2027 Operating Budget

November 23, 2026 – Finance and Administration Committee

SILICON VALLEY CLEAN ENERGY

Recap – Transition to Calendar Year Fiscal Period

- **New calendar fiscal year period begins January 1, 2027 (Jan to Dec)**
- Currently in a transition-period budget (Oct 2026 to Dec 2026), Stub Budget
- Last fiscal year that began on October 1, 2025, ended September 30, 2026
- On October 30, 2026, the Finance and Administration (F&A) Committee reviewed the proposed budget framework for 2027.

- **Today's Meeting**: F&A Committee reviews the Proposed 2027 Budget for recommendation to the Board for adoption
- Dec 2026: Board reviews the Proposed 2027 Budget for adoption, along with customer rate changes

5-yr Financial Outlook and Proposed 2027 Budget Highlights

1. **Financial forecasts for 2027 and the 5-year period improve significantly,** although negative margins remain

   - **5-year** ending Days Cash on Hand **(DCOH) at 324**, close to the 350 reserve target
   - **2027 draw from reserves** expected at **~$60 million** (compared to $150 million from stub budget forecast)
   - 2027 Improvements driven primarily by:
     1. Projected PCIA **under-recovery balances impact** among different PCIA vintages **deviates significantly from the past**
     2. **Limited publicly available data used in** CalCCA's NewGen model, used for forecasting rates
   - **Forecasting rates and market outcomes are highly uncertain** (additional information on high uncertainty in forecasting revenues provided in the appendix)

2. **Budgeted Operating Expenses:**

   - Improving the budgeting process reduces overall expenses relative to the last 12-month adopted budget by ~$1 million (excluding power supply expenses)
   - Personnel: No additional positions; 5.9% for salary adjustments (cost of living, catch-up for fiscal year delay, and merit)

3. **Customer Rates and Discounts:**

   - Following the Board-approved Financial Levers Playbook:
     - Maintain an overall general customer discount of 1% based on the 2017 PCIA vintage
     - Continue to provide an additional 1% directed to low-income customers as bill credits

Proposed 2027 Budget vs FY 2025-26 Adopted Budget

(Comparisons of the Proposed 2027 Budget to FY 2025-26 Estimated Actuals and to Calendar 2025 Estimated Actuals are provided in the Appendix)

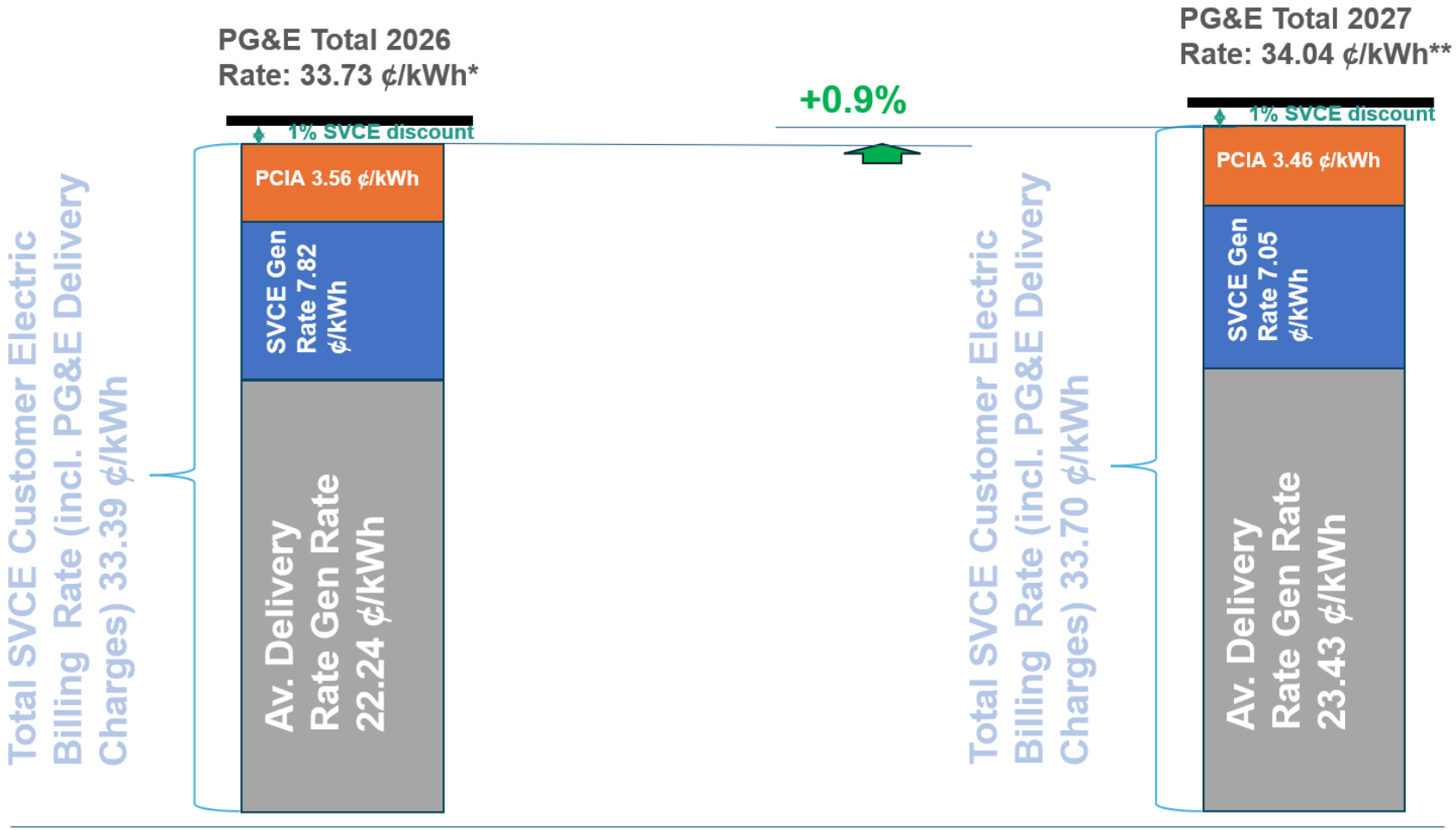
- Lower Revenues:
  - Reflecting PG&E's fall update incorporating CPUC-adopted market price benchmarks
  - FY 2025-26 MY budget includes 3 months of 2025 revenue with significantly higher gen rates
- Other operating expenses are lower due to reduced contingencies
- Non-Operating revenues from investments are higher due to an increase in fixed income market yields
- **PG&E and PCIA Rates are not final until late December**

SILICON VALLEY CLEAN ENERGY

($ in thousands)	FY 2025-26 MID-YEAR ADJUSTED	2027 ANNUAL BUDGET	Change $	Change %
Energy Revenues	335,478	286,186	(49,293)	-14.7%
Power Supply Expense	(311,996)	(321,706)	(9,710)	3.1%
Operating Margin	**23,482**	**(35,520)**	**(59,002)**	**-251.3%**
Operating Expenses	(42,684)	(41,754)	930	-2.2%
Non-Operating Revenue (Expense)	20,106	22,508	2,402	11.9%
Annual Transfers and Other Expenses				
Capital Outlay	(611)	(50)	561	91.8%
Transfer to Building Fund	(5,500)	0	5,500	-100.0%
Transfer to Program Fund	(7,251)	(5,724)	1,527	-21.1%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**(13,362)**	**(5,774)**	**7,588**	**-56.8%**
BALANCE AVAILABLE FOR RESERVES	**(12,458)**	**(60,540)**	**(48,082)**	**-386.0%**

Customer Perspective – SVCE Rate Reduction Almost Offsets Customer's PG&E Delivery Rate Increase

- PG&E delivery rate, on average, is estimated to increase by about 5%
- Residential delivery rate is expected to increase by around 2%
- Transmission rates likely to change in March 2027



** SVCE Portfolio Load Weighted PG&E Average 2026 rates*
***Gen rates and delivery rates are estimated based on PG&E ERRA filing (October 16, 2026) data for CCA/DA customers (Weighted for SVCE Portfolio Load; excl. Climate Credit & EITE).*
The above margin analyses ignore minor reductions for franchise fees. Customer discount is based on the 2017 PCIA Vintage.

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

	Residential		Res CARE*		Small Commercial		Medium Commercial		Large Commercial	
	2026**	2027***	2026**	2027***	2026**	2027***	2026**	2027***	2026**	2027***
Rate Schedule	E-TOUC	Est. Avg	E-TOUCL	Est. Avg	B-1	B-1	B-10S	B-10S	B-19S	B-19S
PG&E Bundled Gen Rate ($/kWh)	$ 0.1123	$ 0.1093	$ 0.1128	$ 0.1067	$ 0.1147	$ 0.1040	$ 0.1208	$ 0.1103	$ 0.1096	$ 0.1066
SVCE Gen Rate ($/kWh)	$ 0.0740	$ 0.0718	$ 0.0744	$ 0.0713	$ 0.0771	$ 0.0691	$ 0.0812	$ 0.0743	$ 0.0722	$ 0.0760
PG&E Delivery Rate ($/kWh)	$ 0.2911	$ 0.2980	$ 0.1127	$ 0.1152	$ 0.2952	$ 0.2980	$ 0.2160	$ 0.2303	$ 0.1753	$ 0.1948
PG&E PCIA/FF ($/kWh)**	$ 0.0372	$ 0.0364	$ 0.0372	$ 0.0344	$ 0.0364	$ 0.0338	$ 0.0384	$ 0.0349	$ 0.0363	$ 0.0295
Total Electricity Cost ($/kWh)	$ 0.4023	$ 0.4062	$ 0.2243	$ 0.2208	$ 0.4087	$ 0.4009	$ 0.3356	$ 0.3395	$ 0.2838	$ 0.3003
SVCE CARE/FERA Monthly Credit*			$ (12.00)	$ (13.00)						
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**	1%	1%	~23%*	~26%*	1%	1%	1%	1%	1%	1%
Est. Av. Monthly Savings vs PG&E**	$ 0.55	$ 0.54	$ 12.55	$ 13.52	$ 2.13	$ 1.92	$ 27.27	$ 24.86	$ 162.00	$ 158.39
Av. Monthly Cost at SVCE Gen Rate*	$ 197.51	$ 199.46	$ 98.14	$ 95.43	$ 756.43	$ 742.05	$ 7,563.52	$ 7,653.16	$ 42,185.72	$ 44,631.24
Av. Monthly Cost at PG&E Gen Rate*	$ 198.06	$ 199.99	$ 110.69	$ 108.96	$ 758.56	$ 743.97	$ 7,590.80	$ 7,678.03	$ 42,347.72	$ 44,789.63

*Estimated, based on average historic SVCE usage for corresponding customer class.

**Estimated, based on current PG&E 2026 rates.

***Preliminary Gen rates and T&D rates are based on PG&E ERRA Fall Update (released on October 16, 2026) data for CCA/DA customers without GHG Revenue Return.

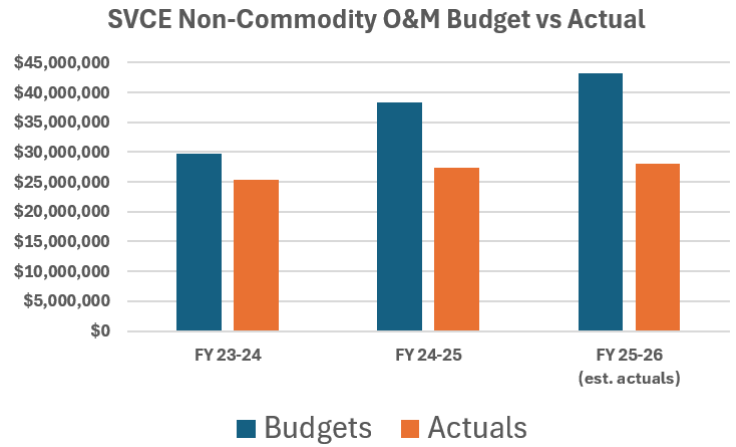
**** Customer Discount is based on the 2017 PCIA Vintage.

Total CARE/FERA bill discount (including T&D) vs average PG&E residential customer, assuming the same usage (491 kWh/month) is about 52%.

On average, CARE/FERA usage is about 12% lower than that of an average E-TOUC customer.

Delivery rates are estimated to increase approximately 5% Y-o-Y (load weighted for SVCE customer portfolio)

Removing High Contingencies in Operating Expenses Budget, other than Power Supply (~10% of Total Expenses)

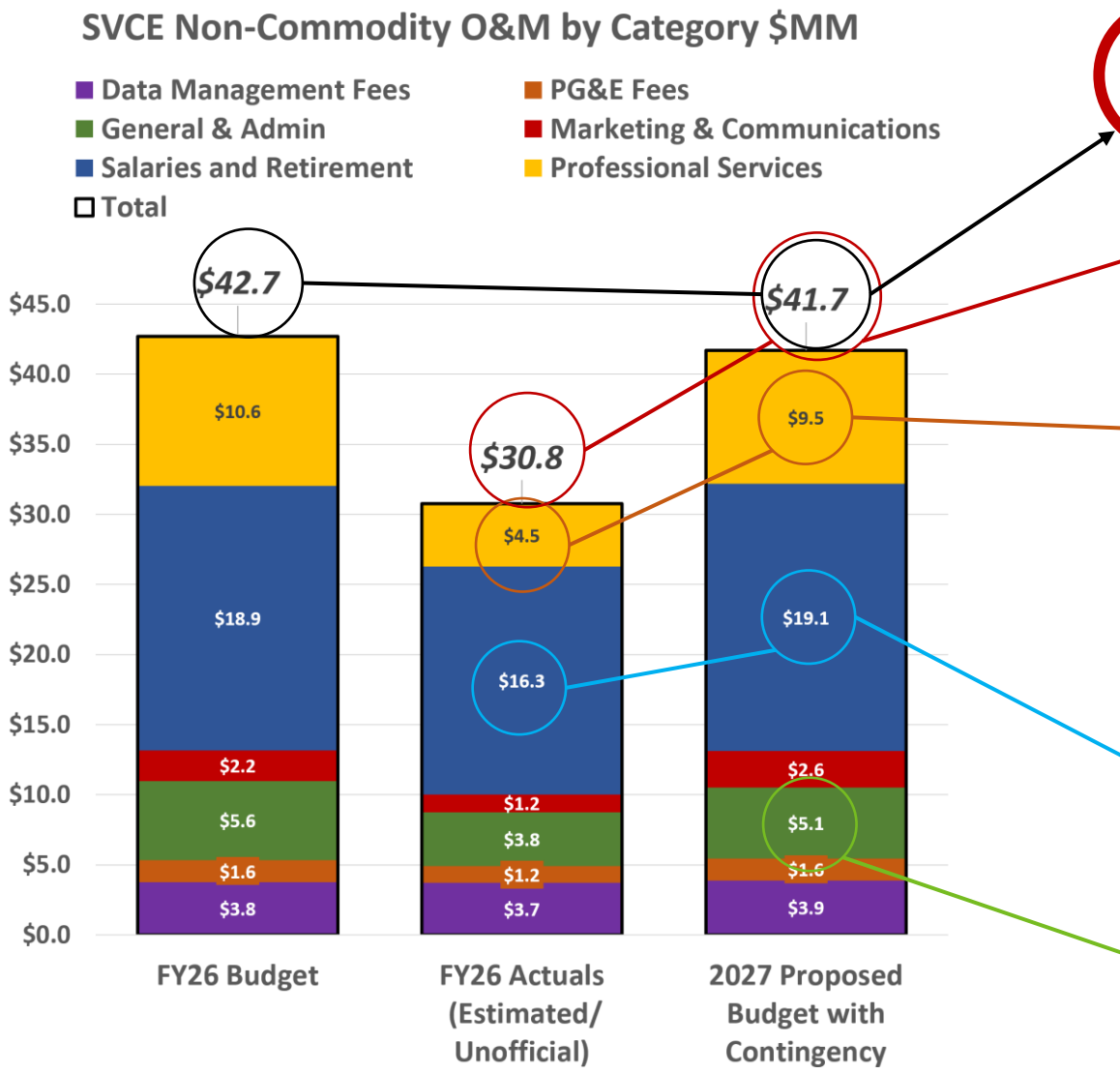


Historically actuals come in 20-30% below budgets.

Staff has revised the department budget preparation process by removing extra contingencies. This lays a foundation for tightening budget actuals across the 2027 mid-year budget and next year's 2028 budget.

	Past Practice	2027 Budget Process
Process	Budgets developed and monitored at more aggregate level than at detailed departmental line item spend-category	Bottom-up and detailed line-item budgeting for each department at expected spend levels
Contracts	Budget Approved Not-to-Exceed Amounts	Budget expected contract spend under NTE
Salaries & Benefits	Year-over-year approach	New Sr. Mgr. HR doing bottom-up budget
Contingency	Conservative department budgeting with additional contingency applied on the overall budget	Detail items at expected spend, with justified contingency by department and category

O&M Budget Result



Overall budget not seeing escalatory effect, year-over-year a modest decrease in total O&M budget

Staff will continue to further enhance the budgeting process to reduce contingencies

Professional Services is the budget category that has the greatest contingency and the largest difference to actuals.

NOTE: The difference between FY2026 estimated actuals and the 2027 proposed budget for Professional Services spend is $5MM, which will serve as the expected budget underspending adjustment to add back to forecasted reserve projections.

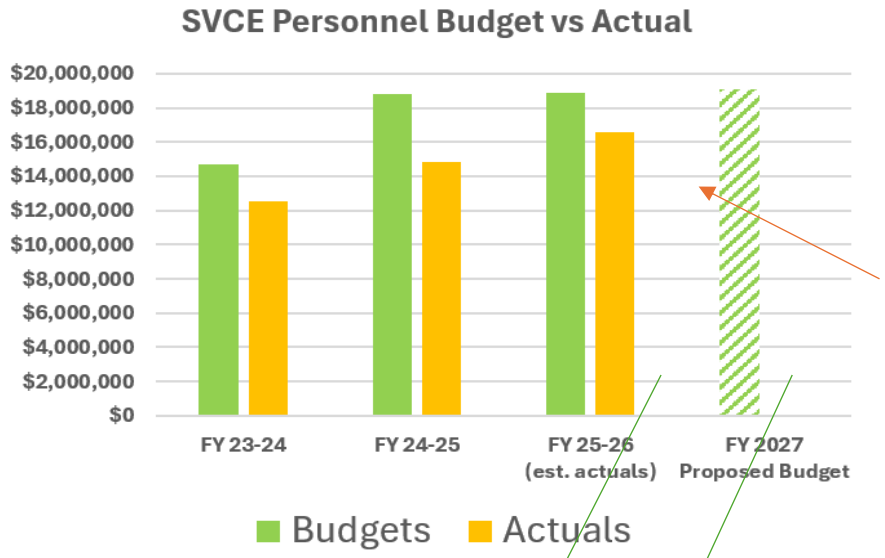
Employee costs are up 1% over the previous budget. The difference to actuals is largely driven by benefits extended but not fully used.

Departments tightened the G&A budget, but contingencies remain due to uncertainty across various expense categories.

Personnel Costs

Staff Recommendation

- Current budget headcount of 70 employees (68 FT/ 2 PT) – No new positions requested beyond 1 FTE approved in the Stub Budget.
- Adjustment for COLA
  - Propose to continue using the **6-month rolling average of annualized SF Bay Area CPI** – current trailing average is **3.65%** (May-Oct 2026).
  - Propose to add a **0.9125% "catch-up"** to the COLA adjustment due to the fiscal year change and 15-month since last pay adjustments (1/4 of the CPI adjustment).
- Additional increases for **1.35% merit** (on average) based on the CEO's discretion. CEO discretion applied depending on employee pay relative to market range, performance, and date of hire.
- **4% salary promotion & contingency** for promotions, retention, recruiting, and other personnel needs, allowing for more accurate salary budgeting.
- Vacancy Rate is **2.5%** (assumes a 10% turnover rate and 90 days to fill a vacancy).
- Health Insurance coverage being updated to be more efficient and cost effective. Benefit cost **increases for all benefits are projected to be 10%**.



Historical actuals track lower than budget due to employees not fully exercising all benefits and past conservatism in budgeting.

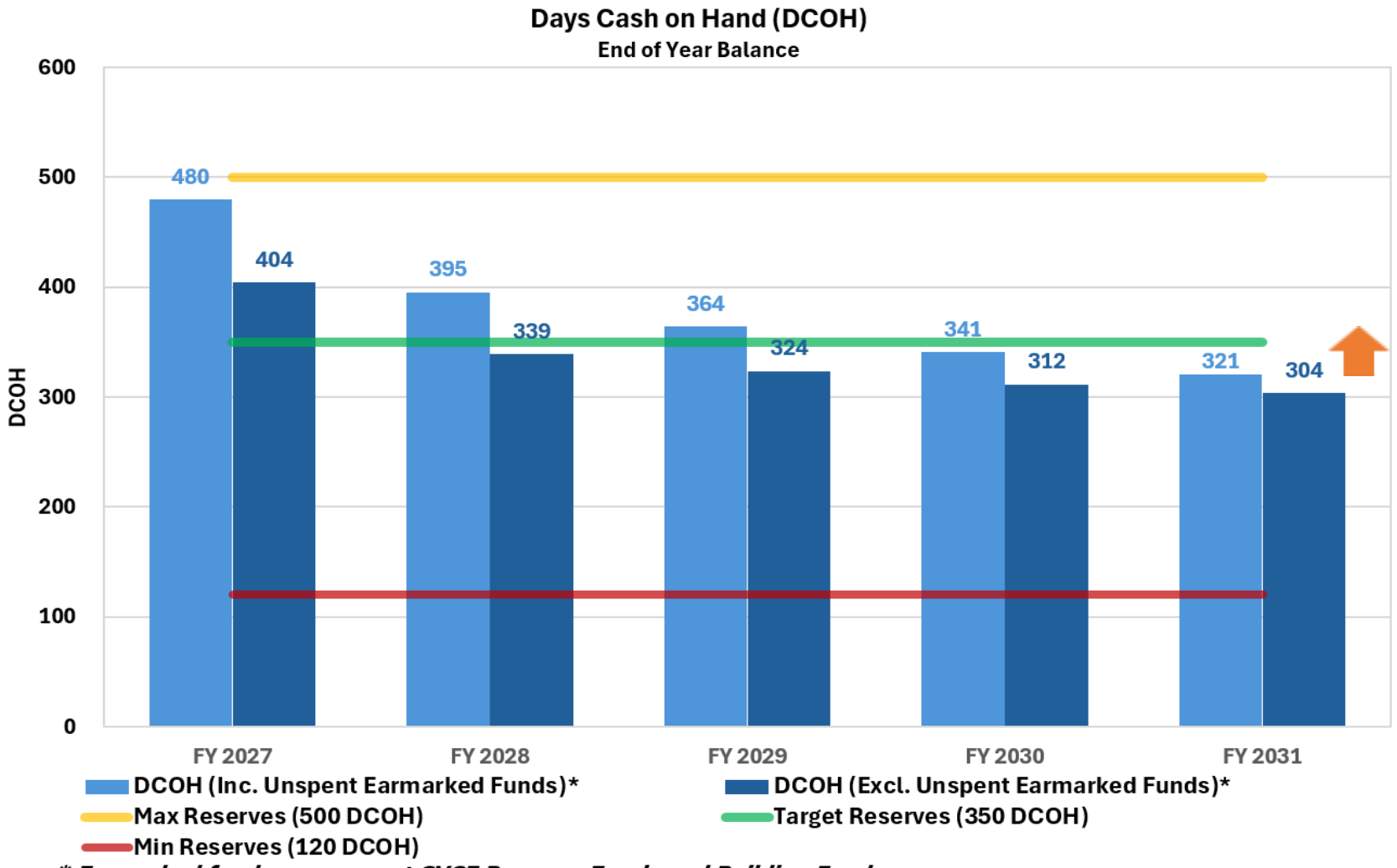
	FY 2025-26 Mid-Year Budget	FY 2027 Proposed Budget	Change	Change % of Total FY2025-26 MY Budget ($18.87MM)
Budget Salaries	$17,214,166	$17,003,256	-$210,910	-1.1%
Healthcare	$1,443,582	$1,441,376	-$2,206	0.0%
Insurance	$260,295	$183,212	-$77,083	-0.4%
Other Benefits	$945,504	$904,351	-$41,153	-0.2%
Vacancy Savings	-$993,177	-$481,616	$511,562	2.7%
Total	**$18,870,370**	**$19,050,579**	**$180,209**	**1.0%**

5-year Financial Outlook

(Business-as-Usual Scenario with Additional Operating Liquidity)

Additional Operating Liquidity Assumptions:

1. Lag in customer uptake of programs
   - ~$20 million in program fund remains at the end of the 5-year forecast period
2. Operational flexibility within operating expenses (other than power supply expenses)
   - $5 million a year in expected underrun of other operating expenses
3. ↑ Using the Board-approved Financial Levers Playbook to reach the target DCOH if needed



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

SVCE rates set at a competitive advantage to comparable PG&E rates.

Review Reserve Targets and Policy

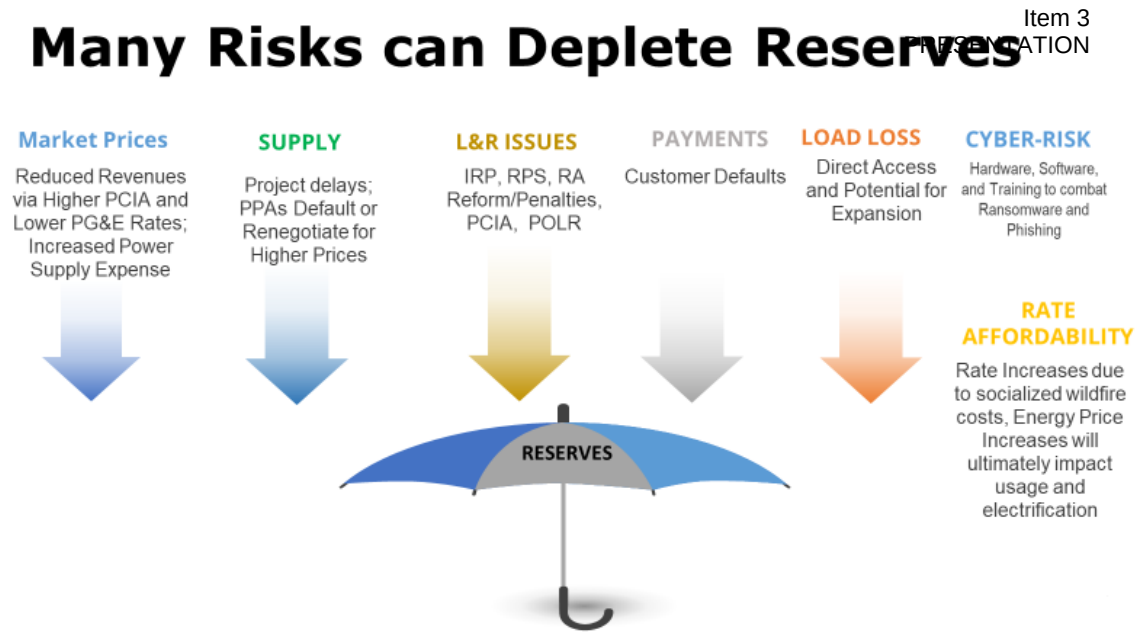
- Minimum Reserve Level: **120 DCOH**
  - If reserves fall below the minimum level, develop plans to restore them to the minimum level within two fiscal years.
- Reserve Goal: **350 DCOH**
  - No action required if the reserves are above the minimum and below the maximum levels.
- Maximum Reserve Level: **500 DCOH**
  - If reserve funds are projected to exceed the maximum level, present the Board of Directors with options for disposition of those reserves during the next budget cycle.

Staff Recommendation:

- No changes to reserve targets or policy
- Changing the targets has no practical implication, given that the financial outlook does not support contributing to reserves

Summary: 5-yr Financial Outlook Improves; Projected Draw on Reserves for 2027 Manageable with Reserves

- Reserves built for such financial outcomes position SVCE well
- Following the Board-approved Financial Levers Playbook
  - No major changes in 2027
  - If the financial trend warrants, then implement financial levers as needed
  - Currently, staff is evaluating new product concepts and plans to present to the board in Q1
- Staff will continue to pursue operational cost savings and additional savings from power prepays





Summary of FY 2027 Proposed Operating Budget

The fiscal year 2027 Proposed Operating Budget, which includes, at a high level, the following:

- Withdraws $60.5 million from the reserves
- Maintains an average one percent (1%) customer discount based on 2017 PCIA vintage to comparable PG&E rates through December 2027
- Provides an additional monthly $13 bill credit to California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers, which in the aggregate is equivalent to a one percent (1%) discount for all customers
- Updates the GreenPrime rate premium to $0.0041/kWh ($4.10/MWh)
- Proposes no changes to the current financial reserves targets and policy

Request

1. Recommend that the Board of Directors approve the FY 2027 Proposed Operating Budget, including:
    1. Withdraws $60.5 million from the reserves;
    2. Maintains an average one percent (1%) customer discount based on 2017 PCIA vintage to comparable PG&E rates through December 2027;
    3. Provides an additional monthly $13 bill credit to California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) customers;
    4. Updates the GreenPrime rate premium to $0.0041/kWh ($4.10/MWh); and
    5. No changes to the current financial reserves targets and policy
2. Authorize the Chief Executive Officer (CEO) to implement SVCE generation rate changes to apply a one-percent (1%) discount to PG&E's applicable generation rates; provide a $13 monthly bill credit to CARE and FERA customers; and update the GreenPrime rate premium to $0.0041/kWh ($4.10/MWh). The changes to be effective once PG&E's updated rates are published, expected to be January 1, 2027, and updates to the billing system are made which is expected to be three weeks after PG&E's 2027 rates are published.



Thank you! / Questions?

2027 Operating Budget

SILICON VALLEY CLEAN ENERGY

SILICON VALLEY CLEAN ENERGY
2027 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2025-26 MID-YEAR ADJUSTED BUDGET	2027 ANNUAL BUDGET	Change $	Change %
ENERGY REVENUES				
Energy Sales	335,858	289,574	(46,283)	-13.8%
Green Prime	2,439	635	(1,804)	-74.0%
CARE/FERA Bill Credit	(4,163)	(4,023)	140	-3.4%
Other Income	1,344	0	(1,344)	-100.0%
TOTAL ENERGY REVENUES	**335,478**	**286,186**	**(49,293)**	**-14.7%**
ENERGY EXPENSES				
Power Supply	(311,996)	(321,706)	(9,710)	3.1%
OPERATING MARGIN	**23,482**	**(35,520)**	**(59,002)**	**-251.3%**
OPERATING EXPENSES				
Data Management	(3,764)	(3,887)	(124)	3.3%
PG&E Fees	(1,569)	(1,568)	1	0.0%
Salaries and Retirement	(18,870)	(19,051)	(180)	1.0%
Professional Services	(10,645)	(9,513)	1,131	-10.6%
Marketing & Promotions	(2,189)	(2,598)	(408)	18.6%
General & Administrative	(5,647)	(5,137)	510	-9.0%
TOTAL OPERATING EXPENSES	**(42,684)**	**(41,754)**	**930**	**-2.2%**
OPERATING INCOME (LOSS)	**(19,202)**	**(77,274)**	**(58,072)**	**-302.4%**
NON-OPERATING REVENUES				
Interest Income	20,272	22,508	2,236	11.0%
Grant Income	0	0	0	
TOTAL NON-OPERATING REVENUES	**20,272**	**22,508**	**2,236**	**11.0%**
NON-OPERATING EXPENSES				
Financing	(166)	0	166	-100.0%
Interest	0	0	0	
TOTAL NON-OPERATING EXPENSES	**(166)**	**0**	**166**	**-100.0%**
TOTAL NON-OPERATING INCOME (EXPENSES)	**20,106**	**22,508**	**2,402**	**11.9%**
CHANGE IN NET POSITION	**904**	**(54,766)**	**(55,670)**	**-6157.3%**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	(611)	(50)	561	-91.8%
Transfer to Building Fund	(5,500)	0	5,500	-100.0%
Transfer to Program Fund	(7,251)	(5,724)	1,527	-21.1%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**(13,362)**	**(5,774)**	**7,588**	**-56.8%**
BALANCE AVAILABLE FOR RESERVES	**(12,458)**	**(60,540)**	**(48,082)**	**-386.0%**

5-Year Forecast

Budget View – without additional liquidity assumptions

For forecast years 2028-2031:

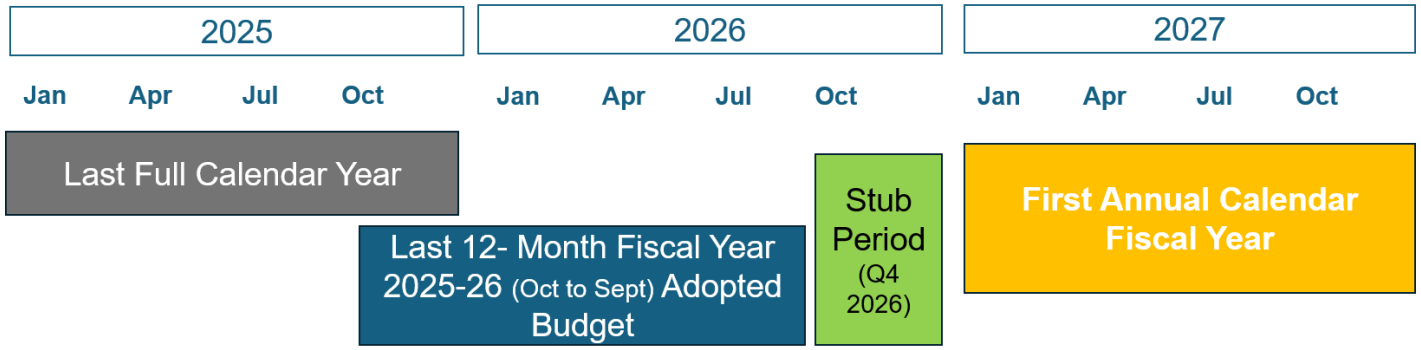
- **Revenues are based on SVCE's load forecast and CalCCA NewGen Model for SVCE margin analysis using market data as of 10/30/2026**
- **Power Supply Costs are based on updated portfolio positions and latest market data**
- **Operating Expenses are assumed to grow 5% / year except for medical insurance, which is projected to increase by 10% in 2027 and 10% thereafter.**

SILICON VALLEY CLEAN ENERGY

($ in Thousands)	FY 2027 (Forecast)	FY 2028 (Forecast)	FY 2029 (Forecast)	FY 2030 (Forecast)	FY 2031 (Forecast)
Operating Revenue					
Electricity Sales, Net[1]	$289,574	$347,037	$406,474	$429,168	$448,230
GreenPrime Electricity Premium	$635	$652	$672	$679	$679
Reduction in Revenue[1]	$(4,023)	$0	$0	$0	$0
Other Income	$0	$0	$0	$0	$0
Total Operating Revenues	**$286,186**	**$347,689**	**$407,147**	**$429,847**	**$448,909**
Operating Expense					
Power Supply	$(321,706)	$(354,136)	$(374,781)	$(394,601)	$(409,258)
Operating Margin	**$(35,520)**	**$(6,447)**	**$32,365**	**$35,246**	**$39,651**
Data Management	$(3,887)	$(4,043)	$(4,204)	$(4,373)	$(4,547)
PG&E Service Fees	$(1,568)	$(1,646)	$(1,729)	$(1,815)	$(1,906)
Salaries and Retirement	$(19,051)	$(20,073)	$(21,154)	$(22,297)	$(23,506)
Professional Services	$(9,513)	$(9,812)	$(9,948)	$(10,171)	$(10,403)
Marketing & Promotions	$(2,598)	$(2,669)	$(2,743)	$(2,819)	$(2,897)
General and Administration	$(5,137)	$(5,422)	$(5,478)	$(5,611)	$(5,791)
Transfer to EcoInvest Fund	$0	$(500)	$(2,000)	$0	$0
Transfers to Programs Fund	$(5,724)	$(6,954)	$(8,143)	$(8,597)	$(8,978)
Total Operating Expenses	**$(369,183)**	**$(405,256)**	**$(430,180)**	**$(450,284)**	**$(467,286)**
Operating Income	**$(82,998)**	**$(57,567)**	**$(23,033)**	**$(20,437)**	**$(18,377)**
Nonoperating Revenue					
Investment Income	$22,508	$20,142	$18,914	$18,462	$17,775
Grant Income	$0	$0	$0	$0	$0
Total Non-Operating Revenues	$22,508	$20,142	$18,914	$18,462	$17,775
Nonoperating Expense					
Financing Cost	$0	$0	$0	$0	$0
Capital Outlay	$(50)	$(50)	$(50)	$(50)	$(50)
Interest Expense	$0	$0	$0	$0	$0
Total Non-Operating Expense	**$(50)**	**$(50)**	**$(50)**	**$(50)**	**$(50)**
Non-Operating Income	**$22,458**	**$20,092**	**$18,864**	**$18,412**	**$17,725**
Change in Net Position/Available for Reserves	**$(60,540)**	**$(37,474)**	**$(4,169)**	**$(2,025)**	**$(652)**

1. Assumptions: 1% discount relative to comparable PG&E rates for Calendar Years 2027-2031. 2027 also include additional discounts in the form of CARE/FERA bill credits to low-income customers totaling $4M, respectively. No CARE/FERA bill credit is assumed after 2027.

FY 2027 Budget Approval



- When submitting budgets for approval, the **Proposed Budget** is compared with the currently **Adopted Budget** to demonstrate how spending and revenues are changing.
- Given the change in the Fiscal Period, at the October 30th Finance and Administration Committee Meeting staff proposed the following comparisons to the Proposed FY 2027 Budget:
  - FY 2025-26 (Oct 2025 to Sept 2026) Adopted Budget
  - FY 2025-26 (Oct 2025 to Sept 2026) Estimated Actuals
  - Calendar 2025 (Jan to Dec) Estimated Actuals

Modeling Revenues

- Revenues = Price x Quantity
- SVCE/Industry terminology:
  - **Revenues = Rate x Load**
  - Example:
    - $0.0705 per kWh x ~4 Billion kWh = **$282 million**

- **Biggest uncertainty is variability in rates**
  - Change from 2021 to 2022: **103%**
  - Change from 2025 to 2026: **-38%**
  - Change from 2024 to 2027 (3Y): **-51%**
- The load on average is expected to increase by about 3% to 4% a year.

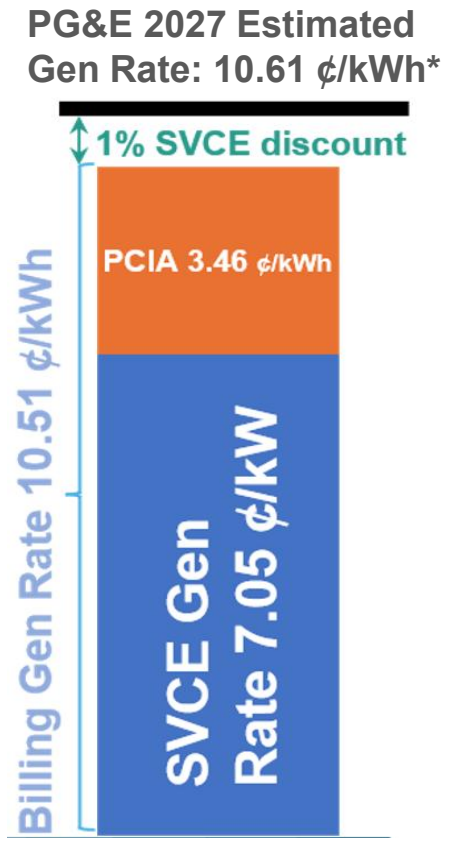
Past and Forecast Rate Variability



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
PCIA & Franchise Fee* (¢/kWh)	3.29	4.76	1.97	0.37	1.14	1.12	3.62	3.51	2.72	2.28	2.19	2.09
SVCE Gen Rate* (¢/kWh)	7.59	6.10	12.41	13.99	14.22	12.53	7.76	6.99	8.54	9.71	9.93	10.35
SVCE gen rate discount vs PG&E	4%	1%	1%	4%	4%	10%	1%	1%	1%	1%	1%	1%

**Weighted for SVCE portfolio load. Customer discount at the 2017 PCIA vintage. The 10% discount for 2025 includes a one-time bill credit, equal to 6% annual discount (up to $35 million in total additional credits).*
***CalCCA NewGen Model analysis using market data as of 10/16/2026 and estimated CPUC attribute benchmarks for CY 2026-2031 (Weighted for SVCE Portfolio Load)*
SVCE Gen Rate discount excludes the additional CARE/FERA customer discount, equivalent to the cost of providing 1% discount for all other customers, distributed among CARE/FERA customers as bill credits.

Revenue Uncertainty



* All rates are weighted for SVCE load.

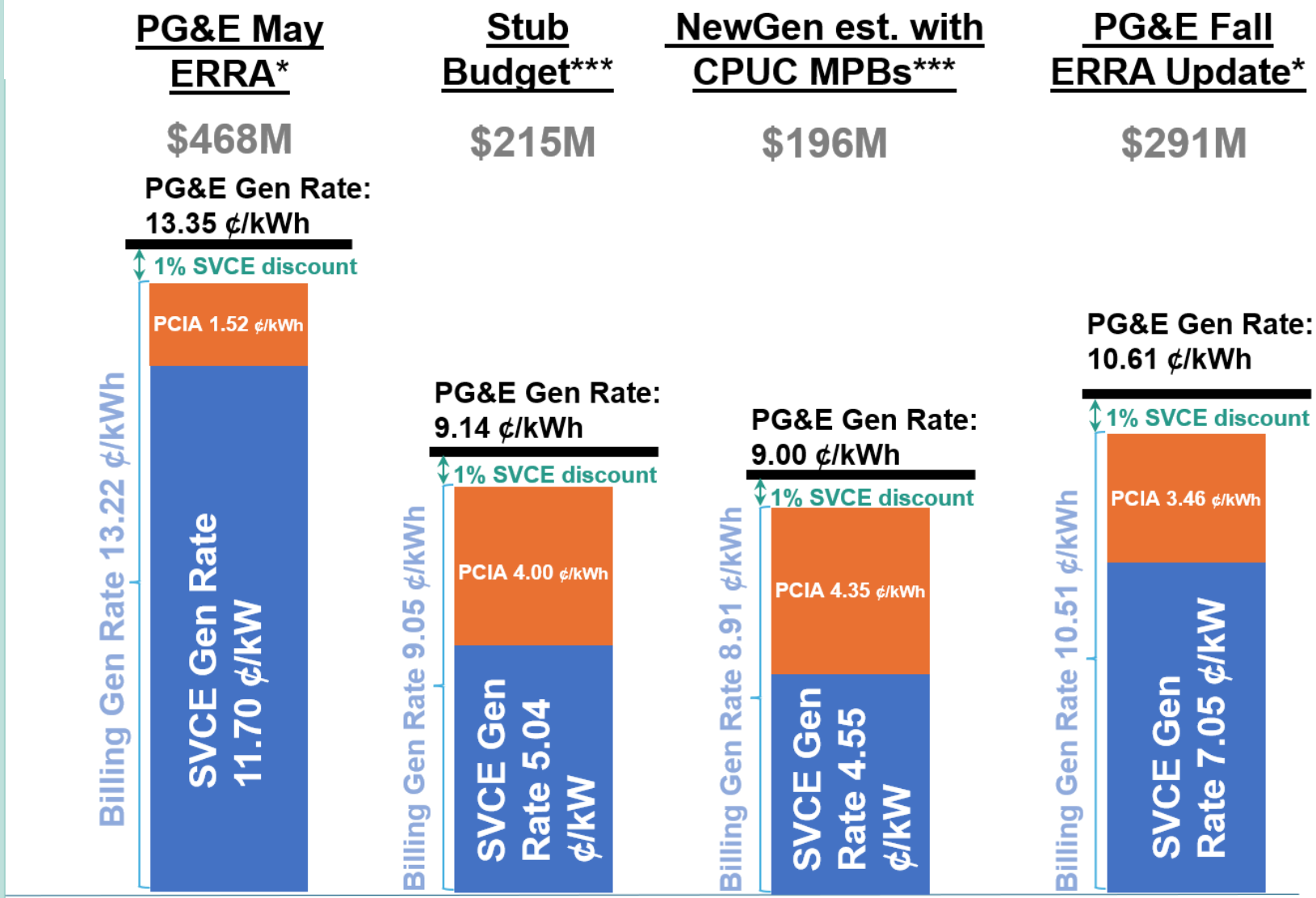
** Power Charge Indifference Adjustment (PCIA) is a charge our customers pay to PG&E so that PG&E can recover commitments made on their behalf when the customer was part of PG&E's portfolio.

Customer discount is based on the 2017 PCIA vintage. Not displayed is the small franchise fee charge.

- SVCE has been able to maintain rates at a discount relative to PG&E
  - Average effective discounts have ranged from 1% to 10%, with higher discounts for low-income customers, given the additional bill credits
- Forecasting rates to maintain a competitive advantage is highly uncertain
  - Entails forecasting PCIA and PG&E generation rate
  - PCIA and PG&E generation portfolios are a black box
  - Staff uses the CalCCA's NewGen model to estimate PCIA and PG&E generation rate with its own estimates for market price-related data
  - The NewGen model uses limited publicly available data
  - Market price-related data includes:
    - Future prices for Energy
    - Market Price Benchmarks (MPB) estimates for Energy, Resource Adequacy Adder (RA), Renewable Portfolio Standard (RPS) Adder, and Greenhouse Gas (GHG) free Adder
    - MPBs for RA, RPS, and GHG-free adders are computed by a regulatory-derived formula using market participants' reporting of past purchases of these products for the relevant delivery period
  - Regulatory uncertainty affecting both PCIA and PG&E Gen Rates
  - PG&E's ERRA position and ability to use PCIA resources at MPB prices
  - Details of the sub-PCIA portfolio among PCIA vintages from 2009 to 2026

2027 SVCE Rate and Revenue Forecast Progression

- CPUC issued MPBs on Oct 1st, and using those MPBs, PG&E updated its the ERRA forecast
- The updated rates improve SVCE's 2027 revenue projection from the time of the Stub Budget by **$76 million**
  - Stub budget projected a $150 million draw on reserves for FY 2027
- These results are preliminary as NewGen Consultants and CalCCA, along with all CCAs' regulatory teams, are currently assessing PG&E's ERRA update
  - Add'l certainty when CPUC issues proposed decision
- 2027 PCIA and PG&E Rates will not be final until late December



* PG&E ERRA forecast and ERRA Fall Update, released in May 2026 and October 2026 (Weighted for SVCE Portfolio Load)
** CalCCA NewGen Model analysis using market data as of 6/26/2026 and estimated CPUC attribute benchmarks for CY 2026-2027 (Weighted for SVCE Portfolio Load)
*** NewGen estimated PG&E generation rate and PCIA, after the release of updated CPUC market benchmarks in October 2026.
Above-margin analyses ignore minor reductions for franchise fees. Customer discount is based on the 2017 PCIA vintage.

2027 Budget vs FY 2025-26 Estimated Actuals

- Lower Revenues:
  - Reflecting PG&E's fall update incorporating CPUC-adopted market price benchmarks
  - FY 2025-26 MY budget includes 3 months of 2025 revenue with significantly higher gen rates
- Other operating expenses are higher due largely to additional remaining contingencies
- Non-Operating revenues from investments are higher due to an increase in fixed income market yields
- **PG&E and PCIA Rates are not final until late December**

SILICON VALLEY CLEAN ENERGY

($ in thousands)	FY 2025-26 ESTIMATED ACTUALS	2027 ANNUAL BUDGET	Change $	Change %
Energy Revenues	339,008	286,186	(52,822)	-15.6%
Power Supply Expense	(288,843)	(321,706)	(32,863)	11.4%
Operating Margin	**50,165**	**(35,520)**	**(85,685)**	**-170.8%**
Operating Expenses	(30,753)	(41,754)	(11,000)	35.8%
Non-Operating Revenue (Expense)	17,470	22,508	5,038	28.8%
Annual Transfers and Other Expenses				
Capital Outlay	(46)	(50)	(4)	9.0%
Transfer to Building Fund	N/A	N/A	N/A	N/A
Transfer to EcoInvest Fund	N/A	N/A	N/A	N/A
Transfer to Program Fund	N/A	N/A	N/A	N/A
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**(46)**	**(50)**	**(4)**	**9.0%**
BALANCE AVAILABLE FOR RESERVES	**36,836** **	**(54,816)** **	**(91,652)**	**-248.8%**

*The financial results in this table are preliminary and subject to change pending the closing of the books for the fiscal year 2025-26.

** Does not include interfund transfers (Building, EcoInvest, Program Funds)

2027 Budget vs Calendar 2025 Estimated Actuals

- Lower Revenues:
  - Reflecting PG&E's fall update incorporating CPUC-adopted market price benchmarks
  - **Projected 2027 SVCE margins relative to 2025 decline 44%**
- Other operating expenses are higher due largely to additional remaining contingencies
- Non-Operating revenues from investments are higher due to an increase in fixed income market yields
- **PG&E and PCIA Rates are not final until late December**

SILICON VALLEY CLEAN ENERGY

($ in thousands)	2025 ESTIMATED ACTUALS		2027 ANNUAL BUDGET		Change $	Change %
Energy Revenues	465,001		286,186		(178,816)	-38.5%
Power Supply Expense	(339,667)		(321,706)		17,961	-5.3%
Operating Margin	**125,334**		**(35,520)**		**(160,854)**	**-128.3%**
Operating Expenses	(28,833)		(41,754)		(12,921)	44.8%
Non-Operating Revenue (Expense)	25,522		22,508		(3,014)	-11.8%
Annual Transfers and Other Expenses						
Capital Outlay	0		(50)		(50)	
Transfer to Building Fund	N/A		N/A		N/A	N/A
Transfer to EcoInvest Fund	N/A		N/A		N/A	N/A
Transfer to Program Fund	N/A		N/A		N/A	N/A
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**0**		**(50)**		**(50)**	
BALANCE AVAILABLE FOR RESERVES	**122,024**	**	**(54,816)**	**	**(176,840)**	**-144.9%**

*The financial results in this table are preliminary and subject to change pending the closing of the books for the fiscal year 2025-26.

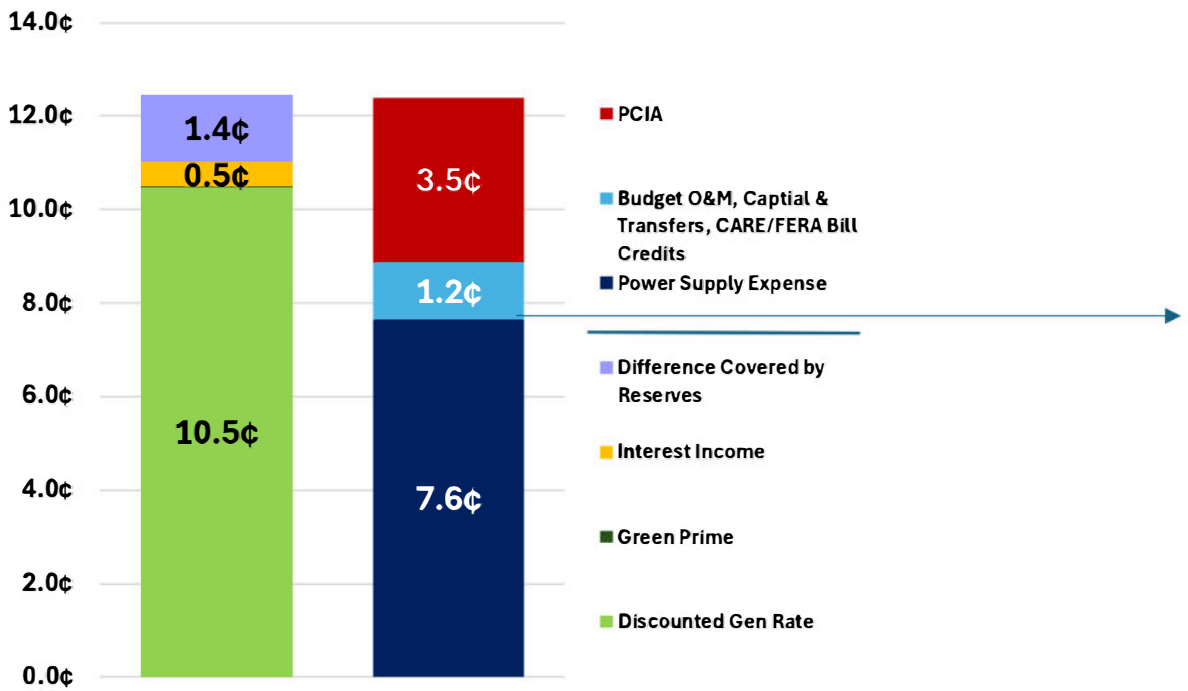
** Does not include interfund transfers (Building, EcoInvest, Program Funds)

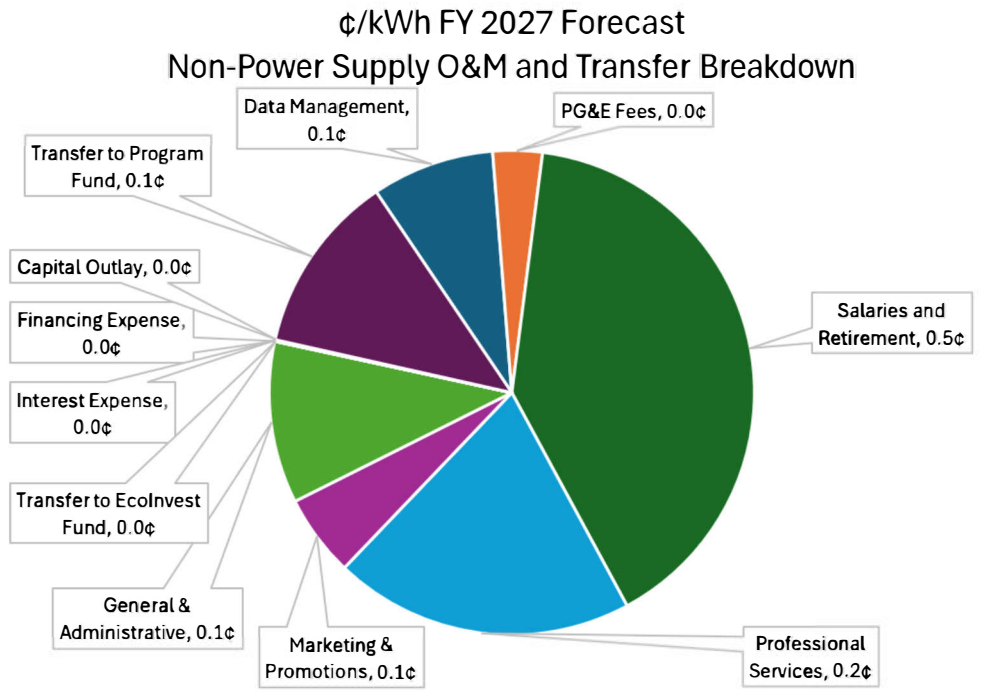
Operating Expenses

MY25-26 Budget	FY 2027 Budget Updates
• Data Management Fees • $3.8M	• +$124k (+3.3%)
• Billing (PG&E Fees) • $1.6M	• Unchanged (0%)
• Staffing (Salaries & Retirement) • $18.9M	• +$180k (+1.0%) net effect of change in approach and COLA / Merit / Contingency / Benefit updates; +1 FTE approved at the time of the Stub Budget
• Professional Services • $10.7M	• -$1.1MM (-10.6%) due to staff tightening of budget to make progress toward aligning budget to actuals while preserving contingency for uncertainties
• Marketing & Promotions • $2.2M	• +$408k (+18.6%) due to anticipated spend related to the upcoming Hourly Flex Pricing (HFP) pilot and SVCE 10th Anniversary
• G&A / Office • $5.6M	• -$510k (-9%) on tightening of budget toward actuals and changes in costs from dropping a lease and incurring building operating expenses, anticipated increases for FSR which is less expensive than an LC.

Variables Affecting the FY 2027 Budget in ¢/kWh

*The **PCIA ($137 million)** exceeds the projected draw on reserves ($66 million).*





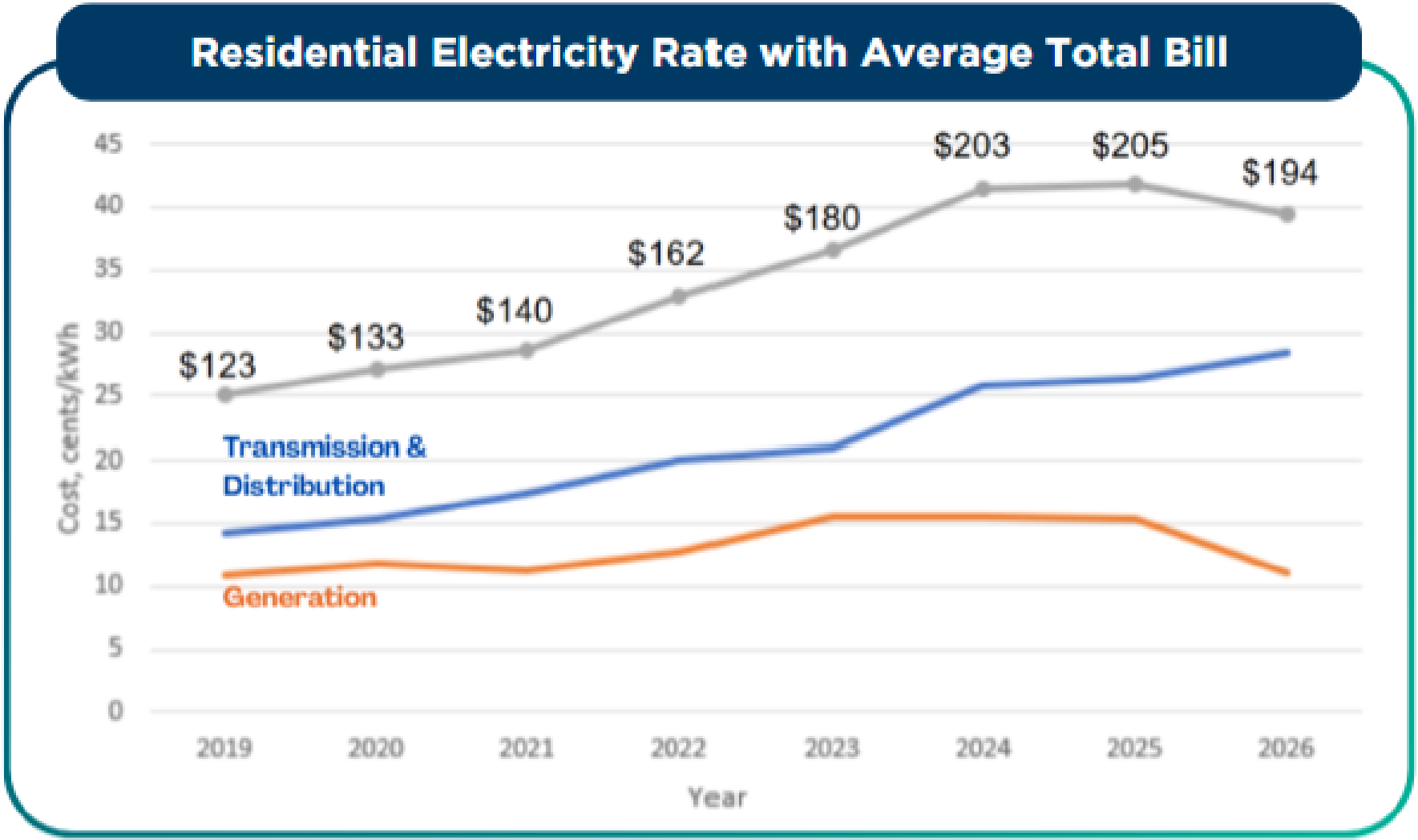
Note: Power Supply expenses shown account for **0.5¢/kWh** from Prepay Savings
SVCE customers pay PCIA, and it's not a budget expense. The impact of this variable is that it reduces the revenues by bringing the discounted generation rate from 10.5¢/kWh to 7¢/kWh on average.

Financial Levers - Rate Product Design

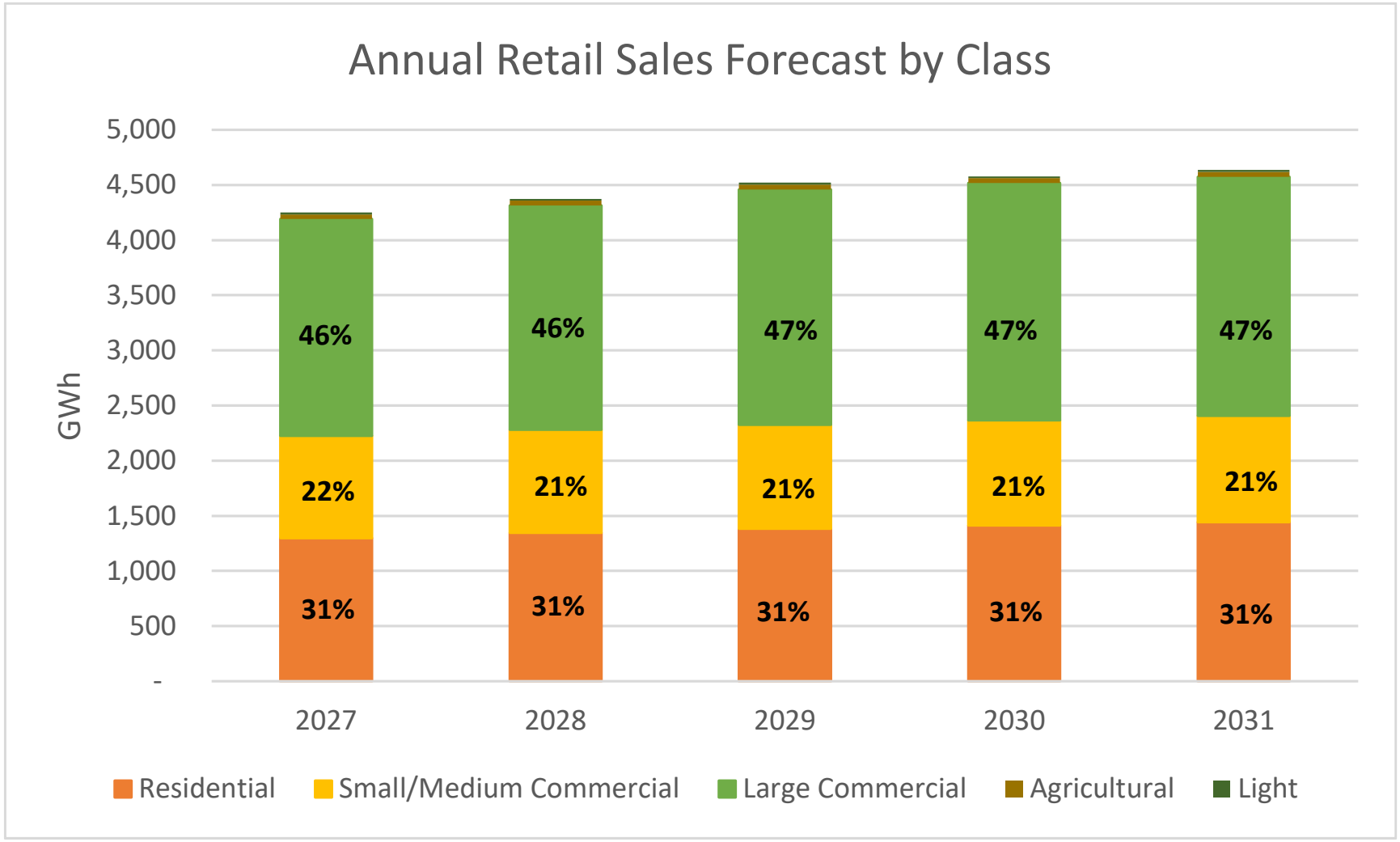
- Taking opportunity to review SVCE's portfolio of customer-facing products – on their clean, price, programs, and structures
- Different approaches can produce similar results with different levels of risk and impact
- Raising rate is main 'lever' available; also need to maintain rest of value proposition and mission impact
- Examples:
  - Green Champion (extra contributions to support programs and supply)
  - Large C&I Index Rate (no SVCE hedging)
  - 100% Clean at 5% Price Premium to PG&E
  - 80% Clean, No Program Participation, at 1% Discount to PG&E

Currently evaluating and will bring to the Board in Q1 2027

Average Total Residential Rate and Bills Over Time

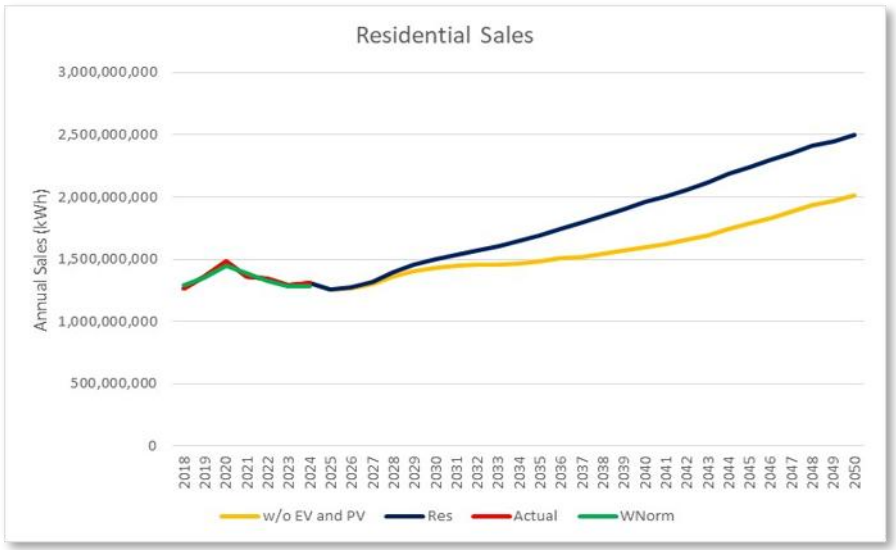


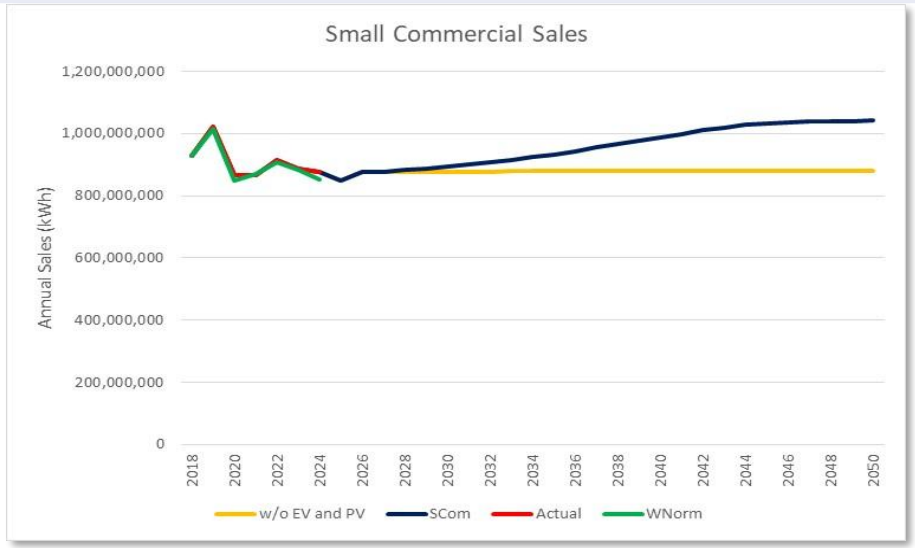
Medium-Term Load Forecast by Sector



Sales by Class

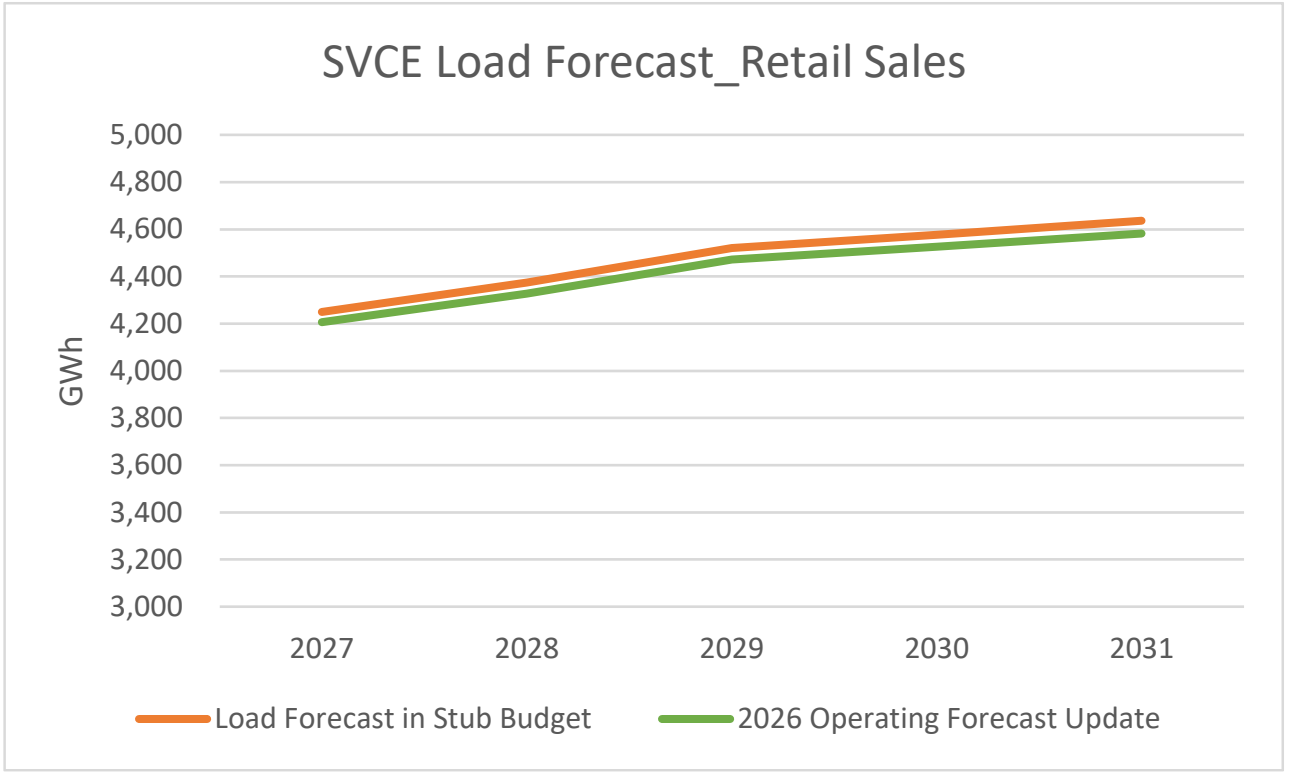
Share of SVCE Sales by Class					
	2027	2030	2035	2045	Driver
Residential	31%	31%	33%	38%	Load Modifiers
Small Medium	22%	21%	21%	20%	Near-term: BTM PV, Long-term: public EV charging
Large	46%	47%	45%	40%	Economy
Agriculture	1%	1%	1%	1%	Held constant per SVCE assumption
Lighting	0%	0%	0%	0%	Change in residential customers, but minimal impact





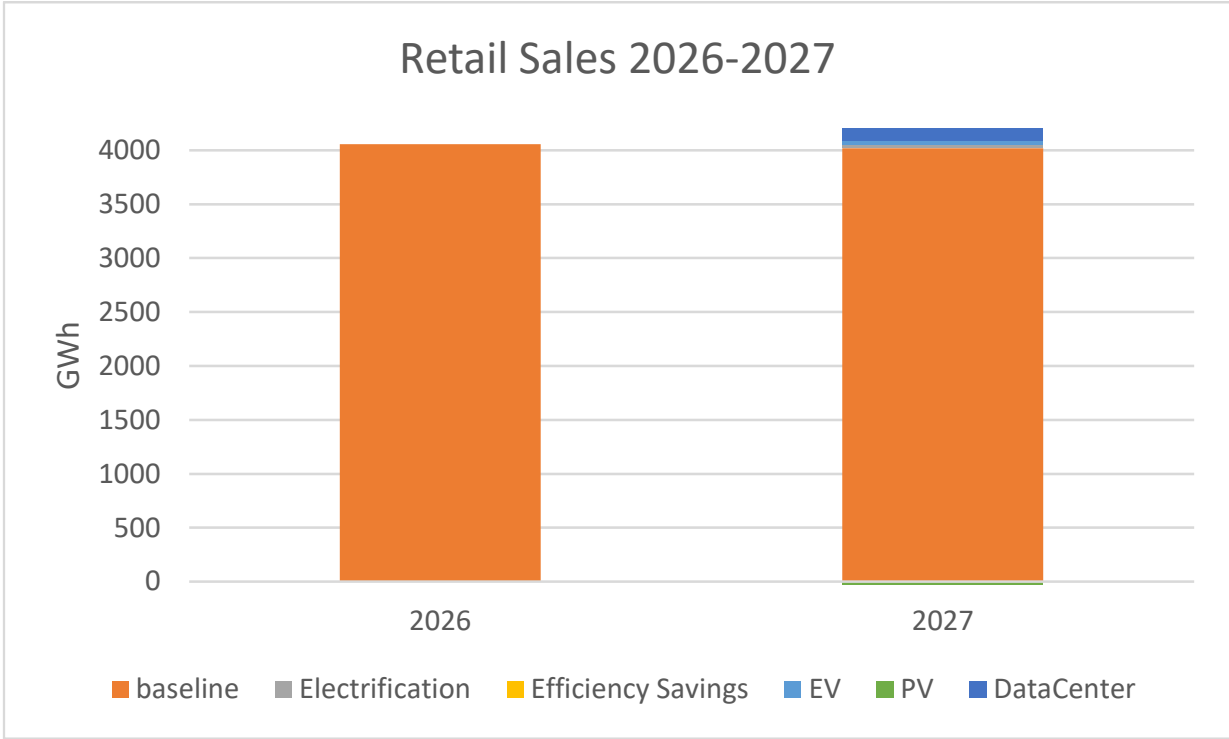
Change in 5-Year Retail Sales Forecast

- **5-year retail sales forecast is 1% lower than the forecast used for the Stub Budget. The decrease is due to an update to some customers' load forecasts.**
- **The corresponding wholesale load forecast is 6% higher than the retail sales forecast to account for transmission and distribution ('line') losses.**



Calendar year 2026 to 2027 Retail Sales Forecast Comparison

- **From 2026 to 2027, the load forecast increased by 4%**
  - **3% is from data center**
  - **1% is from the incremental load modifiers, mainly electric vehicles and building electrification**



Transition Timeline and Plan

New Fiscal Period Starts January 1, 2027

January 2026

Staff:

- Enterprise Risk Assessments (ERM)

February 2026

Finance and Admin Committee:

- Reviews Proposed Financial Stress Test Scenarios
- Reviews and Recommends the Mid-Year Budget Update to the Board

Audit Committee:

- Receives Audited Financials for the last fiscal year. (FY24-25)

March 2026

Board:

- Adopts Mid-Year Budget (FY25-26)
- Receives Audited Financials for the last fiscal year. (FY24-25)

May 2026

Finance and Admin Committee:

1) Review Stress Test Analyses
2) Reviews Budget Framework for the Stub Period

June 2026

Board:

- Reviews Stress Test Analyses
- Optional: Reviews Budget Framework for Stub Period

August 2026

Finance and Admin Committee:

- Reviews and recommends that the Board adopt the Proposed Budget for **October 2026 to December 2026, a 3-month stub fiscal period budget**.

September 2026

Board:

- Adopts the **Proposed 3-month Stub Period Budget**

Audit Committee:

- Kicks off the Audit for Fiscal Year 25-26

NEW: October 2026

Finance and Admin Committee:

- Reviews Budget Framework for the **Calendar Fiscal Year 2027**

November 2026

Finance and Admin Committee:

Executive Committee (Optional):

- Reviews and recommends that the Board adopt the Proposed Budget for **Calendar Fiscal Year 2027** and Customer Rate Proposals

December 2026

Board:

- Adopts the Proposed Budget for **Calendar Fiscal Year 2027**,and 2027 Customer Rate Proposals

Budget and Planning Process and Timeline Starting 2027

Late February or March

Finance and Admin Committee:

- High-level ("Mini") Budget & Reserves Update (Revenues and Power Supply Updated)

March

Staff:

Enterprise Risk Assessments (ERM)

May

Finance and Admin Committee:

- Reviews Proposed Financial Stress Test Scenarios
- Reviews and Recommends the Mid-Year Budget Update to the Board

Audit Committee:

- Receives Audited Financials for the last fiscal year.

June

Board:

- Adopts Mid-Year Budget
- Receives Audited Financials for the last fiscal year.

August

Finance and Admin Committee:

- Reviews Stress Test Analyses
- Reviews Budget Framework for the Next Fiscal Year

Executive Committee:

- Reviews Strategic Plan

September

Board:

- Reviews Stress Test Analyses
- Optional: Reviews Budget Framework for Next Fiscal Year

Late November

Finance and Admin Committee

Executive Committee (Optional):

- Reviews and Recommends that the Board Adopt the Proposed Annual Budget and Customer Rate Proposals

Board:

- Reviews the Proposed Strategic Plan

December

Board:

- Adopts the Proposed Budget, Strategic Plan, and Next Year's Customer Rate Proposals

Audit Committee:

- Kicks off the Audit

CARE and FERA Customer Eligibility Criteria

CARE Income Guidelines
(valid through May 31, 2027)

Number of people in household	Total gross annual household income
1-2	$43,280 or less
3	$54,640 or less
4	$66,000 or less
5	$77,360 or less
6	$88,720 or less
7	$100,080 or less
8	$111,440 or less
9	$122,800 or less
10	$134,160 or less
Each additional person, add	$11,360

*Before taxes and based on all current income sources.

Eligible low-income customers who are enrolled in the CARE program receive around 50% discount (not including additional SVCE discount and bill credits) on their total electric bills and a 20% discount on their natural gas bills.

FERA Income Guidelines
(valid through May 31, 2027)

Number of people in household	Total gross annual household income*
1-2	$43,281-$54,100
3	$54,641-$68,300
4	$66,001-$82,500
5	$77,361-$96,700
6	$88,721-$110,900
7	$100,081-$125,100
8	$111,441-$139,300
9	$122,801-$153,500
10	$134,161-$167,700
Each additional person, add	$11,360-$14,200

*Before taxes and based on all current income sources.

FERA offers an 18% discount on total electric rates but not on gas rates. CARE and FERA share one application. If applicants do not qualify for CARE, they might still qualify for FERA.

Eligibility for California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) is based on household income and size.

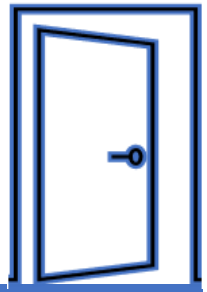
For CARE, eligibility can also be obtained through enrollment in one of the qualifying public assistance programs*

* To qualify through other public assistance programs:
Someone in a household must take part in any of the following public assistance programs:

- Low Income Home Energy Assistance Program (LIHEAP)
- Women, Infants, and Children (WIC)
- CalFresh/SNAP (Food Stamps)
- CalWORKs (TANF) or Tribal TANF
- Head Start Income Eligible (Tribal Only)
- Supplemental Security Income (SSI)
- Medi-Cal for Families (Healthy Families A & B)
- National School Lunch Program (NSLP)
- Bureau of Indian Affairs General Assistance
- Medicaid/Medi-Cal (under age 65)
- Medicaid/Medi-Cal (age 65 and over)*

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.

Budget

Funding in alignment with achieving the strategic focus areas

Strategic Focus Areas

Organization-wide priorities and alignment toward achieving the mission

Enterprise Risk Management

Comprehensive assessment of risks and opportunities to optimally achieve mission

Glossary

- **RPS** – Renewable Portfolio Standard - The RPS program requires investor-owned utilities (IOUs), publicly owned utilities (POUs), electric service providers (ESPs), and community choice aggregators (CCAs) to increase procurement from eligible renewable energy resources to 60% of total procurement by 2030. RPS eligible resources include solar, wind, small hydro, biomass, and geothermal.
- **RA** – Resource Adequacy - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—including investor-owned utilities (IOUs), electric service providers (ESPs), and community choice aggregators (CCAs)—to demonstrate in both monthly and annual filings that they have purchased capacity commitments to contribute their share of system reliability.
- **MTR** – Mid-Term Reliability – Procurement order issued by the CPUC to focus on securing sufficient online resources to ensure reliability through at least 2028.
- **PCIA** – Power Charge Indifference Adjustment - Designed to recover the above-market cost of long-term power purchased on behalf of customers who later departed the IOU to be served by a CCA. The calculation methodology is set by the CPUC, and the amount is calculated annually, with vintages set for each year of customer departures.
- **OIR** –Order Instituting Rulemaking - A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by a vote of the five Commissioners of the CPUC.
- **ERRA** – Energy Resource Recovery Account - ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs and only recover actual costs. The costs are forecast for the year ahead, and actual costs are retroactively trued-up via balancing accounts.
- **MPBs** – Market Price Benchmarks - estimated values per unit associated with key components of energy portfolios, such as the Energy Index, Renewable Portfolio Standard (RPS) Adder, and Resource Adequacy (RA) Adder.