
Diablo Canyon Extension – Legislative Policy Platform

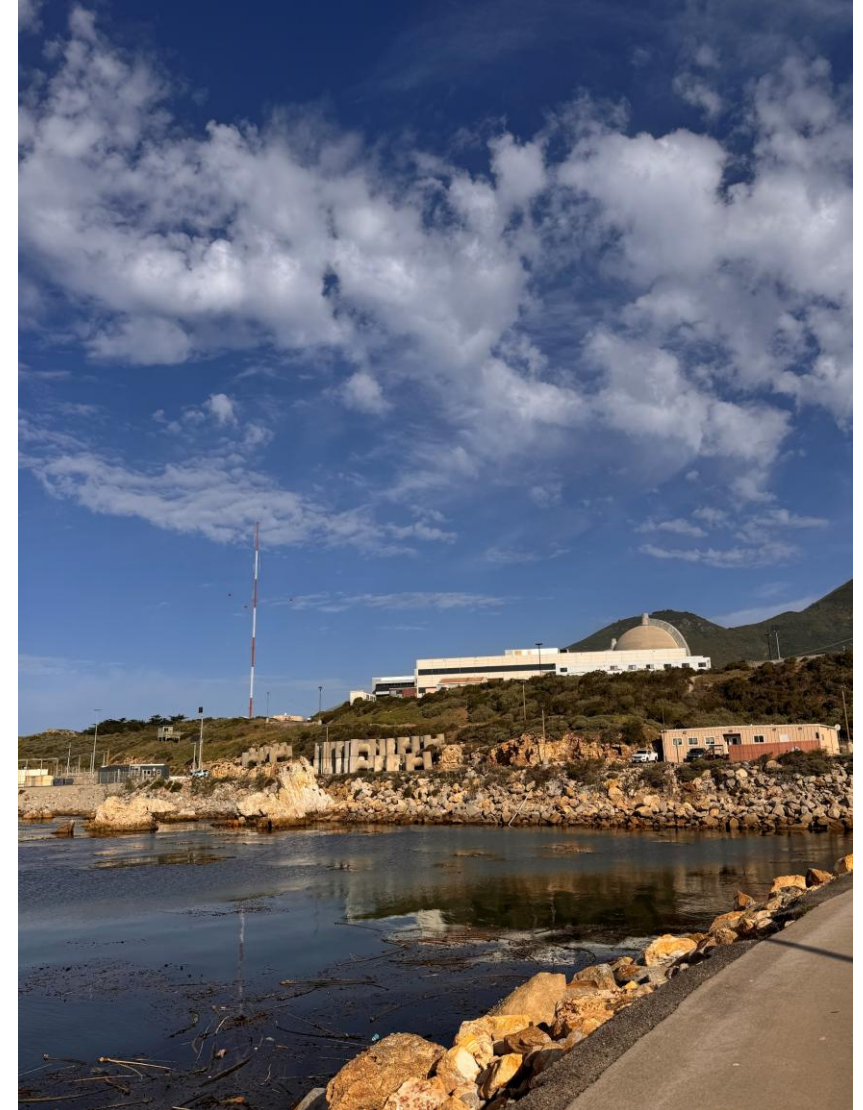
Bena Chang, Director of Government and Legislative Affairs
February 27, 2026





Action Requested

- Add support the Diablo Canyon Nuclear Power Plant extension, subject to affordability provisions, to 2026 Legislative Policy Platform.





Diablo Canyon Nuclear Power Plant

History

- **Operations started:** Unit 1 in 1985 and Unit 2 in 1986.
- **Retirement Plans:** CPUC approval of Unit 1 in 2024 and Unit 2 in 2025.
- **State Extension:** SB 846 (Dodd, 2022) extended operations of Unit 1 to 2029 and Unit 2 to 2030.
- **Nuclear Regulatory Commission Relicensing:** to 2045.
- **State Permitting:** PG&E received permits from Coastal Commission and the Central Coast Regional Water Quality Control Board.



Benefits of Diablo

- **Statewide Reliability and Clean Benefits:** Provides annually 18,000 gigawatt hours of baseload energy
 - 9% of state's energy (3 million homes) and ~14% of GHG-free energy
- **Site Location:** Access to transmission capacity
- **Workforce:** Approximately 1,200 staff, plus another 1,000 during refueling operations
- **SVCE Benefits:**
 - Resource Adequacy: Reduced obligations,
 - Clean Energy: Allocation of ~5% of Diablo production or 20-25% of SVCE's energy needs, and
 - Diversification: Reduced risk of portfolio concentration and new project development delays.



Challenges with Diablo

- **Site location:** earthquakes and tsunamis
- **Spent nuclear fuel**





SVCE and Diablo

CPUC directed PG&E to allocate resource adequacy attributes from Diablo to CCAs, with an option to accept carbon-free attributes.

- Since 2020, SVCE Board has accepted carbon-free nuclear allocation.
- SVCE saved \$8.3 million from 2020-2024.
- Board has used this to fund projects including:
 - EV chargers at multi-family properties,
 - Portable batteries for medical baseline customers, and
 - Member Agency electrification and community engagement grants.
- Extended Diablo operations projected to generate \$2-12M in annual value to SVCE.



Anticipate Legislation to extend Diablo

Staff recommendation to support extension subject to affordability provisions:

- 1) Reasonable Cost and Fair Cost/Benefit Allocations
- 2) Inclusion in Planning and Procurement Orders
- 3) Maximize Market Liquidity



- Recommend to SVCE Board to add supporting an extension of the Diablo Canyon Nuclear Power Plant to the 2026 Legislative Policy Platform, subject to the following affordability provisions:
 - Reasonable cost and fair cost/benefit allocations
 - Inclusion in planning and procurement orders
 - Maximize market liquidity

Changing the Fiscal Period to a Calendar Year

Amrit Singh
Executive Committee
February 27, 2026

Purpose

Action: Recommend that the Board approve changing the fiscal period to a calendar year, along with the proposed transition plan and change to the Budget Policy

Main Areas of Discussion

- 1) Current budgeting and planning timeline and process
- 2) Revised timeline and process under a calendar year fiscal period
- 3) Proposed transition plan
- 4) Proposed change to the budget Policy





Why Change the Fiscal Period?

More closely align adoption of Annual Budget with Customer Rate Changes

Background:

- JPA allows the Board to change the fiscal year by resolution
- Changed once before in September 2016
 - From the period July 1 - June 30 to the current period, October 1 - September 30
 - Changed to facilitate compliance with loan covenants during SVCE's startup, which are no longer relevant.

Proposed Fiscal Period:

- Calendar Year, commencing January 1 and ending December 31.

Benefits from the change:

- Avoids setting a budget in September and then amending it 3 months later when there's more certainty on upcoming PG&E rates and PCIA charges
- Aligns with the timeline for many external compliance requirements and internal planning processes



Current Budgeting and Planning Process and Timeline

January, February, and March

- Enterprise Risk Assessments
- Stress Tests Proposals
- Mid-year budget review and adoption
- Completion of prior year's financial audit

May and June

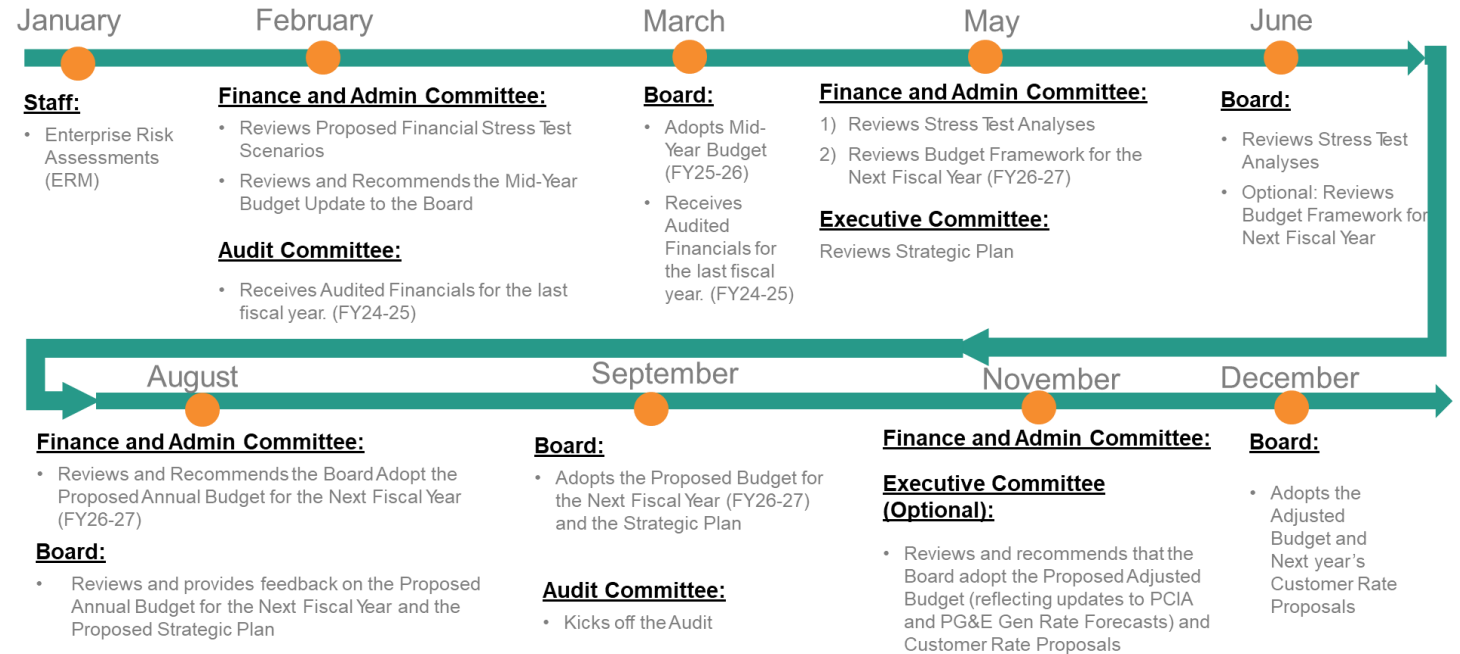
- Stress test analyses
- Reserve adequacy
- Next fiscal year's budget framework review
- Strategic plan review (biennially)

August and September

- Annual budget and strategic plan review and feedback, and adoption one month later

November and December

- Budget adjusted to reflect updates to:
 - PCIA and PG&E generation rate forecasts
 - Customer Rate Proposals



Larger timeline slide shown in the appendix



Budgeting and Planning Process and Timeline

If the Fiscal Period is Changed to Calendar Year

February or March

- High-level Budget and Reserves update to the Finance and Administration Committee

March, May, and June

- Enterprise Risk Assessments
- Stress Tests Proposals
- Mid-year budget review and adoption
- Completion of prior year's financial audit

August and September

- Stress test analyses
- Reserve adequacy
- Next fiscal year's budget framework review
- Strategic plan review (Biennially)

November and December

- Annual budget, strategic plan, and customer rate proposal review by Committee(s) and adoption by the Board in December



Full timeline slide shown in the appendix

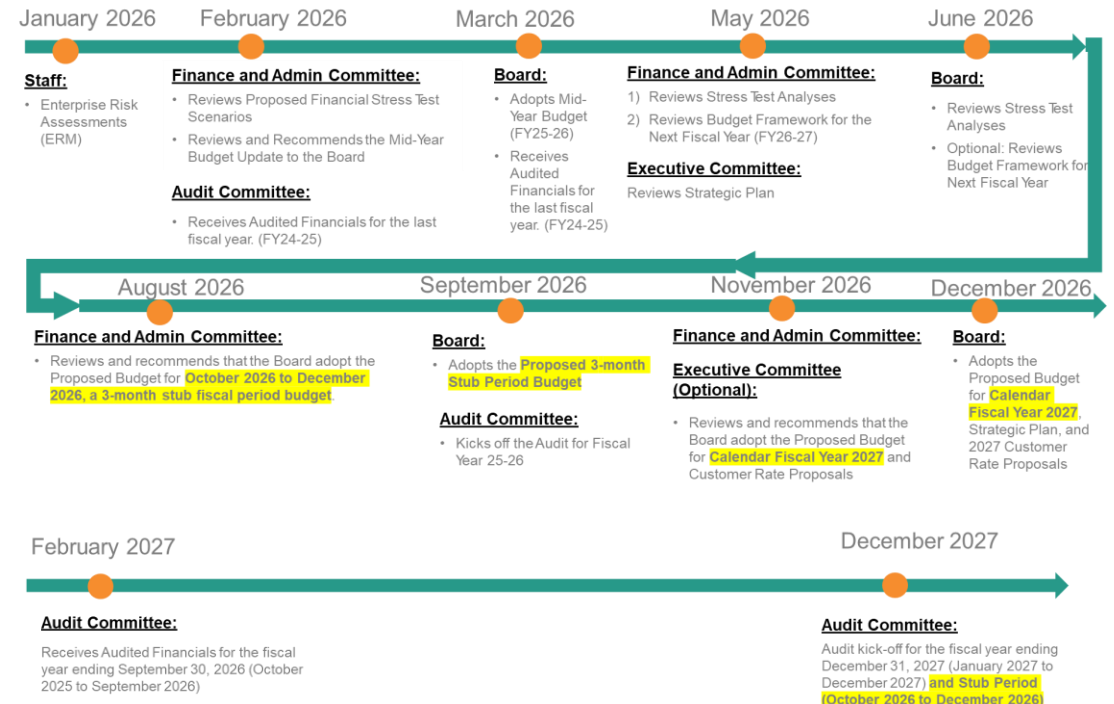
Key Change: The Board will not have the opportunity to review and provide feedback on the proposed budget two months prior to the end of the fiscal year.



Requires a Transition Period

Staff proposes to transition to a calendar fiscal period starting January 1, 2027

1. Need an interim 3-month transition fiscal period, stub fiscal period, from October 2026 to December 2026
2. Board sets the budget for the interim 3-month fiscal period in September 2026
3. Board sets the budget for the new 12-month, calendar-year fiscal period in December 2026
4. Board allows the auditor to perform a combined, two-period audit covering:
 - The 3-month stub period (October 2026 to December 2026)
 - The first full calendar year (1/1/27 to 12/31/2027)



Full timeline slides are shown in the appendix



Requires Changes to Budget Policy

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 months prior to the end of the fiscal year. The proposed budget shall be balanced and in alignment with the

Remove the requirement to provide a budget overview two months prior to the end of the fiscal year, as staff will not have the updated PCIA and PG&E generation rate information in time to prepare the budget.



Recommendation

Recommend that the Board of Directors approve:

1. Changing SVCE's fiscal period to a Calendar Year (January 1 to December 31), beginning January 1, 2027
2. Establishing an interim 3-month stub fiscal period, starting October 1, 2026, and ending December 31, 2026, and adopting a schedule to approve the stub period budget at the September 2026 Board meeting
3. Authorizing a combined two-period audit covering the 3-month sub-period, along with the first audit of the new fiscal year
4. Amending the Budget, Adoption, Control and Reporting Policy to remove the requirement to provide a budget overview two months prior to the end of a fiscal year.

Thank you! / Questions?

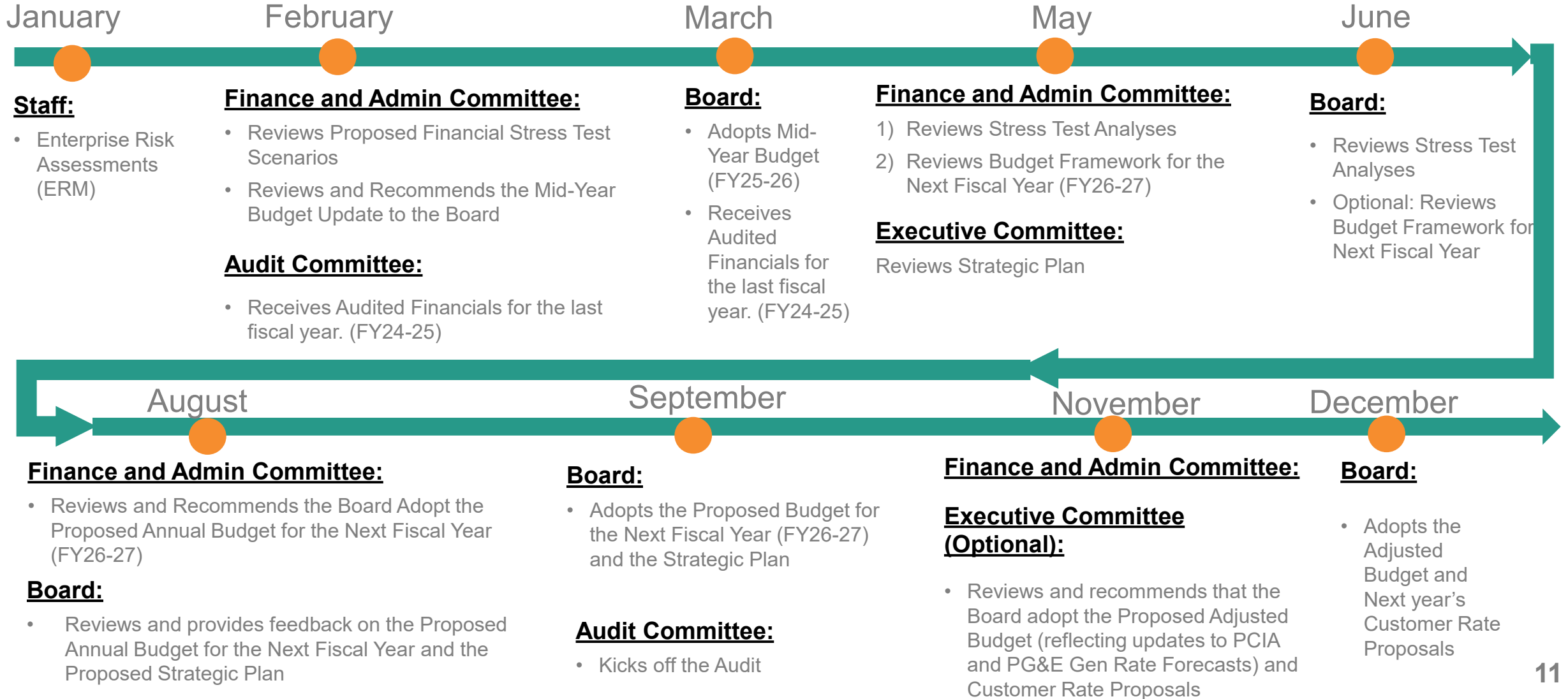


SVCE's Budgeting & Planning Process





Current Budgeting and Planning Process and Timeline





Budgeting and Planning Process and Timeline

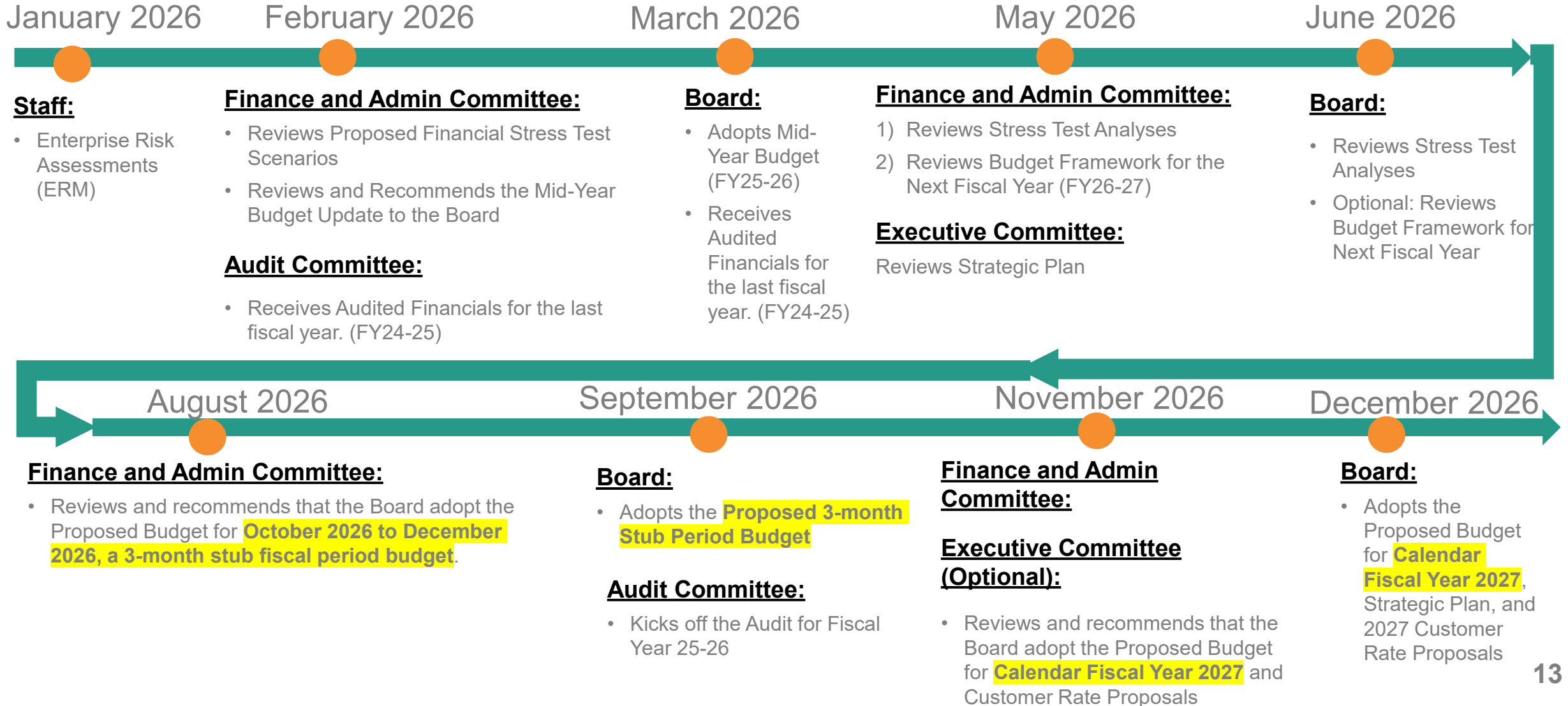
If Fiscal Period Changed to Calendar Year





Transition Timeline and Plan

New Fiscal Period Starts January 1, 2027





Transition Timeline and Plan - Continued

New Fiscal Period Starts January 1, 2027

February 2027

~August 2027*

December 2027



Audit Committee:

Receives Audited Financials for the fiscal year ending September 30, 2026 (October 2025 to September 2026)

Audit Committee:

Selects a new auditor

Audit Committee:

Audit kick-off for the fiscal year ending December 31, 2027 (January 2027 to December 2027) **and Stub Period (October 2026 to December 2026)**

- **Starting in 2028, the February Audit Committee will move to May**

- **September Audit Committee moves to December**

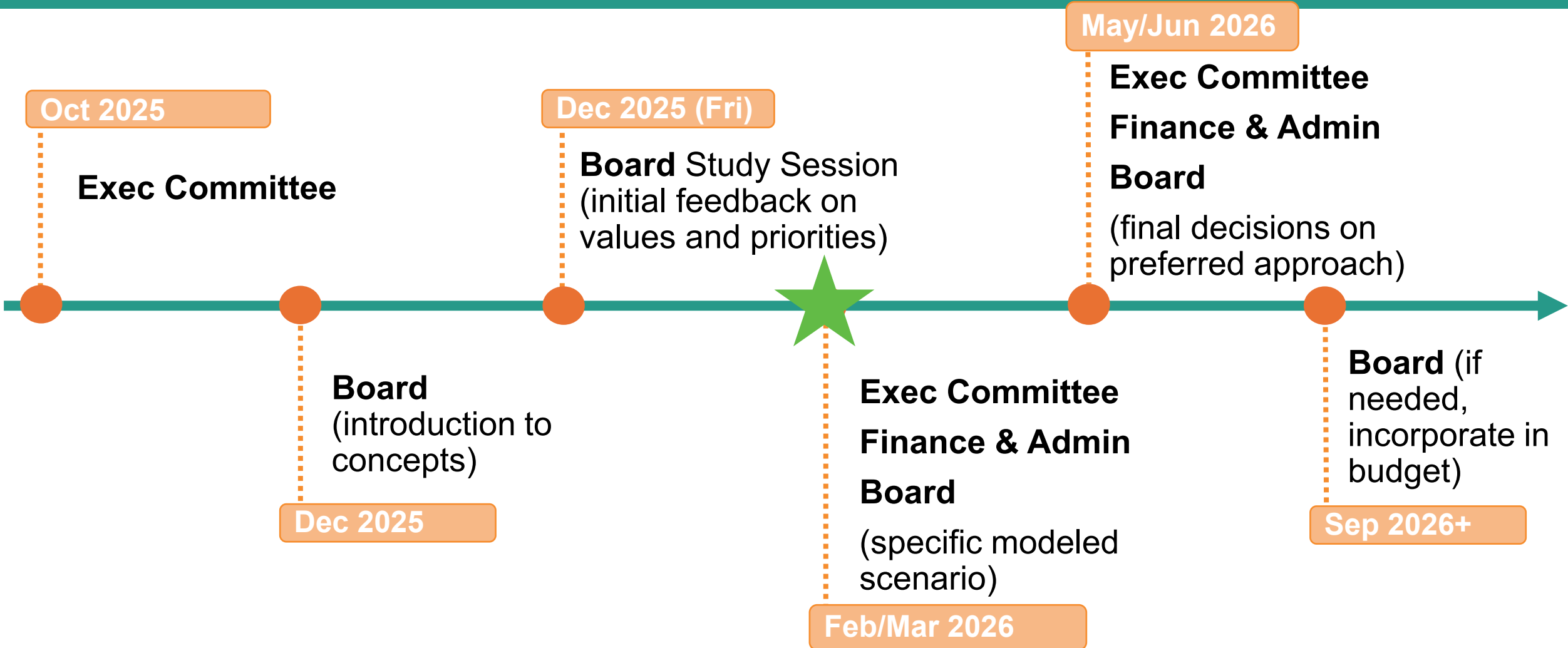
** An additional Audit Committee meeting in 2027 to select a new auditor is not because of the change to a new fiscal period. SVCE's policies require selecting a new auditor every 5 years. The proposed period is tentative; the new auditor needs to be selected before December 2027, the kick-off of the new audit.*

Financial Levers Update: Scenario Modeling and Reflecting Feedback

Justin Zagunis and Monica Padilla
Executive Committee
February 2026



Today we are seeking additional feedback on scenario design and key datapoints



**Timeline subject to change*



Agenda

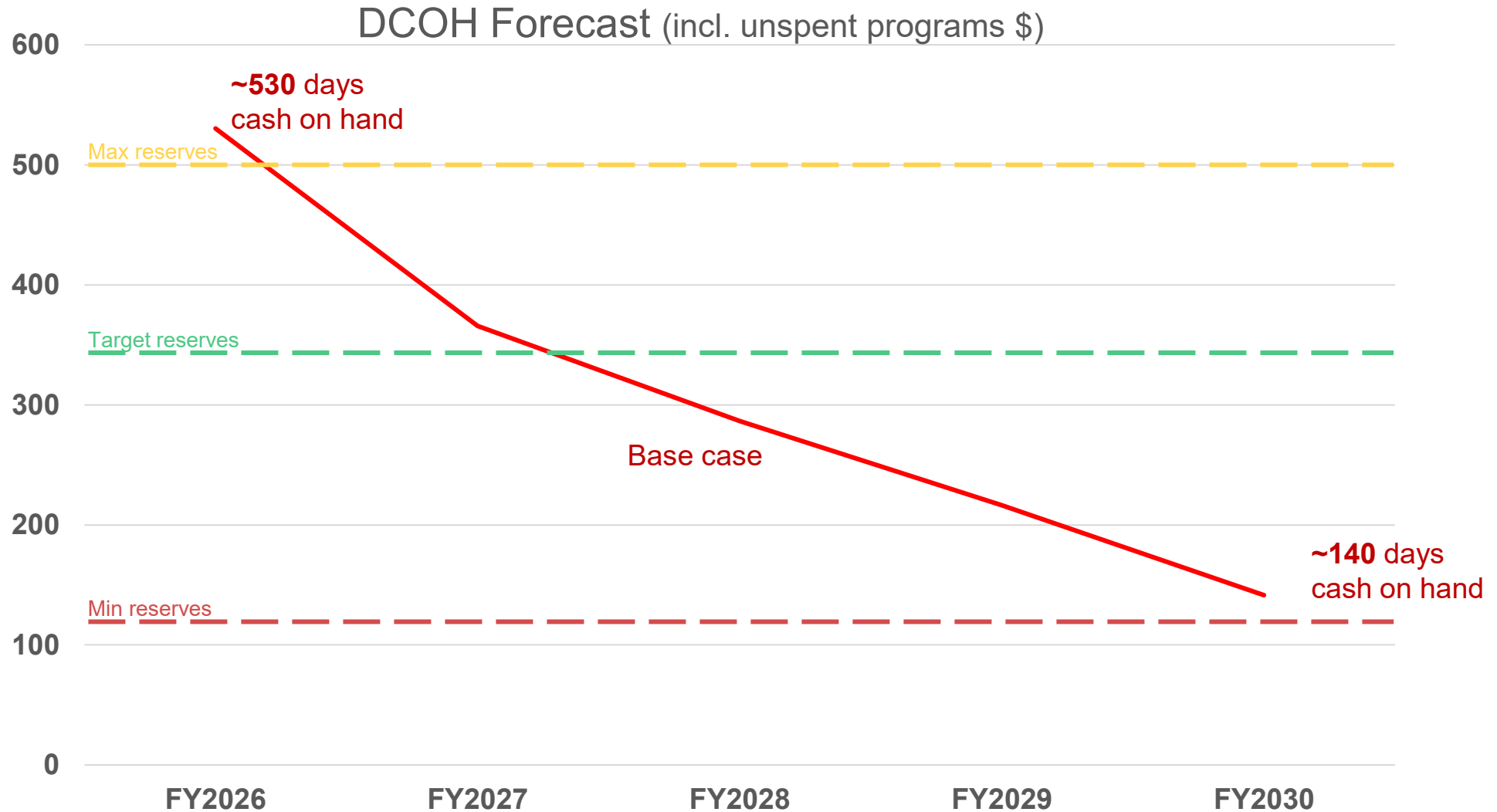
- Recap from December
- Review key numbers
- Example scenario and questions
- Next steps
- Discussion

Today, staff is seeking input on:

- have we captured the board's feedback?
- board's thoughts on the scenario and framing/questions
- additional info/data desired for next discussion

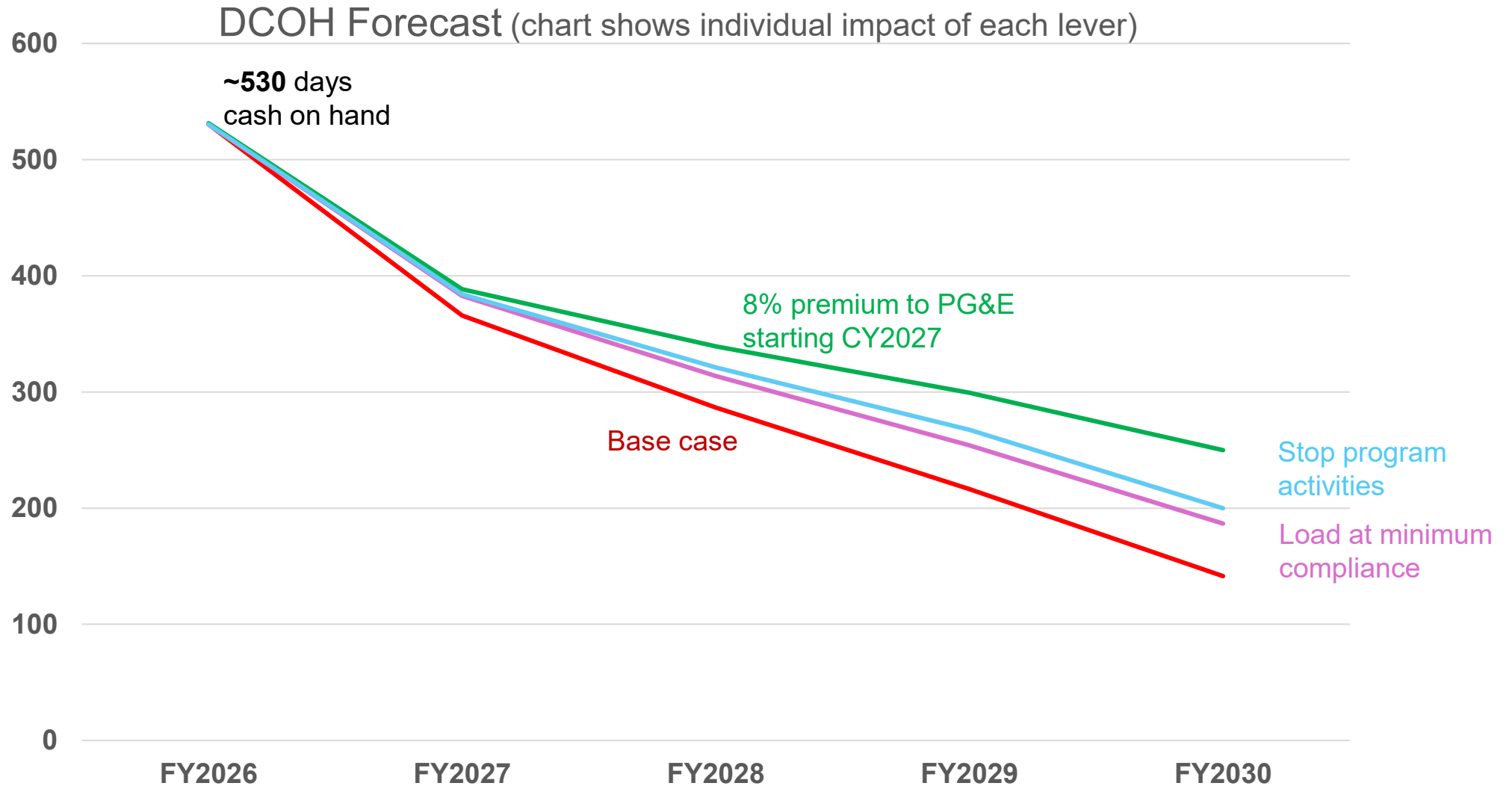


RECAP: forecast shows reserves drawdown, with DCOH estimate dropping further since December



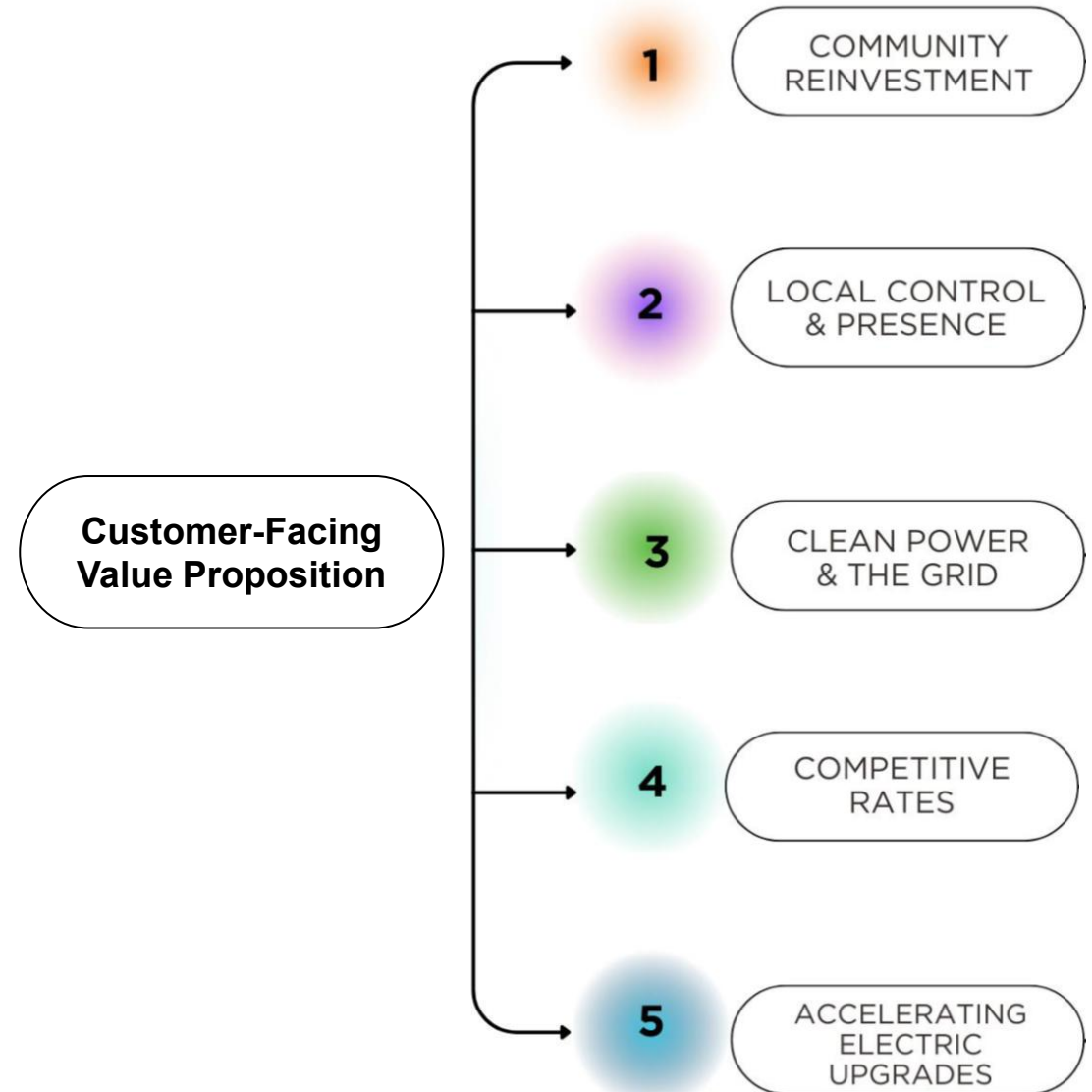


RECAP: there are many options (levers) to reduce the pull from reserves



Recap: SVCE Value Proposition

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





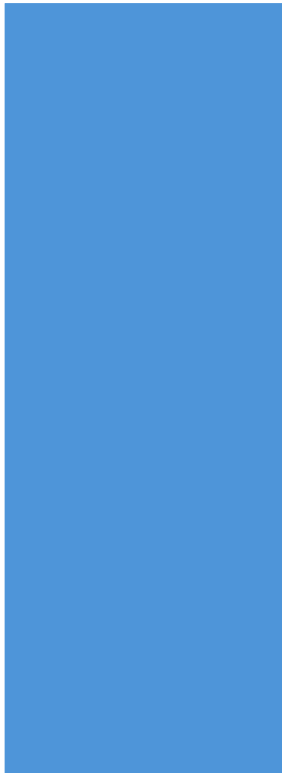
RECAP: some top-level input from board, from December

- A balanced approach is a good one
- Support customer choice and simplicity
- SVCE's mission is focused on emissions
- Strongly interested in remaining cheaper than PG&E
- Community investments drive most positive associations
- New steel-in-ground is most impactful (power supply and decarb)
- Want to be innovative but not at “bleeding edge”



Revisiting revenues and costs

**PG&E Gen Rate,
10.7 ¢/kWh**





Revisiting revenues and costs

**PG&E Gen Rate,
10.7 ¢/kWh**



PCIA,
2.9 ¢/kWh

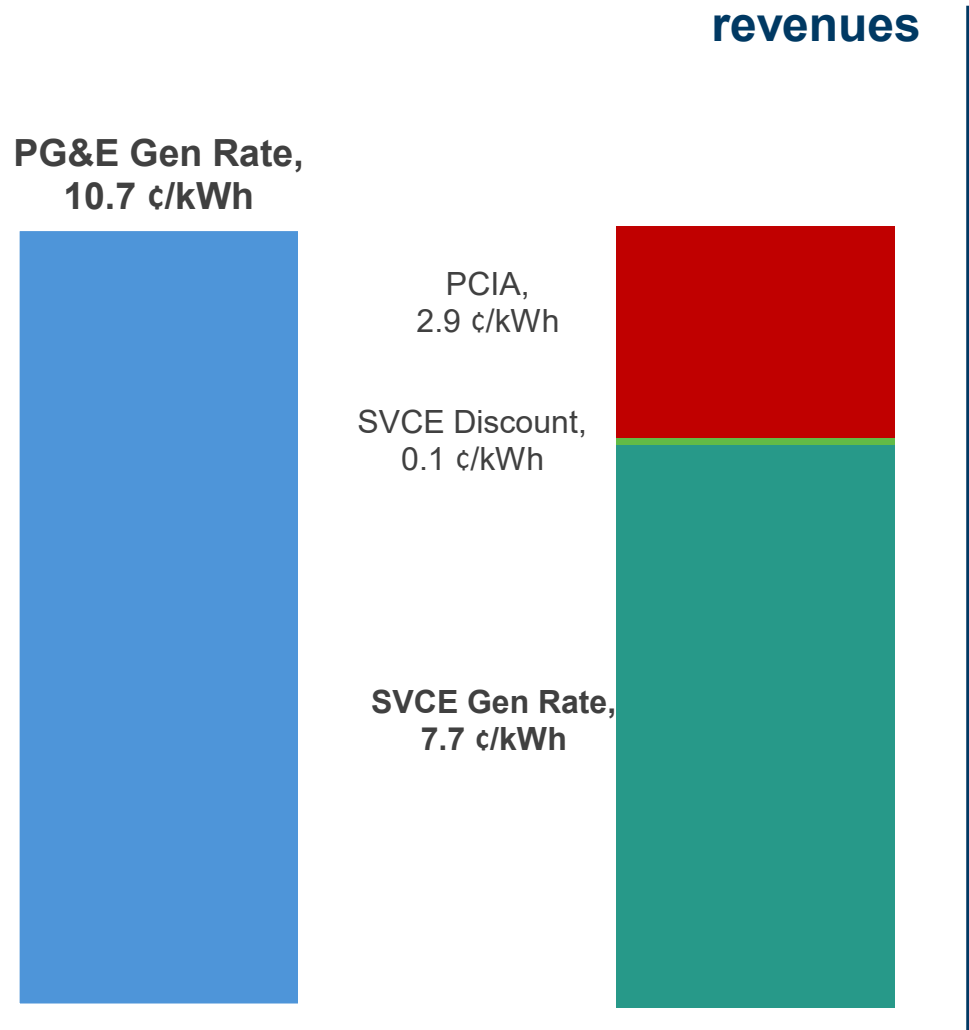
SVCE Discount,
0.1 ¢/kWh

**SVCE Gen Rate,
7.7 ¢/kWh**



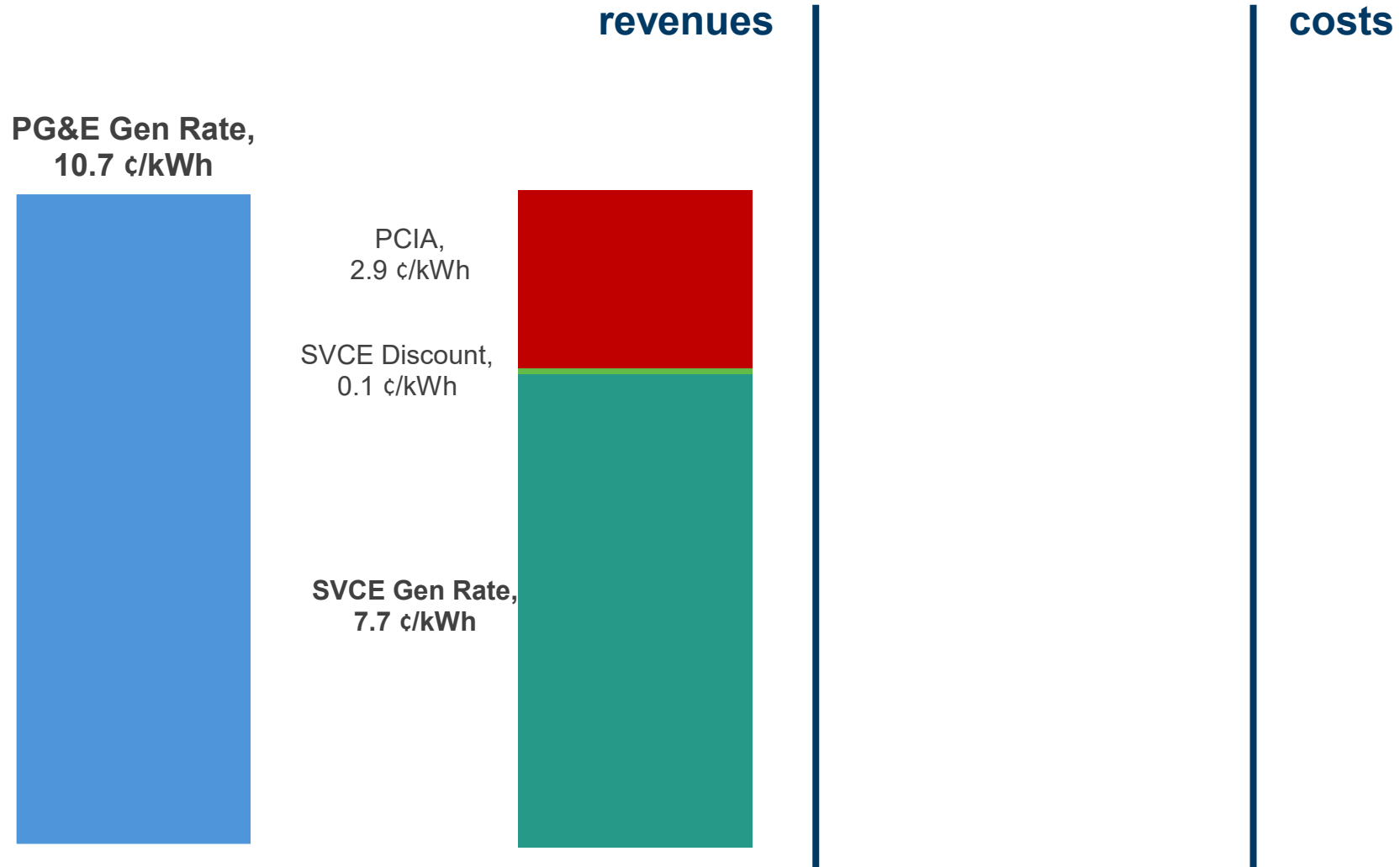


Revisiting revenues and costs



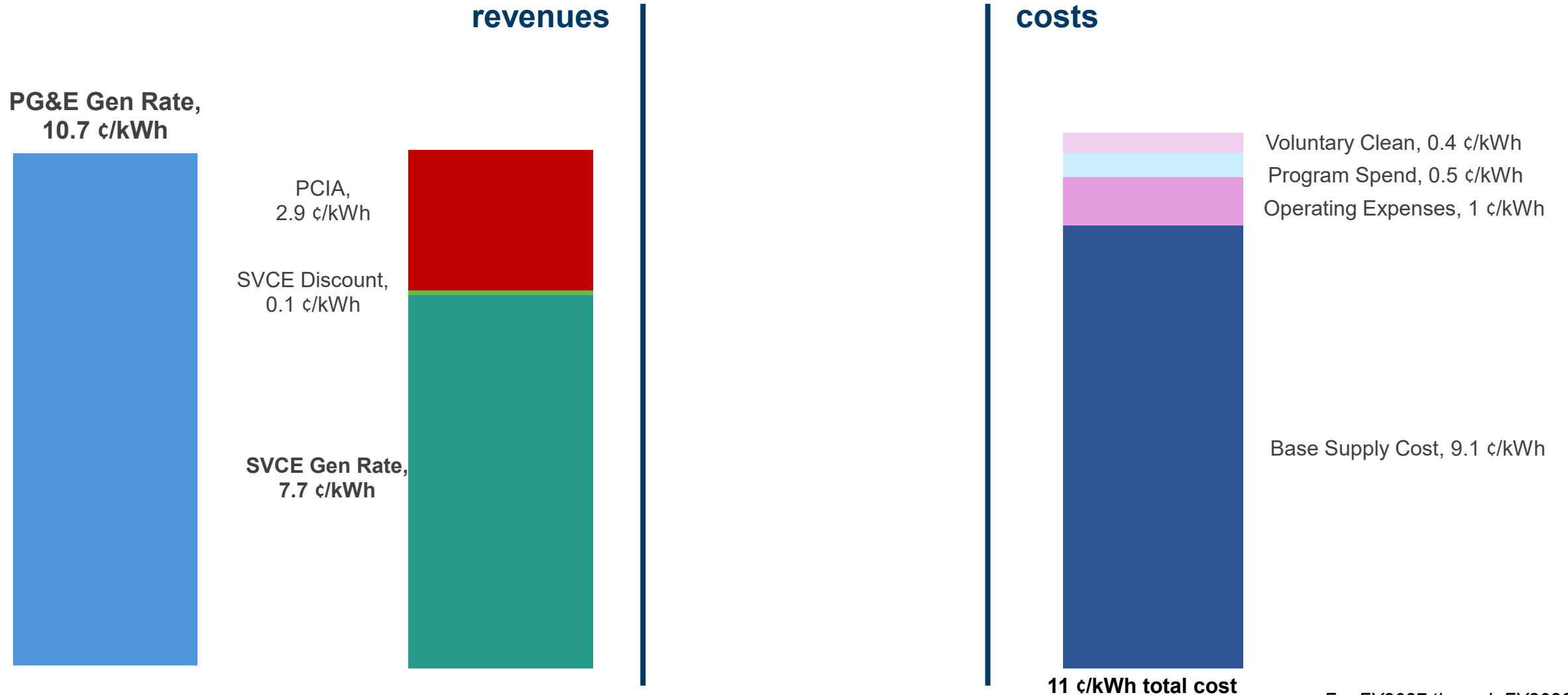


Revisiting revenues and costs



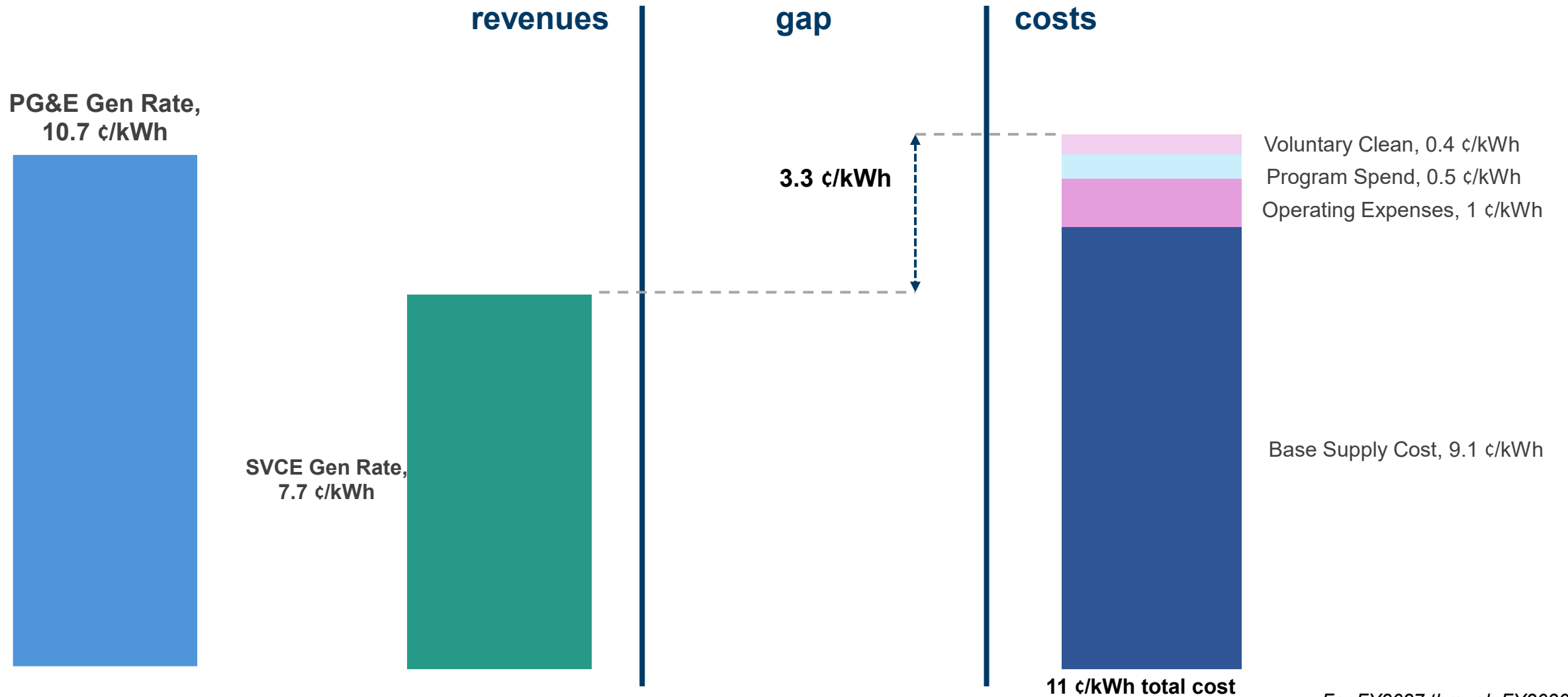


Revisiting revenues and costs



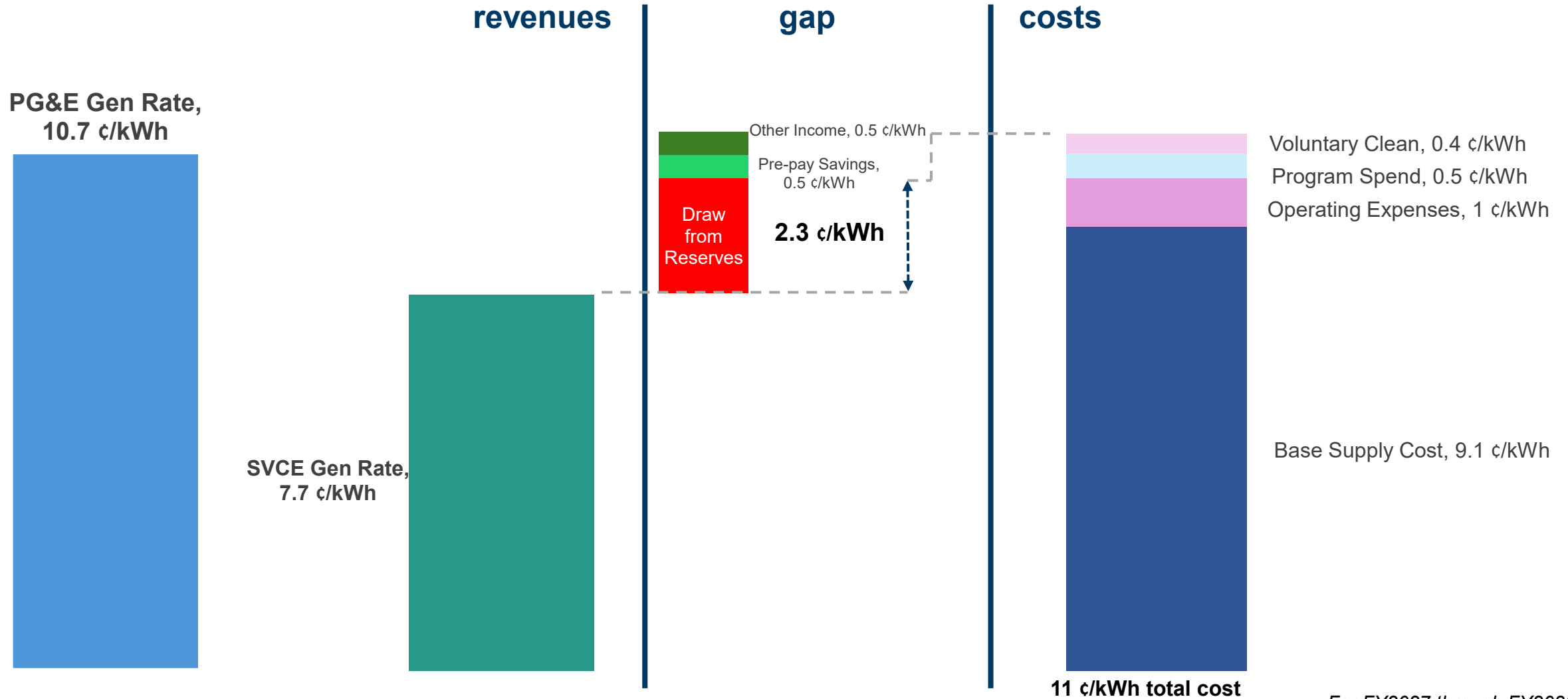


Revisiting revenues and costs



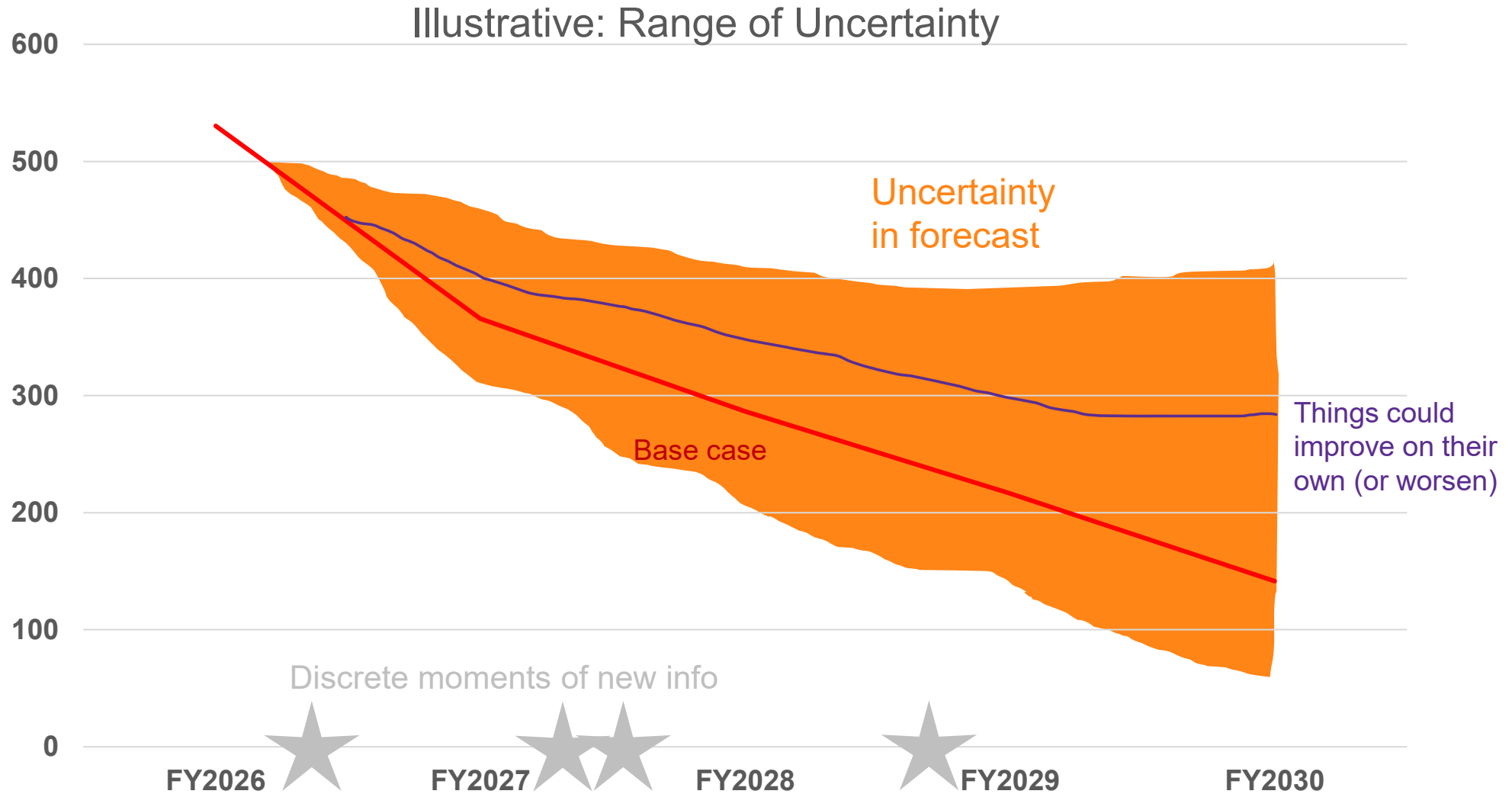


If forecast becomes business as usual, higher rate may be a *required* lever (long-term)



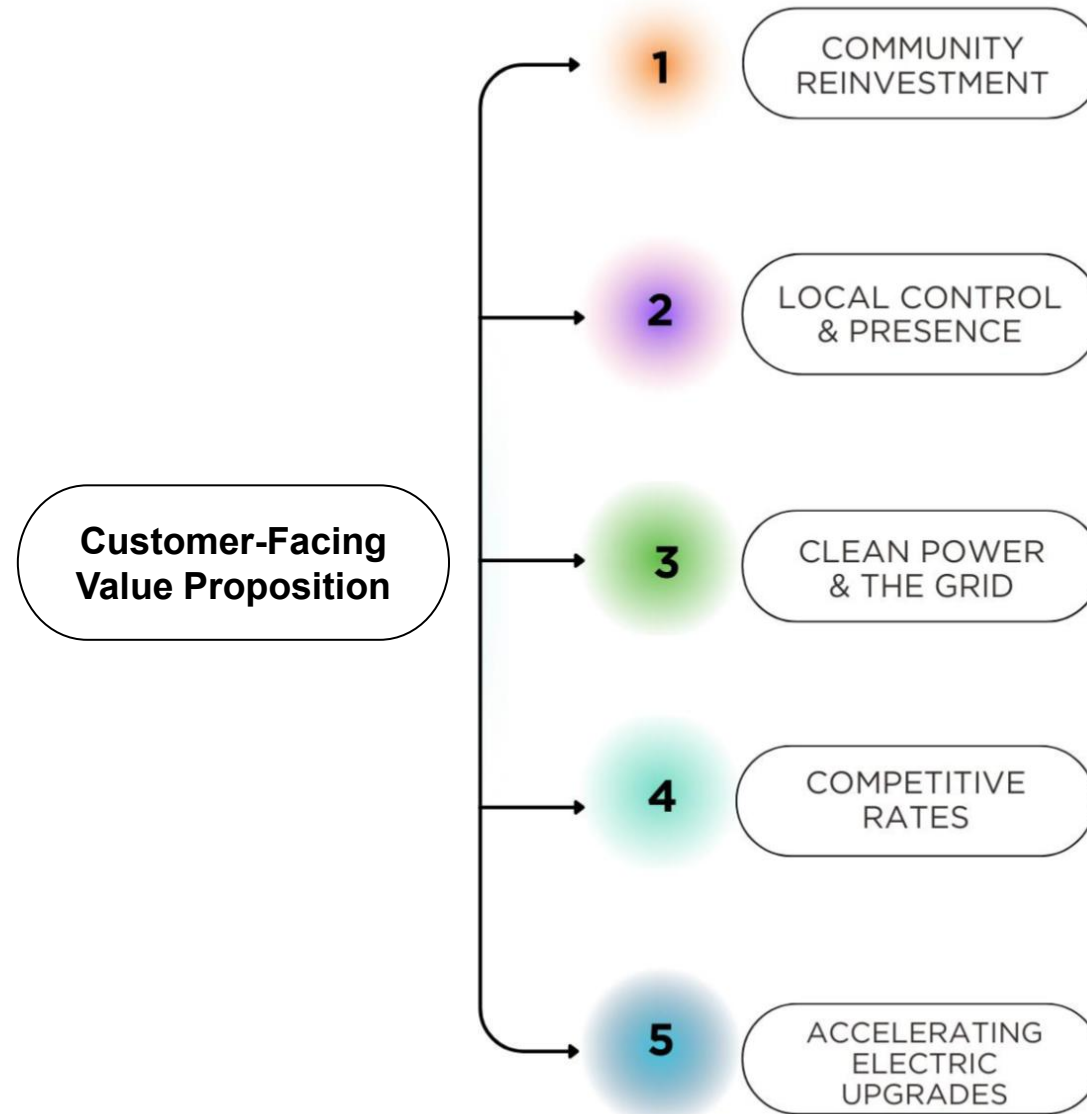


Near-term actions can buy time (for clarity, changes to forecast) and prolong reserves





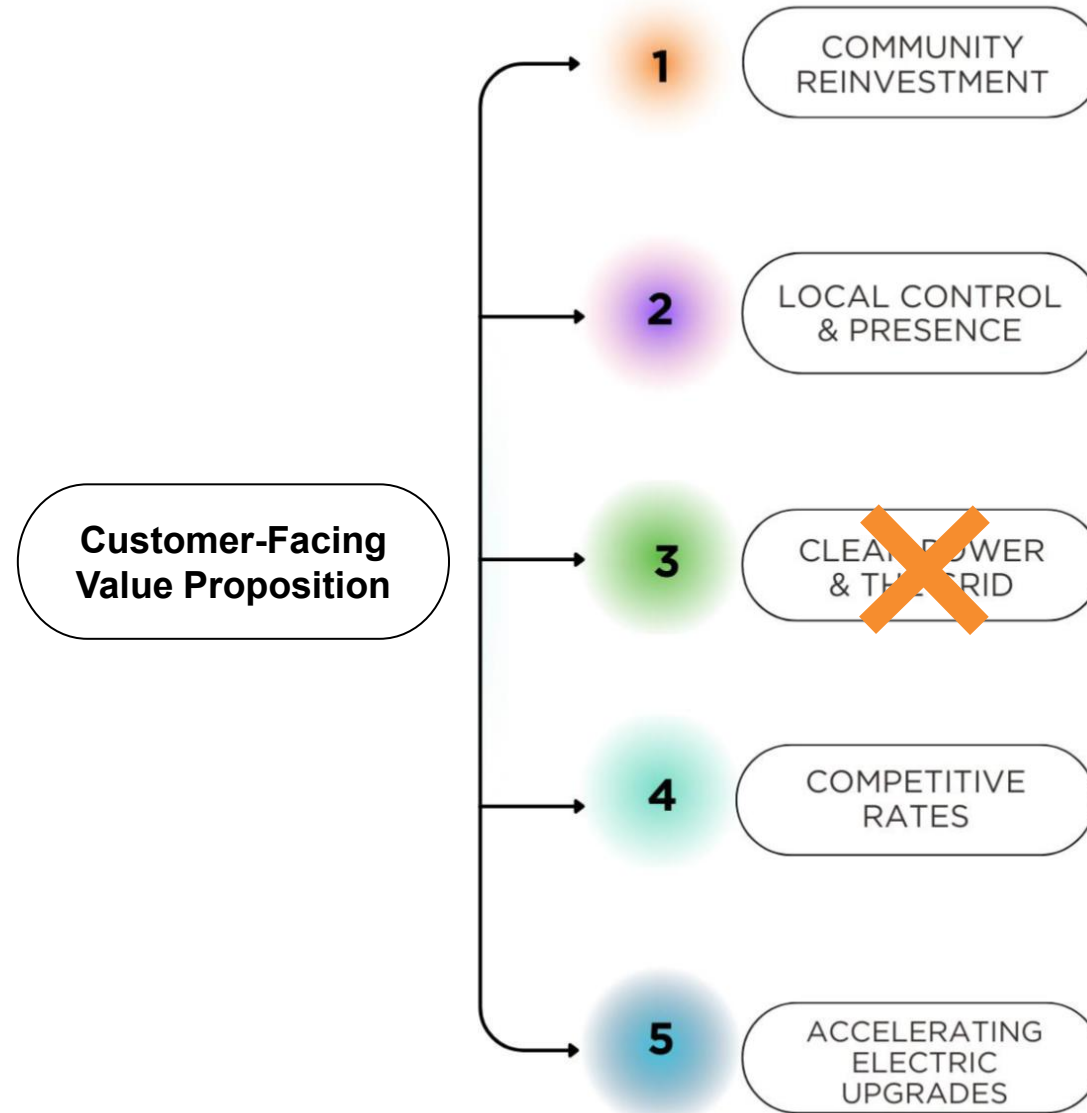
Near-term actions should keep us positioned strongly *now* and for any possible future





All decisions impact the value proposition

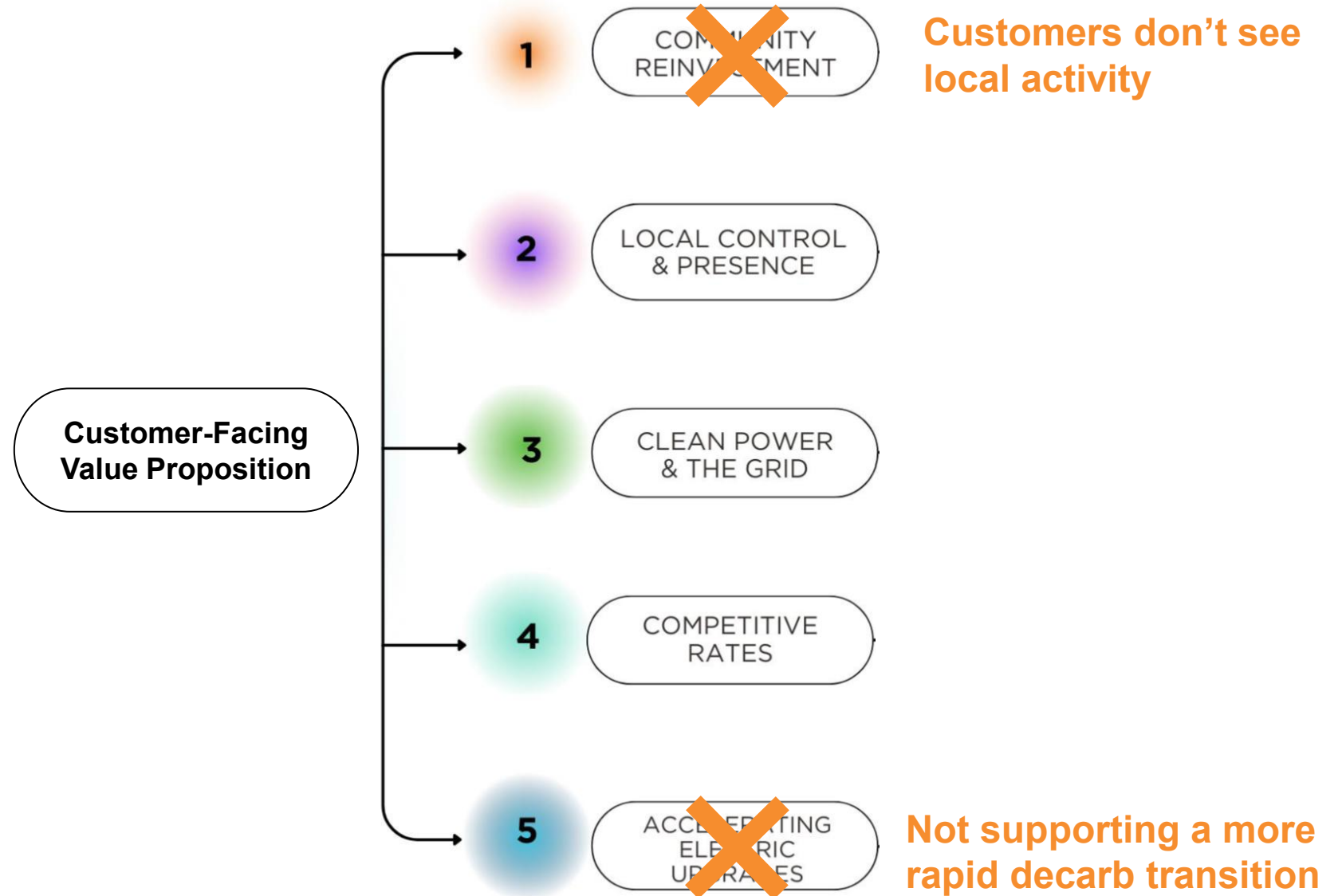
Move to a less clean product?



Drive fewer new renewable projects

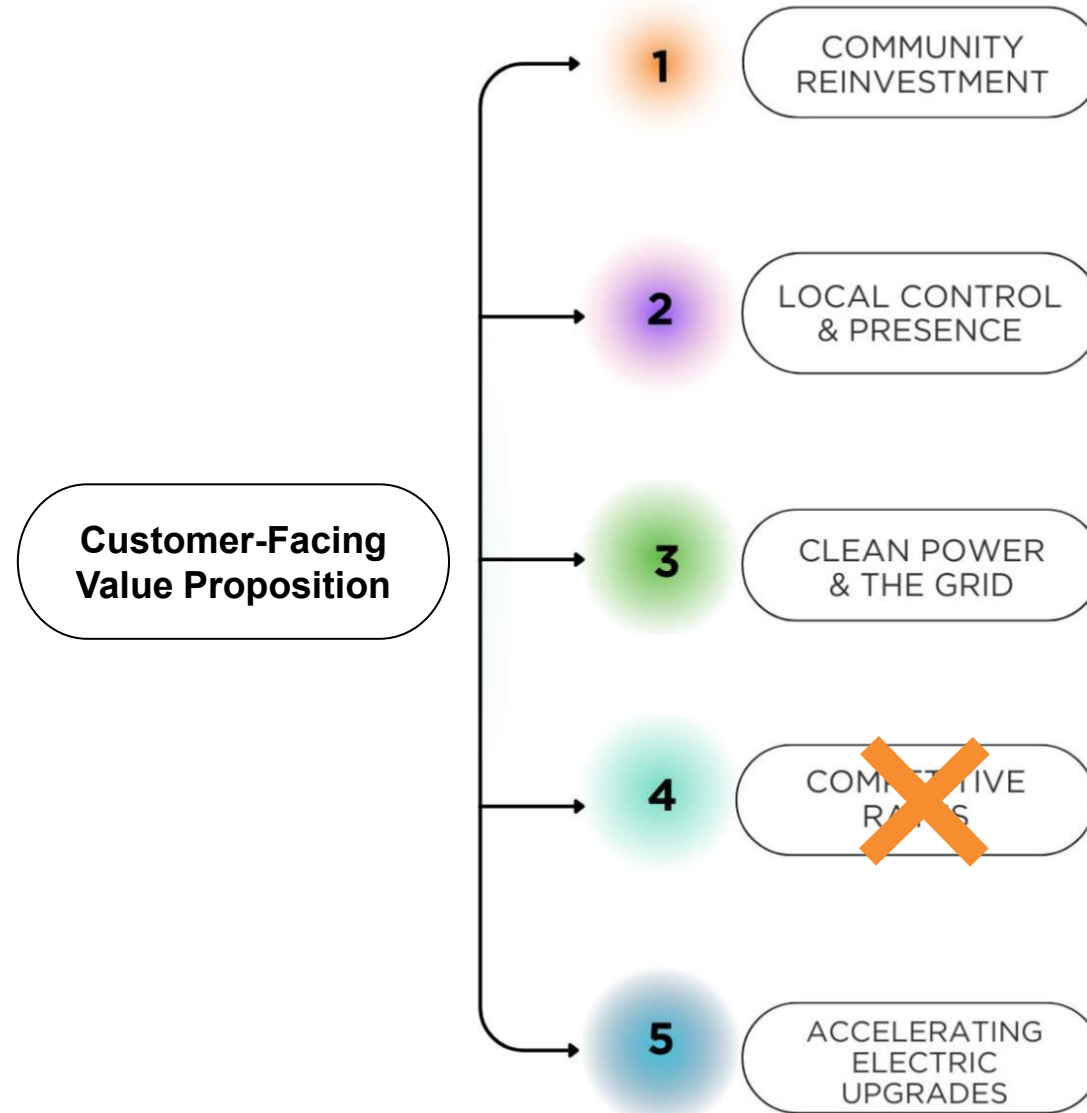
All decisions impact the value proposition

Stop running
local decarb
programs?



All decisions impact the value proposition

Raise rates
above PG&E?

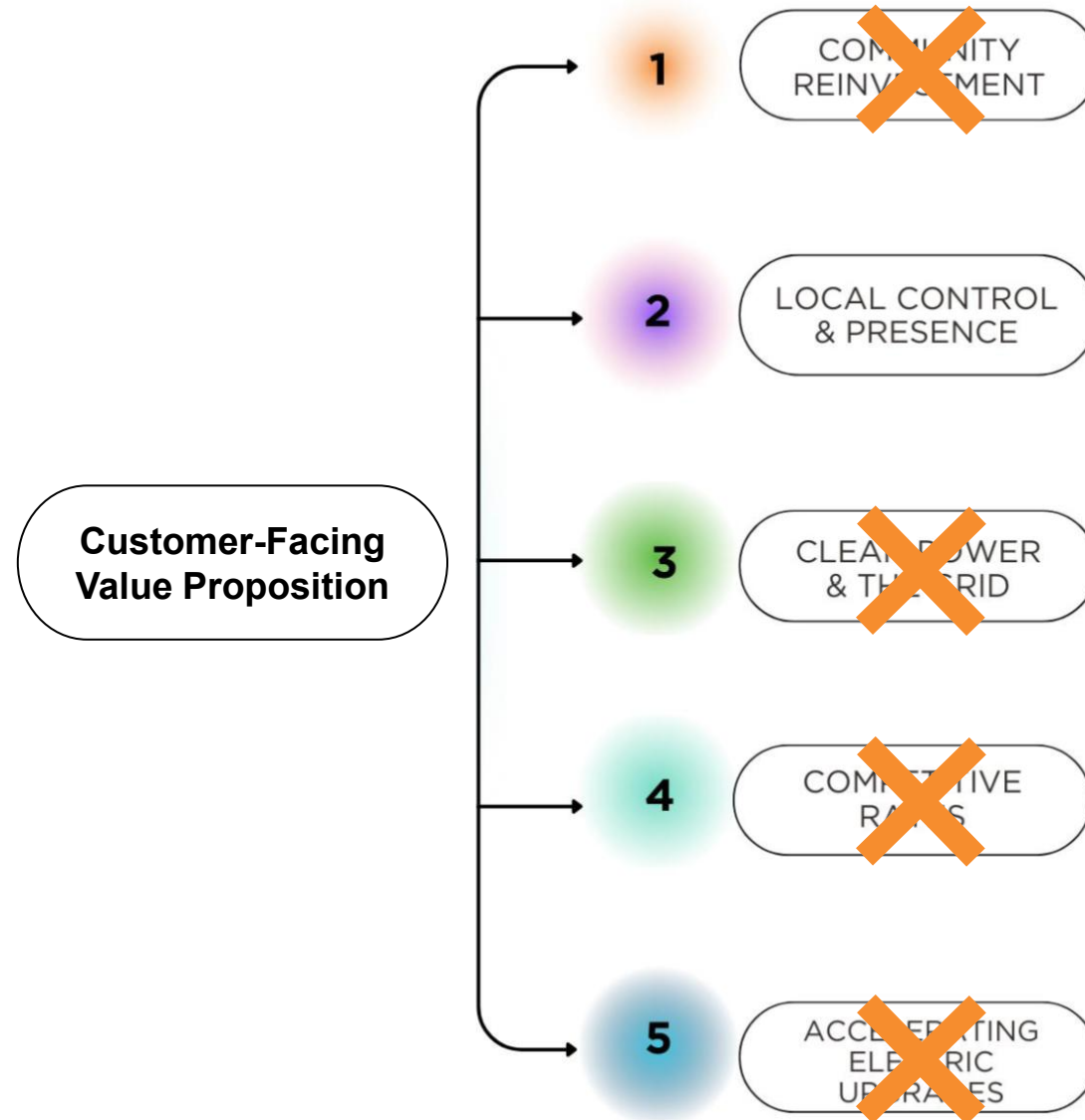


Depends on how high and what “competitive” means to different customers



Also have to think about long-term implications

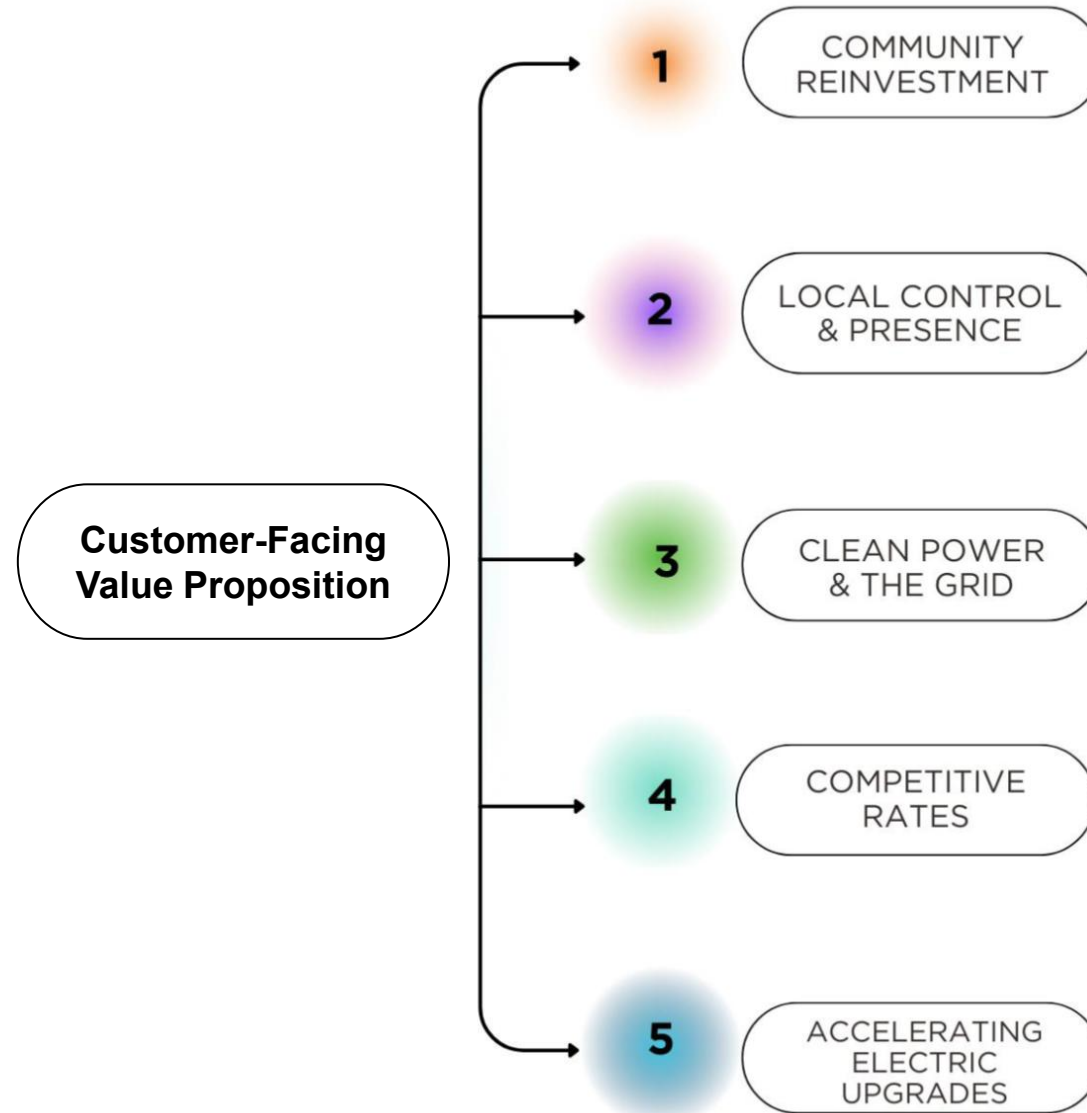
First stop
clean goals
and programs,
then end up
needing to
raise rates
anyway?



Erosion of most of value proposition by the end

Building a scenario with something for everyone

Ideal: find a way to balance across all (for as long as possible)





Example Scenario – Customer Choice

What is it?

- Default clean product a 4% premium
- Create a new, minimum compliance product that is 1% discount to PG&E
- Let customers opt down
- Reduce program spend 10%
- Start with CY2027

Impacts

Benefits

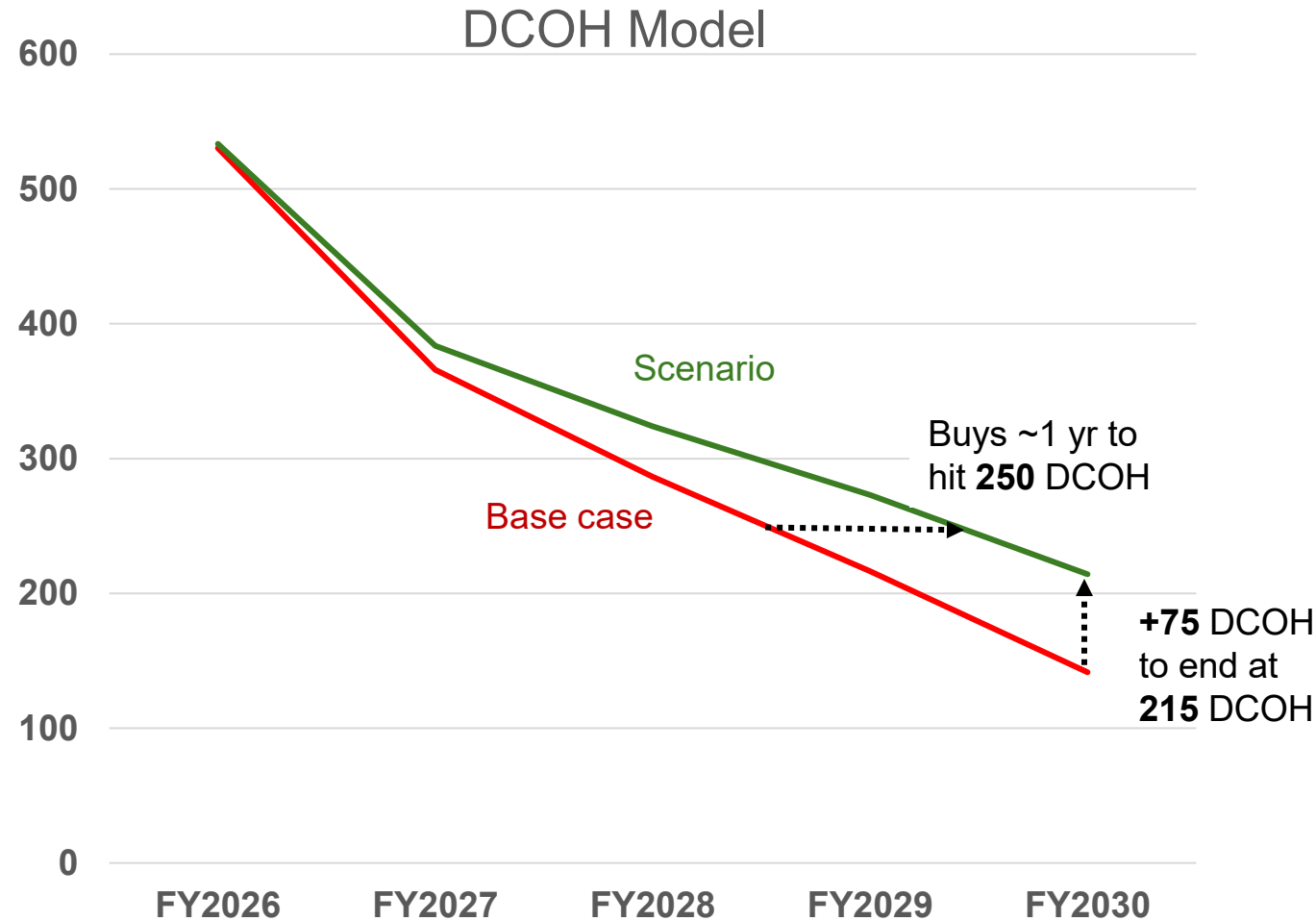
- Customer choice
- Maintain high enrollment
- Cheaper option for price-sensitive customers
- Keeps more DCOH in reserves

Drawbacks

- Some additional emissions
- Savings opportunity diminishes as RPS requirements grow
- Opt-outs still possible



Example Scenario – Customer Clean Choice



How would it work?

- Sell existing clean energy resources to bring clean position closer to compliance
- Market to customers to help them understand their options
- Pursue custom deals with large loads to neutralize risk and meet customer needs
- Deprioritize some decarb programs per new roadmap
- Emphasize lifetime bill savings, clean energy impact, and local program investments

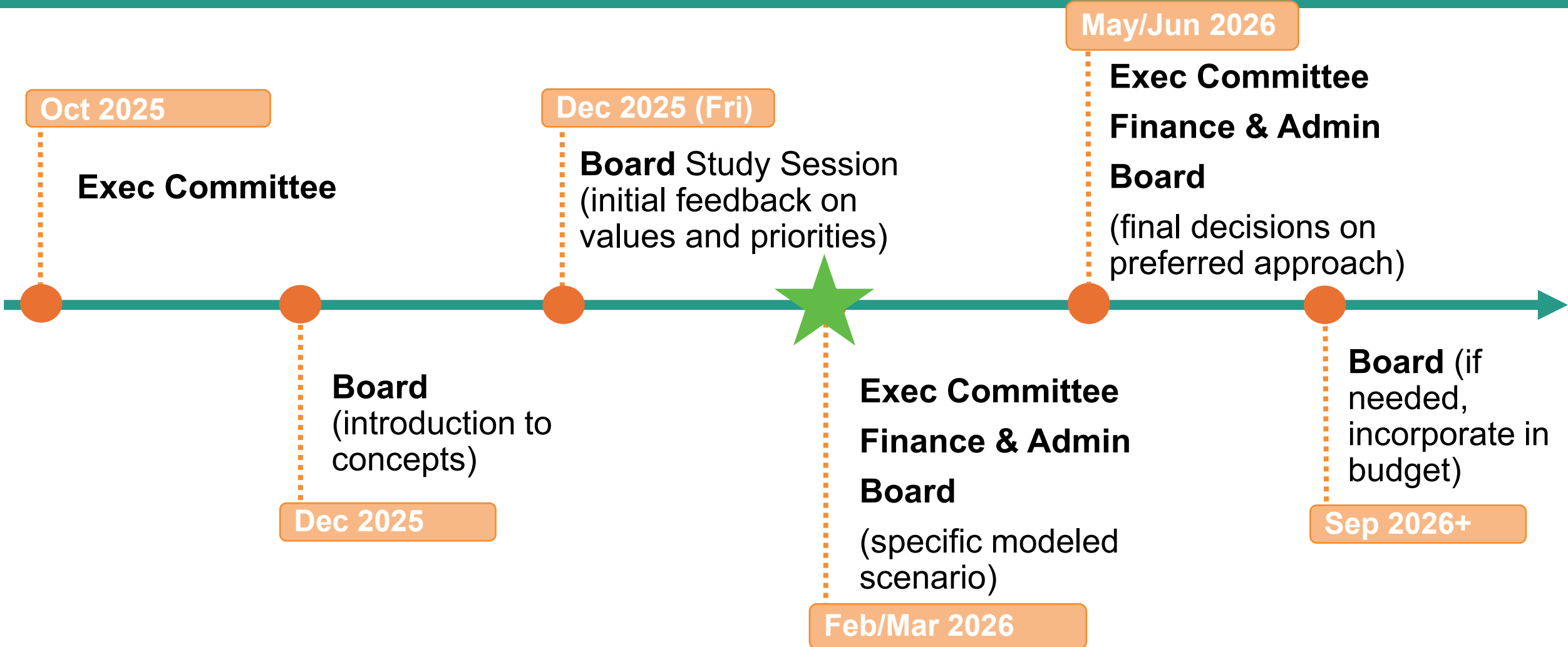
Scenario aligns with Board's input

- ✓ A balanced approach is a good one
- ✓ Support customer choice and simplicity
- ✓ SVCE's mission is focused on emissions
- ✓ Strongly interested in remaining cheaper than PG&E
- ✓ Community investments drive most positive associations
- ✓ New steel-in-ground is most impactful (power supply and decarb)
- ✓ Want to be innovative but not at “bleeding edge”

Does not fully close the gap, but could be a first step



Today we are seeking additional feedback on scenario design and key datapoints



**Timeline subject to change*

Discussion

- Corrections or additional feedback from December?
- Questions about key numbers?
- Reactions to modeled scenario?
- Additional info/data you would want to see?

Next steps:

- Explore leg + reg adjustments
- Review appropriate reserves levels
- Keep pursuing operational savings
- Bring a proposal scenario and alternatives back to weigh tradeoffs