCE for the term of the prepayment.
- **Form of Limited Assignment Agreement (Third Party)** – This agreement, by and among SVCE, the counterparty to the power purchase agreement described therein, and MSCG, details the terms of the limited assignment of energy and RECs under PPAs with third parties to MSCG, for ultimate delivery to SVCE.
- **Form of Limited Assignment Agreement (MSCG)** – This agreement, by and among MSCG (as PPA seller), SVCE, CCCFA and the Prepaid Supplier, details the terms of the limited assignment of energy and RECs under PPAs with third parties to Energy Supplier, for ultimate delivery to SVCE.
- **Letter Agreement Regarding PPA Assignments** – The agreement is by and among SVCE, CCCFA, and MSCG and the Prepaid Supplier, and it details the terms of assigning PPAs that SVCE has with a current or future energy supplier.
- **Project Administration Agreement** – This agreement is between SVCE and CCCFA. The agreement sets the terms for SVCE to act on behalf of the issuer for certain matters under the prepay project documents, such as scheduling for the energy and record keeping with respect to delivery of energy and any remarketing and remediation.
- **Memorandum of Understanding** between SVCE, Morgan Stanley and CCCFA indemnifying CCCFA against certain ratings fees should the transaction not close.

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Summary of Key Transaction Documents

Executed by CCCFA

- **Trust Indenture** – This agreement is between CCCFA and the Trustee and sets forth the terms of bond issuance, rights of bondholders, and security of the cashflows of CCCFA to ensure principal and interest payments to the bondholders.
- **Prepaid Agreement** – This agreement is between CCCFA and the Prepaid Supplier (a limited liability company of which MSCG is the sole member), and it details the terms of prepayment by CCCFA to Prepaid Supplier and the flow of energy from the Prepaid Supplier to CCCFA. The terms of this agreement largely mirror those of the Power Supply Contract between SVCE and CCCFA.
- **Repricing agreement** – This agreement is between CCCFA and the Prepaid Supplier and sets the terms for remarketing and repricing of bonds at future bond repricing periods and the terms for calculation of future energy price discounts that will be offered to SVCE.
- **Master Custodial Agreement** – This agreement is among Energy Supplier, MSCG, CCCFA and a master custodian, and administers the amounts payable to the Energy Supplier under the Funding Agreement, the Energy Management Agreement, the Prepaid Agreement, the Energy Supplier Commodity Swap and certain other agreements.

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Summary of Transaction Documents

Other Key Documents

Major agreements to enable SPV structure:

- **A&R Limited Liability Company Agreement** – This is the organizational document of the Prepaid Supplier, between MSCG as sole member and an independent director, and governs how the Prepaid Supplier will be managed. SVCE will appoint one director and this agreement sets out what that director is entitled to vote on.
- **Energy Management Agreement** – This agreement is between the Energy Supplier and MSCG, and sets the terms under which MSCG will act as upstream supplier of energy to the Energy Supplier to enable the Energy Supplier to meet its energy delivery obligations and will act as the Energy Supplier's agent under the prepay project documents.

Other agreements/documents:

- **Consolidated Custodial Agreement** – This agreement is by and among SVCE, CCCFA, Morgan Stanley, MSCG and the Custodian Bank on handling cashflows among the parties and making the required payments to the energy/PPA supplier. Note: this agreement covers cashflows for all SVCE's existing prepay transactions. As part of Prepay 5, MSCG, in collaboration with SVCE, may provide notice to the parties updating the banking information, as needed.
- **Preliminary Official Statement (POS)** this document will be used to market the bonds and provides information on the energy prepayment transaction, including the key terms of the transaction. The Appendix A of this document includes background information on SVCE, including the formation of SVCE, service area, customers, sources of clean energy, and other information to inform bondholders on the financial and operational strength of the organization.

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Prior Prepay Transaction Details

	2021B	2023B	2024A	2025F
Aggregate Principal Amount	$1,234,720,000 (SVCE and EBCE combined)	$841,550,000	$1,101,625,000	$844,495,000
Total Bond Proceeds	$1,475,895,642.50 (SVCE and EBCE combined)	$891,418,648.10	$1,165,919,381.75	$929,071,174.25
Municipal Bond Rating	A1	A1	A1	Aa2
Green Certification	Designated Green Bonds by Kestrel Verifiers			
Initial Bond Pricing Period	10 years	6.5 years	8 years	8 years
Final Bond Maturity Date	Feb 1, 2052	Jul 1, 2053	May 1, 2054	Jan 1, 2056
Discount Achieved	• $4.38/MWh • $1.9mm per annum	• $9.77/MWh • $4.7mm per annum	• $11.32/MWh • $7.7mm per annum	• $11.65/MWh • $4.6mm per annum
Energy Volume Supported by Bond Proceeds	50 MW	55 MW	77 MW	44 MW
Avg Load Coverage	11%	12%	17%	10%
Power Delivery Start Date	Jan 1, 2022	Jun 1, 2023	Apr 1, 2024	Jan 1, 2026

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Prior Prepay Transactions Professionals Team

	2021B	2023B	2024A	2025
Bond Counsel	Orrick, Herrington & Sutcliffe	Ballard Spahr LLP		Barnes and Thornburg LLP
Credit Rating	Moody's Investor Service, Inc.			
Issuer's Counsel	Chapman & Cutler LLP			
Municipal Advisor	PFM Financial Advisors LLC			
Investment Advisor	PFM Asset Management LLC			PFM Swap Advisors LLC
Trustee	The Bank of New York Mellon Trust Company, N.A. (later moved to US Bank)			
Trustee Counsel	Ballard Spahr LLP			
Printing	ImageMaster, LLC			
Green Bond Second Party Opinion	Kestrel Verifiers			
Audit/Accounting	Maher Accountancy			
JPA	CCCFA			
Underwriter	Morgan Stanley			
Funding Recipient	Morgan Stanley			Canadian Imperial Bank of Commerce (CIBC)

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Prior Prepay Transaction Cost Breakdown ($000)

	2021B	2023B	2024A	2025
Bond Counsel	$425	$300	$250	$250
Credit Rating	$315	$233	$273	$282
Issuer's Counsel	$310	$200	$175	$175
Municipal Advisor	$250	$175	$155	$230
Investment Advisor	$42	$35	$30	$25
Trustee	$32	$31	$41	$20
Trustee Counsel	$30	$30	$30	$35
Printing Cost	$3	$3	$4	$4
Green Bond Second Party Opinion	$7	$22	$22	$23
Audit/Accounting	$0	$0	$24	$24
Administration Fee	$0	$0	$20	$20
Contingency/Other	$7	$17	$17	$13
Total COI	**$1,422**	**$1,045**	**$1,041**	**$1,100**
MS Underwriting	$6,341	$4,359	$5,712	$3,988
Total	**$7,763**	**$5,405**	**$6,753**	**$5,088**

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Fifth Prepay Estimated Cost Breakdown ($000)

Firm	One Maturity Expected Cost ($000)	Two Maturities Expected Cost ($000)
Bond and Tax Counsel: Barnes and Thornburg	$300	$300
Credit Rating: Moody's Investors Service	287.5	575
Issuer's Counsel and Disclosure Counsel: Chapman & Cutler	225	225
Municipal Advisor: PFM Financial Advisors LLC	250	250
Swap Advisor: PFM Swap Advisors LLC	25	25
Investment Advisor	25	50
Trustee: US Bank	17	34
Trustee Counsel: US Bank Counsel	35	70
CCCFA JPA Administrative Fee	25	50
Audit/Accounting Fee	24	48
Green Bond Second Party Opinion (Kestrel Verifiers)	22.5	45
Contingency/Other	14	28
Total COI	**1,250**	**1,700**
Morgan Stanley Underwriting	7,050	7,050
Total	**$8,300**	**$8,750**

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SVCE Data Center Rate Policy

Principles and Features

November 13, 2026

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Today's Request

Adopt a Data Center Rate Policy with the following principles:

- Safeguard against cost-shifting from data center sites to other customers, or vice versa.
- Data Center Rate is applied consistently.
- Create Value for SVCE and customers.

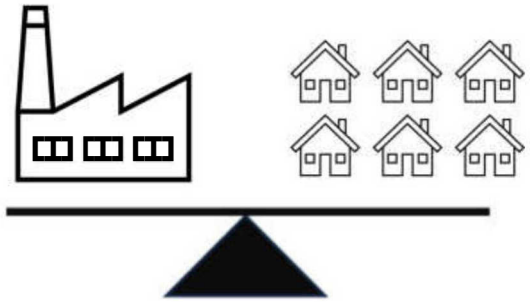
SVCE's Role in Serving Load

SVCE is the default load serving entity (LSE) in its own territory

- SVCE must offer a standard product which meets State-mandated renewable requirements to all new and existing customers. GreenStart is SVCE's default product, which is 100% clean and indexed to PG&E's standard rates.
- SVCE may also offer custom rate products (Board-approved Non-Standard Pricing Policy).
- Customers may elect to opt-out of SVCE and receive generation services from PG&E or a wholesale direct access (DA) provider.
- Local cities and/or the county are responsible for land use decisions including where data centers are located
- Air District and/or the local jurisdiction sets requirements for back-up generation and restrictions.

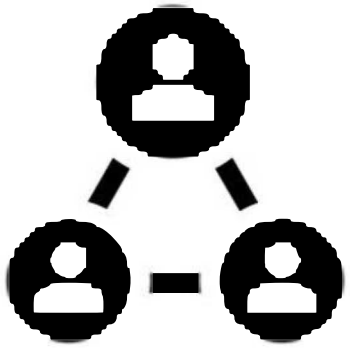
Data Center Rate Principles

Staff seeks to discuss the principles that will guide the creation of a Data Center-specific rate



Safeguard against cost-shifting from large load sites to other customers, or vice versa.

"Data Centers Pay their Way"



Data Center Rate is applied consistently.

"Uniform Criteria, Uniform Treatment"



Want to serve beneficial load, so it must create value for Agency and customers.

"Economies of Scale"

Why do we need a DC rate?

1) Data Center Proliferation

- National and regional issue
- Local proximity can matter to companies (latency)
- Major public concerns on cost-shifting, noise, water, and more

2) Potential Financial Impact

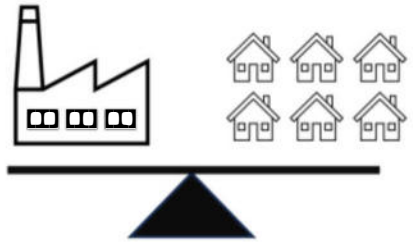
- Only a few in current forecast
- Concentrated, high-volume energy users
- Current default rate is B20T

3) Risk Management

- Large loads free to come-and-go from SVCE service under existing rules
- SVCE customer base would bear costs associated with data centers that depart (or never show up)

Data Centers Look Riskier

Due to their size, Data Centers present unique or novel risks to SVCE and its customer base



Cost-Shift Risk

- Costs borne for load that leaves or doesn't materialize is 'peanut-buttered'
- Nation-wide sentiment that D.C. should pay its own way



Margin Risk

- Current rate forecasts show negative margins
- DC size results in outsized losses for negative margin



Concentration Risk

- One 50MW facility = 10% of SVCE current load
- Arrivals/departures impact planning, revenue, procurement

Current Option vs. New Proposal

B20T
Current Option for Loads > 1MW

- GreenStart rate - set based on a forecast of costs
- Shares in existing SVCE procurement portfolio, pre-pays, and reserves
- Can show up or depart SVCE service with no warning/protections
- Priced relative to PG&E equivalent rate; potential to generate negative margins

Data Center Rate
Proposed Option for DC Loads

- Market-based rate – conveys *actual costs*, changes hourly
- Exists as its own product category for procurement; no reserves or pre-pay benefit
- Sets parameters for how long DC customers must stay in SVCE service
- Includes admin fees *in addition to* covering all costs; *cannot* generate negative margin

Principles Translate to Rate Features



Principles

What's our goal?

- Direction for SVCE ratemaking of D.C. rate based on BOD-approved operating guidelines

Objectives

How should we do that?

- Actions/steps/activities to satisfy the guiding principles

Features

What does that look like in a rate?

- Objectives point toward necessary features of a rate
- These must be included to achieve stated goals

Principle #1 – No Cost-shifting

"Safeguard against cost-shifting from data center sites to other customers, and vice versa."

Objectives	Features
Guarantee positive contribution to reserves, programs, and clean position.	• Cost+ structure • Admin adders • Clean level meets org targets

Principle #1 – No Cost-shifting

"Safeguard against cost-shifting from data center sites to other customers, and vice versa."

Objectives	Features
Guarantee positive contribution to reserves, programs, and clean position.	• Cost+ structure • Admin adders • Clean level meets org targets
Ensure SVCE is kept whole for current or future costs/risks to serve this load (in case of departure or load not showing up)	• Term length • Pre-funding • Billing floor • Early termination fees

Principle #1 – No Cost-shifting

"Safeguard against cost-shifting from data center sites to other customers, and vice versa."

Objectives	Features
Guarantee positive contribution to reserves, programs, and clean position.	• Cost+ structure • Admin adders • Clean level meets org targets
Ensure SVCE is kept whole for current or future costs/risks to serve this load (in case of departure or load not showing up)	• Term length • Pre-funding • Billing floor • Early termination fees
Withold the benefits (or costs) of SVCE past procurement and reserves	• Market Access/Index structure • Treat as separate product

Principle #2 – Applied Consistently

"A data center product/rate should be applied consistently."

Objectives	Features
Establish a clearly defined criteria for size of load	• Loads above 25 MW

Principle #2 – Applied Consistently

"A data center product/rate should be applied consistently."

Objectives	Features
Establish a clearly defined criteria for size of load	• Loads above 25 MW
Establish a clearly defined criteria for timing	• Applies to new load after the state date of this rate • Includes load that exists and grows above threshold

Principle #2 – Applied Consistently

"A data center product/rate should be applied consistently."

Objectives	Features
Establish a clearly defined criteria for size of load	• Loads above 25 MW
Establish a clearly defined criteria for timing	• Applies to new load after the state date of this rate • Includes load that exists and grows above threshold
Remove the ability to exploit 'loopholes' or otherwise avoid/opt for an alternate rate	• Clearly define terms, e.g. 'site' and 'D.C.' • Avoid customer 'split metering' • If offering NSPP, SVCE will uphold all D.C. rate principles

Principle #3 – Create Value

"SVCE wants to serve beneficial load – it must create value for SVCE and customers."

Objectives	Features
Make this rate attractive	• Consistent and fair admin fees • Admin fee ceiling

Principle #3 – Create Value

"SVCE wants to serve beneficial load – it must create value for SVCE and customers."

Objectives	Features
Make this rate attractive	• Consistent and fair admin fees • Admin fee ceiling
Maintain protections for SVCE as outlined in these Principles and Objectives	• Defined term; pre-payment • Index+; early termination fee • Product separation

Principle #3 – Create Value

"SVCE wants to serve beneficial load – it must create value for SVCE and customers."

Objectives	Features
Make this rate attractive	• Consistent and fair admin fees • Admin fee ceiling
Maintain protections for SVCE as outlined in these Principles and Objectives	• Defined term; pre-payment • Index+; early termination fee • Product separation
Offer contractual NSPP (GreenPrime Direct) deal as alternative	• NSPP provides similar economic protections for SVCE • Additional customer value in custom procurement ("BYOG")

Good News: the State Also Thinks this Makes Sense

AB2383 (Zbur) was signed by the governor on 9/16, codifying many of the requirements SVCE staff had been considering for a Data Center rate/tariff.

- Requires data center tariff that complies with AB 2383 to be effective by Jan 1, 2028
- Defines applicable business types (D.C.), site parameters, term
- Sets requirements but gives CCAs flexibility - MW minimum threshold, pre-payment type/amount, minimum payments, early termination penalty
- Requires that supply must be compliant with state's clean energy goals
- Requires D.C. contribute equitably to reliability, other generation-funded programs

This legislation levels the competitive playing field.

All utilities/LSEs, including PG&E, subject to the same rules.

Rate Features Relative to Legislation

	Proposed SVCE Features	Principle 1 No Cost-Shift	Principle 2 Universally Applicable	Principle 3 Create Value	State-wide Legislative Correlation
Enrollment and Term	Specify Business Type		✓		✓
	Applicability (MW)		✓		✓
	Applicability (Start Date)		✓		✓
	Term Length	✓	✓		✓
Structural	Market Index	✓		✓	
	Admin Fees	✓		✓	✓
	Separate Product (Clean)	✓			✓
	Separate Product (Reserves)	✓			✓
Ratepayer / SVCE Protections	Pre-Funding	✓			✓
	Early Term Penalty	✓			✓
	Monthly Minimum	✓			✓
Customer Value	Monthly Maximum (Admin)			✓	
	Always Offer GPD			✓	

Draft Rate Features with Values

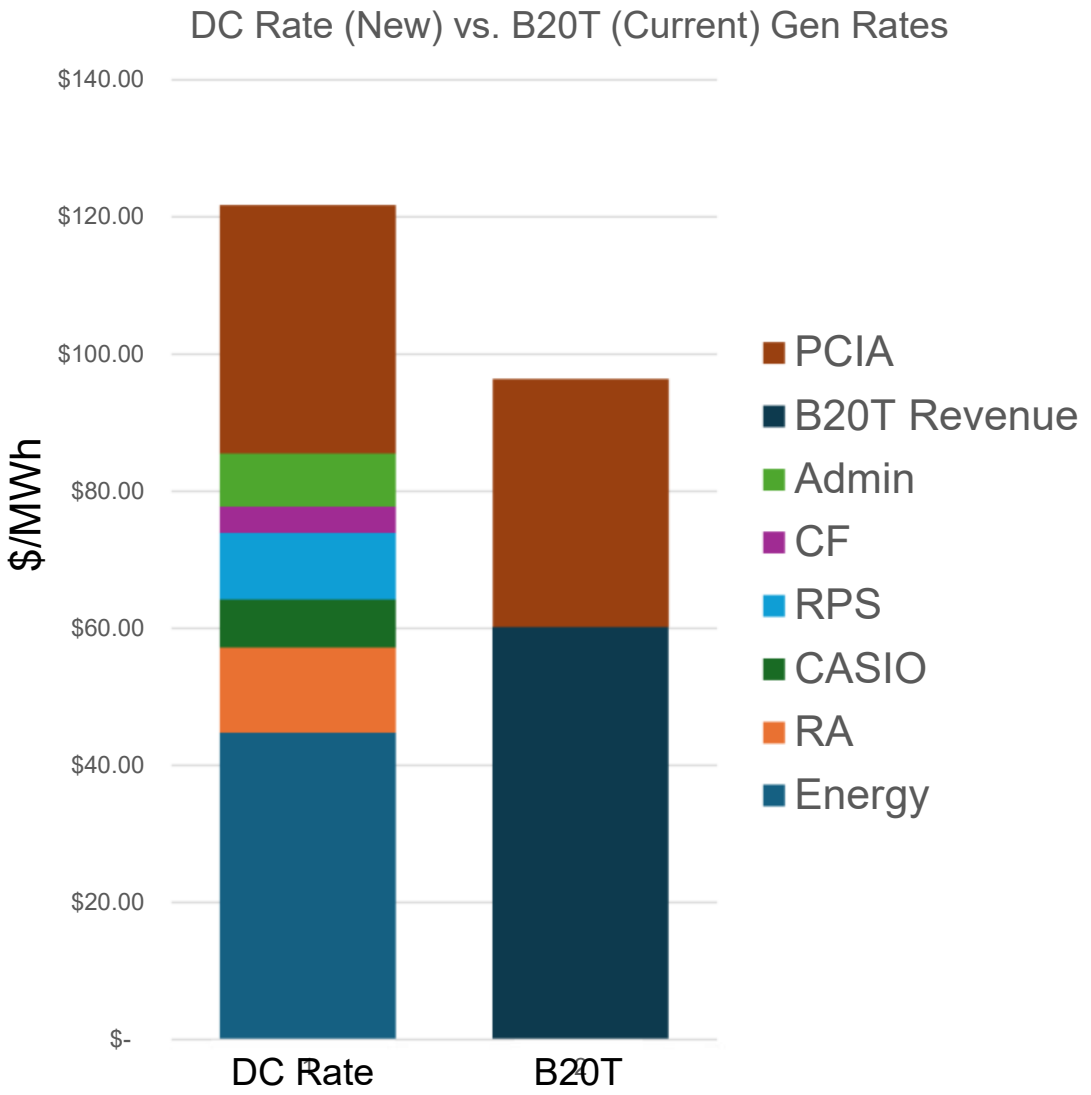
	Proposed SVCE Features	Value	Description
Enrollment and Term	Specify Business Type	Data Center	Language in legislation
	Applicability (MW)	25	Max allowable minimum
	Applicability (Start Date)	Jan 1, 2027	First to market
	Term Length	10 years	Language in legislation
Structural	Market Index	Pass through	Energy, RA, CAISO, RECs @ then-current
	Admin Fees	10%	Incremental to Energy + RA + CAISO
	Separate Product (Clean)	✓	Dedicated attributes for product
	Separate Product (Reserves)	✓	Does not share reserves
Ratepayer / SVCE Protections	Pre-Funding	10%	Collateral; % of Energy, RA, CAISO, RECs, CF
	Early Term Penalty	Costs	All remaining admin fees + un-recouped costs
	Monthly Minimum	$500k	Minimum customer bill
Customer Value	Monthly Maximum (Admin)	Varies by Size	Indicative of $150/MWh market price
	Always Offer GPD	✓	NSPP applies to DC

DC Rate (New) vs. B20T (Current)

- Comparison assuming costs for 2026
- B20T is currently supported by reserves
- DC Rate customers will continue to be assessed the appropriate PCIA

2026 Example $/kWh (Illustrative)

	DC Rate	B20T
Gen + PCIA	$0.12172	$0.09640
T & D	$0.09720	$0.09720
Total Rate	$0.21892	$0.19360



Closing - Recap of Principles

Staff seeks the adoption of policy principles, objectives, and their associated features as it pertains to the creation of a Data Center-specific rate/tariff.

Safeguard against cost-shifting from data center sites to other customers, or vice versa.

- Positive reserve contributions
- SVCE and customers kept whole
- Withold past procurement / reserves

"Data Centers Pay Their Way"

Data Center Rate is universally applicable.

- Defined criteria for size
- Defined criteria for timing
- Close potential loopholes for avoiding this tariff/rate

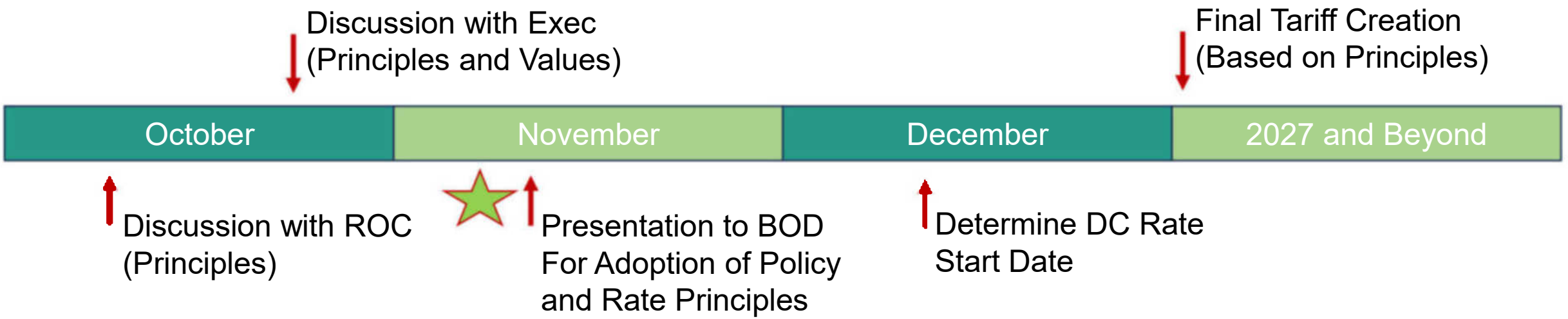
"Uniform Criteria, Uniform Treatment"

Want to serve DC load – create value for customers.

- Make rate attractive
- Maintain protections for SVCE
- Always offer NSPP

"Economies of Scale"

Next Steps


Discussion with Exec
(Principles and Values)
Final Tariff Creation
(Based on Principles)
October
November
December
2027 and Beyond
Discussion with ROC
(Principles)
Presentation to BOD
For Adoption of Policy
and Rate Principles
Determine DC Rate
Start Date

Data Center Rate Policy Decision

Staff is requesting that the Board adopt a policy proposal that identifies Data Center customers as a distinct customer type.

Their treatment will differ from the typical way SVCE customers are served.

Who?

Data Center customers over 25MW

When?

Data Center customers starting service after 1/1/2027

What is different for Data Center customers?

- They *will* be treated as a separate and distinct customer type.
- They *will not* share in SVCE's broader procurement activities, hedges, pre-pays, financial reserves, or clean attributes.
- They *will* pay all costs associated with power, clean attributes, RA, and administration without subsidy.
- They *will not* be able to freely come into or exit SVCE service.
- They *will* pay their portion of the Power Cost Indifference Adjustment.
- This policy decision *may* lead to competitive risk.

Recommendation

Staff requests that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) adopt:

Resolution No. 2026-20 approving the Data Center Rate Policy, which establishes guiding principles for the creation and administration of any retail electricity rate specifically applicable to qualifying data center customers within SVCE's service territory, including unique pricing agreements offered under SVCE’s Non-Standard Pricing Policy (NSPP).



Questions?



SVCE Staffing Assessment

Board of Directors Meeting
November 13, 2026

SILICON VALLEY CLEAN ENERGY

2026 SVCE Staffing Assessment

Internal Assessment:

1. Determine if SVCE is right-sized and aligned to meet its mission and core functions.
2. Financial Levers – Assess all Operating Expenses including Personnel Costs
3. Benchmark SVCE to peer CCAs
4. Plan for future needs

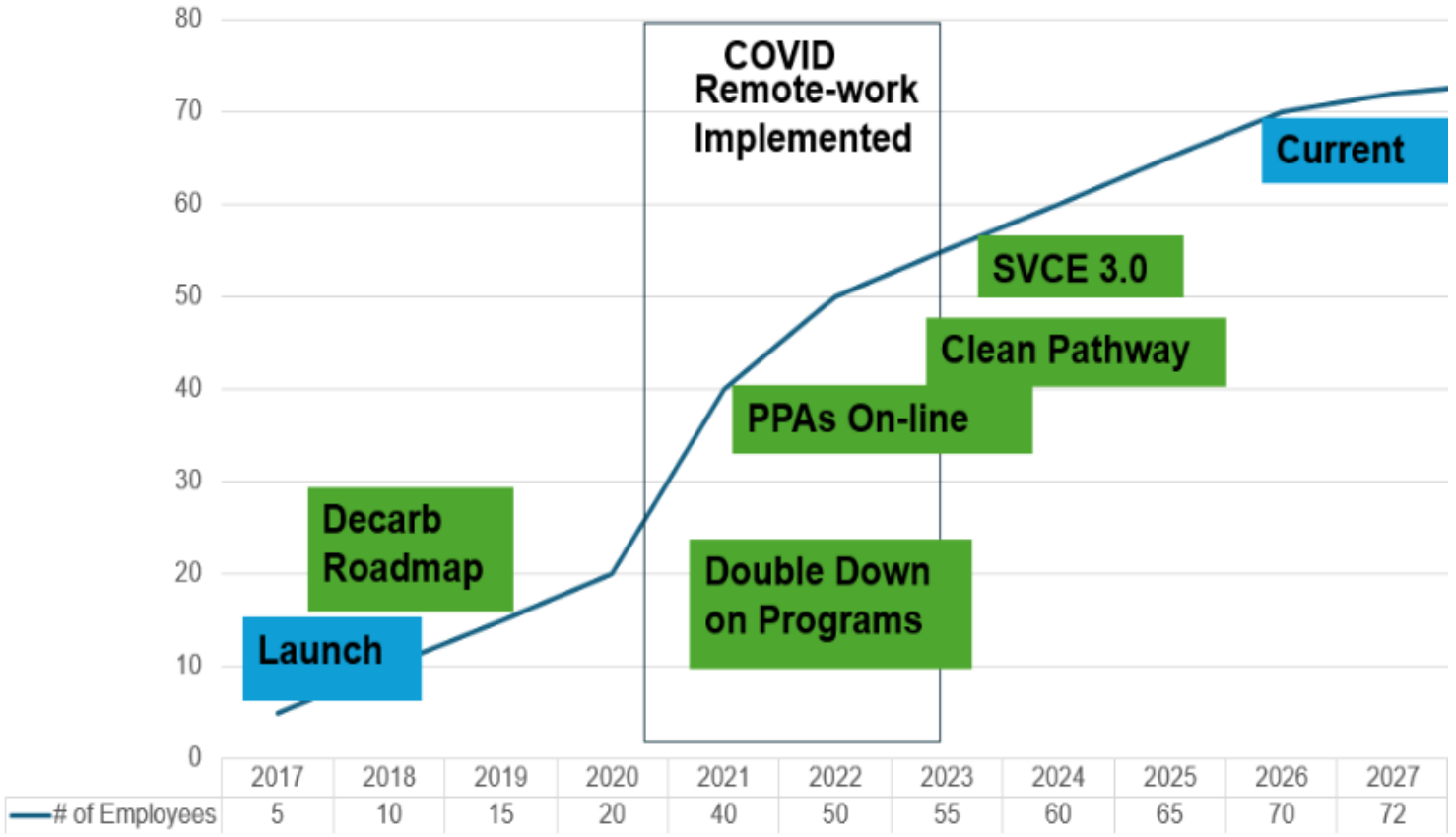
Today's Objective:

Seek SVCE Board of Directors feedback on additional analysis and/or general direction.

Staff Size and Key Drivers

SVCE staff has grown over the years to support increased complexity of power operations, expanded programs and maturity of organization.

- Decarbonization Roadmap and Programs
- Power Resources – Operations of Renewable Projects
- Regulatory, Planning, Policy and Compliance
- Financial Planning
- Administration & Operations
- Data Analytics
- Risk Management
- Stakeholder Engagement



All Teams Are Critical to Our Mission

SVCE's Mission

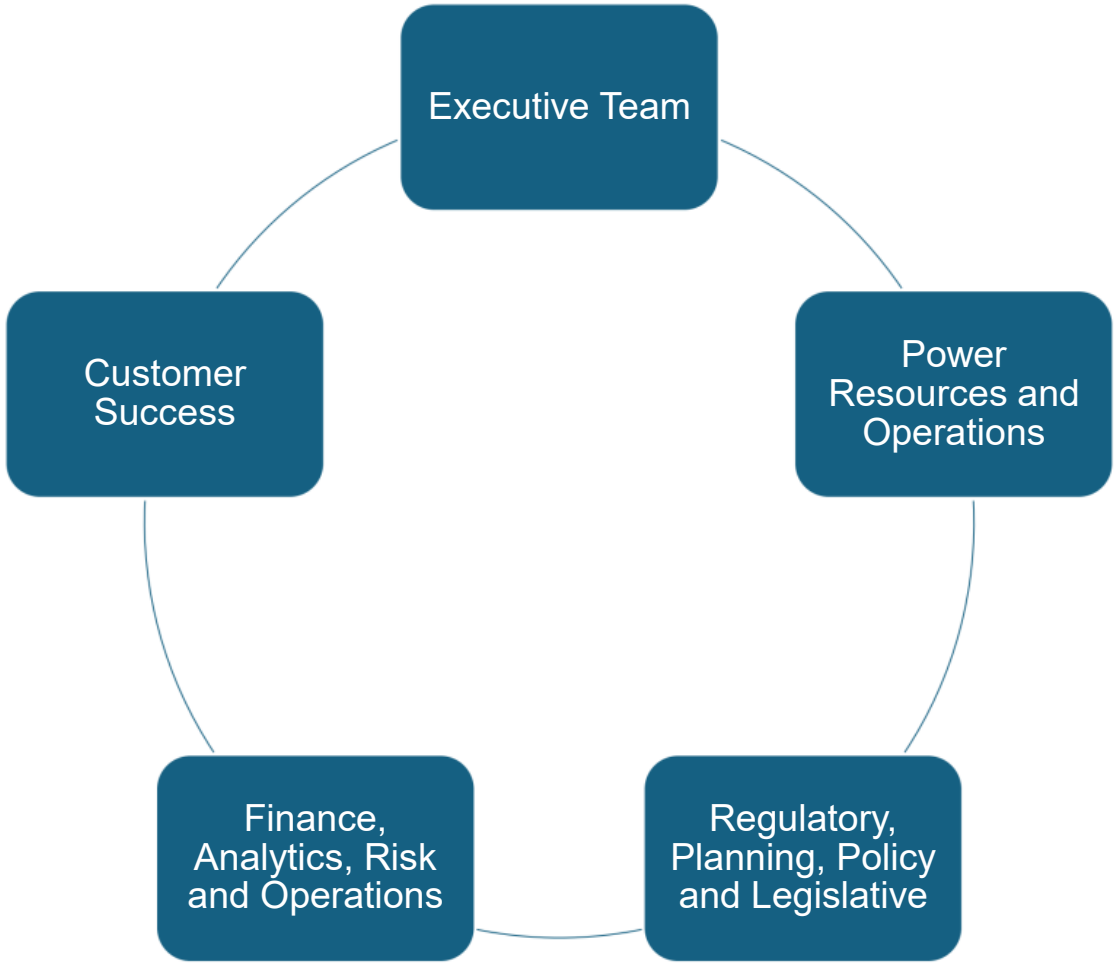
Reduce dependence on fossil fuels by providing carbon free, affordable, and reliable electricity and innovative programs for the SVCE community.

Strategic Focus Area #5

Attract & Retain Employees

Goal # 10

Hire, retain and develop high-performing talent via competitive benefits and rewarding work culture

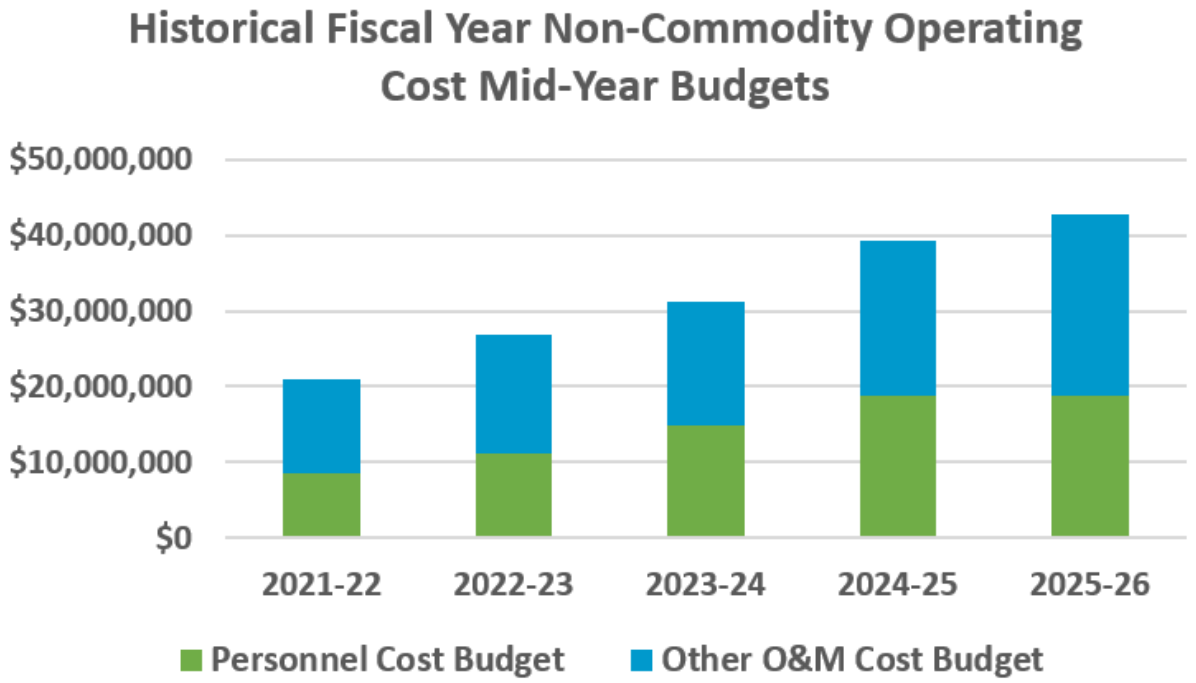


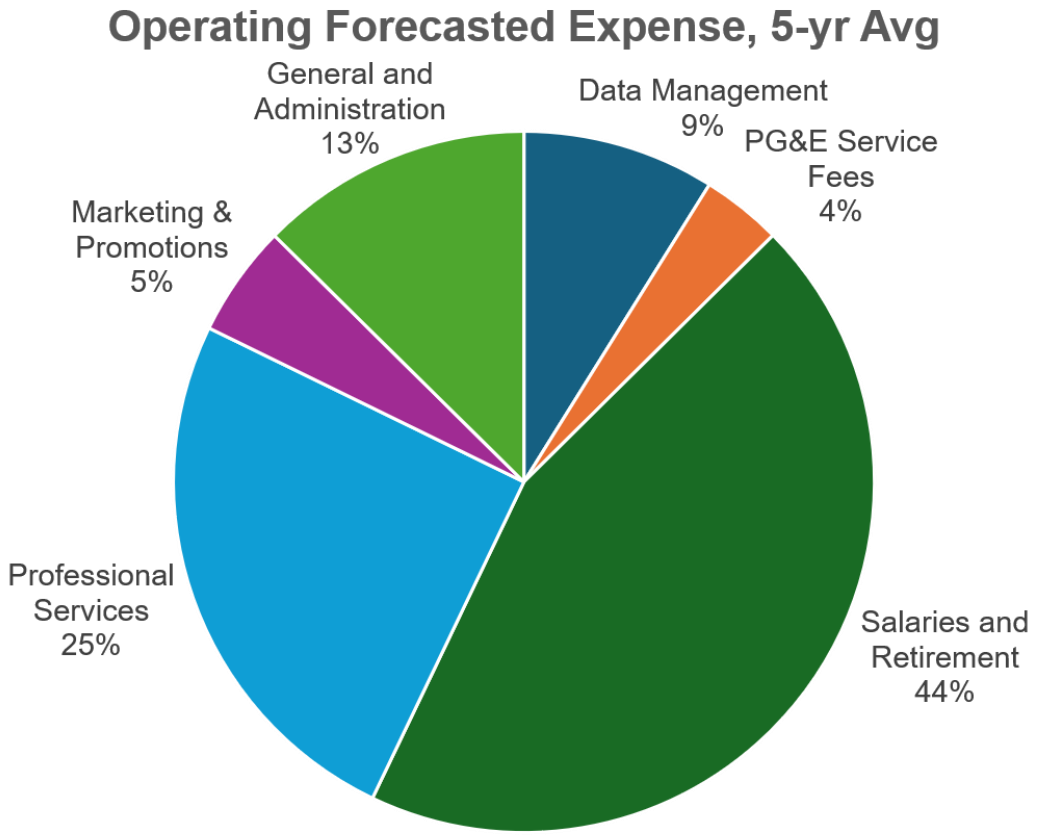
Departments and Functions

Executive Team 4 FTEs	• CEO, General Counsel and Board Clerk
Customer Success 21 FTEs	• Programs design, management, and implementation. • Marketing, Communication, and community outreach. • Energy Services – rates, billing, customer issues, key account management.
Power Resources and Operations 13 FTEs	• Power supply planning, origination and wholesale market procurement. • Portfolio operations, management, optimization and scheduling. • Compliance, power Contract Administration and Settlements
Regulatory, Planning, Policy and Legislative 11 FTEs	• Longterm planning, energy and demand forecasting, policy and regulatory advocacy. • Legislative affairs and advocacy. • Decarb planning, stakeholder advocacy and member agency affairs.
Finance, Analytics, Risk and Operations 18 FTEs	• Finances, Investments, Accounting, Prepays, Data Analytics and Risk Management • Operations: Information Technology, Cyber Security, Contracts, administration, building management and Human Resources

Personnel cost are a small percent of total budget

Non-commodity operating expenses represent 12% of budget. Personnel costs are 44% of non-commodity expenses, or 5.3% of total operating expenses.



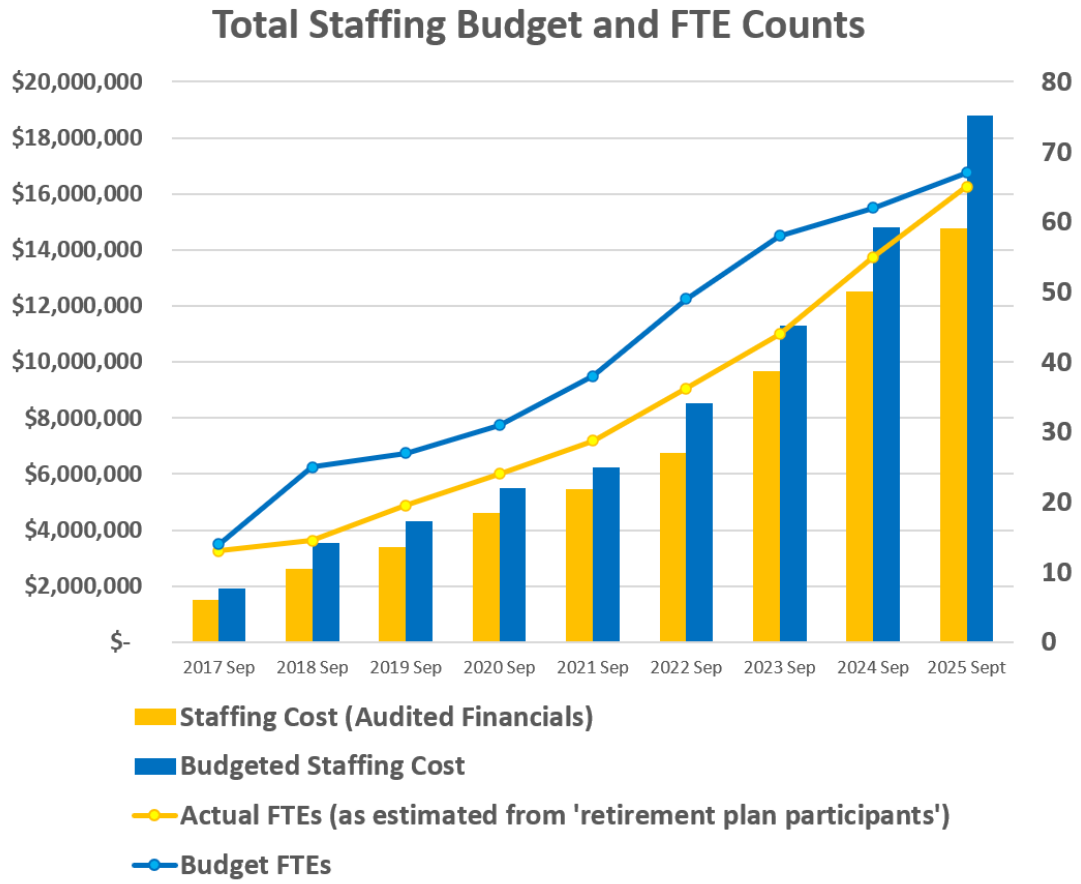


All figures exclude program allocation of reserves, and exclude program use of reserves for program implementation and rebates.

Personnel cost have grown over time

Fiscal Year 2025-26 Budgeted Personnel Cost is ~$18M

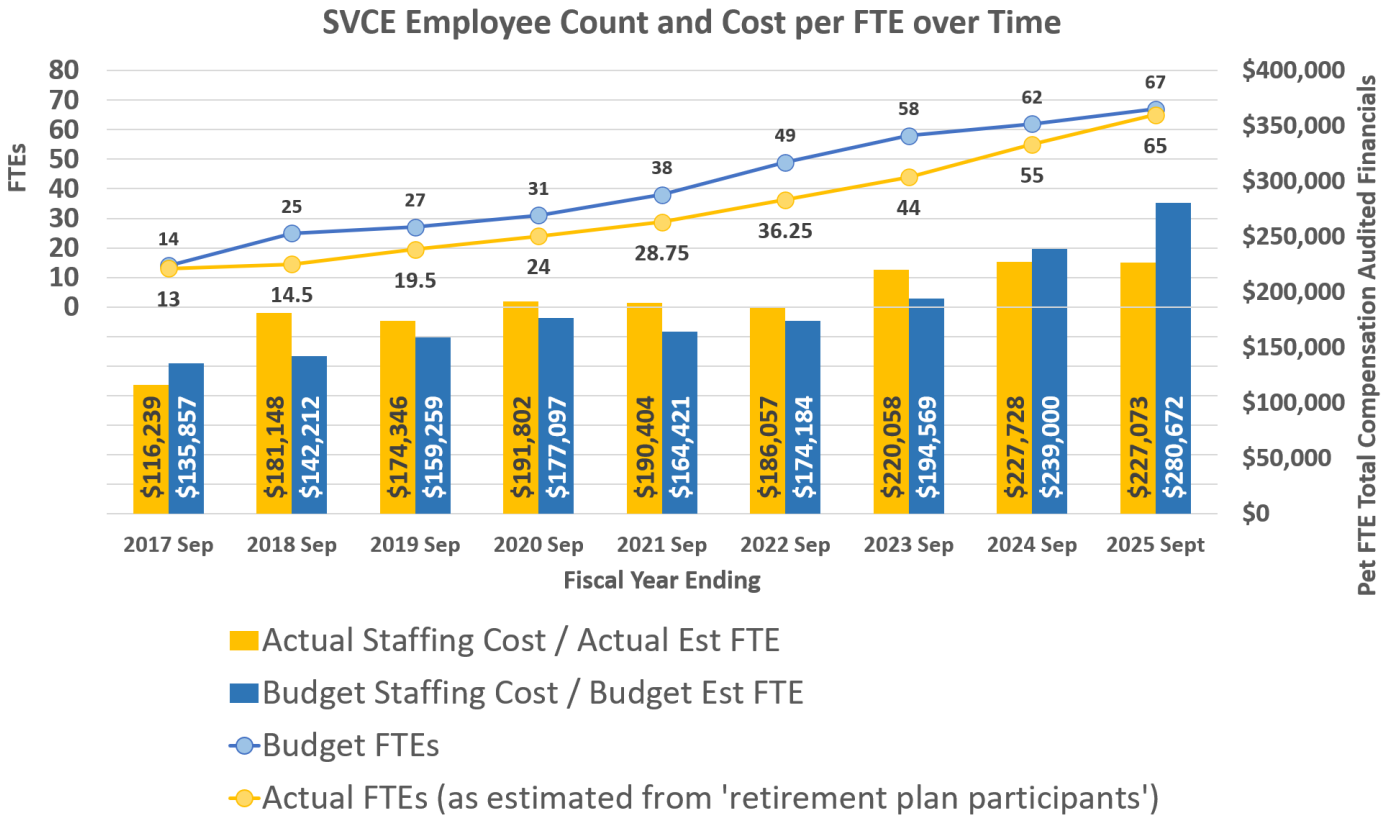
FY FTE Request Summary	FTE
Authorized in the FY25-26 Annual Budget	67
Authorized in the 2026 Stub Budget	1
Current Authorized FTE Total	68
FY 25-26 Budget Salary, Retirement and Benefits	**$18,870,370**
FY 25-26 ESTIMATED ACTUAL Salary Retirement and Benefits (for FY25-26 books not closed, not audit financials)	**$16,700,000**

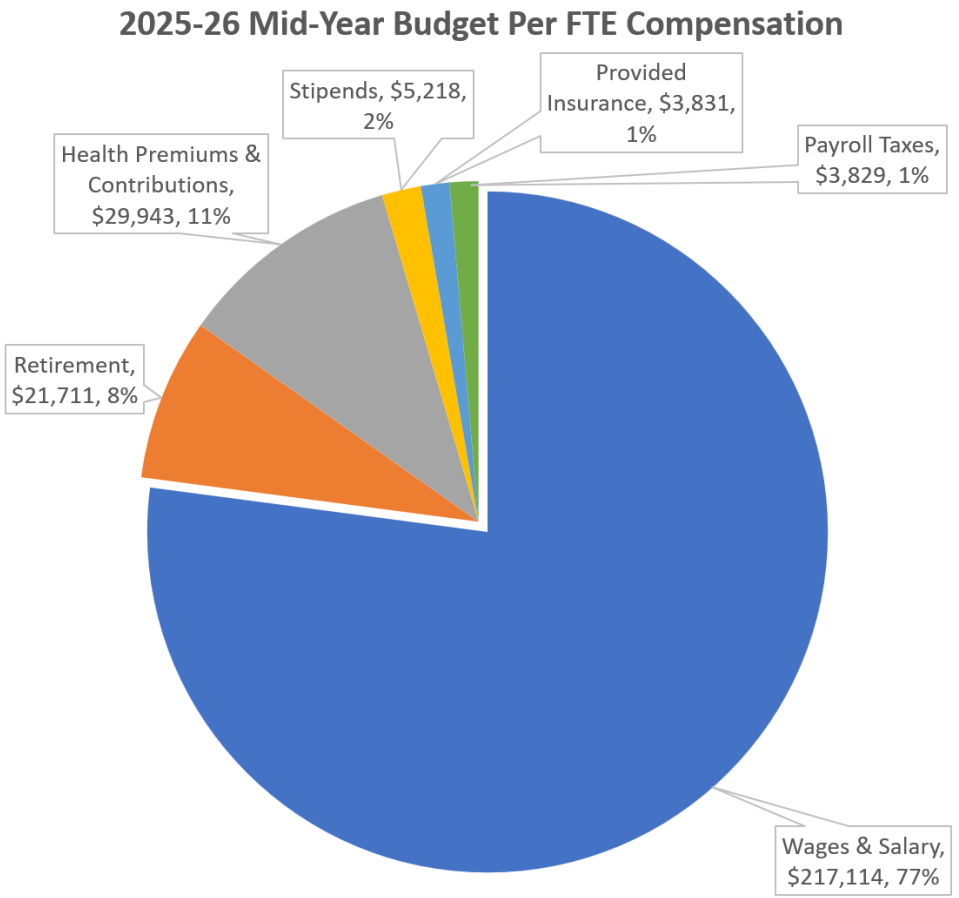


Current Budgeted Staffing

- **68** Full-time Employees (5 Vacancies), 2 Part-time Employees, 3 intern positions, 3 Climate Corps Fellows

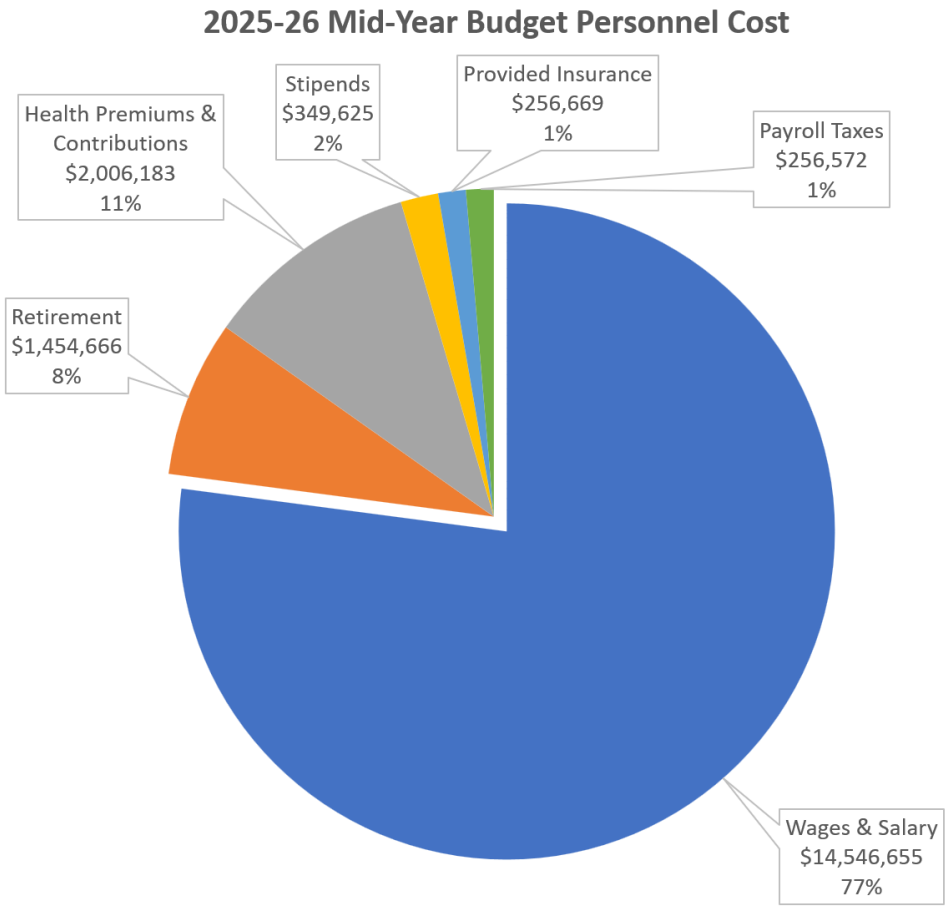
Spend per FTE has remained relatively flat





Cost Breakdown

Salaries make up the majority of Personnel related expenses



- Historically, salaries were budgeted at the 75th Percentile of a pay grade including contingency. (the case in the chart to the left).
- Actual salaries have come in 15-20% below budget due to:
  - Position vacancy
  - Positions compensated below the 75th percentile
  - Budget Contingency
- 2027 salaries will be budgeted at current actual salaries by position, with proposed increases (pending budget approval by the Board).

Peer Benchmarking

- Purpose
- Size
- Functions
- Compensation and Benefits
- Other

Benchmark to Peer CCAs

Each CCA is unique with a different mission and staffing strategy

Commonalities

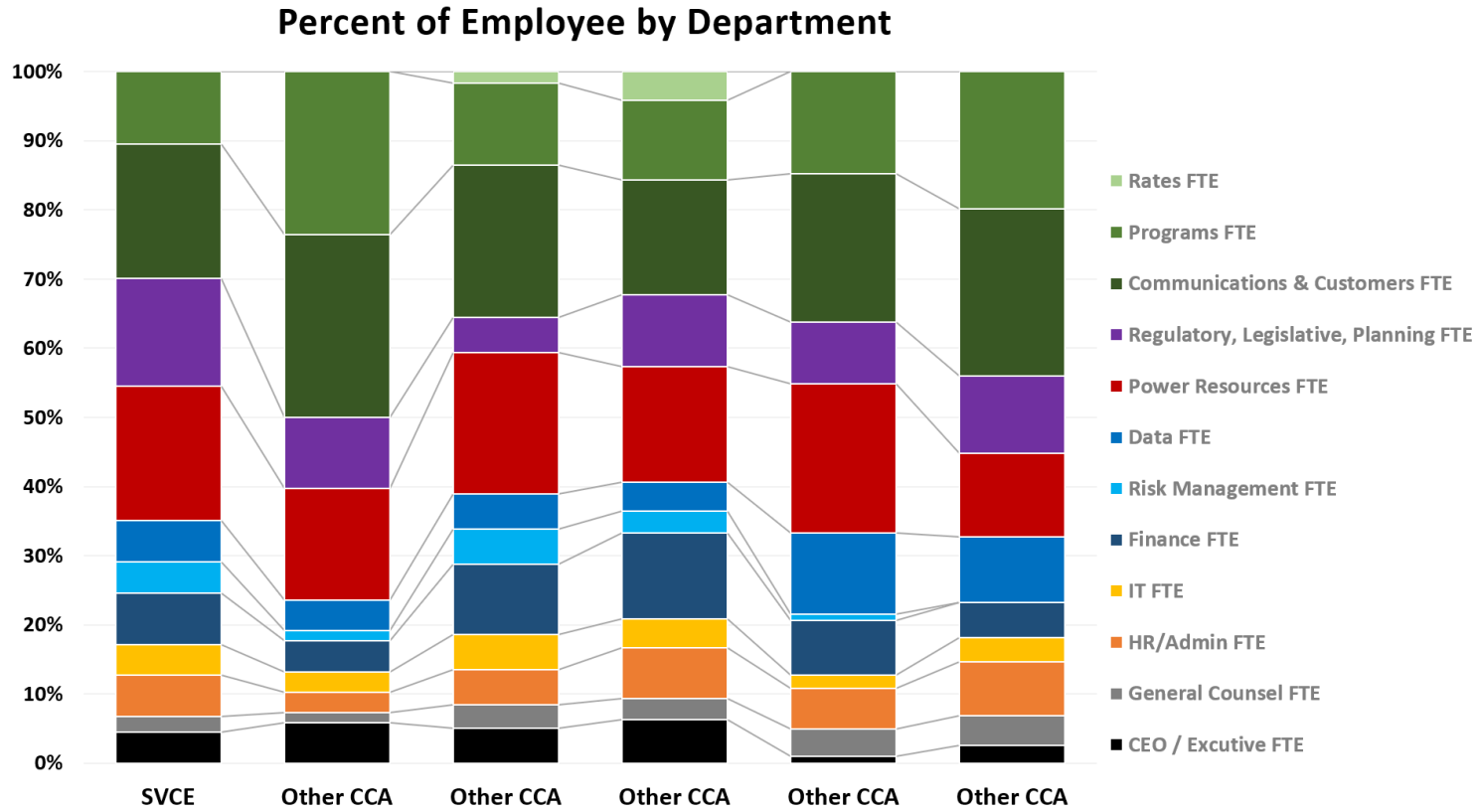
- Load Serving Entity – legislative and regulatory mandates around clean energy procurement, reliability obligations, compliance reporting to regulators.
- Wholesale market participant
- Finances and Rate setting
- Governance Oversight – either Board of Directors or City Council

Differences

- Mission and value proposition
- Level of decarbonization and energy efficiency programs
- Clean targets
- Maturity of systems and processes
- Outsourcing vs done in-house
- Governance
- Customers - size of load and communities served

SVCE Staffing Relative to its Peers

This chart shows the areas in which other CCAs devote resources for staffing in relative terms. (without respect for their size)

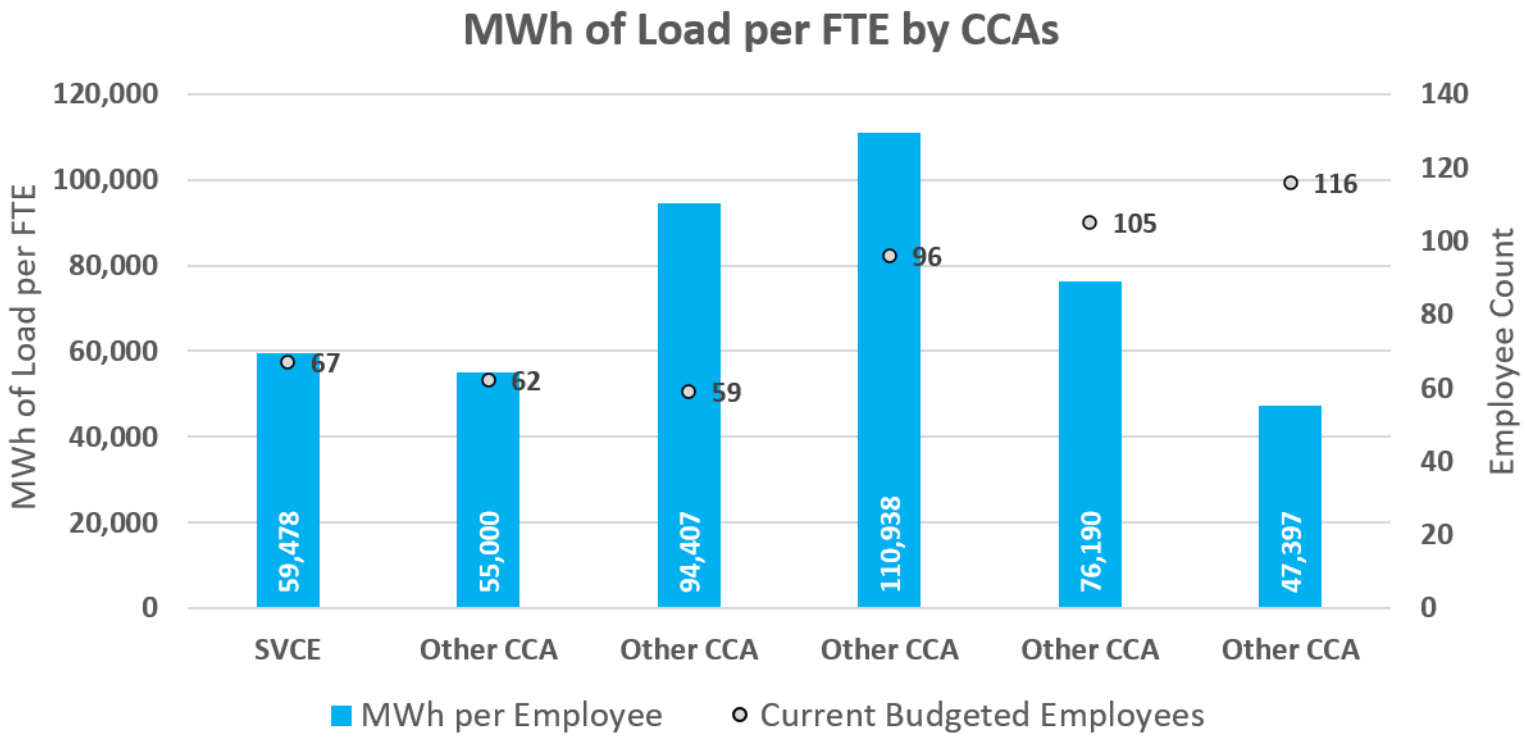


Note: There are different reasons for the variance in program staffing for each CCA, as each CCA takes a unique approach, but may be due to different territory sizes, program portfolios, organizational objectives, and decisions on in-housing certain functions.

Staffing Metrics Across CCAs

Whether MWh, Customers, Revenue and Load Expense per FTE all tell a similar story

1) It takes some minimum staffing level to run a CCA
2) Some CCAs outsource vs in-house to varying degrees
3) Larger CCAs have greater economy of scale
(a reason to be large)



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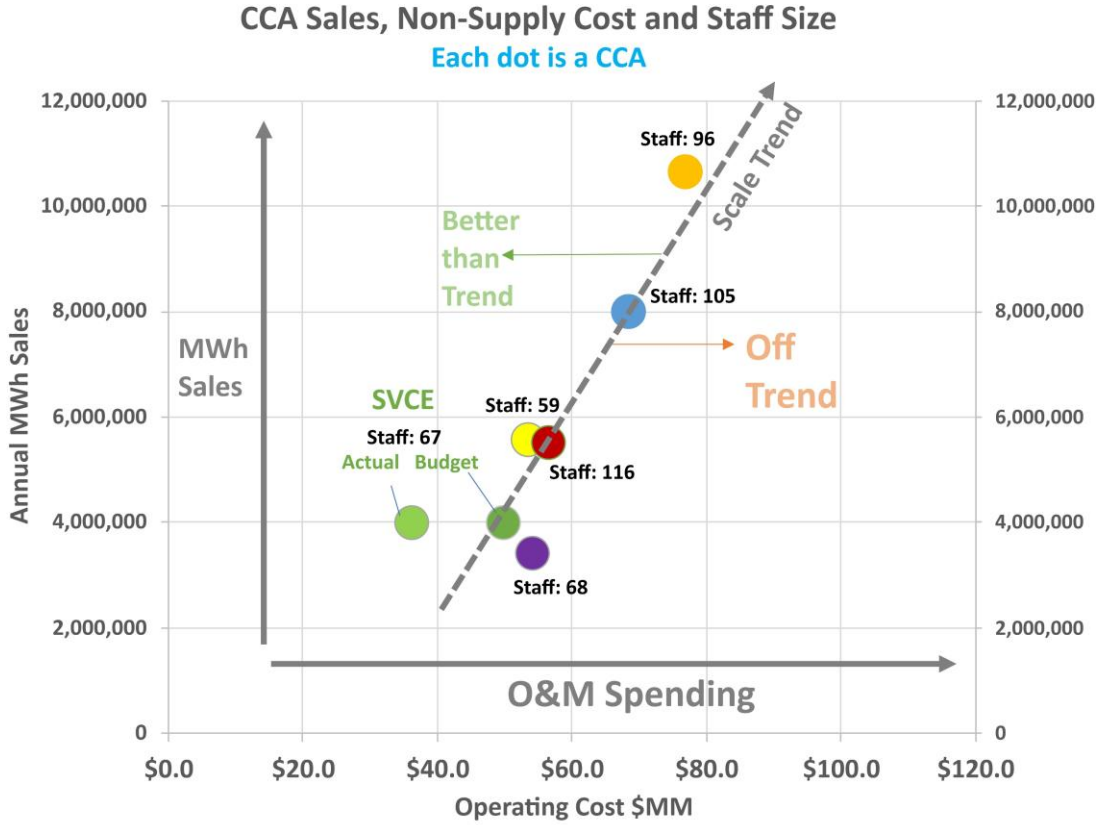
Size, Spend and Staff

Size in sales, spending and staffing level all are factors in O&M Costs

- Bigger CCAs *can* obtain/leverage economy of scale in a way a smaller CCA may not be able.
- Some CCAs of similar staffing spend more/less.
- Some CCAs of similar sales spend more in-house vs outsourced.



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Employer of Choice

- Hybrid Work Standard
- Competitive Benefits
- Balanced Workforce
- Development, continuous learning and focus on growth

SVCE Hybrid Work Standard

A Purpose-Driven Approach to In-Person Collaboration

Our Standard:

- Minimum expectation of 20 in-person days annually for all employees, increasing the current agency-wide expectation from 12 days.
- Includes 8 agency-wide days and 12 department collaboration days.
- Additional onsite expectations apply based on role, operational coverage, and stakeholder needs.

Why We Do It:

- Create predictable, meaningful opportunities for collaboration, learning, mentorship, relationship-building, and agency connection.
- Maintain onsite support for operations and stakeholders.
- Make responsible use of SVCE's office investment while preserving the flexibility employees value.

What We Aim to Achieve:

- Increase overall office utilization
- Give departments flexibility to schedule in-person work when it will have the greatest impact.
- Maintain a sustainable hybrid model.
- Continue to provide excellent stakeholder and customer service.

Hybrid Work: Competitive Landscape

SVCE's hybrid approach balances meaningful in-person collaboration with the flexibility necessary to competitively recruit and retain specialized talent.

Peer CCA Landscape

- 7 of 9 peer CCAs reviewed require regular onsite attendance, generally 1-3 days per week
- 2 peers are fully remote, with limited quarterly in-person requirements.
- SVCE's 20-day minimum annual standard provides a flexible middle ground

Why Flexibility Is Crucial

- SVCE competes for specialized talent with peer CCAs and higher-paying Silicon Valley employers
- Only 45% of SVCE employees live within a reasonable commuting distance (40 miles) of the office
- Flexibility helps SVCE recruit and retain the best talent, not just the closest talent

Competitive Benefit Summary

SVCE's benefits package is competitive with peer CCAs and supports a balanced approach to attracting and retaining specialized talent in a high-cost region.

Competitive with peers:

- SVCE's strongest relative offerings include dependent medical support, employer-funded supplemental accounts, retirement, starting PTO, and professional development.

Targeted investment:

- Resources are concentrated in benefits that support employees' immediate healthcare needs, long-term financial security, time away from work, professional capability, and the market's prevailing hybrid work model.

Responsible talent strategy:

- A strong benefits package helps SVCE successfully compete for talent without relying solely on salaries or attempting to match private-sector Silicon Valley compensation.

Flexible work policy:

- SVCE provides a flexible hybrid work policy for employees allowing for a key attraction and retention tool.

2026 Workforce Demographics: Key Insights

SVCE's balanced and diverse workforce positions the agency well to develop talent, support equitable opportunity, and plan for future leadership needs.

Balanced gender representation and pay equity:

- SVCE's workforce is 52% female and 48% male
- Relatively balanced representation across the four highest pay bands

Racially and ethnically diverse workforce:

- 48% of employees identify with a racial or ethnic group other than White/Caucasian
- 7 of SVCE's 10 most recent hires from 2025/2026 identify as a race or ethnicity other than White/Caucasian

Predominantly Millennial workforce:

- Millennials represent 63% of employees while Generation Z represents another 24%
- SVCE's younger workforce, relative to the broader U.S. labor market, provides a strong foundation for developing future talent and supporting long-term succession planning.

We invest in our team and culture

Core Values

- Collaboration
- Effectiveness
- Continuous Learning
- Stakeholder Service

SVCE focuses on the individual employee to build a strong culture consistent with our Core Values.

- **Support employees** through competitive benefits, flexibility, and responsive programs.
- **Develop future talent** through learning & development, feedback, and growth opportunities.
- **Build connection** through collaboration, shared experiences, and recognition.
- **Foster trust and accountability** through clear expectations, ownership, and support.

Future Staffing Needs

Next ten years of SVCE will likely bring changes

- Succession planning gaps and future critical skill development
- Critical role risk mitigation (i.e., single points of failure) both internally and via external vendor support
- Identify and build optimal talent mix
- Need for staff to support new programs and/or stakeholder initiatives or services
- Strategic plan and organizational priorities
- Alignment with Financial Levers Playbook

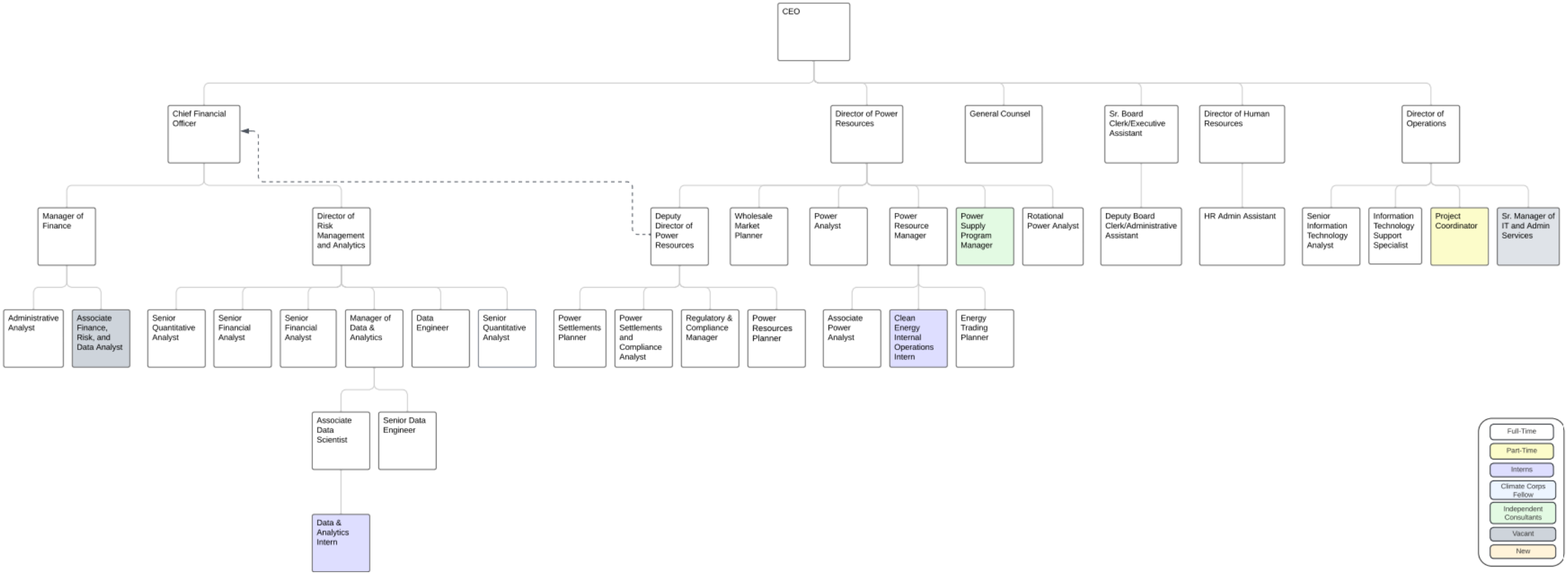
Thank You!



Appendix

Organization Chart

FY25-26 Organization Chart (Exec, Finance, PRO, Operations)



Organization Chart

FY25-26 Organization Chart (Exec, CS, RPPL)

