



Silicon Valley Clean Energy Audit Committee Meeting

Tuesday, March 3, 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

City of Gilroy City Hall
7351 Rosanna Street
Gilroy, CA 95020

Teleconference Meeting Information:

<https://svcleanenergy-org.zoom.us/j/87151926316>

Or by Telephone (Audio only):

US: +1 669 219-2599

Webinar ID: 871 5192 6316

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 and will be distributed to the Audit 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 prior to the meeting for assistance.

svcleanenergy.org

333 W El Camino Real
Suite 330
Sunnyvale, CA 94087

AGENDA

Call to Order

Roll Call

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

Public Comment on Matters Not Listed on the Agenda

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.

Consent Calendar (Action)

- 1) Approve Minutes of the October 6, 2025, Audit Committee Meeting

Regular Calendar

- 2) CFO Report (Discussion)
- 3) Overview of Committee Function (Discussion)
- 4) Elect Chair and Vice Chair of the 2026 SVCE Audit Committee (Action)
- 5) Receive Financial Audit Report from Sorren CPAs, P.C. and Recommend the SVCE Board of Directors Accept the Audit Findings (Action)
- 6) 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)
- 7) Information Technology and Cybersecurity Assessment Update (Discussion)

Committee/Staff Remarks

Adjourn

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333 W El Camino Real
Suite 330
Sunnyvale, CA 94087



**Silicon Valley Clean Energy
Audit Committee Meeting**

Monday, October 6, 2025
1:00 p.m.

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

City of Gilroy City Hall
7351 Rosanna Street
Gilroy, CA 95020

DRAFT MEETING MINUTES

Call to Order

Chair Mekechuk called the meeting to order at 1:07 p.m.

Roll Call

Present:

Bryan Mekechuk (Chair), Monte Sereno
Sergio Lopez (Vice Chair), Campbell
Harjot Sangha, Gilroy (participated remotely)

Absent:

George Tyson, Los Altos Hills

Public Comment on Matters Not Listed on the Agenda

No speakers.

Consent Calendar

Chair Mekechuk opened Public Comment.
No speakers.
Chair Mekechuk closed Public Comment.

MOTION: Vice Chair Lopez moved and Committee member Sangha seconded the motion to approve the Consent Calendar.

The motion carried by verbal roll call vote with Director Tyson absent.

- 1) Approve Minutes of the February 28, 2025, Audit Committee Meeting**



Regular Calendar

Prior to Item 2, Amrit Singh, Chief Financial Officer (CFO), provided a CFO Report which included an update on establishing a Rate Stabilization Fund under Governmental Accounting Standards Board (GASB) 62 as discussed at the last committee meeting. CFO Singh shared preliminary information on projected numbers for the end of the 2025 fiscal year. Chair Mekechuk suggested a CFO Report item be included on future agendas.

2) Implementation of GASB 96, Accounting for Subscription-Based Information Technology Arrangements (Discussion)

CFO Singh introduced Mike Maher of Maher Accountancy who presented information on the implementation of GASB 96. Presentation information included:

- Background on what GASB 96 covers, which is Subscription-Based IT Arrangements (SBITAs) such as cloud software and certain IT services;
- The application of GASB 96 to SVCE;
- Materiality and estimated impact for Fiscal Year ending September 30, 2025; and
- Next steps to continue analyzing contracts annually and consideration to formalize a policy with specific thresholds for recognition

Mr. Maher and staff responded to questions and comments from the committee on next steps, establishing a capitalization threshold for SBITAs, how for past fiscal years materiality was determined for not applying GASB 96, and if GASB 96 is not implemented then what the accumulated impact would be on the financial statements over several years.

Kellin Gilbert of Sorren CPAs, P.C., SVCE's external financial auditor, clarified that reporting of SBITAs was not previously missed, but was something discussed with Mr. Maher during the period that it would be implemented, analysis was reviewed, and it was concluded that the SBITAs weren't material.

Committee members supported creating a policy for establishing a capitalization threshold for GASB 96 treatment of SBITAs.

Chair Mekechuk opened Public Comment.

No speakers.

Chair Mekechuk closed Public Comment.

3) SVCE Financial Audit Kick-off: Sorren CPAs, P.C. (Discussion)

Mr. Gilbert presented the kick-off for SVCE's year ended September 30, 2025 Financial Statements. Information included the firm's transition to Sorren CPAs, P.C., the anticipated audit timeline, relative roles and responsibilities of management and the auditor, risk assessment procedures for the year ended September 30, 2025, Statement on Auditing Standards No. 114 (SAS 114) pre-audit communication, and planned audit procedures for the year ended September 30, 2025.

Staff responded to comments and questions regarding implementation of GASB 62, and a request to assess how regulations could affect financial results.

Chair Mekechuk opened Public Comment.

No speakers.

Chair Mekechuk closed Public Comment.

4) Recommend Assignment of Auditor Contract to Sorren CPAs, P.C. (Action)



Michael Callahan, General Counsel, introduced the item and a recommendation for the Audit Committee’s support to recommend the assignment of the auditor contract to Sorren CPAs, P.C.

Chair Mekechuk opened Public Comment.

No speakers.

Chair Mekechuk closed Public Comment.

CFO Singh noted the item would be brought to the November Board of Directors meeting on the Consent Calendar if approved.

MOTION: Vice Chair Lopez moved and Committee member Sangha seconded the motion to recommend the SVCE Board of Directors approve the assignment of the auditor contract from Kosmatka Donnelly & Co., LLP to Sorren CPAs, P.C.

The motion carried by verbal roll call vote with Director Tyson absent.

5) Information Technology and Cybersecurity Assessment Update (Discussion)

Nik Zanno, Director of Operations, presented an update on Information Technology (IT) audits and cybersecurity posture. Main areas of discussion included IT department updates, SVCE’s IT audits and assessments, SVCE’s cybersecurity posture, and proposed discussion items for the next Audit Committee Meeting.

Director of Operations Zanno responded to questions and comments from committee members on IT security in outsourcing accounting functions, and controls and confidentiality of data.

Chair Mekechuk opened public comment.

No speakers.

Chair Mekechuk closed public comment.

Committee/Staff Remarks

No comments.

Adjourn

Chair Mekechuk adjourned the meeting at 2:06 p.m.

ATTEST:

Andrea Pizano, Board Secretary



Staff Report – Item 2

Item 2: CFO Report

From: Monica Padilla, CEO

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

Date: 3/3/2026

This item will be addressed in the form of an oral report to the Audit Committee from Amrit Singh, Chief Financial Officer.



Staff Report – Item 3

Item 3: Overview of Committee Function

From: Monica Padilla, CEO

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

Date: 3/3/2026

Amrit Singh, Chief Financial Officer, will provide a presentation with an overview of the Audit Committee including the committee’s purpose, financial and IT audit information, and timing of future meetings.

ATTACHMENT

The presentation for this item is posted to the SVCE website.



Staff Report – Item 4

Item 4: Elect Chair and Vice Chair of the 2025 SVCE Audit Committee

From: Monica Padilla, CEO

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

Date: 3/3/2026

RECOMMENDATION

Select a Chair and Vice Chair of the Silicon Valley Clean Energy (SVCE) Audit Committee (Committee) to preside over Committee meetings.

BACKGROUND

At the February 14, 2018 SVCE Board of Directors meeting, the Board approved the formation of an Audit Committee, consistent with Board Policy FP-01A01, *Establish Audit Committee*.

ANALYSIS & DISCUSSION

As a permanent standing committee of the Board of Directors, the Committee is subject to the Brown Act for all meetings. In order to provide for efficient and reliable Committee meeting organization, staff recommends the Committee appoint a Chair to preside over its meetings, and a Vice Chair to act in the absence of the Chair. The last Chair and Vice Chair of the committee were selected at the February 28, 2025 meeting (Director Bryan Mekechuk as Chair, and Alternate Director Sergio Lopez as Vice Chair).

Since 2026 committee membership was ratified at the February Board of Directors meeting and committee members have changed, this committee is in need of a new Chair and Vice Chair.

Process and Procedure for Chair/Vice Selection

At the meeting, those interested in the role of 2026 Chair or Vice Chair will inform the Chair by self-nomination; nominations of other members of the Committee will also be accepted. Once all nominations have been made, each interested member will be given an opportunity to make a statement.

If there is more than one person interested in either role, a roll call vote will be performed by the Board Clerk. Each Committee member will be asked to vote for their selection by name. For this Committee of four members, a vote of three members will be required to identify the Chair/Vice Chair. A ratification vote will be taken to solidify the selection.

In the event three votes are not reached, the top two candidates with the most votes will continue for additional rounds of votes until three votes are received.

STRATEGIC PLAN

N/A

ALTERNATIVE

Staff is open to suggestions from the committee on selection of the Chair and/or Vice Chair.

Agenda Item: 4

Agenda Date: 3/3/2026

FISCAL IMPACT

No fiscal impact from the selection of a Chair and Vice Chair of the committee.



Staff Report – Item 5

Item 5: Receive Financial Audit Report from Sorren CPAs, P.C., and Recommend the SVCE Board of Directors Accept the Audit Findings

From: Monica Padilla, CEO

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

Date: 3/3/2026

This item will be addressed in the form of an oral report and presentation from external auditor Kellin Gilbert of Sorren CPAs, P.C., (previously Kosmatka Donnelly & Co., LLP).

ATTACHMENT

1. SVCE Audited Financial Statements Years Ended September 30, 2025, and September 30, 2024
2. Letter of Significant Deficiencies or Material Weaknesses Identified
3. Audit Report to the Board of Directors

Silicon Valley Clean Energy Authority

Financial Statements
Years Ended:

September 30, 2025
September 30, 2024

With Report of Independent Auditors



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Independent Auditor's Report

To the Board of Directors
Silicon Valley Clean Energy Authority

Opinion

We have audited the accompanying financial statements of Silicon Valley Clean Energy Authority (SVCE), which comprise the statements of net position as of September 30, 2025 and 2024, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SVCE as of September 30, 2025 and 2024, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SVCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SVCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Independent Auditor's Report (continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Sorren CPAs P.C.

Santa Rosa, California
February 23, 2026

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Silicon Valley Clean Energy Authority's (SVCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of SVCE's finances. SVCE's fiscal year runs from October 1 through September 30.

If you have any questions about this report or require additional financial information, please contact SVCE at 333 W. El Camino Real, #330, Sunnyvale, CA 94087 or contact info@svcleanenergy.org.

Overview of the Financial Statements

SVCE's financial report contains basic financial statements:

- The *Statements of Net Position* include all of SVCE's assets, liabilities, deferred inflows of resources and net position and provide information about the nature and amounts of resources and obligations at a specific point in time.
- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of SVCE's revenue and expenses for the years shown.
- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.
- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Financial Summary

SVCE's Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$462,846,816	\$420,352,985	\$376,699,458
Noncurrent assets:			
Capital assets, net	13,833,351	761,171	1,259,365
Other noncurrent assets	214,086,188	150,052,998	56,864,643
Total noncurrent assets	<u>227,919,539</u>	<u>150,814,169</u>	<u>58,124,008</u>
Total assets	<u>690,766,355</u>	<u>571,167,154</u>	<u>434,823,466</u>
Current liabilities	74,539,649	70,667,155	86,003,663
Noncurrent liabilities	9,093,302	15,303,125	24,283,988
Total liabilities	<u>83,632,951</u>	<u>85,970,280</u>	<u>110,287,651</u>
Deferred inflows of resources	100,000,000	-	-
Net position			
Net investment in capital assets	12,686,148	358,431	348,144
Restricted	1,242,049	-	-
Unrestricted	<u>493,205,207</u>	<u>484,838,443</u>	<u>324,187,671</u>
Total net position	<u>\$507,133,404</u>	<u>\$485,196,874</u>	<u>\$324,535,815</u>

As of September 30, 2025, SVCE's total net position was approximately \$507,000,000, an increase of \$22,000,000 or 5% as compared to September 30, 2024. Refer to the detailed analysis discussion in the following section for the changes in the various components.

SVCE's Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 371,682,878	\$ 534,489,788	\$ 503,675,151
Nonoperating revenues	23,242,267	23,348,067	9,262,831
Total revenues	<u>394,925,145</u>	<u>557,837,855</u>	<u>512,937,982</u>
Operating expenses	372,912,015	397,162,572	401,057,113
Nonoperating expenses	76,600	14,224	28,576
Total expenses	<u>372,988,615</u>	<u>397,176,796</u>	<u>401,085,689</u>
Change in net position	<u>\$ 21,936,530</u>	<u>\$ 160,661,059</u>	<u>\$ 111,852,293</u>

The primary reason for the decline in operating revenues from fiscal year 2024 to 2025 was the deferral of \$100,000,000 to a rate stabilization fund. The cost of electricity, a component of operating expenses, decreased approximately 8% from fiscal year 2024 to fiscal year 2025 due to changes in volume and market prices. See the following section for a detailed discussion.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Detailed Analysis

Current assets increased from \$420,000,000 at the end of fiscal year 2024 to \$463,000,000 at the end of fiscal year 2025. This increase was due to operating surpluses as well as the timing in paying operating expenses. Current assets at the end of fiscal year 2025 were primarily comprised of cash and investments of \$381,000,000, accounts receivable of \$23,000,000, accrued revenue of \$31,000,000 and other receivables of \$26,000,000.

Capital assets are reported net of depreciation and amortization. Each year, the change is mostly due to capital asset acquisitions, less depreciation and amortization expense. Capital assets include leasehold improvements, furniture and equipment, a vehicle, a lease asset related to SVCE's office premises and subscription-based information technology arrangements.

Other noncurrent assets include investments of \$214,000,000 and \$150,000,000 at the end of fiscal years 2025 and 2024, respectively.

The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by SVCE by the end of the fiscal year. Current liabilities for the cost of energy fluctuated each year due to changes in payment terms of certain energy products, as well as the prices of those products. Accrued cost of electricity was approximately \$67,000,000 and \$64,000,000 at the end of fiscal years 2025 and 2024, respectively.

Noncurrent liabilities primarily consist of supplier security deposits held by SVCE as collateral.

Operating revenues increased from fiscal years 2023 to 2024, primarily due to higher rates charged to customers. The largest cause in the decline in operating revenues from fiscal years 2024 to 2025 was the deferral of \$100,000,000 to a rate stabilization fund. A secondary factor was a decrease in rates charged to customers, including the impact of various bill credits. SVCE also earns operating revenues from sources other than retail customer sales, including liquidated damages related to electricity suppliers' noncompliance with contractual provisions which increased by \$13,000,000 from 2024 to 2025.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Detailed Analysis (continued)

Investment income is included in nonoperating revenue and increased from 2023 to 2025 due to changes in market interest rates as well as increases in invested assets.

Operating expenses fluctuated each year primarily due to market forces that affect the cost of electricity, SVCE's largest expense. SVCE procures energy from a variety of sources to reduce market risk and to maintain a balanced renewable power portfolio. The decrease in energy costs each year was mainly the result of reductions in certain market prices.

Significant Capital Asset and Long-Term Financing Activity

SVCE does not own assets used for electric generation or distribution. Capital assets consist primarily of office equipment, including computers and furniture, a vehicle, leasehold improvements, a right-to-use lease asset related to office premises, and subscription assets related to information technology software.

Assets obtained through leasing or subscription arrangements, such as office facilities and computer software, are recorded in the Statements of Net Position as capital assets, along with corresponding lease or subscription liabilities representing SVCE's future payment obligations.

During fiscal year 2025, SVCE purchased an office building for \$11,500,000 and acquired subscription assets subject to Governmental Accounting Standards Board (GASB) Statement No. 96 totaling \$2,100,000.

Currently Known Facts, Decisions, or Conditions

SVCE serves approximately 96% of all eligible customers in the service area, and that participation rate is expected to remain stable in 2026.

SVCE procures energy in accordance with its Board-approved Energy Risk Management Policy, which aligns customer demand for clean energy with short and long-term purchases of clean energy resources. SVCE complies with state laws and its own targets for renewable and greenhouse gas (GHG) free energy. California's Renewable Portfolio Standard (RPS) requires load-serving entities, such as SVCE, to supply their retail sales with minimum quantities of eligible renewable energy annually and through long-term commitments of more than ten years. The state has also directed load-serving entities (LSEs) to procure new clean energy and capacity resources to meet grid reliability goals. Senate Bill 100 directs all LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030 and 100% of their retail sales from GHG-free resources by 2045. Senate Bill 1020 sets interim clean targets of 90% and 95% by 2035 and 2040. SVCE's current policy is to procure 100% of retail sales, adjusted for transmission and distribution losses, from GHG-free resources.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Currently Known Facts, Decisions, or Conditions (continued)

SVCE has executed 26 RPS contracts of ten years or more meeting its RPS requirements for long-term procurement. SVCE is on the path to meeting its requirements as ordered by the California Public Utilities Code (CPUC) under the Mid-term Reliability Procurement decision (D.21-06-035).

In the fiscal year ending September 30, 2025, SVCE's retail load increased by about 2% from the prior fiscal year to 3.98 Terrawatt-hours (TWhrs). SVCE expects retail load to remain largely similar in 2026. Over the following ten years, SVCE expects the load to grow by about 2% per year. The forecast also incorporates load-modifying effects of increasing electric vehicle adoption and charging, behind-the-meter solar and/or storage (via net energy metering), and energy efficiency. SVCE's long-term load forecast is driven primarily by the number and types of customers. SVCE's planning accounts for the expected load growth from the transportation, and building electrification sectors. While SVCE's current forecast does not include incremental data center loads, SVCE is actively monitoring data center developments in its service territory and expects to include these loads in future forecasts.

In 2019, the Board of Directors approved a Commercial Pricing Policy that allows SVCE to offer innovative customized contract offerings to customers that support long-term customer retention. SVCE has signed long-term arrangements with two major customers for customized power supply offerings and is working with additional prospective customers.

SVCE expects to continue to provide competitive electric rates. Uncertainties including volatile energy prices and the variability of the power charge indifference adjustment (the "PCIA") can be barriers to providing stable rates. The PCIA is a fee charged by investor-owned utilities (IOUs) to all customers to ensure indifference between bundled and unbundled customers in paying for assets procured by IOUs on behalf of their customers before unbundled customers departed (for example, to a CCA or Direct Access provider). For SVCE, the PCIA is calculated by determining the market value of PG&E's portfolio for assets procured in 2017 or prior. SVCE's customers pay a proportionate share of the net costs incurred for that legacy portfolio. As of January 2026, SVCE has set its discount relative to PG&E's generation service to 1 percent. SVCE continues to advocate in legislative and regulatory proceedings that impact rates (e.g., procurement mandates, load management standards, and reliability proceedings).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

Currently Known Facts, Decisions, or Conditions (continued)

SVCE’s commitment to building sufficient cash reserves has positioned SVCE in a stable position to manage risks, such as those from volatile energy prices and future regulatory and legislative changes. These reserves ensure it can continue serving customers even during times of financial stress, such as when energy costs are highly volatile. Risk event analyses, also known as stress tests in the industry, evaluate how extreme yet plausible scenarios could deplete reserves. These tests provide valuable insight for shaping fiscal year budgets and reserve targets to help mitigate the impact of potential risks. They can also ensure that SVCE remains resilient in different scenarios and help guide the development of the agency’s strategic plan. Risks include market price fluctuations, revenue volatility, counterparty credit and performance, load and generation fluctuations, operational and financial liquidity volatility, and regulatory and legislative changes.

SVCE is committed to investing funds not needed for operations or to meet reserve requirements into our communities through lower rates and customer and community decarbonization programs that disperse funds through rebates, scholarships, services, and grants. As of the Fiscal year ending September 30, 2025, SVCE has approximately \$100,000,000 in remaining earmarked funds towards these decarbonization programs. Nearly all of SVCE’s currently planned customer programs have been implemented and are available to customers. SVCE continues to work on marketing and increasing customer adoption, an activity that takes time and will stretch out the disbursement of these funds over many years. Yearly fund disbursements have increased and are expected to continue growing in the coming years, driven by accelerated customer adoption of these programs.

SVCE strongly focuses on building credit capacity through increased cash reserves, compliance with the energy risk management policy and credit guidelines, and favorable energy purchase commitments. SVCE received an “A3” credit rating from Moody’s in the spring of 2025 and an “A” credit rating from S&P Global in May 2023; both agencies affirmed a stable outlook for SVCE.

BASIC FINANCIAL STATEMENTS

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents - unrestricted	\$ 314,494,997	\$ 261,473,872
Accounts receivable, net of allowance	23,094,020	43,061,445
Accrued revenue	31,097,074	29,579,485
Other receivables	25,973,973	16,224,969
Prepaid expenses	846,007	843,135
Deposits	873,380	709,798
Investments	65,225,316	68,460,281
Cash equivalents - restricted	1,242,049	-
Total current assets	462,846,816	420,352,985
Noncurrent assets		
Deposits	-	45,130
Investments	214,086,188	150,007,868
Capital assets, net of depreciation and amortization	13,833,351	761,171
Total noncurrent assets	227,919,539	150,814,169
Total assets	690,766,355	571,167,154
LIABILITIES		
Current liabilities		
Accrued cost of electricity	66,947,740	64,433,952
Accounts payable	2,540,151	1,770,065
Other accrued liabilities	2,824,329	2,006,073
User taxes and energy surcharges due to other governments	1,695,403	1,679,325
Supplier security deposits	-	375,000
Information technology subscription liability	532,026	-
Lease liability	-	402,740
Total current liabilities	74,539,649	70,667,155
Noncurrent liabilities		
Information technology subscription liability	615,177	-
Supplier security deposits	8,478,125	15,303,125
Total noncurrent liabilities	9,093,302	15,303,125
Total liabilities	83,632,951	85,970,280
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization	100,000,000	-
NET POSITION		
Net investment in capital assets	12,686,148	358,431
Restricted for security collateral	1,242,049	-
Unrestricted	493,205,207	484,838,443
Total net position	\$ 507,133,404	\$ 485,196,874

The accompanying notes are an integral part of these financial statements.

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Electricity sales, net	\$ 455,071,307	\$ 530,672,320
GreenPrime electricity premium	2,433,491	2,498,428
Revenue directed to Rate stabilization Fund	(100,000,000)	-
Liquidated damages	14,178,080	1,319,040
Total operating revenues	<u>371,682,878</u>	<u>534,489,788</u>
OPERATING EXPENSES		
Cost of electricity	332,442,316	361,542,484
Contract services	14,950,645	14,235,827
Staff compensation and benefits	14,759,730	12,525,043
Program incentives	6,991,805	5,480,456
Other operating expenses	2,598,177	2,739,490
Depreciation and amortization	1,169,342	639,272
Total operating expenses	<u>372,912,015</u>	<u>397,162,572</u>
Operating income (loss)	<u>(1,229,137)</u>	<u>137,327,216</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	23,242,267	23,348,067
Interest expense	(76,600)	(14,224)
Nonoperating revenues (expenses), net	<u>23,165,667</u>	<u>23,333,843</u>
CHANGE IN NET POSITION	21,936,530	160,661,059
Net position at beginning of year	<u>485,196,874</u>	<u>324,535,815</u>
Net position at end of year	<u>\$ 507,133,404</u>	<u>\$ 485,196,874</u>

SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 484,331,956	\$ 549,801,243
Receipts of liquidated damages	9,178,080	1,216,500
Receipts of wholesale sales	17,221,635	16,698,525
Receipts of deposits and collateral	10,526,003	34,647,876
Payments to suppliers for electricity	(356,382,938)	(402,997,262)
Payments of security deposits	(12,705,000)	(18,875,780)
Payments for other goods and services	(16,761,469)	(17,361,411)
Payments for program incentives	(6,894,510)	(5,362,016)
Payments for staff compensation	(14,294,022)	(12,352,507)
Payments of taxes and surcharges to other governments	(8,361,248)	(8,997,384)
Net cash provided by operating activities	105,858,487	136,417,784
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of lease	(406,293)	(522,705)
Payments of subscription asset	(1,045,883)	-
Purchases of capital assets	(11,892,791)	(151,584)
Net cash used by capital and related financing activities	(13,344,967)	(674,289)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	20,774,075	22,096,463
Proceeds from investment sales	154,848,339	54,494,824
Purchase of investments	(213,872,760)	(181,555,415)
Net cash used by investing activities	(38,250,346)	(104,964,128)
Net change in cash and cash equivalents	54,263,174	30,779,367
Cash and cash equivalents at beginning of year	261,473,872	230,694,505
Cash and cash equivalents at end of year	\$ 315,737,046	\$ 261,473,872
 Reconciliation to the Statements of Net Position		
Cash and cash equivalents - unrestricted	\$ 314,494,997	\$ 261,473,872
Cash equivalents - restricted	1,242,049	-
Total cash and cash equivalents	\$ 315,737,046	\$ 261,473,872

The accompanying notes are an integral part of these financial statements.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	2025	2024
Operating income (loss)	\$ (1,229,137)	\$ 137,327,216
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization expense	1,169,342	639,272
(Increase) decrease in:		
Accounts receivable, net of allowance	19,967,424	6,827,948
Accrued revenue	(1,517,589)	852,637
Other receivables	(9,126,451)	(10,833,628)
Prepaid expenses	(219,678)	510,042
Deposits	(91,747)	24,892,681
Increase (decrease) in:		
Accrued cost of electricity	2,513,788	(14,170,580)
Accounts payable	758,201	(1,077,173)
Other accrued liabilities	818,256	719,969
User taxes and energy surcharges due to other governments	16,078	(47,475)
Supplier security deposits	(7,200,000)	(9,223,125)
Rate stabilization fund	100,000,000	-
Net cash provided by operating activities	\$ 105,858,487	\$ 136,417,784
NONCASH INVESTING ACTIVITIES		
Change in fair value of investments	\$ 1,845,638	\$ 1,329,911
Change in interest receivable	\$ 622,554	\$ (78,307)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of subscription assets	\$ 2,120,039	\$ -

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Silicon Valley Clean Energy Authority (SVCE) is a Joint Powers Authority created on March 31, 2016. As of September 30, 2025, parties to its Joint Powers Agreement consist of the following local governments:

Unincorporated areas of Santa Clara County	Milpitas
Campbell	Monte Sereno
Cupertino	Morgan Hill
Gilroy	Mountain View
Los Altos	Saratoga
Los Altos Hills	Sunnyvale
Los Gatos	

SVCE is separate from and derives no financial support from its members. SVCE is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

SVCE was formed to study, promote, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other necessary and incidental powers to accomplish these objectives. The core function of SVCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

SVCE began its energy delivery operations in April 2017. Electricity is acquired from electricity suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company (PG&E).

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

SVCE's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

SVCE's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories – net investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for use, SVCE's policy is to utilize restricted resources first, and then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, SVCE defines cash to include cash on hand, demand deposits, money market funds, and short-term investments with an original maturity of three months or less.

ACCRUED REVENUE

Accrued revenue reflects the estimated value of electricity delivered to customers during the reporting period for which invoices had not been issued by the end of the fiscal year.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities. Certificates of deposits are stated at cost. SVCE intends to hold its securities to maturity. Investments with a maturity of less than one year are shown as current assets in the Statements of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statements of Net Position.

SVCE’s Investment Policy permits the following types of investments:

U.S. Treasury obligations	Medium term notes
U.S. Agency obligations	Negotiable certificates of deposits
Municipal obligations	Asset-backed securities
Deposits at banks	Supranational obligations
Local Agency Investment Fund	Joint power authority pool
Commercial paper	Money market funds
Placement Service Deposits	

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require SVCE to provide the supplier with advance payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

LEASE ASSET AND LEASE LIABILITY

SVCE recognizes an asset and liability when it enters into certain leasing arrangements. The leased asset is amortized over the term of the lease. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. SVCE’s leased asset and liability relate to its office premises.

SUBSCRIPTION-BASED ASSET AND SUBSCRIPTION-BASED LIABILITY

SVCE recognizes an asset and liability when it enters into certain subscription-based information technology arrangements (SBITA). The SBITA asset is amortized over the term of the arrangement. The SBITA liability is the present value of payments expected to be paid to the vendors during the term of the arrangements. The liability is categorized as information technology subscription liability in the Statements of Net Position.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS AND DEPRECIATION

SVCE's policy is to capitalize furniture and equipment valued at over \$5,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, five years for automobiles, seven years for furniture, and generally between two to five years for capitalizable software depending on the expected period of benefit. SVCE does not own any electric generation assets.

SUPPLIER SECURITY DEPOSITS

Various energy contracts require the supplier to provide SVCE with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent depending on the length of time the deposits will be held.

RATE STABILIZATION FUND

In fiscal year 2025, Silicon Valley Clean Energy (SVCE) established a Rate Stabilization Fund (RSF), which is reported in accordance with GASB Statement No. 62. The RSF is intended to defer revenues related to Board-approved budgetary amounts for which the related expenditures may occur in fiscal years beyond those in which the revenues are budgeted. The RSF is primarily intended to support customer decarbonization programs but may also be used for other long-term purposes approved by the Board, such as the acquisition of administrative facilities.

Revenues may be deferred to the RSF to the extent that the annual change in net position does not fall below 2 percent of revenues. Deferred amounts are recognized as revenue in future periods to align with the timing of related expenditures or in periods in which the annual change in net position would otherwise fall below the established threshold. Amounts transferred to the RSF are reported as a reduction of operating revenues and as a deferred inflow of resources on the statements of net position. During fiscal year 2025, SVCE transferred \$100,000,000 to the RSF.

NET POSITION

Net position is presented in the following components:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by liabilities attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of net position consists of net assets subject to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or by constraints imposed through constitutional provisions or enabling legislation.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION (CONTINUED)

Unrestricted: This component of net position consists of net position that does not meet the definition of “investment in capital assets” or “restricted.”

OPERATING AND NONOPERATING REVENUE

Operating revenues include energy sales to retail customers, and liquidated damages from suppliers that fail to meet delivery commitments. Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues.”

REVENUE RECOGNITION

SVCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and estimated amount of electricity delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs related to providing electricity to customers, delivering program services, and general and administrative functions. Operating expenses are expenses other than nonoperating expenses. Nonoperating expenses include expenses relating to financing.

COST OF ELECTRICITY

During the normal course of business SVCE purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers and for generation credits, load and other charges arising from SVCE’s participation in the California Independent System Operator’s (CAISO) centralized market. The cost of electricity and capacity is recognized as “Cost of Electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California’s Renewable Portfolio Standards (RPS) and self-imposed benchmarks, SVCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. SVCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. An expense is recognized at the point that the cost of the Certificate is due and payable to the supplier. SVCE purchases capacity commitments from qualifying electricity generators to comply with the California Energy Commission’s Resource Adequacy (RA) Program. The goals of the RA Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the electricity grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFFING COMPENSATION AND BENEFITS

SVCE pays employees bi-weekly and fully satisfies its obligation for health benefits and contributions to its defined contribution retirement plan. SVCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

SVCE provides compensated absences, including paid time off, which are accrued when earned and reported as part of accrued liabilities. The liability includes leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The liability is measured using the employees' pay rates as of the financial statement date.

INCOME TAXES

SVCE is a joint powers authority under the provisions of the California Government Code and is not subject to federal or state income or franchise tax.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

SVCE maintains its cash in both interest-bearing and non-interest-bearing accounts. SVCE's deposits are subject to California Government Code Section 16521, which requires banks to provide collateral of 110% of account balances in excess of the \$250,000 insurance coverage by the Federal Deposit Insurance Corporation. Accordingly, the amount of risk is not disclosed. SVCE monitors its risk on an ongoing basis.

SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024

3. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of September 30:

	<u>2025</u>	<u>2024</u>
Accounts receivable from customers	\$ 26,194,020	\$ 45,861,445
Allowance for uncollectible accounts	(3,100,000)	(2,800,000)
Net accounts receivable	<u>\$ 23,094,020</u>	<u>\$ 43,061,445</u>

The majority of account collections occur within the first few months following the issuance of customer invoices. SVCE estimates that a portion of the amounts invoiced will not be collected. SVCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, SVCE continues to be successful in collecting older accounts.

OTHER RECEIVABLES

Other receivables primarily consist of amounts due from energy counterparties, generally as a result of certain wholesale transactions for energy products.

4. INVESTMENTS

During the years ended September 30, 2025 and 2024, SVCE held investments with original maturities of three months or more. As of September 30, the fair value of investments was as follows:

	<u>2025</u>	<u>2024</u>	<u>Level</u>
U.S. Treasury bonds and notes	\$ 100,819,067	\$ 85,082,906	1
Supranational obligations	856,415	862,521	2
U.S. agency obligations	23,458,327	10,539,032	2
Corporate notes	73,885,763	42,194,852	2
Commercial paper	12,141,656	37,181,428	2
Certificate of deposits	13,704,552	9,228,478	2
Bank note	1,267,120	646,226	2
Asset-backed securities	53,178,604	32,732,706	2
Total investments	<u>\$ 279,311,504</u>	<u>\$ 218,468,149</u>	

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

4. INVESTMENTS (continued)

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SVCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are considered to have no credit risk.

As of September 30, 2025 and 2024, all SVCE's investments were rated between A and AAA by at least one nationally recognized statistical ratings organization.

SVCE's investment policy addresses this risk by limiting investments to those allowed by Section 53601 of the California Government Code.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

4. INVESTMENTS (continued)

CUSTODIAL CREDIT RISK

Cash and cash equivalents

Concentration of credit risk is the potential loss associated with SVCE’s investment in a single issuer. SVCE manages this risk by diversifying its portfolio to ensure that reliance on any one issuer does not place an undue burden on SVCE.

As of September 30, 2025 and 2024, none of SVCE’s bank balances are known to be exposed to custodial credit risk.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, SVCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of SVCE’s investments are exposed to custodial credit risk. SVCE’s investment policy addresses this risk. All investments owned by SVCE shall be held in safekeeping by a third-party custodian, acting as an agent for SVCE under the terms of a custody agreement.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. Duration is calculated as the weighted average time to receive a bond’s coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. SVCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of the percentages of investments by maturity date as of September 30, 2025 and 2024:

	2025	2024
0 - 6 months	7.45%	11.99%
6 - 12 months	16.05%	19.36%
1 - 2 years	35.97%	28.88%
2 - 3 years	31.89%	31.02%
3 - 4 years	4.15%	5.27%
4 - 5 years	4.49%	3.48%
Over 5 years	0.00%	0.00%
Total	100.00%	100.00%

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

4. INVESTMENTS (continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude of SVCE’s investment in a single issuer. SVCE manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on SVCE.

As of September 30, 2025 and 2024, SVCE’s investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2025</u>	<u>2024</u>
Federal Home Loan Mortgage Corporation (Freddie Mac)	U.S. agency implicitly guaranteed	8.4%	4.82%

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets not being depreciated				
Building - not in service	\$ -	\$ 7,011,039	\$ -	\$ 7,011,039
Building - construction in progress	-	179,952	-	179,952
Land	-	4,490,517	-	4,490,517
Total capital assets not being depreciated	-	11,681,508	-	11,681,508
Capital assets being depreciated and amortized:				
Furniture and equipment	884,260	6,361	-	890,621
Leasehold improvements	149,974	-	-	149,974
Software	-	433,612	-	433,612
Subscription based information technology assets	-	2,120,041	-	2,120,041
Lease asset	2,287,125	-	-	2,287,125
Total capital assets being depreciated and amortized	3,321,359	2,560,014	-	5,881,373
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(634,188)	(147,851)	-	(782,039)
Software	-	(127,533)	-	(127,533)
Subscription based information technology assets	-	(532,832)	-	(532,832)
Lease asset	(1,926,000)	(361,126)	-	(2,287,126)
Total accumulated depreciation and amortization	(2,560,188)	(1,169,342)	-	(3,729,530)
Total capital assets, net of depreciation and amortization	<u>\$ 761,171</u>	<u>\$ 13,072,180</u>	<u>\$ -</u>	<u>\$ 13,833,351</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

5. CAPITAL ASSETS (continued)

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets being depreciated and amortized:				
Furniture and equipment	\$ 758,883	\$ 129,051	\$ (3,674)	\$ 884,260
Leasehold improvements	134,273	15,701	-	149,974
Lease asset	2,287,125	-	-	2,287,125
Total capital assets being depreciated and amortized	<u>3,180,281</u>	<u>144,752</u>	<u>(3,674)</u>	<u>3,321,359</u>
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(476,416)	(157,772)	-	(634,188)
Lease asset	(1,444,500)	(481,500)	-	(1,926,000)
Total accumulated depreciation and amortization	<u>(1,920,916)</u>	<u>(639,272)</u>	<u>-</u>	<u>(2,560,188)</u>
Total capital assets, net of depreciation and amortization	<u>\$ 1,259,365</u>	<u>\$ (494,520)</u>	<u>\$ (3,674)</u>	<u>\$ 761,171</u>

6. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

SVCE has entered into subscription-based information technology arrangements (SBITAs) for computer software that provides programmatic and operational assistance. These arrangements are reported in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. At the commencement of each subscription term, SVCE recognizes a subscription asset and a corresponding subscription liability.

The subscription assets are amortized on a straight-line basis over the terms of the related subscription agreements.

Certain SBITAs include variable payments that are dependent upon future events or usage; however, such variable payments are not included in the measurement of the subscription liability and are expensed in the period in which the obligation for the payment is incurred.

SVCE has also entered into short-term SBITAs, defined as subscription arrangements with a maximum possible term of twelve months or less. Payments for short-term SBITAs are recognized as expenses during the period in which the services are provided.

As of September 30, 2025, future minimum payments under the arrangements were projected as follows:

Years ending September 30,	Principal	Interest	Total
2026	\$ 532,026	\$ 55,851	\$ 587,877
2027	486,150	21,003	507,153
2028	129,027	3,406	132,433
Total	<u>\$ 1,147,203</u>	<u>\$ 80,260</u>	<u>\$ 1,227,463</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

7. DEFINED CONTRIBUTION RETIREMENT PLAN

SVCE provides retirement benefits through the Silicon Valley Clean Energy Authority Public Agency Retirement System Defined Contribution Plan (Plan). The Plan is a defined contribution 401(a) Retirement Plan established to provide benefits at retirement to employees of certain qualified employers admitted by the Plan. The Plan is administered by the Public Agency Retirement System (PARS). As of September 30, 2025 and 2024, SVCE had 68 and 62 plan participants, respectively. SVCE is required to contribute 10% of covered payroll as a match to required employee contributions. SVCE contributed approximately \$1,224,000 and \$981,000 during the years ended September 30, 2025 and 2024, respectively. Plan provisions and contribution requirements as they apply to SVCE are established and may be amended by the Board of Directors.

8. RISK MANAGEMENT

SVCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, SVCE purchased insurance policies from highly rated commercial carriers to mitigate risks that include those associated with umbrella, cyber, auto, theft, general liability, errors and omissions, and property damage. SVCE has general aggregate liability coverage of \$2,000,000. In addition, SVCE maintains an umbrella liability policy with coverage of \$10,000,000, providing total liability coverage of \$11,000,000 per occurrence and \$12,000,000 in the annual aggregate.

SVCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operational, regulatory and other risks arising from participation in the California energy market.

Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, SVCE enters into netting arrangements whenever possible and, where appropriate, obtains collateral and other performance assurances from counterparties.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

9. PURCHASE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, SVCE enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind and hydro-electric facilities.

The following table details the obligations to purchase existing energy, renewable, and RA contracts as of September 30, 2025:

Years ending September 30,	
2026	\$ 221,000,000
2027	208,000,000
2028	221,000,000
2029	253,000,000
2030	248,000,000
2031-2047	<u>2,054,000,000</u>
Total	<u><u>\$ 3,205,000,000</u></u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

10. JOINT VENTURE

The SVCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member do not constitute an asset or reserve of that member.

CCCFA issued the following bonds, excluding original issue premium, which are to be used to finance energy purchases that will be delivered to SVCE. The 2025F bonds were issued subsequent to September 30, 2025. No debt, liability, or obligation of CCCFA is a debt, liability, or obligation of SVCE.

<u>Deal</u>	<u>Date issued</u>	<u>Amount</u>
2021B	September 2021	\$ 1,234,720,000
2023B	January 2023	841,550,000
2024A	January 2024	1,101,625,000
2025F	November 2025	844,495,000
		<u>\$ 4,022,390,000</u>

SVCE will purchase energy from CCCFA in the same manner as it purchases energy from other suppliers. SVCE purchased approximately \$66,910,000 and \$46,622,000 from CCCFA during fiscal years 2025 and 2024, respectively. The outstanding purchase commitments related to these financing facilities are included in Note 10. This amount represents executed energy contracts assigned to CCCFA as of September 30, 2025. Additional contracts may be assigned while the bond is outstanding.

The financial statements of CCCFA are available online at <http://www.cccfa.org/key-documents.html>.

**SILICON VALLEY CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2025 AND 2024**

11. RECENTLY ADOPTED AND FUTURE ACCOUNTING PRONOUNCEMENTS

SVCE implemented the following GASB Statements.

No. 102, *Certain Risk Disclosures*, which requires additional disclosures regarding concentrations and constraints that could impact SVCE's financial position or results of operations. Implementation of this statement did not have a material effect on the financial statements.

No. 104, *Disclosure of Certain Capital Assets*. Implementation of this statement did not have a material effect on the financial statements.

The following GASB Statement is effective for fiscal years beginning after June 15, 2025. SVCE plans to implement it when required.

No. 103, *Financial Reporting Model Improvements*, which establishes revised guidance for the presentation of financial statements by state and local governments. Management is currently evaluating the impact of this Statement on SVCE's financial statements.



February 23, 2026

To Management and the Board of Directors
Silicon Valley Clean Energy Authority
333 W. El Camino Real, Suite 330
Sunnyvale, California

In planning and performing our audits of the financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2025 and 2024, in accordance with auditing standards generally accepted in the United States of America, we considered SVCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SVCE's internal control. Accordingly, we do not express an opinion on the effectiveness of SVCE's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control during our audits that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties.

Sorren CPAs P.C.

Sorren CPAs, P.C.



Report to the Board of Directors

Silicon Valley Clean Energy Authority
For the year ended September 30, 2025





To the Board of Directors
Silicon Valley Clean Energy Authority
333 W El Camino Real, Suite 330
Sunnyvale, CA 94087

We are pleased to present this report related to our audit of the financial statements of Silicon Valley Clean Energy Authority (“SVCE”) as of and for the year ended September 30, 2025. Our report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for SVCE’s financial reporting process.

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management of SVCE and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Silicon Valley Clean Energy Authority.

Sorren CPAs P.C.

Santa Rosa, California
February 23, 2026

cc: Amrit Singh, Chief Financial Officer

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REQUIRED COMMUNICATIONS

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated December 5, 2025. Our audit of the financial statements does not relieve management or you of your responsibilities, which are also described in that letter.

Planned Scope and Timing

We previously issued a separate communication dated December 2, 2025 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by SVCE. SVCE did not change any existing significant accounting policies. As disclosed in Note 11, SVCE adopted GASB 102 and 104 which did not have a significant effect on the financial statements.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant or Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities for Independence

Auditor independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with applicable independence rules. For Sorren CPAs, P.C. (the Firm) to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and the Firm each play an important role.

Our Responsibilities

- We are required to maintain both independence of mind and in appearance when providing audit and other attestation services. It is our responsibility to ensure that the general requirements for performing nonattest services are adhered to and included in all letters of engagement.
- We are required to maintain a system of quality management over compliance with independence rules and firm policies.

SVCE's Responsibilities

- Timely inform the Firm, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
- Understand and conclude on the permissibility, prior to SVCE's, officers, directors, or persons in a decision-making capacity, engaging in business relationships with the Firm.
- Not entering into relationships resulting in close family members of the Firm covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at SVCE.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of SVCE, including the representation letter provided to us by management, are attached as Appendix A.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in SVCE’s September 30, 2025 financial statements.

Significant Accounting Estimates	
Accrued Revenue	
Accounting policy/ Management’s estimation process	Management’s estimate of accrued revenue includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management’s estimate analytically and determined management’s estimate to be reasonable in relation to the financial statements taken as a whole.
Cost of Electricity	
Accounting policy/ Management’s estimation process	Management’s estimate of accrued cost of electricity includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management’s estimate through subsequent disbursements and analytical procedures and determined management’s estimate to be reasonable in relation to the financial statements taken as a whole.
Allowance for Uncollectible Accounts	
Accounting policy/ Management’s estimation process	Management’s estimate of the allowance for uncollectible accounts includes historical collection trends and anticipated future collections.
Basis for our conclusion on the reasonableness of the estimate	We evaluated the key factors and assumptions used to develop the estimate in determining that the allowance is reasonable in relation to the financial statements taken as a whole.

APPENDIX A

**Significant Written Communications Between Management and
Our Firm**



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February 23, 2026

Sorren CPAs, P.C.
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Silicon Valley Clean Energy Authority (SVCE) as of and for the years ended September 30, 2025 and 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of February 23, 2026:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 5, 2025 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.



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10. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
13. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
14. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
15. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.
16. SVCE has disclosed all material subscription-based technology information arrangements (SBITAs) in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
17. There are no concentrations or constraints requiring disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
18. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
19. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
20. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

21. We have provided you with:



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- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within SVCE from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
22. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
23. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of allegations of fraud or suspected fraud affecting SVCE's basic financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting SVCE's basic financial statements received in communications from employees, former employees, analysts, regulators or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Accounting Standards Codification (ASC) Topic 450, Contingencies; violations or possible violations of laws and regulations; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of all of SVCE's related parties and all the related-party relationships and transactions of which we are aware.
29. We are aware of no significant deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect SVCE's ability to record, process, summarize and report financial data.



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30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Required Supplementary Information

31. With respect to the Management's Discussion and Analysis presented as required by GAAP and the Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

DocuSigned by:

A handwritten signature in black ink that reads "Amrit Singh".

Amrit Singh, Chief Financial Officer
Silicon Valley Clean Energy Authority

DocuSigned by:

A handwritten signature in black ink that reads "Michael Maher".

87EE84606449460...

Mike Maher, Accountant



Staff Report – Item 6

Item 6: 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: 3/3/2026

RECOMMENDATION

Staff requests that the Silicon Valley Clean Energy (SVCE) Audit 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 Policies¹; and

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 Adjustment² (PCIA) charges for the upcoming year. With the California Public Utilities Commission’s (CPUC) publishing of the market price benchmarks (MPBs) in the fall and PG&E’s subsequent

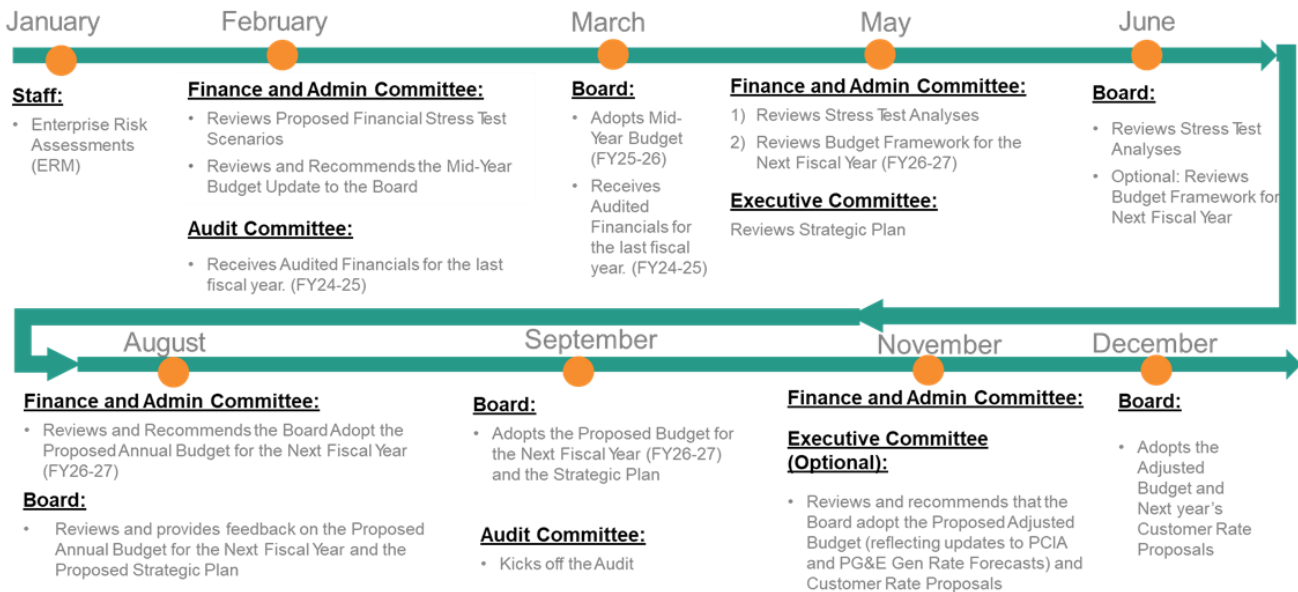
¹ For example, Finance Policies include criteria such as the requirement to conduct an annual audit and annually retain or appoint an independent auditor.

²Public 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 indifference, CCAs and Direct Access or departing load customers are required to pay a power charge indifference adjustment (PCIA).

Energy Resource Recovery Account³ (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

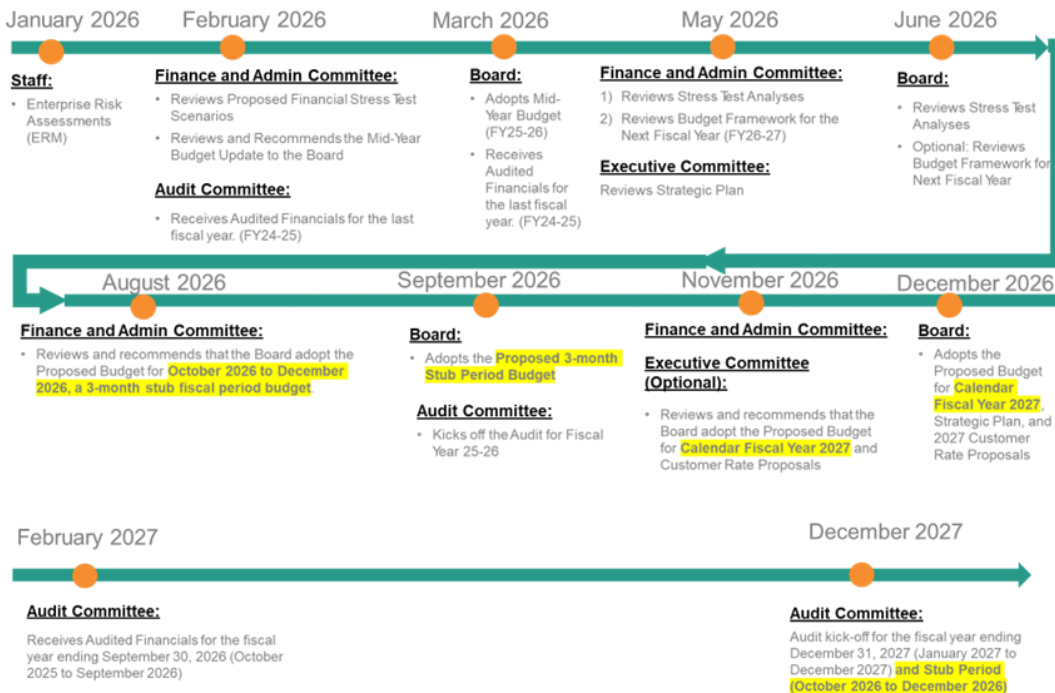


³ ERRA, the Energy Resource Recovery Account, is a balancing account utilized by PG&E to record and recover power costs associated with PG&E’s authorized procurement plan. ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates.

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.

Agenda Item: 6**Agenda Date: 3/3/2026**

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.



Staff Report – Item 7

Item 7: Information Technology and Cybersecurity Assessment Update

From: Monica Padilla, CEO

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

Date: 3/3/2026

This item will be addressed in the form of a report from Brett Sirianni, Information Security Manager.