



# Proposed Updates to SVCE Operating Rules and Regulations

September 10, 2025



# SVCE Operating Rules and Regulations

- Initially adopted June 2016
- Consists of bylaws, regulations and procedures governing the operation of SVCE
- Latest update was [May 2023](#)
- At the 4/22 Exec Committee and the 5/14 Board meeting, an Ad Hoc Subcommittee (Tyson, Klein, Showalter) was approved to create updates

## SILICON VALLEY CLEAN ENERGY AUTHORITY OPERATING RULES AND REGULATIONS

### ARTICLE I

#### FORMATION

The Silicon Valley Clean Energy Authority (the "Authority") was established on March 31, 2016 pursuant to the execution of the Silicon Valley Clean Energy Authority Joint Powers Agreement (the "Agreement") by the County of Santa Clara, the Cities of Campbell, Cupertino, Gilroy, Los Altos, Monte Sereno, Morgan Hill, Mountain View, Saratoga and Sunnyvale and the Towns of Los Altos Hills and Los Gatos. The members of the Authority are referred to as Party or Parties in these Operating Rules and Regulations. As defined by the Agreement, these Operating Rules and Regulations consist of rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

### ARTICLE II

#### PURPOSES

The Authority is formed to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. These programs include but are not limited to the establishment of a Community Choice Aggregation Program known as Silicon Valley Clean Energy in accordance with the terms of the Agreement.

### ARTICLE III

#### BOARD OF DIRECTORS

Section 1. Appointment of Chair and Vice-Chair. The Board shall appoint from among themselves by majority vote a Chair and Vice-Chair. The Chair and Vice-Chair shall be appointed for one-year terms expiring at the annual meeting held in January of each year. As provided by the Agreement, there are no limits on the number of terms that a Board member may serve as Chair or Vice-Chair.

Section 2. Appointment of Secretary and Treasurer. The Secretary and Treasurer shall be appointed by the Board for one-year terms expiring at the annual meeting held in January of each year.

Section 3. Extension of Term of Office. If for any reason, the appointment of a Board officer is not made in January of any year, such officer shall continue to serve in his or her position until an appointment is made at a meeting of the Board.

Section 4. Removal of Officers. An officer of the board shall be subject to removal as an officer of the board at any time for any reason by a majority vote of the entire Board.

# Ad Hoc Committee Proposed Scope

- Review SVCE's current Operating Rules and Regulations
- Research neighboring CCA bylaws
- Identify potential amendments
- Combine with Staff-recommended changes and jointly prepare a draft with Staff
- Present recommendation to Executive Committee and final to Board of Directors for approval

# A reminder on context

- SVCE is a large, growing, and increasingly complex entity
  - We have strong financials, excellent staff, and effective programs
  - Business and regulatory pressures are increasing
  - As we saw in our last (August) board meeting
- Our current governance is good
  - Our Board is engaged and motivated
  - Board experience level is diverse and good
  - We are collegial and eager to learn
    - We'd like it to stay this way!
- The Subcommittee's driving force is to make sure we have experience and continuity as we mature as an organization



## Review of other CCAs

- The Subcommittee reviewed documents from other CCAs, and interviewed board members and CEOs from similar organizations (e.g. 3CE, PCE, AVA)
- Some organizations have very large boards and have experienced huge levels of turnover in recent years. Some have a problem filling committee positions. Others lack strong financials and vibrant programs
- We did see some good practices that we do not currently follow, and explored how to best adapt them to our organization

# Highlights of changes

- Staff initiated a number of changes:
  - Reworded Purpose section
  - Remove meeting location details
  - Add details on Finance and Administration as well as Audit Committees
  - Establish Rosenberg's Rules of Order
- Subcommittee and Staff developed process changes:
  - Please review the updated [ORR](#) for all of the details
  - The following slide lists just some of the high points

# Process change highlights

- Creation of a Nominating Ad Hoc Subcommittee
  - Vice chair to nominate 3 Directors
  - Receive proposals for Chair, Vice Chair and Exec Committee
  - Recommend candidates for each
  - Nominations also permitted from the floor
- Randomized votes for any contested positions
- Listing of some Director Best Practices
- Board Chair and Vice Chair offered automatic positions on Exec Committee
- New committee removal process (lack of attendance)
- Minimum experience on Board for Chair (2 yrs), Vice Chair (1 yr) and Exec Comm (1 yr)
- (We considered Chair term limits as a best practice at other CCAs, but declined to set them here as that would require a JPA amendment)



# Recommendation

Approve amended SVCE's Operating Rules and Regulations via Resolution at a future meeting.

## Next Steps:

- September 26<sup>th</sup> Clerk to send written notice to Board of proposed changes
- October 8<sup>th</sup> BOD Meeting: Approval of changes via Resolution (Consent or Regular Calendar)



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# FY 2025-26 Operating Budget

Amrit Singh  
Board of Directors  
Sept 10, 2025



# Purpose

Adopt the Fiscal Year 2025-26 (FY 26)  
Recommended Operating Budget and  
Maintain the Current Financial Reserves  
Targets and Policy.

## Main Areas of Discussion

1. Recap of Key Messages
2. Recommended Budget
3. Summary and Next Steps





# FY 26 Annual Budget Highlights

## 1. Negative Margins over 5-yr Outlook

- A negative contribution to reserves of \$40.1 million for FY 26
- Year-over-Year revenues decline significantly (~\$165 million) from anticipated high PCIA and lower PG&E generation rates
- Results are highly uncertain and dependent on CPUC's adoption of Market Price Benchmarks (MPBs) in the fall
- 5-yr financial outlook largely consistent with results presented in June 2025 as part of the stress test analyses

## 3. Customer Discount – Revisit in December

- Maintain 4% discount through December 2025 and reduce the discount to 1% starting next year
- Continue to provide an additional 1% directed to low-income customers as bill credits
- Revisit in December when setting 2026 customer rates

## 2. No Major Changes Recommended At This Time

- Budget consistent with discussions in June
  - Adjust the budget in December when there's more certainty on next year's rates
  - Staff will present financial levers in December
  - Reserves built over time enable SVCE to take measured and strategic responses to changes in the market and business operating environment

## 4. Relatively Minor Increases in Operating Expenses

- Personnel: No additional positions; 3% adjustment for the cost of living
- Slight increase in power supply expenses (~\$19 million), largely from portfolio changes and increases in energy cost
- Other expenses: Increase by ~\$4 million (updated vendor fees; anticipated legal expenses and other minor changes)



# Proposed FY 26 vs. FY 25 Mid-Year Adjusted Budget

- Lower revenue from anticipated high PCIA and lower PG&E Generation rates
- Power Supply Cost increases mainly due to portfolio position changes, compliance obligations, and increases in energy cost
- Program Fund allocation is lower due to reduced revenue
- Customer Bill Relief is shown as a reduction in revenue
- Capital Outlay adjusted for anticipated new office furniture

## SILICON VALLEY CLEAN ENERGY FY25-26 OPERATING BUDGET (\$ in thousands)

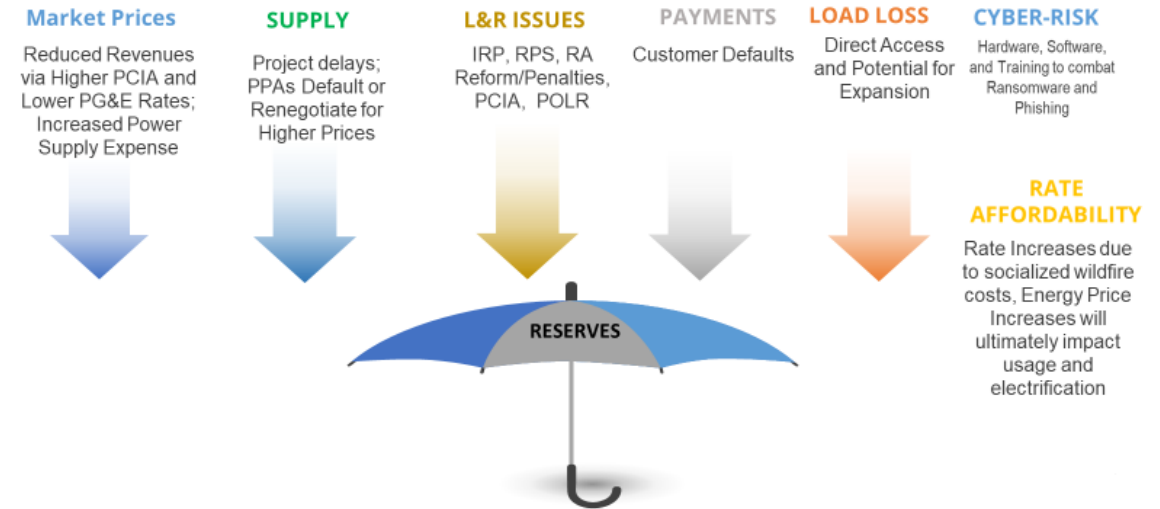
DESCRIPTION	FY 2024-25 MID-YEAR ADJUSTED BUDGET	FY25-26 ANNUAL BUDGET	Change	
			\$	%
Energy Revenues	523,534	358,416	(165,118)	-31.5%
Power Supply Expense	349,478	368,896	19,418	5.6%
Operating Margin	<b>174,056</b>	<b>(10,480)</b>	<b>(184,536)</b>	<b>-106.0%</b>
Operating Expenses	39,284	43,193	3,909	9.9%
Non-Operating Revenue (Expense)	19,743	21,384	1,641	8.3%
<b>Annual Transfers and Other Expenses</b>				
Capital Outlay	50	512	462	924.0%
Program Fund	10,530	7,251	(3,279)	-31.1%
Nuclear Allocation	3,708	0	(3,708)	-100.0%
Customer Bill Relief (Existing CARE/FERA)	5,370	0	(5,370)	-100.0%
Additional One-Time Bill Credit for All Customers	35,000	0	(35,000)	-100.0%
Hanford Emissions Mitigation Fund	1,800	0	(1,800)	-100.0%
Other	0	0	0	0.0%
<b>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</b>	<b>56,458</b>	<b>7,763</b>	<b>(48,695)</b>	<b>-86.2%</b>
<b>BALANCE AVAILABLE FOR RESERVES</b>	<b>98,057</b>	<b>(40,052)</b>	<b>(138,109)</b>	<b>-140.8%</b>



# Summary – Negative Financial Outlook; Results are Highly Uncertain

- The biggest risks include:
  - late-year adjustments to PCIA / PG&E Gen Rate
  - significant price volatility, especially for RA and RPS resources
  - regulatory uncertainty on PCIA and balancing account true-ups from 2025 in 2026
- Revisit customer discounts for 2026 later in the year when there's more certainty on PG&E and PCIA rates
  - 4% customer discount remains for the first three months of the fiscal year (Oct 2025 to Dec 2025)
  - An additional 1% towards bill credits remains for low-income customers
- Staff to assess additional financial levers for managing the 5-year reserve outlook
- No changes to reserve targets or reserves policy

## Many Risks can Deplete Reserves





# Board Approval

Adopt resolution 2025-20 approving the fiscal year 2025-26 Recommended Operating Budget, which includes, at a high level, the following:

- Withdraws \$40.1 million from the reserves
- Maintains an average of four percent (4%) customer discount to comparable PG&E rates through December 2025 and reduces it to one percent (1%) in January 2026
- Continues to provide additional monthly dollar 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
- Proposes no changes to the current financial reserves targets and policy



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**Thank you! / Questions?**

# Fiscal Year 2025-2026 Annual Operating Budget

## SILICON VALLEY CLEAN ENERGY FY25-26 OPERATING BUDGET (\$ in thousands)

Item 4  
PRESENTATION

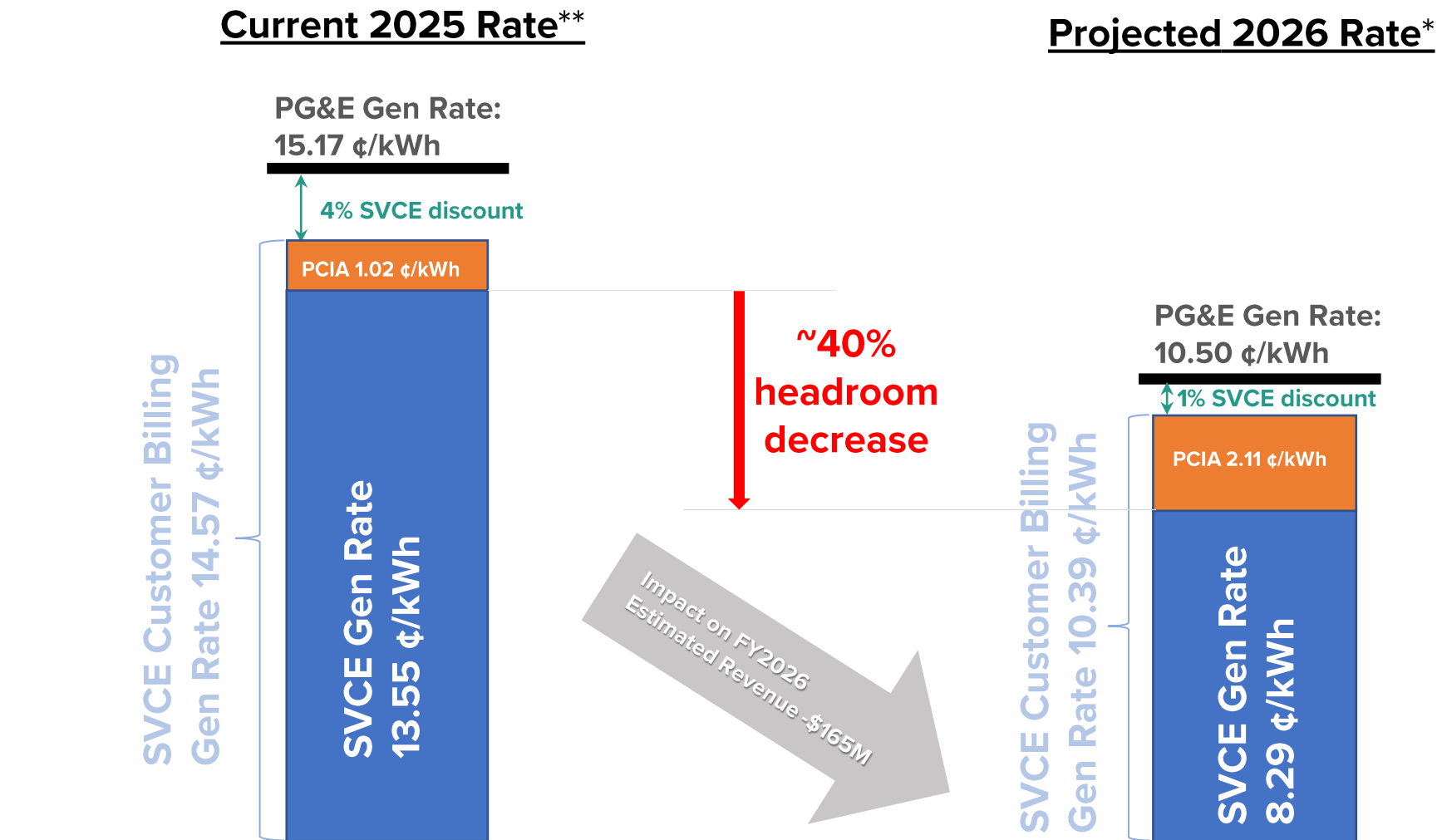
	FY25-26 ANNUAL BUDGET
<b>DESCRIPTION</b>	
<b>ENERGY REVENUES</b>	
Energy Sales	360,057
Green Prime	2,469
Customer Bill Relief (Existing CARE/FERA)	(4,110)
Other Income	0
<b>TOTAL ENERGY REVENUES</b>	<b><u>358,416</u></b>
<b>ENERGY EXPENSES</b>	
Power Supply	368,896
<b>OPERATING MARGIN</b>	<b><u>(10,480)</u></b>
<b>OPERATING EXPENSES</b>	
Data Management	3,764
PG&E Fees	1,569
Salaries and Retirement	18,870
Professional Services	10,902
Marketing & Promotions	2,347
General & Administrative	5,742
<b>TOTAL OPERATING EXPENSES</b>	<b><u>43,193</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(53,673)</u></b>
<b>NON-OPERATING REVENUES</b>	
Interest Income	21,413
<b>TOTAL NON-OPERATING REVENUES</b>	<b><u>21,413</u></b>
<b>NON-OPERATING EXPENSES</b>	
Financing	29
<b>TOTAL NON-OPERATING EXPENSES</b>	<b><u>29</u></b>
<b>TOTAL NON-OPERATING INCOME (EXPENSES)</b>	<b><u>21,384</u></b>
<b>CHANGE IN NET POSITION</b>	<b><u>(32,289)</u></b>
<b>CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</b>	
Capital Outlay	512
Program Fund	7,251
Nuclear Allocation	0
Customer Bill Relief (Existing CARE/FERA)	0
Additional One-Time Bill Credit for All Customers	0
Hanford Emissions Mitigation Fund	0
Other	0
<b>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</b>	<b><u>7,763</u></b>
<b>BALANCE AVAILABLE FOR RESERVES</b>	<b><u>(40,052)</u></b>

(\$ in Thousands)	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Operating Revenue	(Forecast)	(Forecast)	(Forecast)	(Forecast)	(Forecast)
Electricity Sales, Net <sup>1</sup>	\$360,057	\$344,870	\$373,562	\$385,869	\$399,386
GreenPrime Electricity Premium	\$2,469	\$2,510	\$2,336	\$2,309	\$2,361
Reduction in Revenue	\$(4,110)	\$0	\$0	\$0	\$0
Other Income	\$0	\$0	\$0	\$0	\$0
<b>Total Operating Revenues</b>	<b>\$358,416</b>	<b>\$347,380</b>	<b>\$375,898</b>	<b>\$388,178</b>	<b>\$401,747</b>
Operating Expense					
Power Supply	\$368,896	\$377,056	\$390,399	\$389,754	\$409,179
<b>Operating Margin</b>	<b>\$(10,480)</b>	<b>\$(29,676)</b>	<b>\$(14,501)</b>	<b>\$(1,576)</b>	<b>\$(7,432)</b>
Data Management	\$3,764	\$3,952	\$4,149	\$4,357	\$4,575
PG&E Service Fees	\$1,569	\$1,647	\$1,729	\$1,816	\$1,907
Salaries and Retirement	\$18,870	\$19,814	\$20,805	\$21,845	\$22,937
Professional Services	\$10,902	\$11,447	\$12,019	\$12,620	\$13,251
Marketing & Promotions	\$2,347	\$2,464	\$2,587	\$2,717	\$2,852
General and Administration	\$5,742	\$5,526	\$5,803	\$6,093	\$6,397
Transfers to Programs Fund	\$7,251	\$6,948	\$7,518	\$7,764	\$8,035
<b>Total Operating Expenses</b>	<b>\$419,340</b>	<b>\$428,854</b>	<b>\$445,009</b>	<b>\$446,965</b>	<b>\$469,134</b>
<b>Operating Income</b>	<b>\$(60,924)</b>	<b>\$(81,475)</b>	<b>\$(69,111)</b>	<b>\$(58,787)</b>	<b>\$(67,387)</b>
Nonoperating Revenue					
Investment Income	\$21,413	\$16,236	\$11,990	\$10,449	\$8,184
Grant Income	\$0	\$0	\$0	\$0	\$0
<b>Total Non-Operating Revenues</b>	<b>\$21,413</b>	<b>\$16,236</b>	<b>\$11,990</b>	<b>\$10,449</b>	<b>\$8,184</b>
Nonoperating Expense					
Financing Cost	\$29	\$29	\$29	\$29	\$29
Capital Outlay	\$512	\$50	\$50	\$50	\$50
<b>Total Non-Operating Expense</b>	<b>\$541</b>	<b>\$79</b>	<b>\$79</b>	<b>\$79</b>	<b>\$79</b>
<b>Non-Operating Income</b>	<b>\$20,872</b>	<b>\$16,157</b>	<b>\$11,911</b>	<b>\$10,371</b>	<b>\$8,106</b>
Change in Net Position/Available for Reserves					
Begin, Net Financial Position	\$593,981	\$523,874	\$434,778	\$360,355	\$296,351
Adjustment for Program Expenditure and Building Fund <sup>2</sup>	\$(30,055)	\$(23,779)	\$(17,224)	\$(15,588)	\$(16,196)
End, Net Financial Position	\$523,874	\$434,778	\$360,355	\$296,351	\$220,873
<p>1. Assumptions: 4% overall discount relative to comparable PG&amp;E rates for calendar year 2025. FY 25-26 includes additional bill credit to low income customers totaling \$4.1 million. 1% discount for 2026-2030.</p> <p>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 and FY25-26.</p>					
<b>Days Cash On Hand (DCOH) at Year End</b>	<b>\$494,189</b>	<b>\$405,094</b>	<b>\$330,670</b>	<b>\$266,666</b>	<b>\$191,188</b>
Days of cash on hand	430	345	271	218	149

# 5-Year Forecast

# Forecasted Margins Drop ~40%

- PG&E 2026 Gen Rate is estimated to decrease by ~30% Year over Year
- PCIA estimated to increase from 1.02 ¢/kWh to 2.11 ¢/kWh (from ~\$41M in CY2025 to over \$81M in CY2026)
- SVCE margin is estimated to decrease by ~40% YoY
- Customer billing rates drop on average by ~30%
- Prices for RA and RPS have dropped significantly
  - Estimated 2025 final and 2026 forecast system RA MPBs are 65% and 64% lower vs 2025 forecast RA MPBs
  - Estimated 2025 final and 2026 forecast RPS MPBs are 10% and 38% lower vs 2025 forecast RPS MPBs



\* Source: CalCCA NewGen Model analysis using market data as of 6/27/2025 and estimated CPUC attribute benchmarks for CY 2025-2026 (Weighted for SVCE Portfolio Load)

\*\* PG&E 2025 Average Rate, effective January 1, 2025 (Weighted for SVCE Portfolio Load)

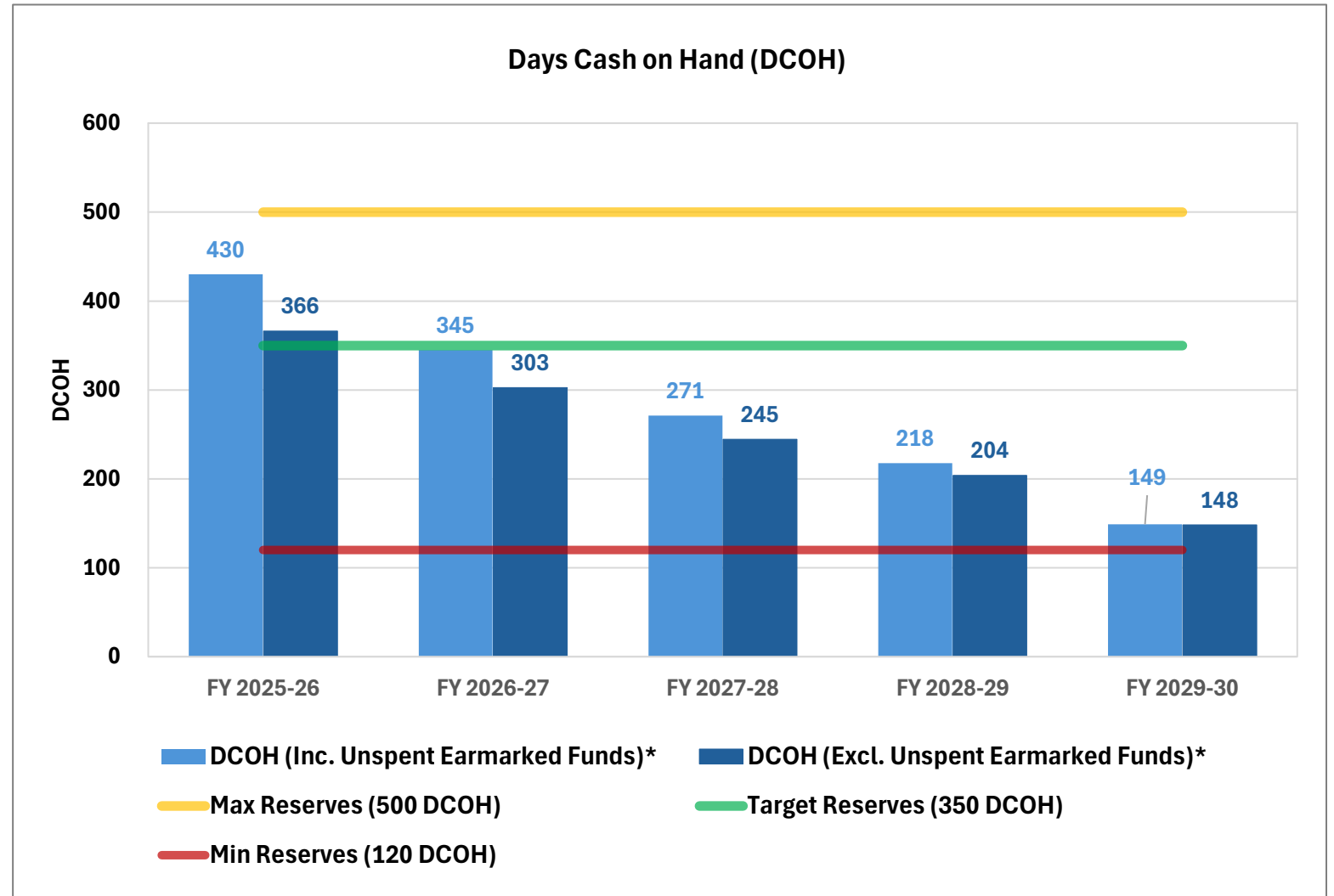
Above margin analyses ignores minor reductions for franchise fees (0.1 ¢/kWh)



# Reserve Projection

## Projected End of FY 26 Reserves:

- 366 Days of Cash on Hand (DCOH)
  - Excludes Unspent Program Funds and Building Fund
- 430 Days of Cash on Hand (DCOH)
  - If unspent Program Funds and Building Fund were included in the reserve calculation
  - Relevant metric for assessing financial liquidity



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



# Reserve Management

- 5-yr outlook projects drawing ~\$75 million a year on average from reserves under the current operating framework
  - All customer rates are at a competitive advantage (1%) relative to PG&E Rates
  - Programs are funded at 2% of revenues (\$37.5 million over 5 years)
  - The current earmarked funds, mostly for programs, currently around ~\$93 million, are spent over the next 5 fiscal years
- Financially, SVCE is well-positioned
  - DCOH above the minimum threshold of 120 over 5 years
  - DCOH at 345 is close to the target level of 350 through the end of Sept. 2027

## Staff Recommendation (same as discussed in June 2025):

- No major changes recommended yet
- Adjust the budget in December when there's more certainty on next year's rates
- Staff will assess the financial levers
  - Reassess rate discounts and rate design along with customer product offerings
  - Consider increasing financial liquidity
    - Bank Line of Credit





# Review Reserve Targets and Policy

- Ensure SVCE maintains sufficient reserves to manage risks such as those modeled in the Stress Test analysis.
- Set the goal target such that if the stress scenario were to occur, DCOH stays above 120 for the next two fiscal years.
- Set the maximum target (upper target) such that over the next five fiscal years, reserves do not fall below 90 DCOH under the modeled stress scenario

Reserve Targets (DCOH)	Current	Implied Targets*	Proposed
Minimum	120	120	120
Goal (Target)	350	380	350
Maximum (Upper Target)	500	800	500

## 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
- Current targets support guidance from credit rating agencies

*\* Implied targets based on the stress test analyses presented in June 2025.*



# Operating Expenses and Transfers

Operating Expenses*	Change (000s)*	Implications/Reasons
Personnel Costs**	\$66	No additional FTE positions requested, COLA 3%, accounting recategorization of consultant fees, other position adjustments, promotions, and actual vacancies.
Other Expenses	\$3,843	Add'l Data Management, PG&E fees, Professional Services, Marketing, and G&A

\*Amounts include 5% operating expense contingency

\*\* Proposes no changes to current benefits. Ongoing benefits include SVCE coverage for employees' out-of-pocket premiums for dental and vision expenses. Staff informed the Board at the December 11, 2024, meeting to provide this benefit in 2025, which resulted from expected cost savings from lower rates for other benefits.

Capital Outlay	Amount (000s)	Implications/Reasons
New Office Space Expenditures	\$462	Estimated new office space expenditures, in preparation for potential office move in FY25-26

Transfers	Amount (000s)	Implications/Reasons
Programs Transfer	\$7,251	2% of projected revenues



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

	Residential		Res CARE*		Small Commercial		Medium Commercial		Large Commercial	
	2025**	2026***	2025**	2026***	2025**	2026***	2025**	2026***	2025**	2026***
<b>Rate Schedule</b>	E-TOUC	Est. Avg	E-TOUCL	Est. Avg	B-1	Est. Avg	B-10S	Est. Avg	B-19S	Est. Avg
<b>PG&amp;E Bundled Gen Rate (\$/kWh)</b>	\$ 0.150	\$ 0.108	\$ 0.150	\$ 0.1081	\$ 0.151	\$ 0.105	\$ 0.159	\$ 0.111	\$ 0.145	\$ 0.105
<b>SVCE Gen Rate (\$/kWh)</b>	\$ 0.134	\$ 0.084	\$ 0.134	\$ 0.084	\$ 0.134	\$ 0.083	\$ 0.141	\$ 0.087	\$ 0.128	\$ 0.083
<b>PG&amp;E Delivery Rate (\$/kWh)</b>	\$ 0.286	\$ 0.273	\$ 0.113	\$ 0.108	\$ 0.299	\$ 0.293	\$ 0.216	\$ 0.234	\$ 0.170	\$ 0.202
<b>PG&amp;E PCIA/FF (\$/kWh)</b>	\$ 0.012	\$ 0.023	\$ 0.012	\$ 0.023	\$ 0.011	\$ 0.021	\$ 0.012	\$ 0.022	\$ 0.011	\$ 0.021
<b>Total Electricity Cost (\$/kWh)</b>	\$ 0.432	\$ 0.380	\$ 0.259	\$ 0.215	\$ 0.444	\$ 0.397	\$ 0.369	\$ 0.343	\$ 0.310	\$ 0.306
<b>SVCE CARE/FERA Monthly Credit*</b>	\$ -		\$ (17.50)	\$ (12.00)						
<b>Est. Average Usage (kWh/month)</b>	491	491	491	491	1,851	1,851	22,540	22,540	148,625	148,625
<b>SVCE Gen Rate Discount vs PG&amp;E**</b>	4%	1%	~28%*	~24%	4%	1%	4%	1%	4%	1%
<b>Est. Av. Monthly Savings vs PG&amp;E**</b>	\$ 2.36	\$ 0.53	\$ 19.89	\$ 12.53	\$ 11.18	\$ 1.95	\$ 143.58	\$ 24.95	\$ 865.00	\$ 156.07

\*Estimated, based on average historic residential usage and number of CARE/FARE customers as of 6/16/2025.

\*\*Estimated, based on current PG&E rates as of March 1, 2025.

\*\*\*Estimated, based on CalCCA NewGen Model analysis using market data as of 6/27/2025 (for gen rate and PCIA/FF) and PG&E 2026 ERRR forecast, published on May 15, 2025 (for T&D charges).

- Total CARE bill discount (including T&D) vs average residential PG&E customer, assuming the same usage (491 kWh/month), is about -49% in 2025 and is estimated to be around -50% in 2026 .
- The 2025 monthly savings do not include the one-time August 2025 bill credit, which is equivalent to a 6% additional gen rate discount based on average rate class usage.
- On average, CARE usage is about 9% lower than that of an average residential (E-TOUC) customer.



# Typical Customer Bill Savings

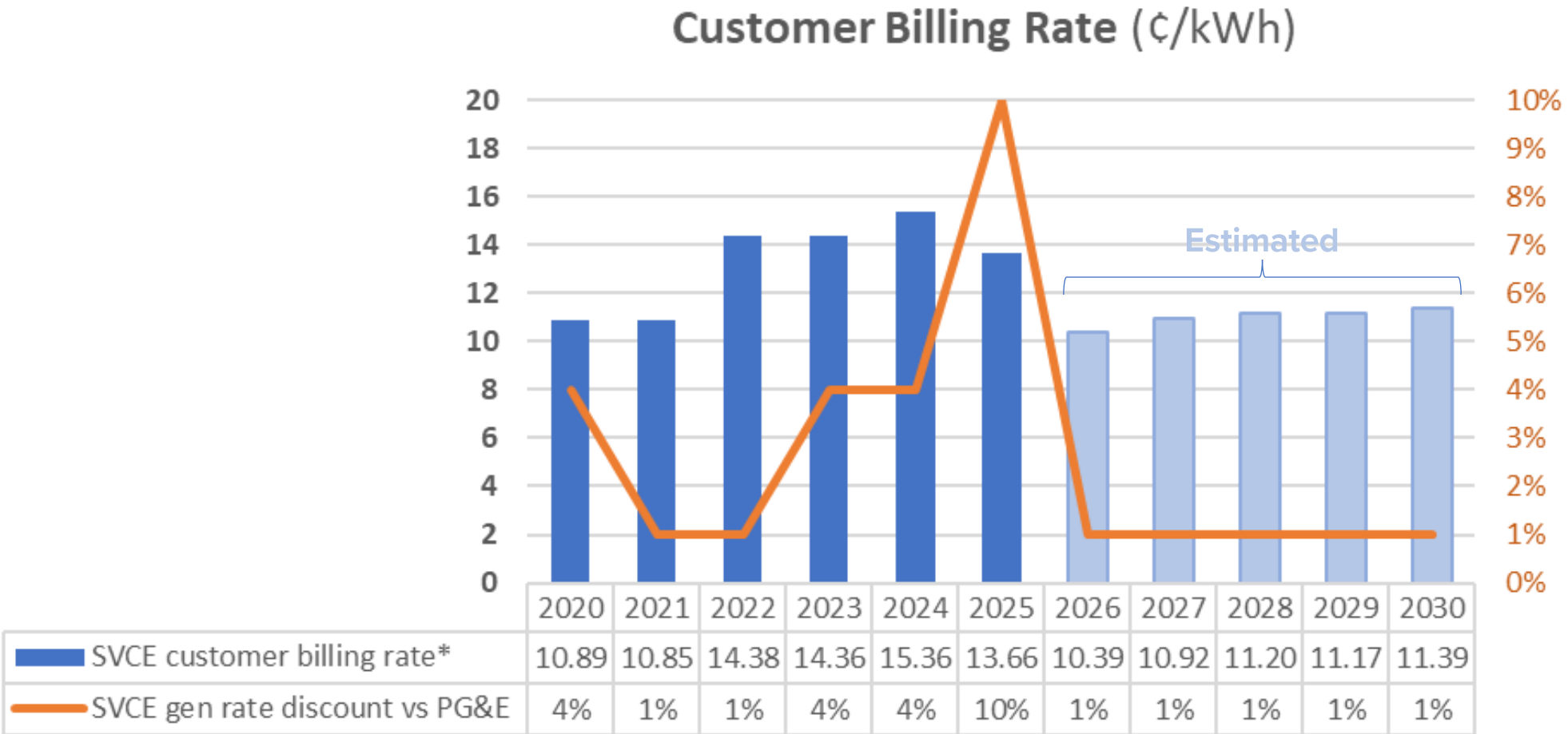
(Current Rates)

	Residential		Res CARE/FERA*		Small Commercial		Medium Commercial		Large Commercial	
	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E	SVCE	PG&E
Rate Schedule	E-TOUC	E-TOUC			B-1	B-1	B-10	B-10	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)					0	0	0	0	499	499
PG&E Electric Delivery	\$ 140.60	\$ 140.60	\$ 55.60	\$ 55.60	\$ 552.58	\$ 552.58	\$ 4,879.01	\$ 4,879.01	\$ 25,303.41	\$ 25,303.41
Electric Generation	\$ 65.57	\$ 85.14	\$ 65.72	\$ 85.32	\$ 247.72	\$ 320.32	\$ 3,176.34	\$ 4,104.98	\$ 19,068.59	\$ 24,832.27
CARE/FERA monthly bill credit			\$ (17.50)							
PG&E Added Fees (PCIA, Franchise)	\$ 5.78	\$ (11.43)	\$ 5.78	\$ (11.43)	\$ 20.68	\$ (40.74)	\$ 264.39	\$ (520.67)	\$ 1,649.74	\$ (3,248.94)
Average Total Cost	\$ 211.95	\$ 214.31	\$ 109.60	\$ 129.49	\$ 820.97	\$ 832.15	\$ 8,319.74	\$ 8,463.32	\$ 46,021.73	\$ 46,886.73
Average Monthly Savings	\$ 2.36		\$ 19.89		\$ 11.18		\$ 143.58		\$ 865.00	

\*Estimated, based on current PG&E rates as of March 1, 2025



# Average Effective Customer Billing Rates



\*Average effective billing rate inclusive of PCIA, weighted for SVCE portfolio load. The 10% discount for 2025 includes a one-time bill credit, equal to 6% annual discount (up to \$35 million in total additional credits).



# CARE and FERA Customer Eligibility Criteria

## CARE Income Guidelines

(valid through May 31, 2026)

Number of people in household	Total gross annual household income
1-2	\$42,300 or less
3	\$53,300 or less
4	\$64,300 or less
5	\$75,300 or less
6	\$86,300 or less
7	\$97,300 or less
8	\$108,300 or less
9	\$119,300 or less
10	\$130,300 or less
Each additional person, add	\$11,000

\*Before taxes and based on all current income sources.

Eligible low-income customers who are enrolled in the CARE program receive a 30-35% 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, 2026)

Number of people in household	Total gross annual household income*
1-2	\$42,301 - \$52,875
3	\$53,301 - 66,625
4	\$64,301 - \$80,375
5	\$75,301 - \$94,125
6	\$86,301 - \$107,875
7	\$97,301 - \$121,625
8	\$108,301 - \$135,375
9	\$119,301 - \$149,125
10	\$130,301 - \$162,875
Each additional person, add	\$11,000 - \$13,750

\*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\*

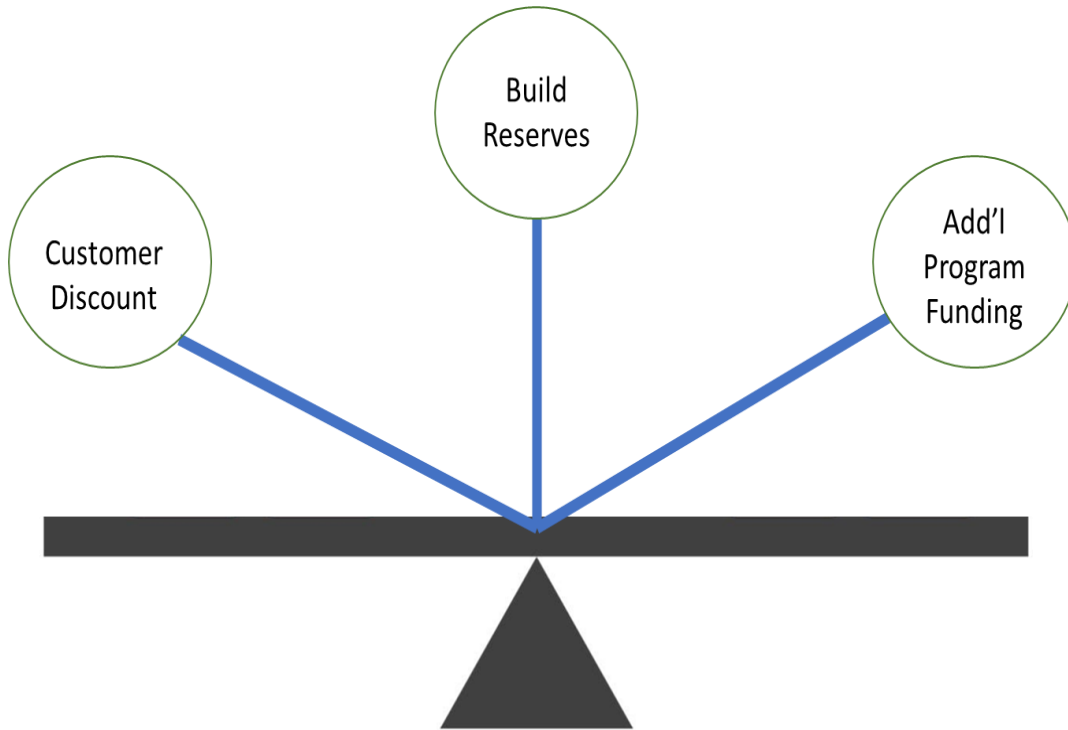
\* To qualify through other public assistance programs: Someone in a household must take part in any of the following public assistance programs:

- 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)\*





# Balancing Priorities



- 1% customer discount over 12 months of 2026 is ~\$3.7 million
- Monthly Average Bill Savings of 1% Discount:
  - Residential - ~\$0.53
  - Small Commercial - ~\$1.95
  - Medium Commercial - ~\$24.95

- Continue to provide competitively priced and high-value services to SVCE customers
- Funds not needed to cover cost-of-service flow to customers via lower SVCE rates (discount to comparable PG&E rates)
- Cost-of-service includes funds needed to cover operations, meet reserve targets, and fund decarbonization programs



# Power Supply Costs

**Fiscal Year 2026 (Oct '25– Sep '26) costs, forecasted at \$368.9 million dollars, are estimated to be \$19.4M higher than the FY2025 (Oct '24- Sep '25) forecast at mid-year budget (\$349.5MM)**

Favorable Drivers:

- \$1.4MM lower ISO charge costs based on forecast updates from historical data

Offset by Additional Costs:

- \$3.9MM higher RA costs due to increased contract costs to procure MTR products at a premium to system RA
- \$7.1MM higher cost of Environmental products due to increased procurement costs with PPA at-risk, expected higher 2026 RPS MPB
- \$9.8MM higher cost of energy supply due to an increase in energy market prices, and a higher energy net open position



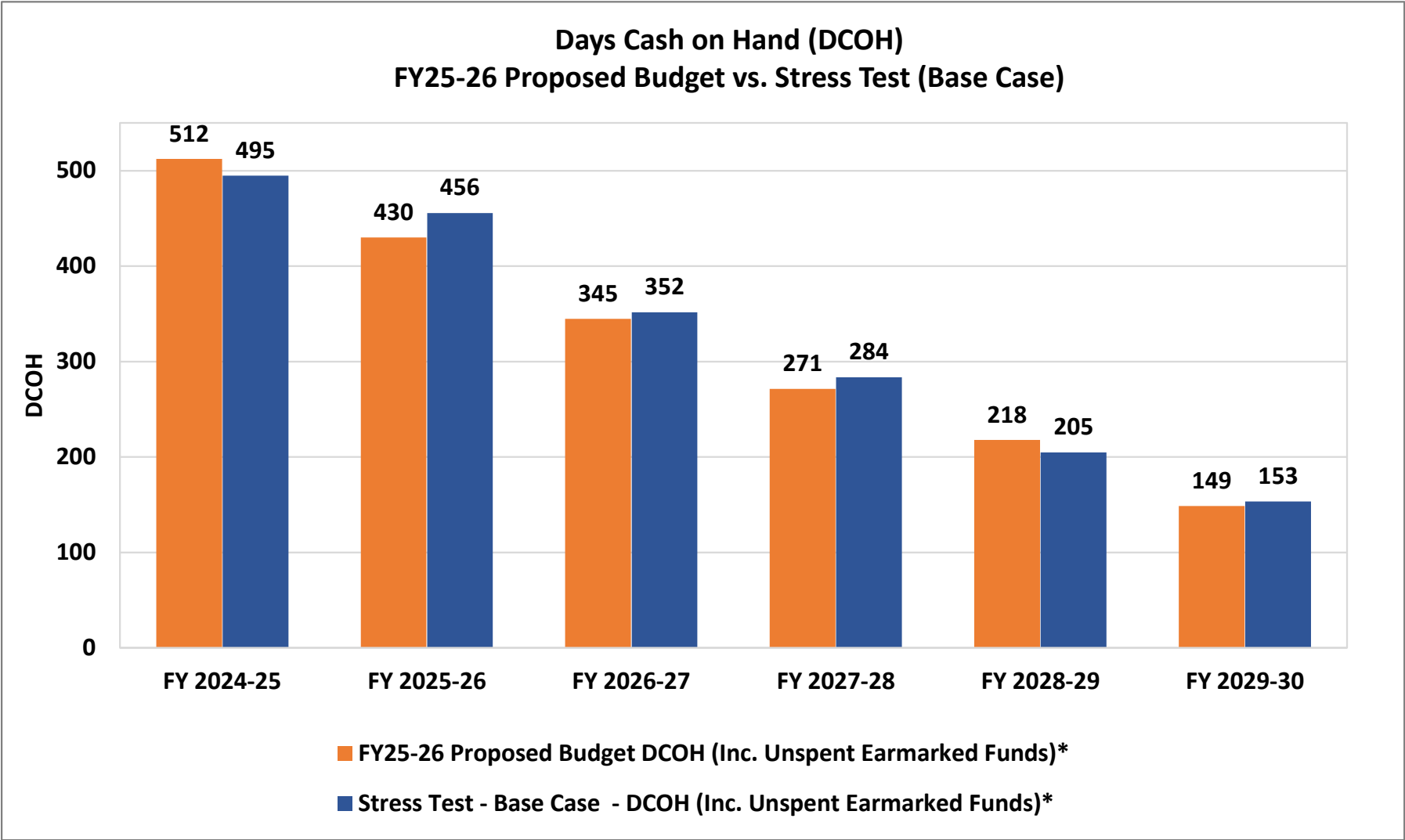
# Reserve Target Definitions

## Current Reserve Targets:

- 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.



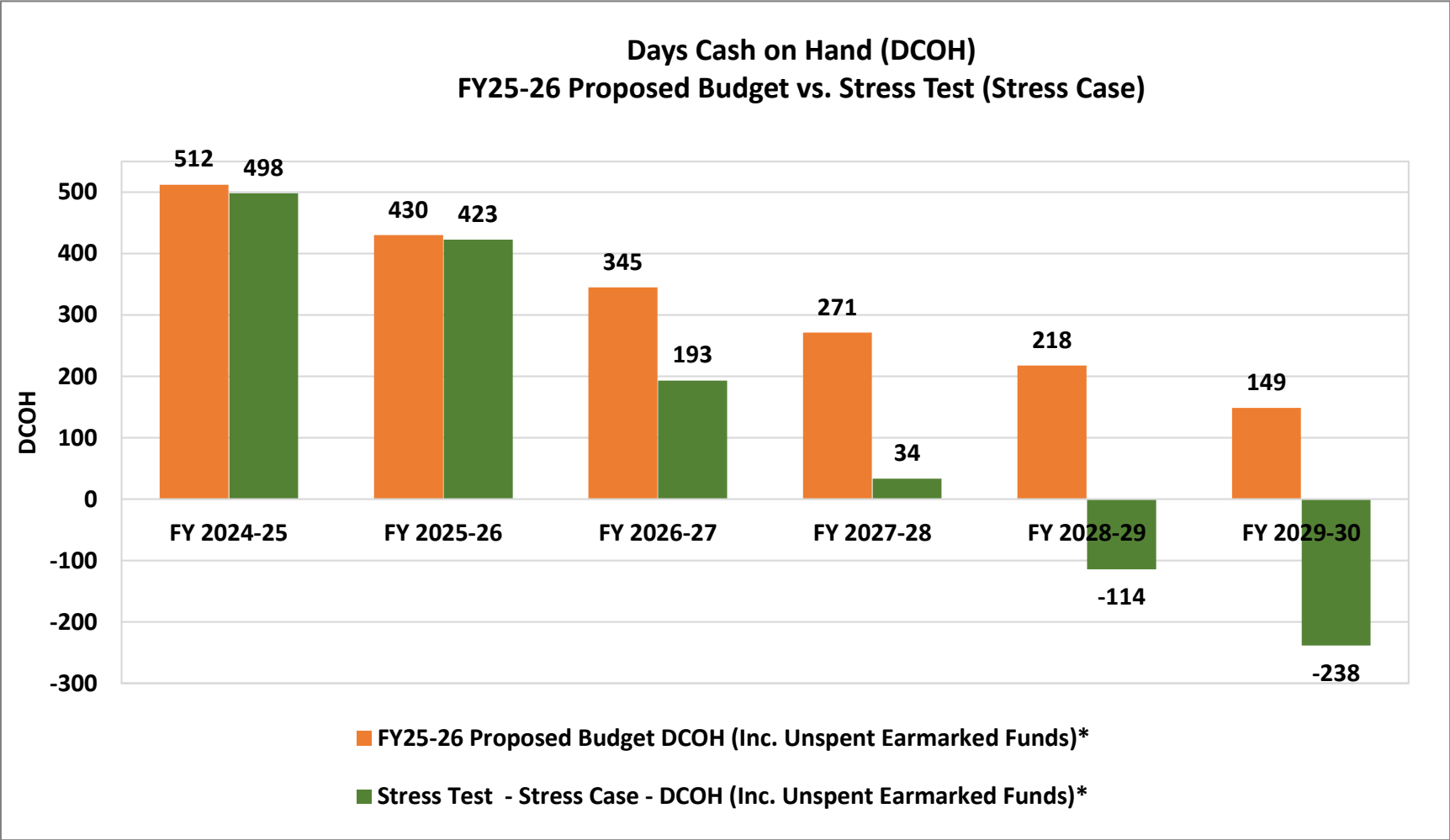
# DCOH Compared to Stress Tests (Base Case)



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



# DCOH Compared to Stress Tests (Stress Case)



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

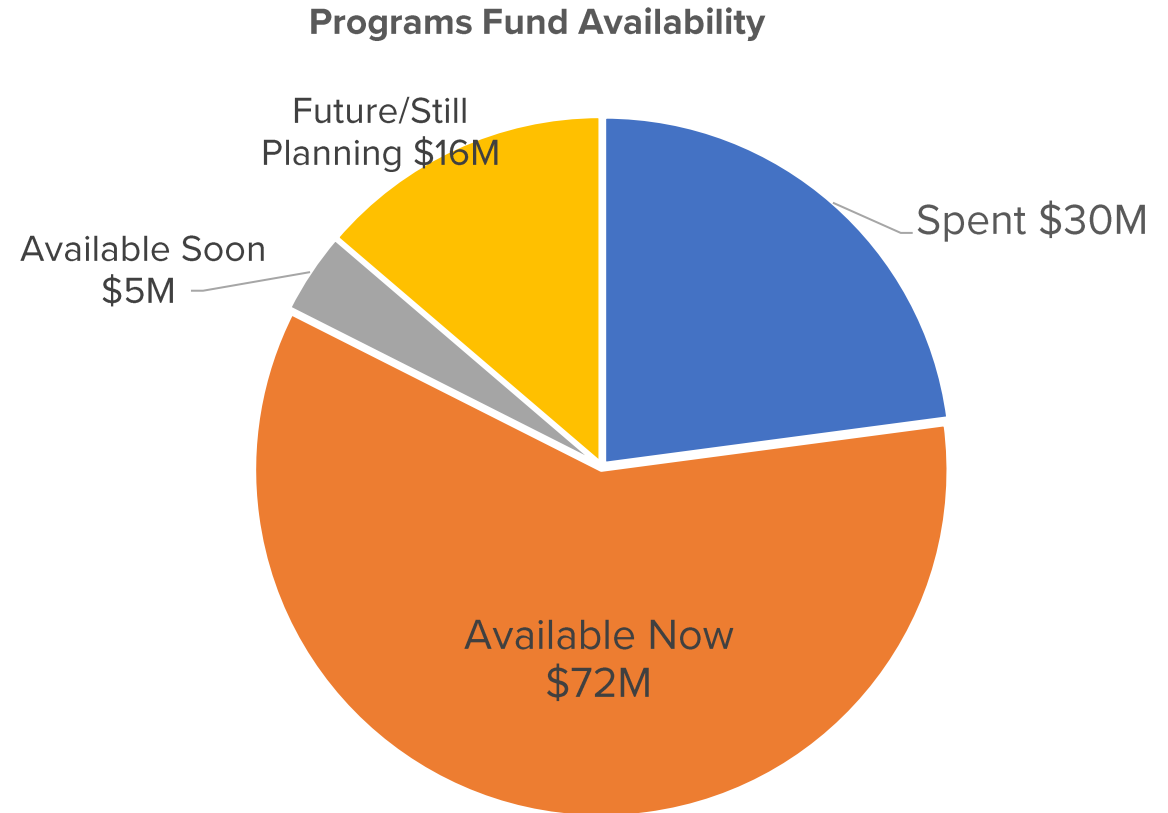


# Programs Capacity is Increasing

**\$130M allocated over the last 6 years**

\$75M allocated over the last 3 years

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



Spent: Already paid out to customer or vendors

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

Available Soon: In a planning phase, but will plan to launch in 2025

Future/Still Planning: Won't launch until 2026 or after and funds not currently allocated to a program



## Current Budgeted Staffing

- **62** Full-time Employees (5 Vacancies)
- 3 intern positions
- 3 Part-time Employees
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultant

No additional headcount request for FY25-26.

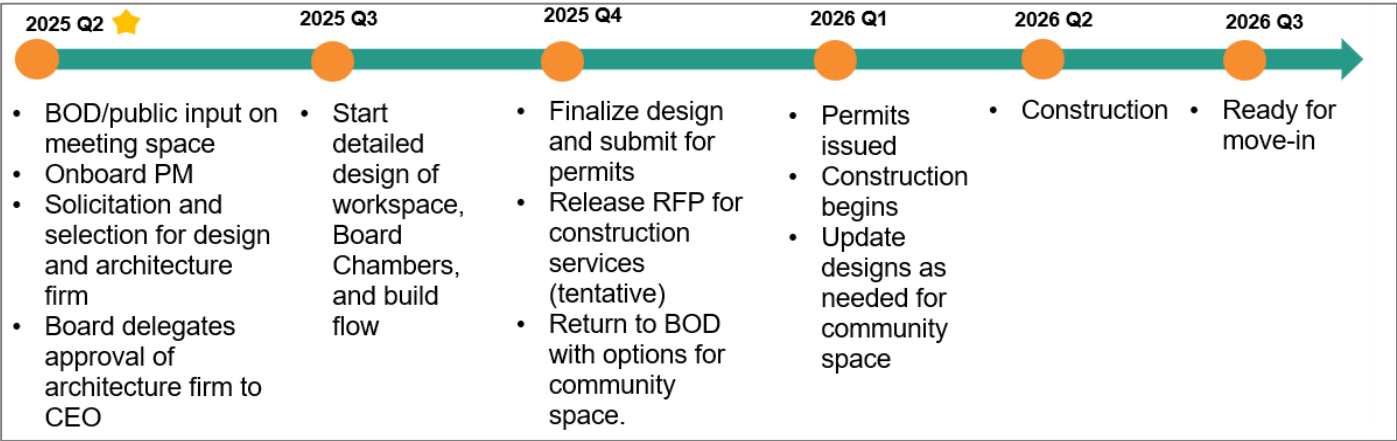
FY FTE Request Summary	FTE
Authorized in the FY24-25 Annual Budget	62
Authorized in the Midyear 24-25 Budget	+5
<b>Current Authorized FTE Total</b>	<b>67</b>



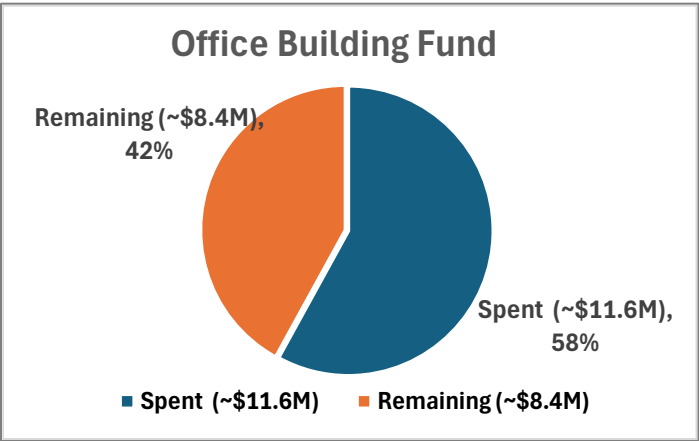
# SVCE New Office Space Budget Update

## SVCE Closed the Purchase of 298 S. Sunnyvale Ave. Office Space in Feb 2025

- BOD approved allocation of \$20M to the Office Building Fund during FY23-24 Midyear Budget in 2024
- Since closing of the purchase, staff has been working through design, permitting, and constructions for an anticipated office move around 2026 Q3
- Remaining building fund will continue to be allocated for construction and renovation of the office space, Board Chamber, and a “warm shell” for the community space
  - Staff will return to the Board with full options for the community space including associated budget
- Other capital costs such as office furniture and on-going facility operating costs have been included in the Proposed FY25-26 budget



*\*Timeline subject to change*





# Medium-Term Load Forecast by Sector

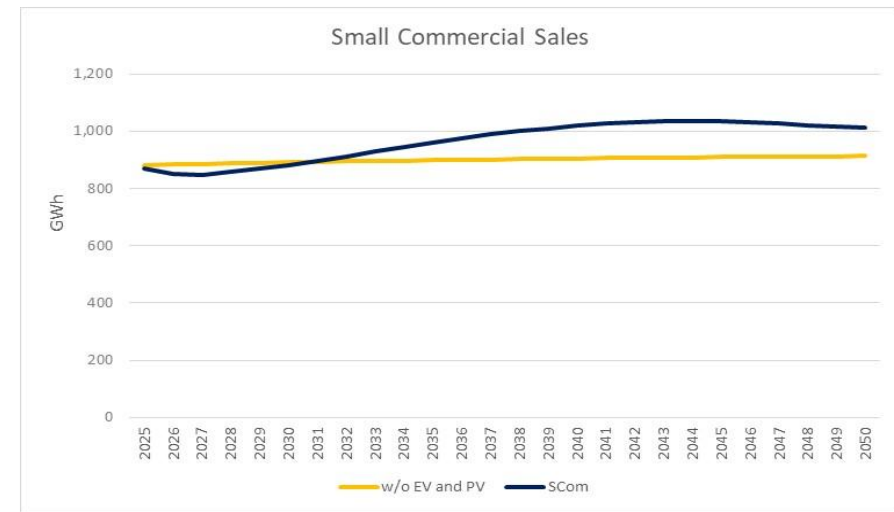
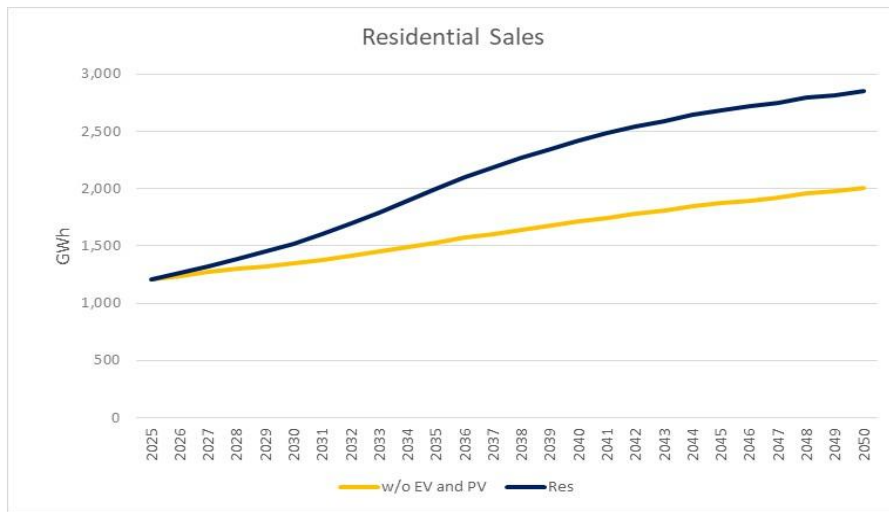




# Sales by Class

## Share of SVCE Sales by Class

	2025	2030	2035	2045	Driver
Residential	31%	35%	40%	47%	Load Modifiers
Small Medium	22%	20%	19%	18%	Near-term: BTM PV, Long-term: public EV charging
Large	38%	35%	32%	28%	Economy (no new data centers)
Agriculture	1%	1%	1%	1%	Held Constant
Lighting	0%	0%	0%	0%	Change in Residential Customers, but minimal impact





# FY 2025-26 Annual Operating Budget Process

## Budget Framework

June

Discuss the high-level budget framework and stress analysis with the **Finance and Admin Committee**

June

Present the stress test analysis to the **BOD**

## Full-Year Update

August

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

August

Present the draft budget to the **BOD** for review and feedback

September

Present to the **BOD** the budget, incorporating any feedback received in August

## “Adjusted December Budget”

Oct 1st

Fiscal Year Start

November

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

December

Present the adjusted budget to the **BOD** for approval

## “Mid-Year Budget”

February

Review the mid-year budget with the **Finance and Admin Committee**

March

Present the mid-year budget to the **BOD** for approval



# SVCE Planning & Budgeting Process







# 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 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.

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# Integrated Decarbonization Roadmap: Preview

Board of Directors  
Sept 2025





# Today's Agenda: Preview

1. What was the original Decarbonization Roadmap?
2. Why update it?
3. What will we get from this effort?
4. Timeline
5. Questions



# In 2018 SVCE published the “Decarbonization Strategy and Programs Roadmap”.

## Key Elements:

1. Board, stakeholder, and community input
2. Established community GHG reduction targets (2021, 2025, 2030 & 2045)
3. Articulated overarching strategic framework
4. Identified core program initiatives



Source: SVCE Decarbonization Strategy & Programs Roadmap



# Our mission and focus remain the same.

## **Mission**

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

## **Focus**

Clean electricity

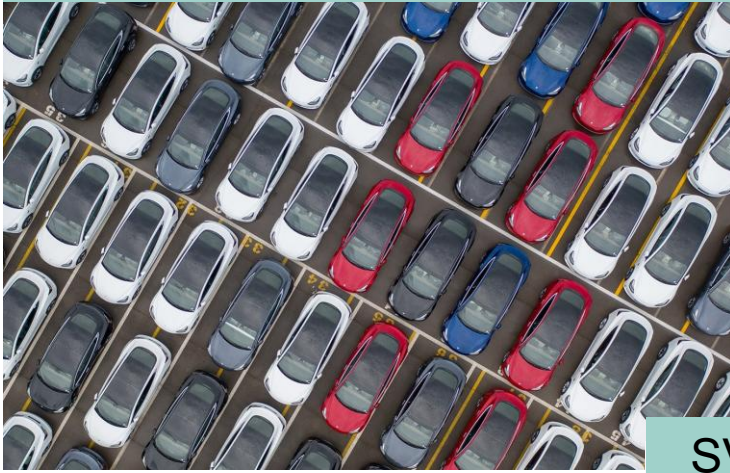
Building electrification

Transportation electrification



# 2018 vs 2025 – a lot has changed!

EVs have tripled



Electricity rates have doubled



SVCE staff has grown 2.5x



AI wasn't a thing...







# The world has changed, we have changed, it's time for an updated plan.

This update will:

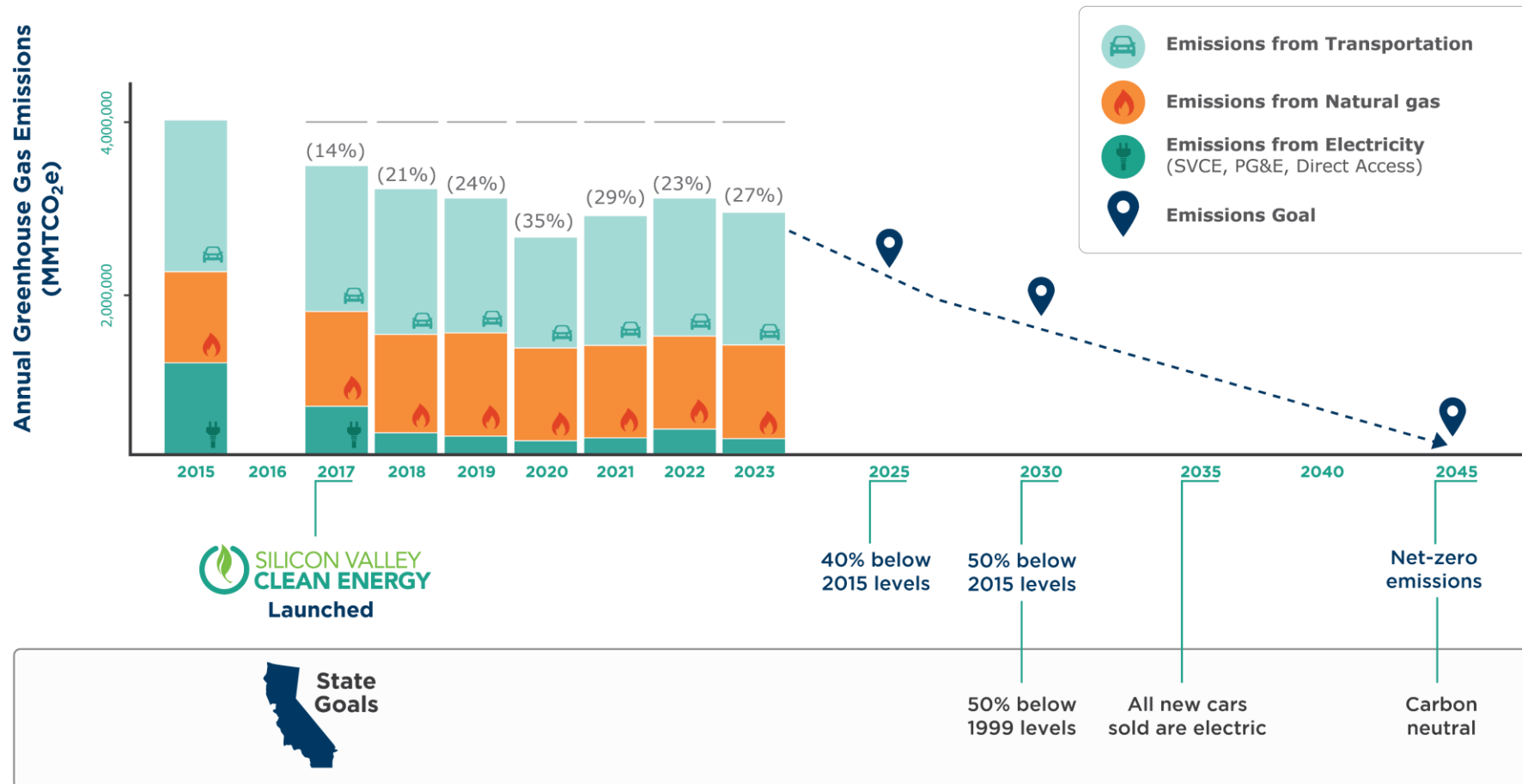
1. Leverage SVCE's growth to refine our scenario planning: established programs team and infrastructure; enhanced data analytics and tools; learnings and results from 7 years of program implementation.
2. Reflect changes in technology, markets, statewide compliance requirements, and SVCE as an organization.
3. Develop more specific recommendations to ensure the best use of SVCE investments to meet challenges ahead.
4. More fully integrate supply-side decarbonization into the plan.
5. Create a set of metrics to track and report progress.





# The first roadmap built a strategic framework that is the foundation for SVCE's success to date.

27% reduction in regional energy and transportation-related emissions since 2015





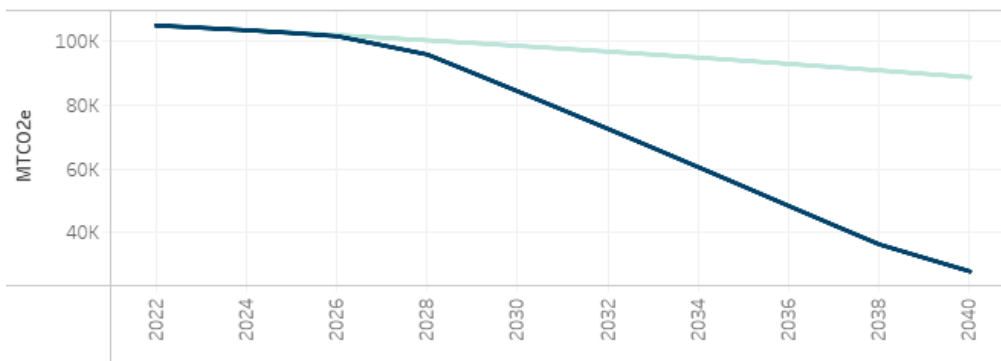
# Staff will build on this foundation to create a nuanced strategy suited for challenges ahead.

Scenario analysis, customer and technology specific strategies, cost-effectiveness reporting

## SVCE Residential Building Electrification Programs

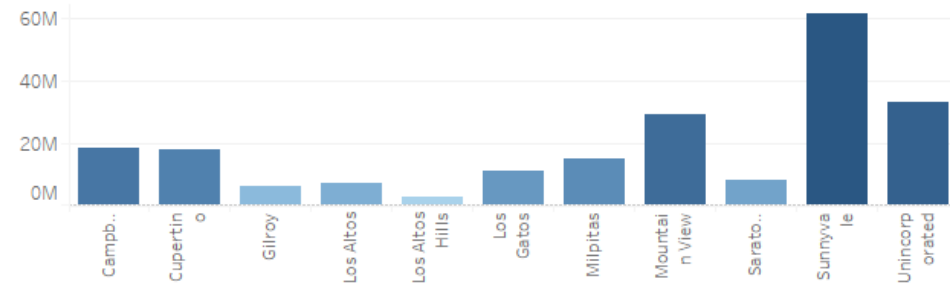
- Commercial and Industrial Decarbonization Program
- FutureFit Homes - Heat Pump Heating Ventilation and Air Conditioning
- FutureFit Homes - Heat Pump Water Heater
- FutureFit Homes - Induction Range
- FutureFit Homes - Total Residential Rebates
- FutureFit Small and Medium-sized Business Incentives
- Multifamily Direct Install
- Neighborhood Electrification - Homes Electrified

## Residential Emissions Reduction 2022-2040

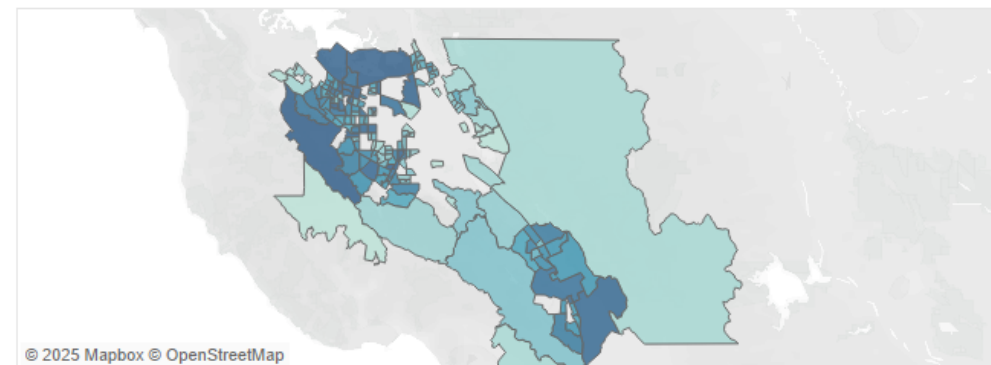


*Illustrative example*

## Silicon Valley Clean Energy Service Territory 2040 Projected Gas Use by City



## Current Gas Use by City





# The Integrated Decarbonization Roadmap will provide several key components.

## 1. Updated goals and targets:

- Refine electrification adoption scenarios
- Incorporate learnings into strategic guidelines
- Strengthen connections between program metrics and GHG targets

## 2. Decarb program evaluation framework:

- Customized metrics to guide investments and track performance
- Grow capacity for internal reporting and ongoing planning

## 3. Prioritized recommendations

- Guiding principals to help adapt and scale decarb efforts over 3-5 years

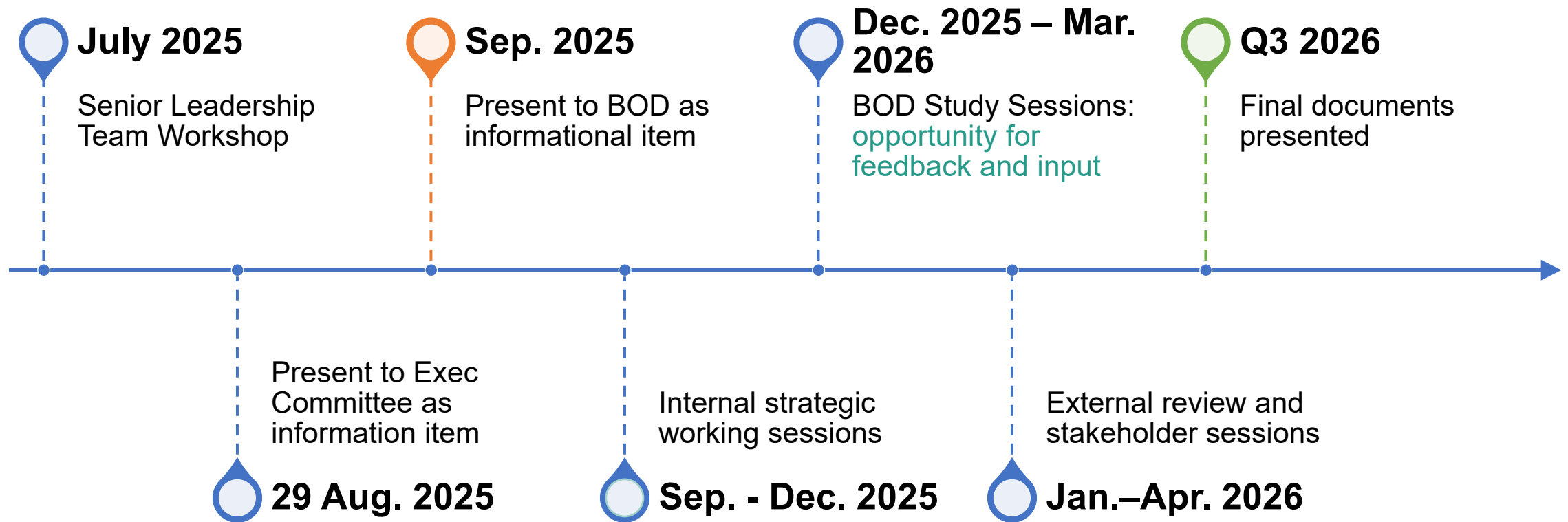


# Our Board of Directors play a critical role in steering this effort towards success.

- Provide guidance and recommendations on objectives, GHG targets, and program milestones.
- Approve program evaluation framework.
- Adopt final roadmap document.



# We are scheduled to complete the Integrated Decarb Plan by Q3 of 2026.



# Questions?



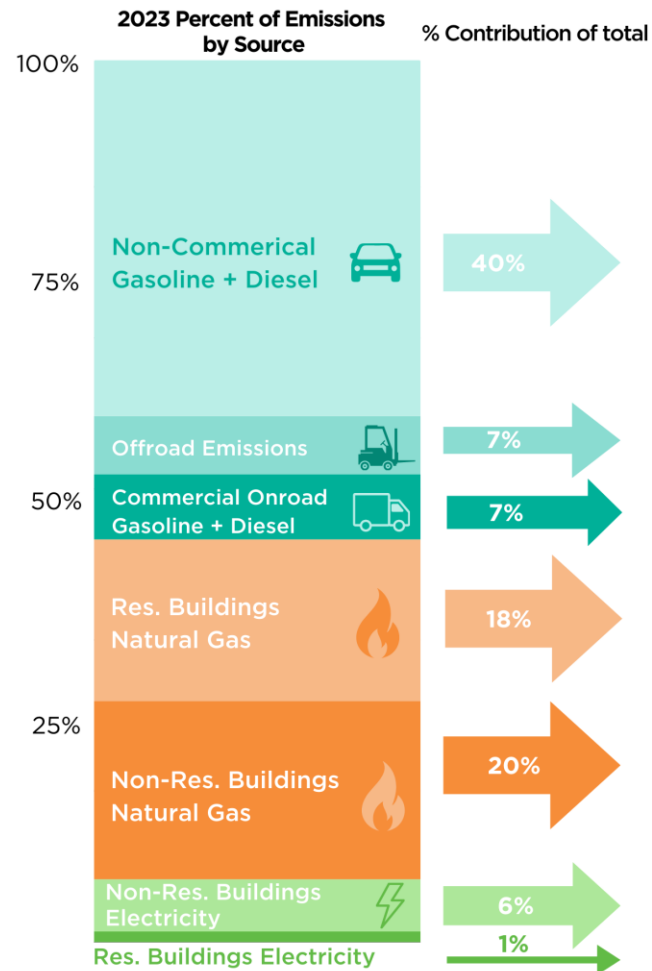


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# APPENDIX



# We need to electrify >1M machines while supplying clean, reliable, and affordable electricity.



## How can we achieve this reduction?

- **421,000 ICE vehicles** converted to electric vehicles<sup>2</sup>
- Electrify 100% of commercial vehicle miles traveled (about 403,000 miles)<sup>1</sup>
- Electrify residential appliances that include: **128k space heaters, 178k water heaters, 96k stoves, 81k dryers**, fireplaces and spa/pool pumps<sup>3</sup>
- Electrify **5,500 Commercial Buildings & 1,700 Industrial Facilities**<sup>3</sup>
- Switch to 100% carbon-free electricity sources (including DA accounts)

Sources:

1. SVCE 2023 GHG Inventory
2. SVCE's Vehicles Dashboard
3. SVCE Market Segmentation Study



# By integrating planning across supply and demand we can make better decisions and investments.

