



## Silicon Valley Clean Energy Executive Committee Meeting

Friday, February 27, 2026  
2:00 p.m.

Larry Klein, Chair  
City of Sunnyvale

Sally Meadows, Vice Chair  
City of Los Altos

Elliot Scozzola  
City of Campbell

R "Ray" Wang  
City of Cupertino

Zach Hilton  
City of Gilroy

George Tyson  
Town of Los Altos Hills

Rob Rennie  
Town of Los Gatos

Garry Barbadillo  
City of Milpitas

Bryan Mekechuk  
City of Monte Sereno

Yvonne Martinez Beltran  
City of Morgan Hill

Pat Showalter  
City of Mountain View

Chuck Page  
City of Saratoga

Otto Lee  
County of Santa Clara

Silicon Valley Clean Energy Office  
333 W. El Camino Real, Suite 330  
Sunnyvale, CA

Director Scozzola will participate remotely pursuant to  
Government Code Section 54953.8.7

Teleconference Meeting Information:

<https://svcleanenergy-org.zoom.us/j/88524058016>

Telephone (Audio only):

US: +1 669 219 2599

Webinar ID: 885 2405 8016

Members of the public may observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting via email up to three hours before the meeting begins to Board Clerk Andrea Pizano at [Andrea.Pizano@svcleanenergy.org](mailto:Andrea.Pizano@svcleanenergy.org) and will be distributed to the Executive Committee. The public will also have an opportunity to provide comments during the meeting. Members of the public using Zoom may comment during public comment or the applicable agenda item by using the Raise Hand feature and you will be recognized by the Chair. Those using the telephone (audio only) feature should press star 9 on your phones to initiate the "Raise Hand" function in Zoom. You will then be announced, unmuted, and your time to speak will begin.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact Board Clerk Andrea Pizano at [Andrea.Pizano@svcleanenergy.org](mailto:Andrea.Pizano@svcleanenergy.org) prior to the meeting for assistance.

### AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

[svcleanenergy.org](https://svcleanenergy.org)

333 W El Camino Real  
Suite 330  
Sunnyvale, CA 94087

*The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.*

Larry Klein, Chair  
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Otto Lee  
County of Santa Clara

### Consent Calendar (Action)

- 1) Approve Minutes of the January 23, 2026, Executive Committee Meeting

### Regular Calendar

- 2) CEO Update (Discussion)
- 3) Recommend the SVCE Board of Directors Approve Addition to 2026 Legislative Policy Platform on a Diablo Canyon Nuclear Power Plant Extension (Action)
- 4) Recommend Approval to Change SVCE's Fiscal Year Period from October to September to a Calendar Year Period, Effective January 1, 2027, and Other Necessary Changes to Allow for the Implementation of the New Fiscal Year (Action)
- 5) Financial Levers Update: Modeled Scenario and Reflecting Feedback (Discussion)

### Committee/Staff Remarks

### Adjourn

**svcleanenergy.org**

333 W El Camino Real  
Suite 330  
Sunnyvale, CA 94087



**Silicon Valley Clean Energy  
Executive Committee Meeting**

Friday, January 23, 2026  
1:00 p.m.

Silicon Valley Clean Energy Office  
333 W El Camino Real, Suite 330  
Sunnyvale, CA

**DRAFT MEETING MINUTES**

**Call to Order**

Chair Martinez Beltran called the meeting to order at 1:00 p.m.

**Roll Call**

**Present:**

Chair Yvonne Martinez Beltran, Morgan Hill (participated remotely under Gov Code Section 54953.8.3(c)(4))  
Vice Chair Sally Meadows, City of Los Altos  
Director Elliot Scozzola, City of Campbell  
Director George Tyson, Town of Los Altos Hills  
Director Pat Showalter, City of Mountain View  
Director Larry Klein, City of Sunnyvale

**Absent:**

None

Prior to Public Comment, Chair Martinez Beltran announced she would be participating remotely under the Just Cause provision of the Brown Act for her participation in the meeting.

**Public Comment on Matters Not Listed on the Agenda**

Bruce Karney, Mountain View resident, commented on Carbon Free Mountain View's January 22, 2026 meeting where Joshua Neutel, lead author of a recent Stanford study, spoke about "What will it take to get to net-zero emissions in California?" Mr. Karney noted he would send the recording to Board Clerk Andrea Pizano for distribution.

**Consent Calendar**

**MOTION: Director Scozzola moved and Director Showalter seconded the motion to approve the Consent Calendar.**

Chair Martinez Beltran opened Public Comment.  
No speakers.  
Chair Martinez Beltran closed Public Comment.

**The motion carried unanimously by verbal roll call vote.**

- 1) Approve Minutes of the December 5, 2025, Executive Committee Meeting**



## Regular Calendar

### 2) CEO Update (Discussion)

Chief Executive Officer Monica Padilla provided a report which included:

- A debrief from the December Special Board of Directors meeting from Justin Zagunis, Director of Customer Success, and Zoe Elizabeth, Director of Decarbonization Policy and Community Strategies, who both provided brief comments and outlined next steps for the Financial Levers and Integrated Decarbonization Roadmap discussions.

Staff responded to questions and comments regarding proposed attendees to a larger stakeholder workshop for the decarbonization roadmap and addition of annual survey questions for customers as a result of the initial financial levers discussion, and timing on feedback.

Chair Martinez Beltran opened Public Comment.

No speakers.

Chair Martinez Beltran closed Public Comment.

### 3) Elect Chair and Vice Chair of the 2026 SVCE Executive Committee (Action)

Andrea Pizano, Board Clerk, introduced the item and reviewed the process for selecting a Chair and Vice Chair of the Executive Committee.

**MOTION: Director Meadows moved and Director Tyson seconded the motion to nominate Director Pat Showalter to serve as Chair of the 2026 Executive Committee.**

Director Showalter shared her gratitude for the nomination and provided brief comments on her desire to serve as Chair of the Executive Committee.

Director Martinez Beltran noted her interest to serve as Chair, but voiced support for Director Showalter's nomination and expressed interest in serving as Vice Chair.

Board Clerk Pizano inquired if there were any other members interested in serving as Vice Chair; Director Meadows commented she would also put her name in for Vice Chair. Board Clerk Pizano noted the vote for Chair would be addressed, followed by the Vice Chair nominations.

Board Clerk Pizano opened Public Comment.

No speakers.

Board Clerk Pizano closed Public Comment.

**The motion carried unanimously by verbal roll call vote.**

Following the vote on Chair of the Committee, Director Pat Showalter presided over the remainder of the meeting.

Chair Showalter requested those interested in serving as Vice Chair provide statements on their interest:

- Director Martinez Beltran provided brief comments on her interest in serving as Vice Chair.
- Director Meadows provided brief comments on her interest in serving as Vice Chair.
- Director Scozzola provided brief comments on his interest in serving as Vice Chair.

Following Director Scozzola's comments, Director Meadows withdrew her self-nomination.



Board Clerk Pizano proceeded with a roll call vote by name:

Dir. Martinez Beltran: Martinez Beltran

Dir. Scozzola: Scozzola

Dir. Tyson: Scozzola

Dir. Meadows: Scozzola

Dir. Showalter: Scozzola

Dir. Klein: Scozzola

**MOTION: Director Klein moved and Director Tyson seconded the motion to appoint Director Pat Showalter as Chair and Director Elliot Scozzola as Vice Chair of the 2026 Executive Committee.**

The motion carried unanimously by verbal roll call vote.

#### **4) Select a Regular Meeting Schedule for 2026 Executive Committee Meetings (Action)**

Board Clerk Pizano presented the proposed 2026 Executive Committee meeting schedule, noting potential conflicts in May, July, and September.

Committee members discussed availability on the schedule as presented.

Chair Showalter opened Public Comment.

No speakers.

Chair Showalter closed Public Comment.

**MOTION: Director Meadows moved and Director Martinez Beltran seconded the motion to accept the following meeting schedule:**

**February 27, 2026, 2:00 p.m.**

**March 27, 2026, 10:00 a.m.**

**April 24, 2026, 10:00 a.m.**

**May 22, 2026, 10:00 a.m.**

**June 26, 2026, 10:00 a.m.**

**No meeting in July**

**August 28, 2026, 10:00 a.m.**

**September 18, 2026, 2:00 p.m.**

**October 23, 2026, 10:00 a.m.**

**December 4, 2026, 10:00 a.m.**

The motion carried unanimously by verbal roll call vote.

#### **5) Changes to Hybrid Meetings Policy to Incorporate SB 707 (2025) (Action)**

Michael Callahan, SVCE General Counsel, presented updates to the Brown Act as a result of Senate Bill (SB) 707 (2025) including remote meeting options and optional translation rules. General Counsel Callahan requested the Committee's support to recommend that the Board of Directors approve amendments to SVCE's hybrid meetings policy to reflect some of the options outlined in SB 707, specifically remote participation for Just Cause, multijurisdictional body/remote meetings, and accommodations for disabilities.

Staff responded to questions and comments from committee members regarding Assembly Bill (AB) 2449 rules, effective date of proposed provisions and deadline to adopt a resolution, consideration of documentation for disability accommodations, explanation of the multijurisdictional body/remote meetings recommendation, if a remote location for Just Cause is considered a public meeting location and the importance of clarifying when a



location should be noticed to the Board, inquiry on how the Just Cause and Multijurisdictional body provisions will be tracked when used by board and committee members given the limit of use to twice per year, agenda noticing requirements for use of the Multijurisdictional body provision, what constitutes official business travel, consideration to request permission to participate using the Just Cause provision from the Board by vote, and exploring translation services if determined that it would be a value add for the SVCE community.

CEO Padilla inquired with the Chair of the Board, Board Chair Klein, if the amendments to the policy should be included on the regular or consent calendar for the regular Board of Directors meeting; Board Chair Klein expressed the desire for the item to be on the regular calendar.

Chair Showalter opened Public Comment.

No speakers.

Chair Showalter closed Public Comment.

**MOTION: Director Martinez Beltran moved and Director Klein seconded the motion to recommend including options for hybrid meetings, accommodations for disabilities, remote participation for a just cause, and multijurisdictional remote meetings to SVCE's hybrid meeting policy.**

**The motion carried unanimously by verbal roll call vote.**

#### **6) Input on Timing to Solidify Proposals of the Community Space at Silicon Valley Clean Energy Headquarters (Action)**

CEO Padilla introduced the item. Director of Decarbonization Policy and Community Strategies Elizabeth and Jessica Cornejo, Decarbonization & Community Strategies Lead, presented a request to return with a recommended fiscal year 2027-2028 budget for the community space portion (Phase 2) of SVCE's new headquarters. Staff's presentation included key headquarter project updates, a breakdown of the budget, an updated headquarters timeline, Phase 2 options for when staff could provide recommendations, examples of previous concepts discussed, and next steps based on direction from the Committee.

Staff responded to committee member questions and comments on how strategic exercises affect future recommendations, blank space in the building, potential for a second round of proposals based on additional details, timing for recommendations for the fiscal year 2027/28 budget, value in visiting Sonoma Clean Power's Customer Center, inquiry if there has been any community college outreach to train a new workforce, and general support for taking additional time for staff to provide the community space recommendations.

Chair Showalter opened Public Comment.

No speakers.

Chair Showalter closed Public Comment.

**MOTION: Director Klein moved and Director Tyson seconded the motion to approve that staff return with recommendations for the community space for fiscal year 2027-2028.**

**The motion carried unanimously by verbal roll call vote.**

#### **Committee/Staff Remarks**

Chair Showalter announced the following: 1) the restoration of Pond A2W met a pivotal point, and the new extension of Stevens Creek Trail will have a grand opening on February 20, 2026; and 2) advocacy efforts helped change legislation in the 2024 Water Resources Development Act (WRDA) to increase the beneficial reuse of dredged material goal to 70% by 2030.

Director Meadows announced her plans to attend the Silicon Valley Youth Climate Action Mountain View Los Altos breakfast.



**Adjournment**

Chair Showalter adjourned the meeting at 2:30 p.m.

**ATTEST:**

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Andrea Pizano, Board Secretary



**Staff Report – Item 2**

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**Item 2: CEO Update**

From: Monica Padilla, CEO

Prepared by: Andrea Pizano, Sr. Executive Assistant and Board Clerk

Date: 2/27/2026

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This item will be addressed in the form of an oral report to the Executive Committee from Monica Padilla, Chief Executive Officer.



### Staff Report – Item 3

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**Item 3: Recommend the SVCE Board of Directors Approve Addition to 2026 Legislative Policy Platform on a Diablo Canyon Nuclear Power Plant Extension**

From: Monica Padilla, CEO

Prepared by: Bena Chang, Director of Government and Legislative Affairs

Date: 2/27/2026

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#### **RECOMMENDATION**

Staff recommend that the SVCE Board of Directors approve an addition to the 2026 Legislative Policy Platform to support an extension of the Diablo Canyon Nuclear Power Plant subject to affordability provisions including reasonable cost and fair cost/benefit allocations, inclusion in planning and procurement orders, and maximizing market liquidity.

#### **BACKGROUND**

In December 2025, the Board approved SVCE’s 2026 Legislative Policy Platform. The Legislative Policy Platform directs staff on the Board’s legislative policies. Staff then implement the Policy Platform by taking positions on state and federal legislation.

In 2026, staff anticipates state legislation to be introduced that extends the operations of the Diablo Canyon Nuclear Power Plant beyond the current statutory retirement dates of 2029 and 2030. The 2026 Legislative Policy Platform did not include a policy position on an extension of the Diablo Canyon Nuclear Power Plant.

Diablo Canyon Power Plant is a nuclear energy facility located in San Luis Obispo County that began operation with Unit 1 in 1985 and Unit 2 in 1986 providing a carbon-free, baseload energy for PG&E customers. The two units at Diablo produce approximately 18,000 gigawatt hours of clean and consistent power. The energy from Diablo represents about 9% of energy generation in California and 17% of the state’s clean energy resources. The plant produces enough energy to power 4 million homes annually.

Diablo Canyon Nuclear Power Plant is situated near the coast and uses Once-Through-Cooling technology to pump sea water into the plant to condense steam which drives turbines. This process increases the temperature of the surrounding ocean and has altered marine life in Diablo Cove. Nuclear spent fuel is stored on-site in both wet storage pools and in an Independent Spent Fuel Storage Installation. The long-term plan is to move spent fuel to a federal repository, which has not been built yet.

Diablo Canyon Nuclear Power Plant is located near several earthquake fault lines, including the San Andreas, Hosgri, and Shoreline fault lines. It is also located along the coast, which is subject to tsunamis. The Nuclear Regulatory Commission requires safety structures, systems and components to be designed to withstand disasters, and PG&E is in compliance with the Commission’s safety requirements. PG&E actively updates its procedures and conducts training exercises to prepare for disasters including wildfires, earthquakes, and tsunamis. No major safety incidents have occurred at Diablo since it began operating in 1985.

In 2018, the California Public Utilities Commission (CPUC) approved a plan to close Unit 1 in 2024 and Unit 2 in 2025. At the time, PG&E’s analysis showed that with a future influx of renewables, Diablo would run about

half the time, which is uneconomic. In August of 2020, the state experienced rolling outages during a heat wave. State agencies found that, among other things, the build out of new renewable resources had not been keeping pace to ensure energy reliability. In 2022, Governor Newsom signed SB 846 (Dodd) to extend the operations of Diablo Unit 2 to 2029 and Unit 2 to 2030. The Governor argued that the extension was needed for reliability purposes due to delays in bringing renewable projects online. Part of SB 846 also prohibited state agencies from counting Diablo in planning efforts or for procurement orders.

In 2025, the Nuclear Regulatory Commission gave an interim proposal for a 20-year extension of Diablo's operating license until 2045. The proposal is contingent on PG&E obtaining necessary land use permits. PG&E obtained a Coastal Commission permit in December of 2025 and is in the process of finalizing a Regional Water Quality permit.

### **ANALYSIS & DISCUSSION**

In 2020, after a decision from the CPUC, PG&E started to offer carbon-free attributes from its hydropower and nuclear energy sources to CCAs at no additional cost. SVCE's Board has chosen to accept these allocations each year, except when PG&E did not offer them in 2024. By accepting the nuclear allocation, SVCE saved \$8.3 million from 2020-2024. The Board directed staff to use the savings to benefit customers and advance the agency's mission by investing in resiliency, equity, local resources, workforce training, and building reserves. Various programs have been funded with the nuclear allocation savings, including the installation of multi-family EV chargers, portable batteries for medical baseline customers who live in wildfire or outage prone areas, and grants to member agencies for electrification demonstration and community engagement projects.

On any given year, the nuclear allocation from Diablo represents a varying percentage of SVCE's carbon-free power. Prior to 2024, Diablo represented 20% of SVCE's clean energy mix. In 2024, SVCE received no nuclear allocations. In 2025, Diablo represented 5% of SVCE's clean energy mix due to the attributes from Diablo being allocated to all CPUC jurisdictional load-serving entities per SB 846.

Any extension of the Diablo Canyon Nuclear Power Plant beyond 2029 for Unit 1 and 2030 for Unit 2 would require state legislation, which may be introduced this year. State legislation would provide an opportunity to relook at the rules around Diablo Canyon's allocations.

The first question is whether the state should extend Diablo's operations.

From a reliability perspective, Diablo produces a significant percentage of the state's energy and clean energy resources. As a baseload resource, power from Diablo is dependable and consistent. Resources like solar and batteries or wind have less reliability value than other baseload resources like geothermal.

From an affordability perspective, in 2024, PG&E estimated that the operations of Diablo resulted in wholesale electricity cost savings of \$474 million to PG&E customers. In 2025, the CPUC's Transmission Planning Process analysis found that Diablo saves \$600 million to \$1.2 billion from not having to construct replacement power from solar and batteries. The savings increase to \$2.7 billion to \$3.7 billion a year if offshore wind and long-duration storage are not built. Additionally, Diablo's site has significant value due to its already existing transmission infrastructure. Keeping this asset online gives that value the best chance of being realized.

If Diablo is extended, SVCE staff recommend advocating for the following conditions to support system affordability:

- 1) **Reasonable Cost and Fair Cost/Benefit Allocations:** The costs from continued Diablo operations should be reasonable and the costs and benefits should be fairly allocated to ratepayers and other interested stakeholders based on historic and future need. As an example, if SVCE's customers pay for the continued operations of Diablo, SVCE's customers should also receive the proportional benefit of

the attributes. Without the attributes, SVCE would have to acquire additional resources to meet compliance obligations.

- 2) **Inclusion in Planning and Procurement Orders:** Diablo should be included in statewide planning and procurement orders to mitigate the need for new procurement. If the state is requiring the build-out of renewable resources to replace Diablo *and* Diablo remains operational, the state would be overbuilding renewable resources to the detriment of affordability.
- 3) **Maximize Market Liquidity:** An extension of Diablo should also maximize market liquidity through mechanisms such as allowing load-serving entities to resell allocations from Diablo. This market liquidity is important for ratepayer affordability.

### **STRATEGIC PLAN**

Approving the addition of support for an extension of the Diablo Canyon Nuclear Power Plant, subject to affordability conditions to the 2026 Legislative Policy Platform supports Goal 1 of the Strategic Plan to “advance policies which support SVCE’s mission to reduce dependence on fossil fuels” and the Strategic Focus Area of “Expand Affordability Efforts.”

### **ALTERNATIVE**

The Board could choose to not add supporting an extension of the Diablo Canyon Nuclear Power Plant to the 2026 Legislative Policy Platform, add a policy to oppose the extension, or direct staff to remain neutral on the issue.

### **FISCAL IMPACT**

The extension of Diablo Canyon Nuclear Power Plant's operations is projected to deliver \$2-\$12 million in annual value for SVCE, totaling around \$30-\$190 million through the full extension to 2045.



## Staff Report – Item 4

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**Item 4: Recommend Approval to Change SVCE’s Fiscal Year Period from October to September to a Calendar Year Period, Effective January 1, 2027, and Other Necessary Changes to Allow for the Implementation of the New Fiscal Year**

From: Monica Padilla, CEO

Prepared by: Amrit Singh, CFO

Date: 2/27/2026

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### **RECOMMENDATION**

Staff requests that the Silicon Valley Clean Energy (SVCE) Executive Committee recommend that the SVCE Board of Directors (Board) approve:

1. Changing the current fiscal year (October to September) period to follow the calendar year (January to December), beginning January 1, 2027;
2. Establishing an interim three-month fiscal period (“stub period”), starting October 1, 2026, and ending December 31, 2026, and adopting a schedule to approve the stub fiscal period budget at a September 2026 Board meeting;
3. Authorizing a combined two-period audit covering the three-month stub period along with the first audit of the new fiscal year starting January 1, 2027, and ending December 31, 2027, including waiving any conflicting annual requirements during the transition period from October 1, 2026, to December 31, 2027, in accordance with the Board-approved Policies<sup>1</sup>; and
4. Amending the Budget Adoption, Control and Reporting Policy FP-02 (“Budget Policy”) as shown in the redlined version in Attachment A, removing the requirement to provide a budget overview two months before the end of the fiscal year.

### **BACKGROUND**

SVCE’s Joint Powers Agreement (JPA) Section 6.1 authorizes the Board to change the fiscal year by resolution. The Board has once before changed the fiscal year (period) in September 2016 from the initial 12-month period starting July 1 to June 30 to the current 12-month fiscal period beginning October 1. The change was made to facilitate compliance with loan covenants during SVCE’s startup, which are no longer relevant.

### **ANALYSIS & DISCUSSION**

#### **Calendar Year – Fiscal Year**

The primary reason for proposing to adopt a calendar year fiscal period is to closely align the Board’s budget adoption with customer rate changes. Currently, the Board approves SVCE’s annual budget in September, when staff have limited information about Pacific Gas and Electric’s (PG&E) generation rate and Power Charge Indifference Adjustment<sup>2</sup> (PCIA) charges for the upcoming year. With the California Public Utilities

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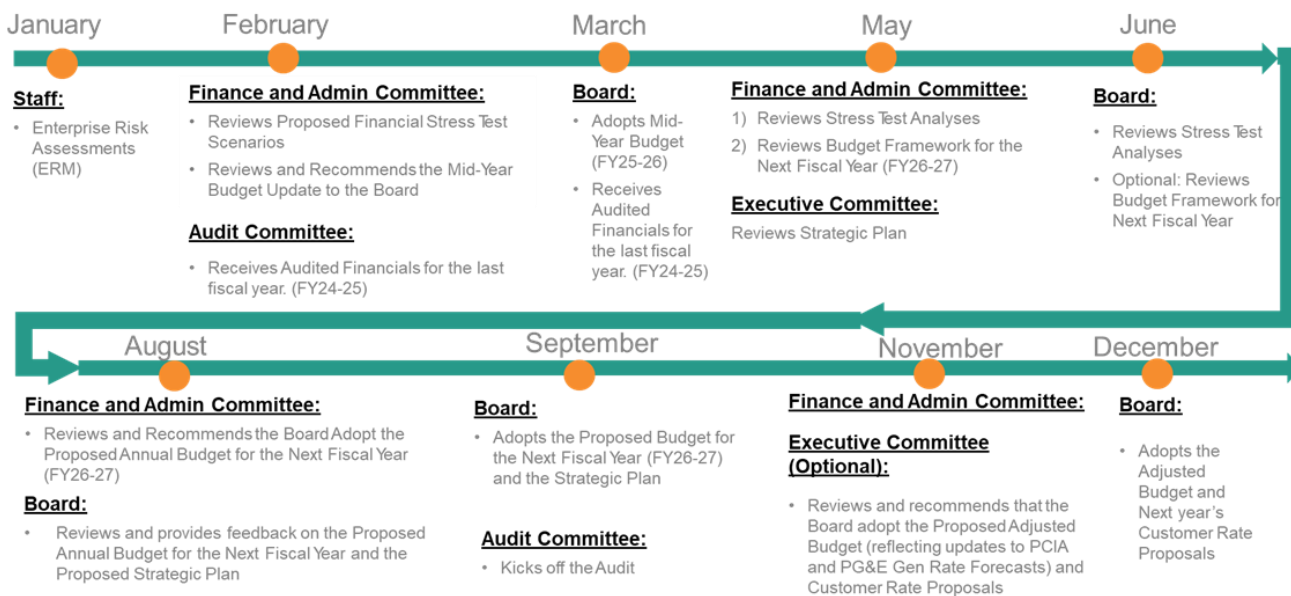
<sup>1</sup> For example, Finance Policies include criteria such as the requirement to conduct an annual audit and annually retain or appoint an independent auditor.

<sup>2</sup>Public Utility Code Sections 366.1 and 366.2 require the CPUC to make sure that customers leaving PG&E do not burden remaining PG&E customers with costs that were incurred to serve them. To ensure customer

Commission’s (CPUC) publishing of the market price benchmarks (MPBs) in the fall and PG&E’s subsequent Energy Resource Recovery Account<sup>3</sup> (ERRA) update using the latest MPBs, by around mid-November, staff can significantly improve the forecast for the prompt year’s PG&E generation rates and PCIA charges, both of which significantly impact the estimation of SVCE’s revenue forecast. Because of this late availability of information, for the past few years, the Board has amended the adopted budget in December of each year. Changing the fiscal year to start in January avoids setting a budget and then having to amend it three months later. Having a calendar fiscal year also provides additional benefits by aligning with the timeline for many external compliance requirements and the internal planning processes.

The figure below illustrates the current, new, and transition period budgeting and planning process and timeline, including reviews and/or approvals by the Finance and Administration Committee, the Audit Committee, and the Executive Committee for budgets, stress test analyses, the strategic plan, and financial audits.

Current Planning Process and Timeline



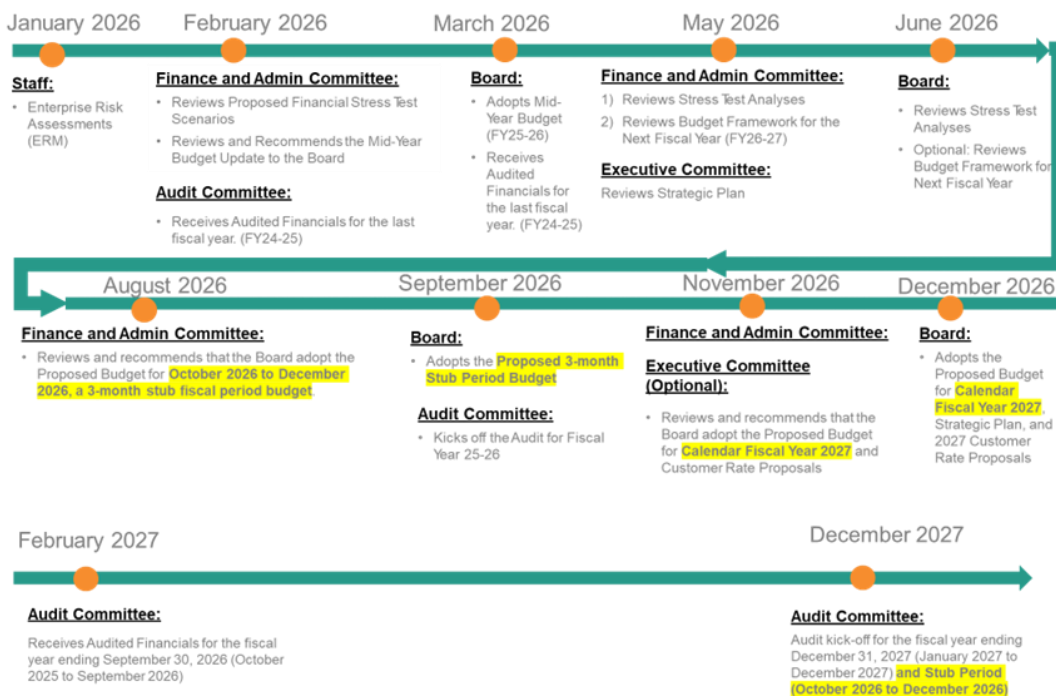
indifference, CCAs and Direct Access or departing load customers are required to pay a power charge indifference adjustment (PCIA).

<sup>3</sup> ERRA, the Energy Resource Recovery Account, is a balancing account utilized by PG&E to record and recover power costs associated with PG&E’s authorized procurement plan. ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates.

New Planning Process and Timeline



Transition Period Planning Process and Timeline



**Stub Period and Exception from Annual Audit Requirement in Finance Policy 1**

The transition to the proposed new fiscal period requires a three-month stub period from October 2026 to December 2026. Staff proposes that the Board adopt the stub period budget in September 2026 and set December 2026 as the deadline for adopting the annual budget. To avoid costly and time-consuming audits for the stub period, and as is common in such circumstances, staff further recommends that the Board authorize a combined audit covering both the stub period (October 2026 to December 2026) and the first new fiscal period (January 2027 to December 2027). This requires an exception from the Board requirement in Finance Policy 1, which mandates an annual audit.

**Budget Adoption, Control and Reporting Policy FP-02 – Budget Policy**

To support the adoption of a new fiscal year period, staff recommends that the Board eliminate the Budget Policy requirement to provide a budget overview two months before the end of the fiscal year. With the updated budget approval schedule, staff will not receive the latest PCIA and PG&E generation rate information in time to prepare a budget overview, as such data becomes available only from mid-October to mid-November.

**STRATEGIC PLAN**

By aligning the budget timeline with when customer rates are set, as well as with many external compliance periods and internal planning processes, the proposed changes generally support all goals of the strategic plan.

**ALTERNATIVE**

Many fiscal periods may be considered, including adopting a fiscal year similar to those of many cities, from July to June. Staff did not consider this alternative as it found no agency benefits.

**FISCAL IMPACT**

There is no fiscal impact.

**ATTACHMENT**

1. Redlined Budget Adoption, Control and Reporting Policy



## Finance Policy 2: Budget Adoption, Control and Reporting

### I. Purpose

This Budget Adoption, Control and Reporting Policy ("Budget Policy") provides clarity about budget authority for the Chief Executive Officer (CEO) of Silicon Valley Clean Energy (SVCE) and lays out budget adoption and periodic budget reporting requirements. The policy also allows for sufficient flexibility to address ~~changes in the market price of energy the volatility of the power supply portfolio~~ consistent with SVCE's Financial Reserves Policy.

### II. Scope

All budget requirements.

### III. Policy

#### A. Budget Adoption

- The CEO, in concurrence with the Finance and Administration Committee, shall prepare a budget ~~and budget overview~~ for the Board for the following fiscal year ~~two one~~ months prior to the end of the fiscal year. The proposed budget shall be balanced and in alignment with the proposed Strategic Plan. The budget shall reflect all activities, including operating, capital programs expenditures, revenues and risk. The CEO will maintain standards related to showings for capital expenditures for budgeting purposes. A balanced budget is one in which expenditures are matched by revenues and recommended changes to reserves.
- The CEO shall submit a recommended budget document for adoption to the Board of Directors for approval by Resolution ~~in the month following the proposed budget submittal~~. When approved by the Board, the budget shall be considered adopted and appropriated at the level it is controlled by the CEO, discussed below.
- In the event that the Board does not adopt the proposed budget by the end of the fiscal year, the Board of Directors may adopt a continuing appropriations resolution until such time as a budget is adopted. A



continuing appropriations resolution would provide that payments for services performed on behalf of the Agency and authorization of awarded contracts would continue until such time as the budget is adopted.

- Staff will prepare a five-year financial forecast as part of the budget process projecting revenues and expenditures for all operating funds and planned capital projects in alignment with the Strategic Plan.
- The budget document will also contain the following, at minimum, a schedule showing revenues, expenses, and changes to financial reserves. The first year of the five-year horizon is the budget to be considered and formally adopted by the Board by Resolution. The final four years are shown for planning purposes and may be shown at more summary levels.
- The first-year proposed budget shall further show:
  - Expenditures by expense type/category across the organization;
  - Projected revenues;
  - Organization chart(s) showing all proposed budgeted positions in the organization;
  - A current salary schedule for job classifications to be in effect for the proposed fiscal year (Salaries may be adjusted by the CEO in the fiscal year, with salary changes being reported to the Board).

#### B. Budget Control

- After adoption, the budget shall be controlled by the CEO at the total annual expenditure level for the SVCE organization, which includes power purchases, employee costs, contract and professional services, capital improvements, debt service, and all other costs. Customer Generation Rates will be set per the Board approved budget for the corresponding fiscal year or as designated by the Board after establishing the budget. The total budget may be amended by the Board during the year by Resolution.



- The CEO may institute separate budget procedures internally that give the CEO further controls at the department and/or expenditure category level if the CEO so desires.

#### C. Budget Reporting

- A budget-to-actual status update report shall be presented to the Board on a quarterly basis.

#### D. Authority to Flexibly Staff and Over-hire Budgeted Positions

- Under the Human Resources Policy 01: Personnel and Reimbursement, the CEO is authorized to hire in excess of 10% of the number of positions shown in the annual budget without prior approval of the Board.
- In no case shall positions be added or salaries be adjusted during the year that cause the total annual budget to be exceeded in total by fiscal year-end without prior Board approval by Resolution.

#### E. Power/Energy Purchases Contingency

- The nature of the energy-power markets is one of rapid changes in prices and market volatility. The ability to quickly adapt to those changes is important for maintaining consistent power delivery to customers. Therefore, the CEO is granted authority to overspend the total annual budget for energy-power supply purchases by the lesser of 10% of the annual power supply budget, or \$30 million, without Board approval provided the over expenditure is due to higher energy costs or greater customer demand. Overspending for these purposes may require use of reserves and the conditions on use of reserves as stated in the Financial Reserves Policy apply, where reserves cannot be drawn down more than 10% of the year's budgeted cost of power supply or \$30 million, whichever is less, nor below the baseline Minimum Operating Reserve level without Board approval.

### **IV. Policy Compliance**

#### A. Violations



- Any known violations of this policy must be immediately reported to the Finance and Administration Committee, CEO, and General Counsel.
- Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

B. Cadence for Review

- This Policy will be reviewed at least every five (5) years.



**Staff Report – Item 5**

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**Item 5: Financial Levers Update: Modeled Scenario and Reflecting Feedback**

From: Monica Padilla, CEO

Prepared by: Justin Zagunis, Director of Customer Success

Date: 2/27/2026

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This item will be addressed in the form of a presentation to the Executive Committee. This is a discussion item with no action requested by the Committee.

**BACKGROUND**

This item continues the discussion on financial levers from the following meetings: October 2025 Executive Committee, December 2025 Board of Directors, December 2025 Board of Directors special meeting, and February 2026 Finance and Administration Committee.

**ATTACHMENTS**

The presentation for this item is posted to SVCE’s website.