SVCE 2026 Integrated Resource Plan Preview

SVCE Board of Directors Meeting
June 10, 2026

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Agenda and Purpose

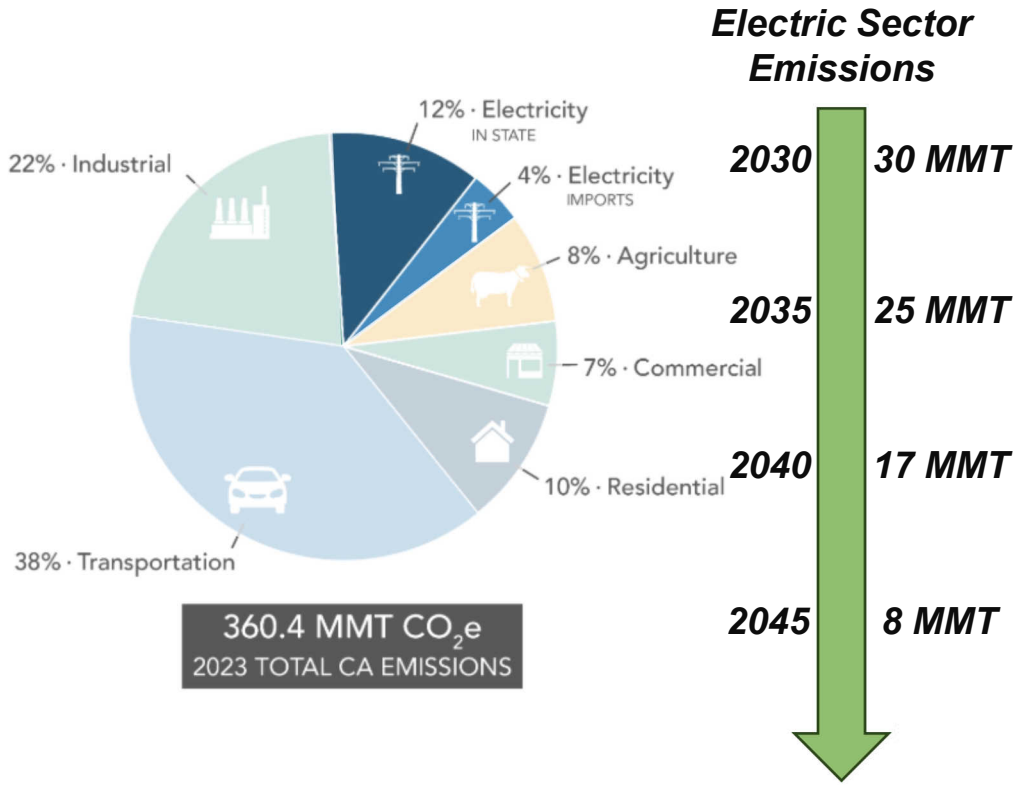
Staff will provide an overview of the Integrated Resource Plan (IRP) process and share draft results intended for use in SVCE's 2026 IRP which is due to the California Public Utilities Commission (CPUC) on August 10th.

Today's Agenda:
Review CPUC IRP purpose and requirements
Summary of proposed SVCE 2026 IRP and development process
Proposed Preferred Conforming Plan draft results
Proposed Alternate Conforming Plan draft results
Summary of additional analysis
Key narrative components
Action from Board of Directors

CPUC IRP Summary and Purpose

The IRP is first and foremost a compliance requirement.

- The IRP's purpose is to ensure that collectively load serving entities (LSEs) are on track to develop an electric system which maintains reliability while achieving the state's clean goals.
- LSE's individual IRPs are "stitched together" to form a Preferred System Plan which is used for CAISO transmission planning processes and evaluation of long-term system needs.
- The CPUC generally requires individual IRPs be filed by jurisdictional LSEs every two years.
  - The CPUC skipped the 2024 IRP cycle making this the first IRP SVCE has filed since 2022.
- **SVCE staff does not consider this to be a binding plan**; actual resource build out will depend on the market and future CPUC actions.



IRP Requirements

The IRP filing is composed of three parts:

1) **Clean System Power Tool (CSP)**
   - Used to assess compliance with CPUC set emissions targets.
   - Calculates LSE's hourly system emissions for key study years (2030, 2035, 2040, 2045).
   - Relies on CPUC modelled emissions and curtailment.

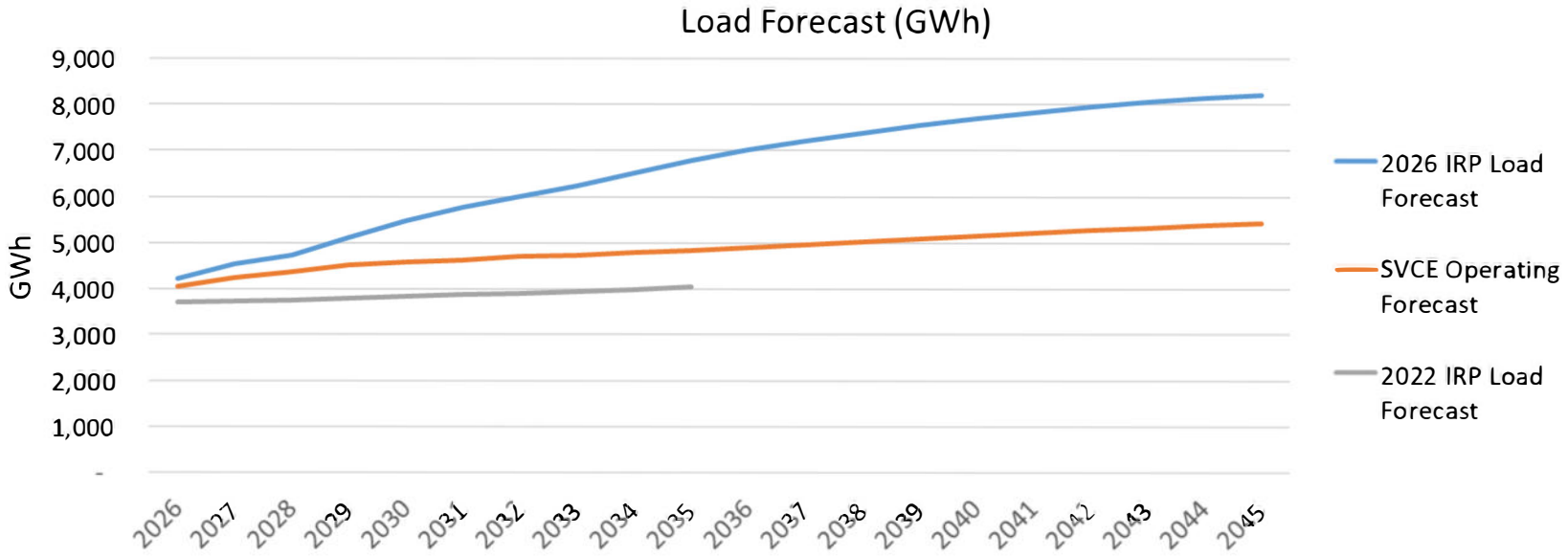
2) **Resource Data Template (RDT):**
   - Provides contract data for online, in development and planned resources.
   - Calculates compliance with reliability needs using annual Effective Load Carrying Capability (ELCC) metrics, not the Slice-of-Day metrics used in Resource Adequacy program.

3) **Narrative:**
   - Document describing modeling process and results.
   - Provides opportunity for LSEs to discuss risks, costs and viability of its portfolios.
   - Requires LSEs discuss many specific issues including impacts to disadvantages communities, potential central procurement activities and more.

IRP Requirements

The CPUC mandates many of the inputs and assumptions LSEs must use, which may not align with SVCE's view of the future.

- SVCE staff relied on CPUC assumptions for candidate resource profiles, future system emissions and reliability metrics.
- CPUC prices and resource availability informed, but did not dictate, SVCE modeling inputs.
- While several CPUC assumptions do not align with SVCE staff world view, the most impactful is the load forecast.



The CPUC's 2035 load forecast increased 60% relative to last cycle, mainly driven by electric vehicle adoption and data centers.

SVCE's Proposed IRP

Staff is proposing SVCE submit two formal cases as part of its IRP.

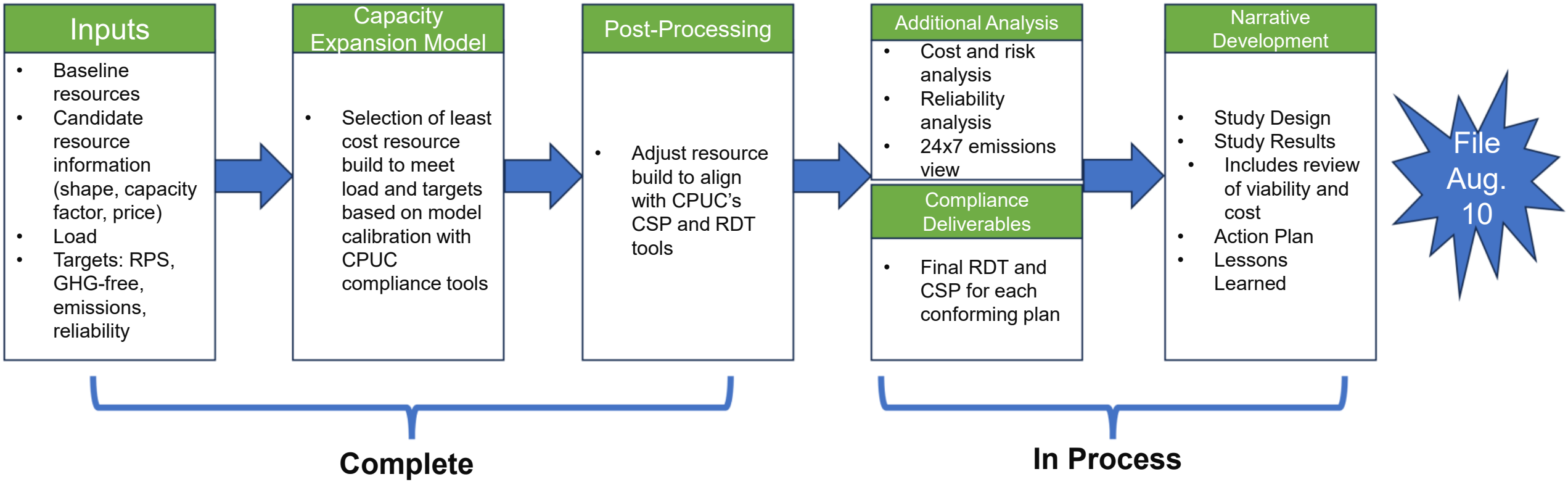
- **Preferred Conforming Plan:** Utilizes SVCE's current board adopted clean targets
  - 75% RPS by 2030, 100% RPS by 2035 (and beyond)
  - 106% clean each year, measured annually

- **Alternate Conforming Plan:** Assumes 50% of SVCE's load moves to a minimum compliance product, while remaining load maintains product that meets current board targets
  - Proxy for "levers" discussions held with the Board in recent months

- SVCE also plans to provide information – but not full RDT/CSPs – on other scenarios in its narrative:
  - SVCE internal load (optional): To show impact of forecast uncertainty
  - CPE Allocations (required): To show impact of potential central procurement allocation of geothermal, long duration storage and offshore wind on portfolio results

Process Overview

SVCE's modeling is substantially complete but work is ongoing.



Results of Recommended Conforming Plans

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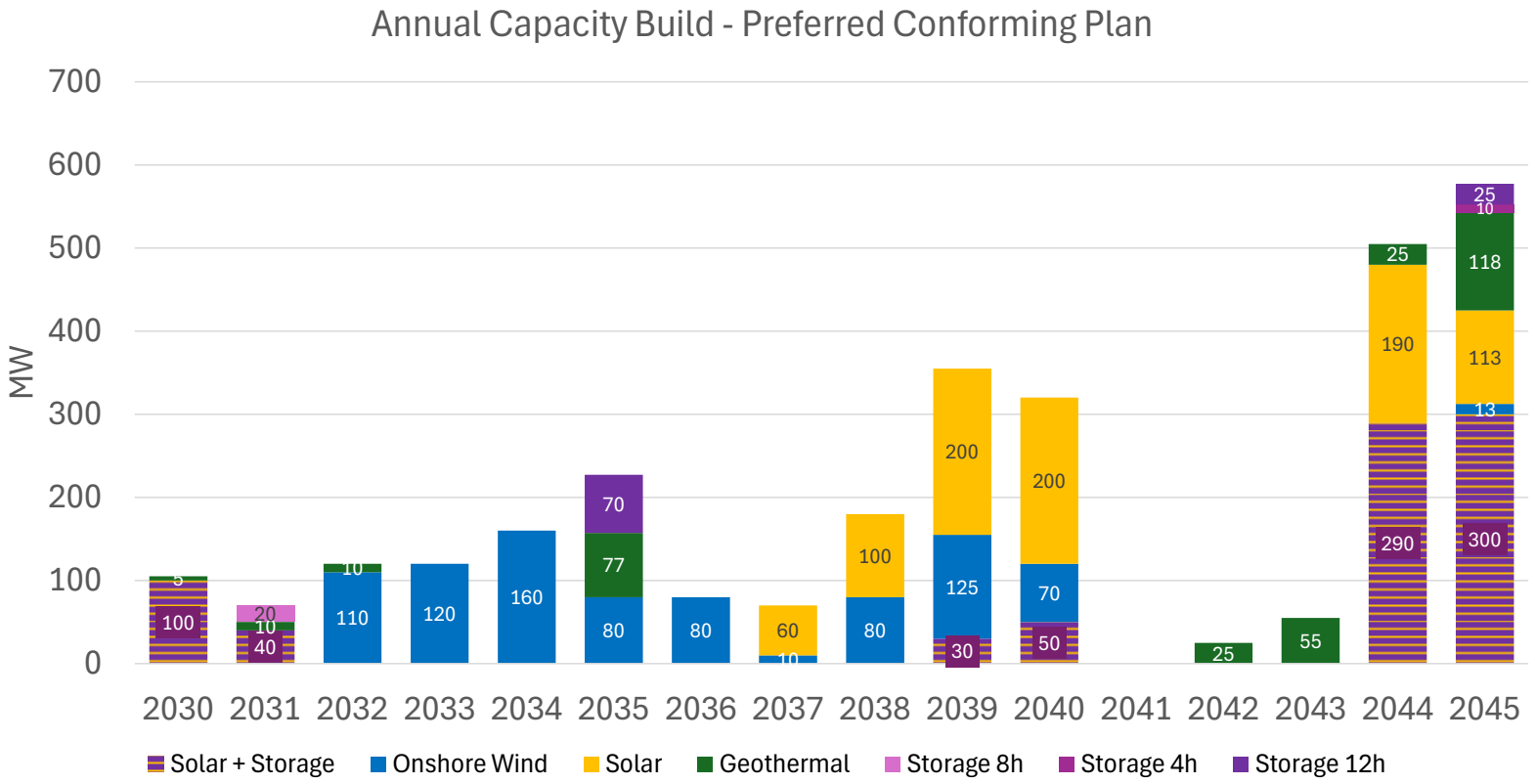
Results of Preferred Conforming Plan

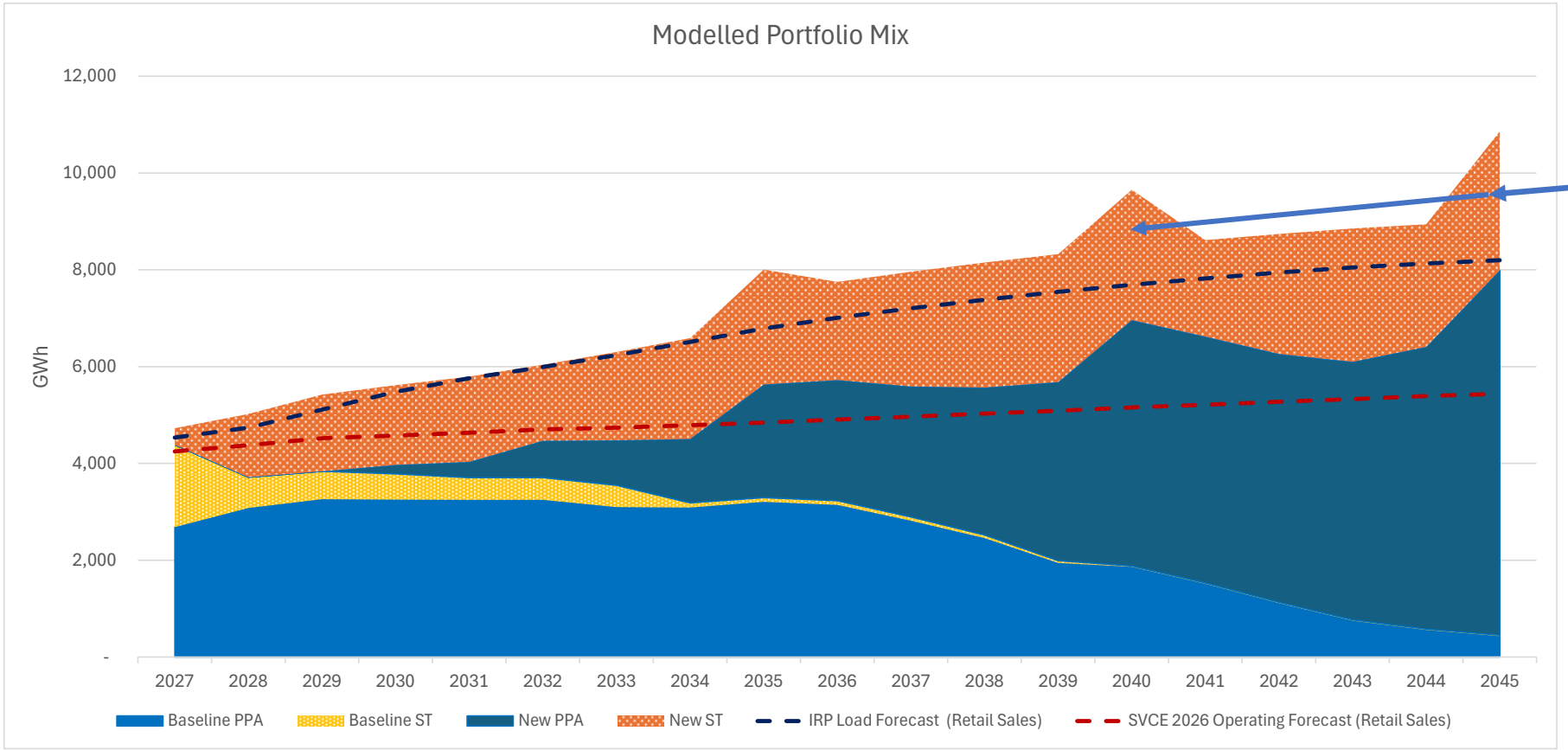
Model results indicate SVCE will need to acquire nearly 4 GW of additional capacity by 2045.



	Cumulative Build			
	2030	2035	2040	2045
Hybrid - Solar	100	140	220	810
Hybrid - Storage	100	140	220	810
Onshore Wind	-	470	835	848
Solar	-	-	560	863
Geothermal	5	102	102	325
Storage 4h	-	-	-	10
Storage 8h	-	20	20	20
Storage 12h	-	70	70	95
Total	**205**	**942**	**2,027**	**3,780**

Results of Preferred Conforming Plan

Much of SVCE's existing PPA portfolio will roll off by the late 2030s, necessitating new contracts.



* DCPP is not included per CPUC's requirement.

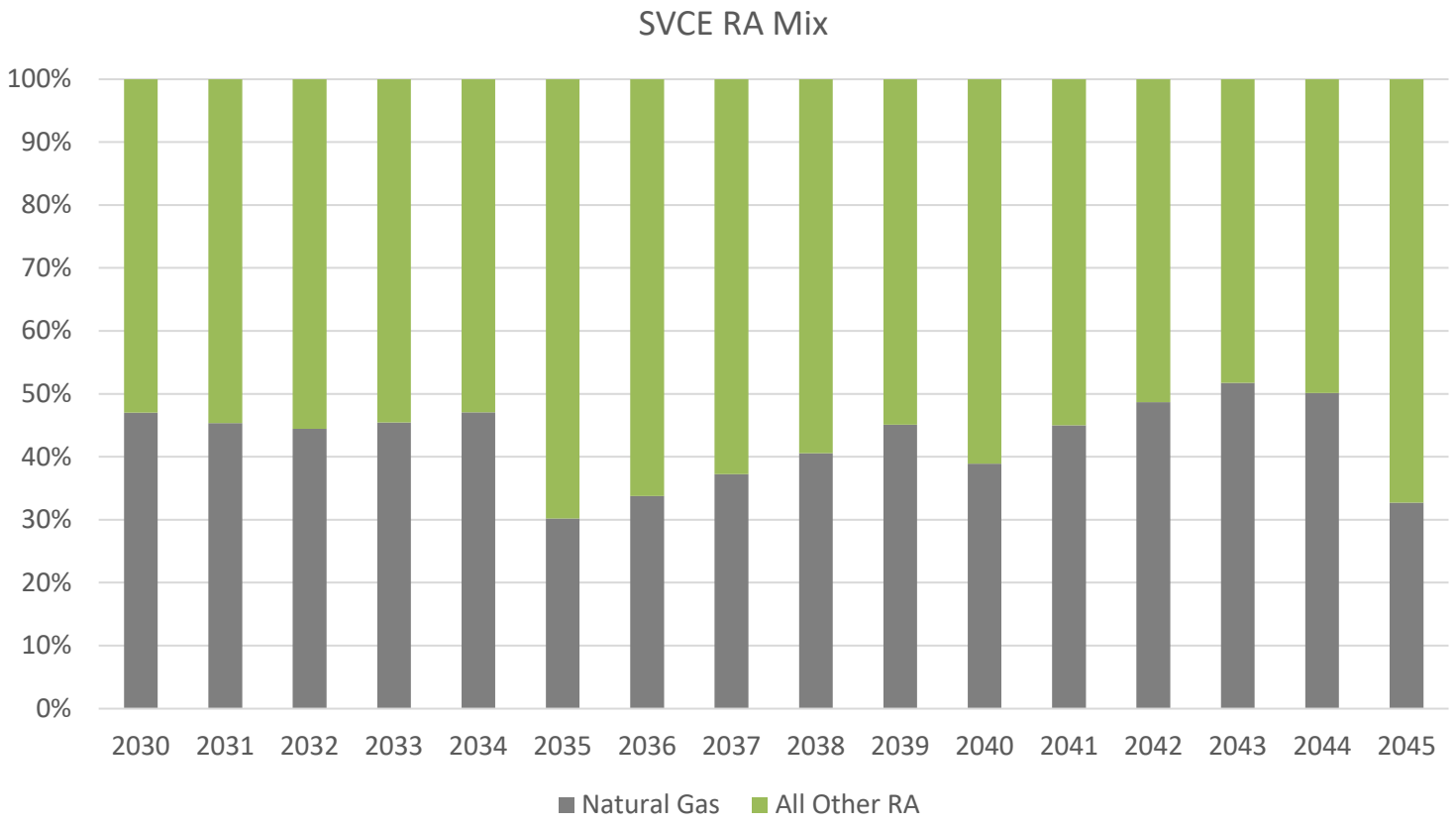
Results add extra energy in years with binding emissions constraint.

Due to curtailment, total energy needed can exceed load.

Model is hitting constraint of 35% short-term energy in most years and exceeds limit in some early years.

Preferred Conforming Plan Reliability Results

Staff "right-sized" short-term fossil RA purchases to achieve reliability needs per CPUC requirements.



On average SVCE meets 60% of its RA needs with clean resources.

In all years except 2043 and 2044 SVCE uses less than its load share of the CPUC's assumed available gas fleet. In 2043 and 2044 it is over by small margin (>15 MW)

Preferred Conforming Plan Emissions and Annual Results

CSP results meet emissions targets but fall short of SVCE's view of annual RPS results.

SVCE Target			0.442	0.351	0.300	0.155
Emissions Total	***Unit***	**2028**	**2030**	**2035**	**2040**	**2045**
CO_2	*MMt/yr*	*0.29*	*0.44*	*0.35*	*0.29*	*0.15*
PM2.5	*tonnes/yr*	*20*	*30*	*26*	*20*	*12*
SO_2	*tonnes/yr*	*3*	*4*	*3*	*2*	*1*
NOx	*tonnes/yr*	*35*	*46*	*42*	*21*	*14*

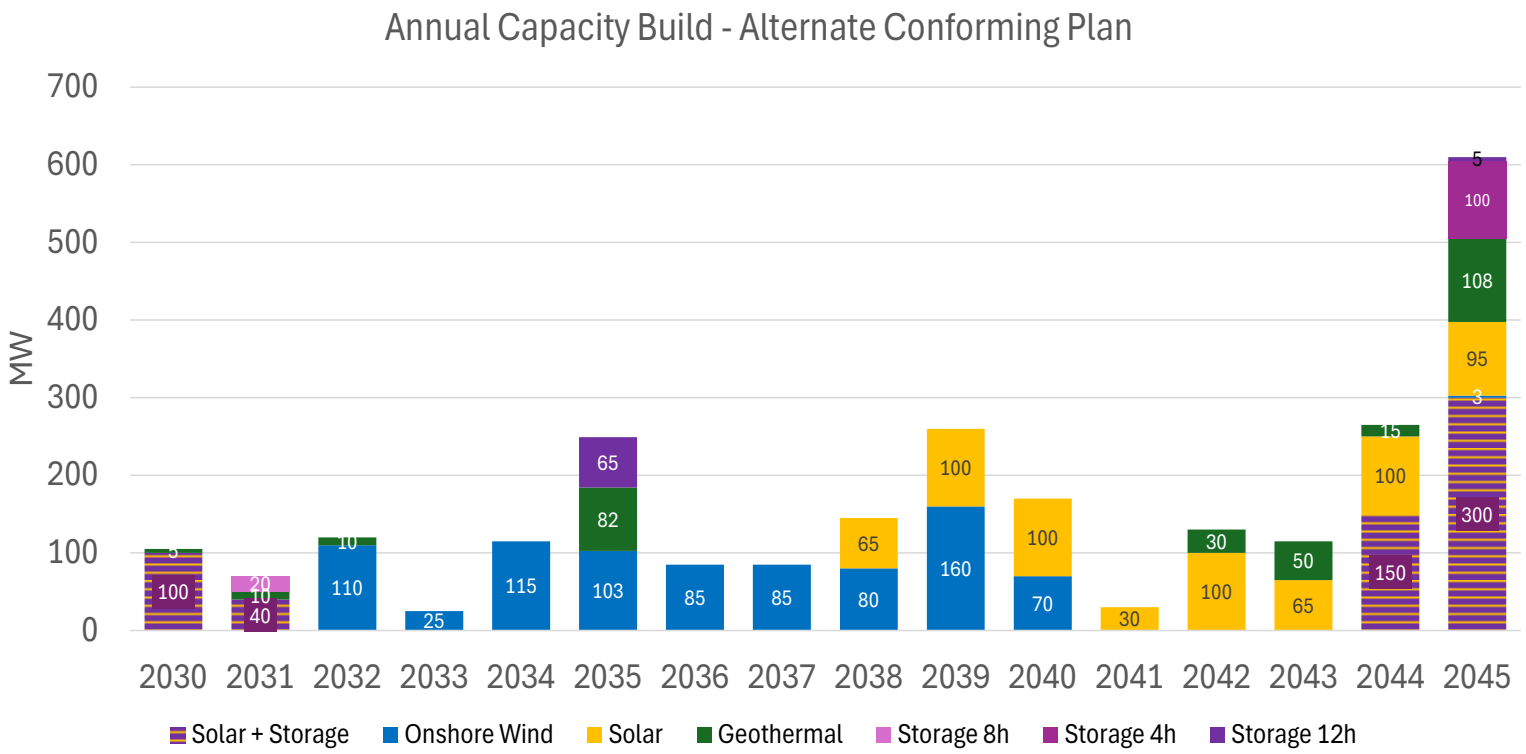
Renewable and GHG-Free %	***Unit***	**2028**	**2030**	**2035**	**2040**	**2045**
LSE Supply, before curtailment and exports	*GWh*	*5,182*	*5,765*	*8,106*	*9,584*	*10,789*
Curtailment	*GWh*	*(438)*	*(644)*	*(1,351)*	*(1,862)*	*(2,099)*
Retail Sales	*GWh*	*4,738*	*5,479*	*6,786*	*7,692*	*8,198*
RPS-Eligible Delivered Renewable	*GWh*	*2,756*	*3,089*	*5,767*	*6,163*	*6,566*
GHG free	*GWh*	*4,584*	*4,976*	*6,655*	*7,794*	*8,761*
RPS-Eligible Delivered Renewable Percentage	*% of retail sales*	*58%*	*56%*	*85%*	*80%*	*80%*
GHG-free Percentage	*% of retail sales*	*97%*	*91%*	*98%*	*101%*	*107%*

CSP assumes nearly 20% of energy lost to curtailment by 2045

Curtailment assumptions result in RPS below SVCE modelled results

Results of Alternate Conforming Plan

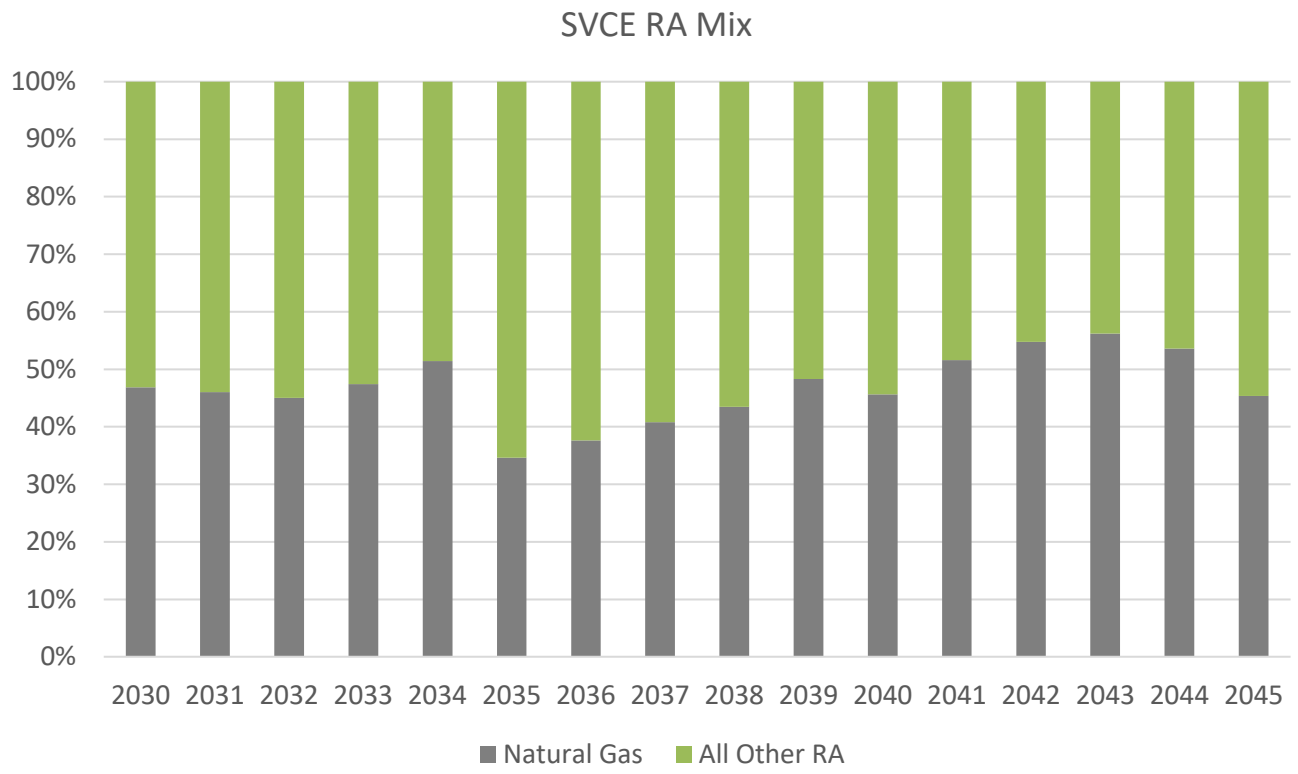
The Alternate Plan reduces build by over 600 MW relative to the Preferred Plan.



	Cumulative Build				Difference from Preferred Plan
	2030	2035	2040	2045	
Hybrid - Solar	100	140	140	590	(220)
Hybrid - Storage	100	140	140	590	(220)
Onshore Wind	-	468	833	835	(13)
Solar	-	-	265	655	(208)
Geothermal	5	67	67	279	(46)
Storage 4h	-	-	-	100	80
Storage 8h	-	20	20	20	10
Storage 12h	-	65	65	70	(25)
Total	**205**	**899**	**1,529**	**3,139**	**(641)**

Alternate Conforming Plan Reliability Results

The lower build quantities in this scenario require more “leaning” on the system.



- On average SVCE meets approximately 55% of its RA needs with clean resources.
- In 2042-2044 the portfolio requires as much as 85 MW more than its load share allocation of the gas fleet.

Alternate Conforming Plan Emissions and Annual Results

The Alternate case has lower curtailment but also significantly lower RPS achieved.

SVCE Target			0.442	0.351	0.300	0.155
Emissions Total	***Unit***	**2028**	**2030**	**2035**	**2040**	**2045**
CO_2	*MMt/yr*	*0.29*	*0.44*	*0.35*	*0.28*	*0.15*
PM2.5	*tonnes/yr*	*20*	*30*	*26*	*19*	*12*
SO_2	*tonnes/yr*	*3*	*4*	*3*	*2*	*1*
NOx	*tonnes/yr*	*35*	*46*	*43*	*27*	*14*

Renewable and GHG-Free %	***Unit***	**2028**	**2030**	**2035**	**2040**	**2045**
LSE Supply, before curtailment and exports	*GWh*	*5,182*	*5,765*	*7,418*	*8,636*	*9,731*
Curtailment	*GWh*	*(438)*	*(644)*	*(755)*	*(949)*	*(1,079)*
Retail Sales	*GWh*	*4,738*	*5,479*	*6,786*	*7,692*	*8,198*
RPS-Eligible Delivered Renewable	*GWh*	*2,756*	*3,089*	*5,031*	*5,563*	*5,864*
GHG free	*GWh*	*4,584*	*4,976*	*6,610*	*7,806*	*8,771*
RPS-Eligible Delivered Renewable Percentage	*% of retail sales*	*58%*	*56%*	*74%*	*72%*	*72%*
GHG-free Percentage	*% of retail sales*	*97%*	*91%*	*97%*	*101%*	*107%*

Curtailment is lower in alternate case due to fewer clean purchases.

Achieved RPS ~10% lower than Preferred Case.

- Additional Analysis & Scenarios
- Narrative Topics

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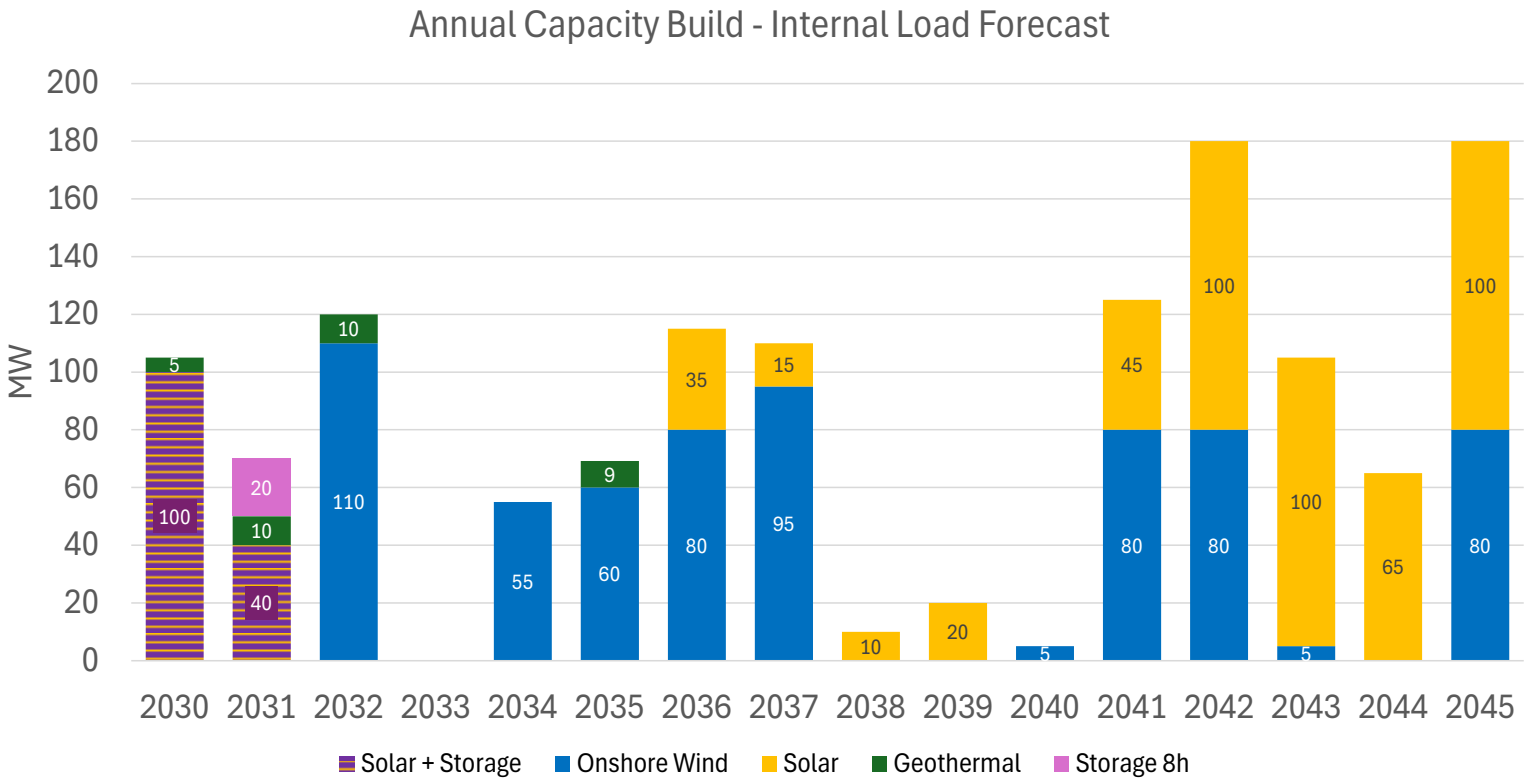
Results of Alternate Load Scenario

Using SVCE's internal load forecast dramatically decreases build requirements.

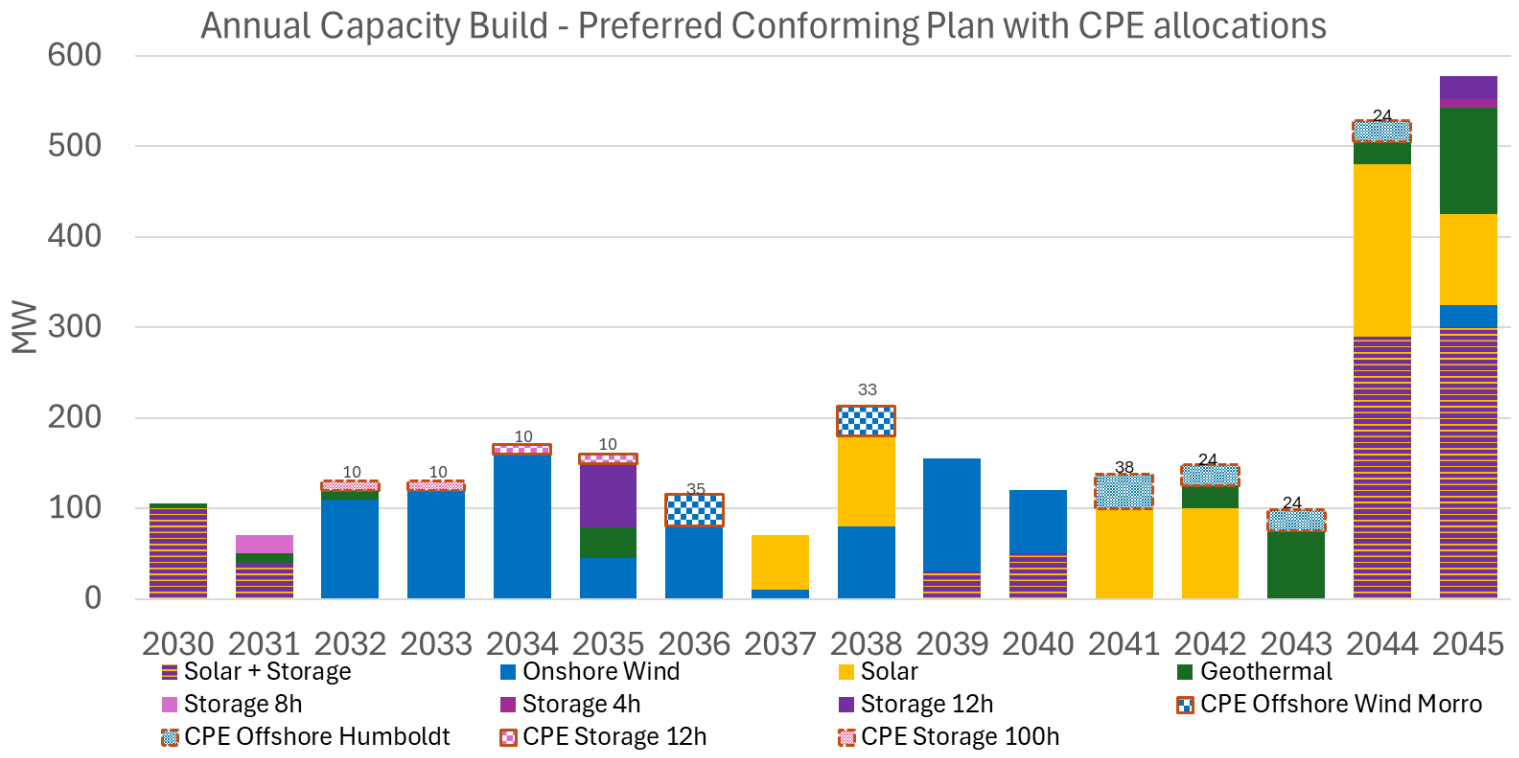


	Cumulative Build				Difference from Preferred Plan
	2030	2035	2040	2045	
Hybrid - Solar	100	140	140	140	(670)
Hybrid - Storage	100	140	140	140	(670)
Onshore Wind	0	225	405	650	(198)
Solar	0	0	80	490	(360)
Geothermal	5	34	34	34	(297)
Storage 4h	0	0	0	0	(10)
Storage 8h	0	20	20	20	(0)
Storage 12h	0	0	0	0	(95)
Total	**205**	**559**	**819**	**1,474**	**(2,299)**

Note: Results developed using ARS model and do not reflect post-processing to achieve GHG targets. (CPUC assigned targets are dependent on load forecast).

Results of CPE Scenario

CPUC provided allocations of offshore wind (177 MW) and 100-hr storage (21 MW) were added to the portfolio. SVCE's Preferred Plan already included the necessary 12-hr battery and geothermal so no additional capacity for those resources was added.



	Cumulative Build				Difference from Preferred Plan
	2030	2035	2040	2045	
Hybrid - Solar	100	140	220	810	-
Hybrid - Storage	100	140	220	810	-
Onshore Wind	-	435	800	825	(23)
Solar	-	-	160	650	(200)
Geothermal*	5	59	59	302	(29)
Storage 4h	-	-	-	10	(10)
Storage 8h	-	20	20	20	10
Storage 12h*	-	70	70	95	-
Storage 100h^	-	21	21	21	21
Offshore wind^	-	-	69	177	177
Total	**205**	**885**	**1,641**	**3,722**	**(51)**

*Denotes CPE Resource that model had already selected
^Denotes new CPE Resource

Note: This scenario was developed without use of ARS; staff forced in CPE allocations provided by CPUC and reduced other resources until emissions targets were aligned with preferred plan.

Additional Pending Analysis

Staff will be working on several additional analyses over the coming months for inclusion in the 2026 IRP.

- Cost analysis for each portfolio
- Risk analysis for each portfolio
- Reliability Analysis
  - Comparison of IRP metrics to Resource Adequacy program Slice-of-Day metrics
- Transmission viability

Key Narrative Points

Staff is still developing the narrative but will likely highlight several themes.

- Value of clean, firm resources & need for additional transmission build out
    - Geothermal in portfolio may manifest as other emerging technology, not modelled
- Load forecast uncertainty
- Planning challenges associated with uncertainty of CPE actions
- Alignment issues between IRP and RA reliability metrics
- Need to finalize development of the Reliable Clean Power Procurement Program (intended to replace “order by order” procurement)

Request of Board of Directors

Staff is seeking approval from the Board of Directors to:

1. Adoption of the proposed Preferred Conforming and Alternate Conforming Plans (“Plans”) for submission in SVCE’s 2026 Integrated Resource Plan (IRP); and
2. Delegate authority to the Chief Executive Officer (CEO) to finalize and submit for approval to the California Public Utilities Commission SVCE’s 2026 IRP by the due date of August 10, 2026.

Appendix

Core Inputs and Assumptions

All modeling included several key assumptions

1) Baseline resource list includes all PPAs under contract as of 3/1/2026.
2) Forced in capacity to serve as a proxy for requirements under the latest procurement order (D.26-02-057)
3) Removal of DCPP allocations for all years, per CPUC guidance
4) Portfolio must purchase between 15% and 35% of its energy from the short-term market each year.
5) Limits to wind procurement, both in state and out of state per guidance from Procurement Team.
6) Used internal price forecasts for new resources.
7) Used CPUC resource profile shapes and capacity factors.
8) Limited short-term RA purchases to SVCE's load share of CPUC reference system plan fossil fleet.

Required Narrative Sections

The CPUC is prescriptive as to what must be discussed in the narrative

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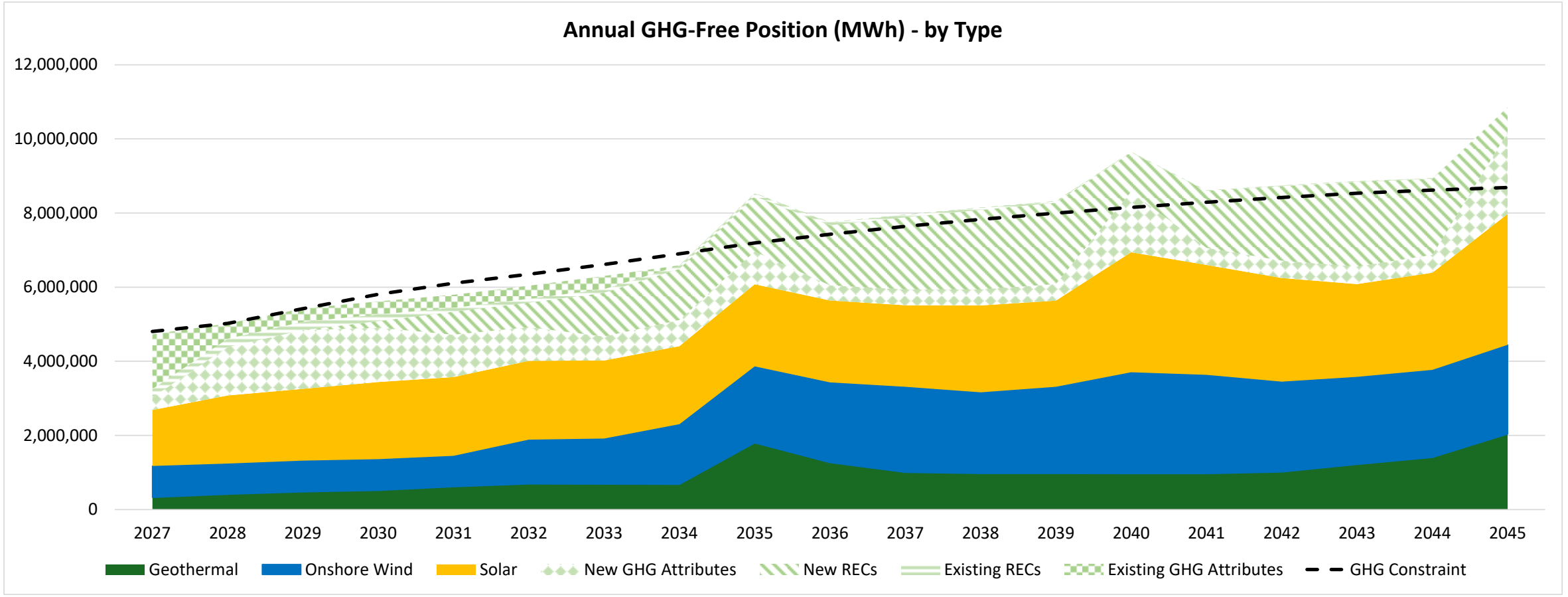
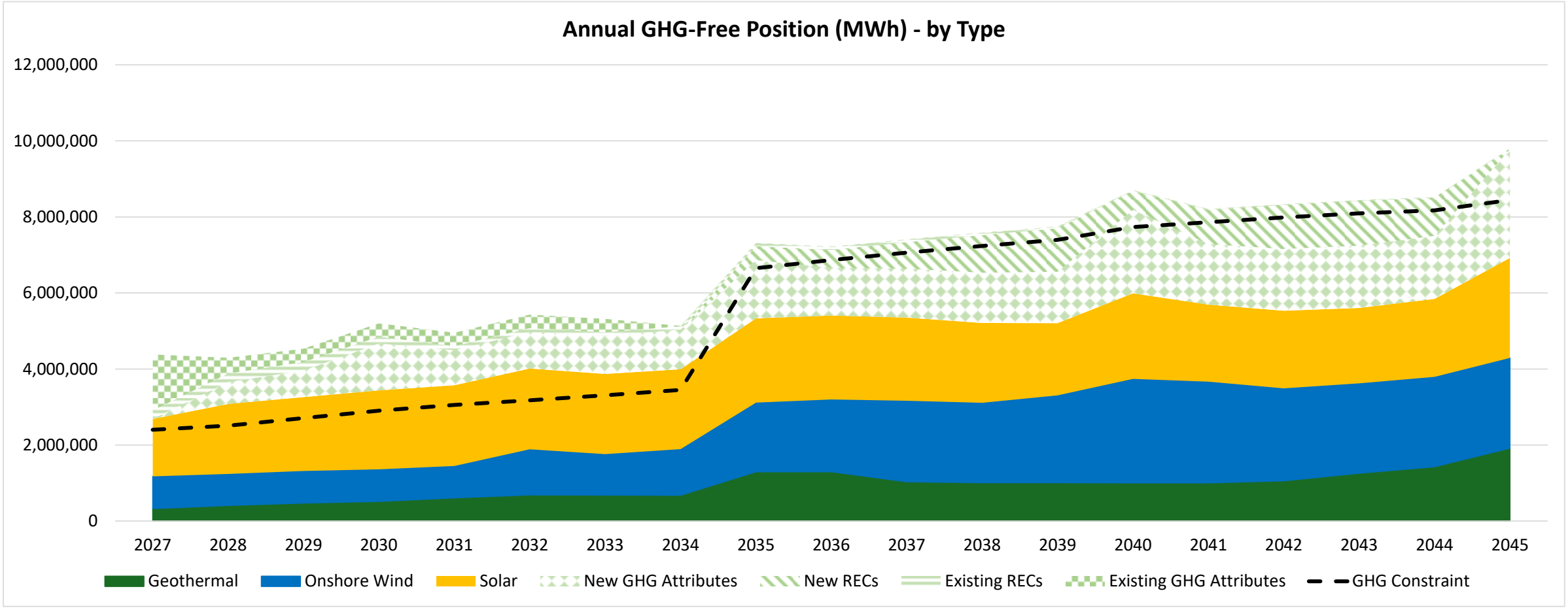
Preferred Conforming Plan Energy Mix



Results of Alternate Conforming Plan



24x12 Heat Maps: 2035

Preferred Conforming Plan:

2035	1	2	3	4	5	6	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	47	65	64	56	57	64	64	53	70	19	-5	10	10	5	4	10	14	9	60	44	52	75	74	75	57
2	46	72	66	59	62	70	70	73	55	31	22	11	4	11	13	2	21	4	64	42	49	67	64	79	61
3	43	58	51	46	50	46	46	68	5	-10	-3	5	4	4	2	0	4	11	33	36	39	34	36	28	23
4	33	27	13	12	20	32	32	3	1	2	-1	0	1	2	1	2	4	6	20	29	25	4	8	6	8
5	30	22	18	16	20	21	21	4	-6	-3	0	1	1	2	1	1	3	-2	5	15	2	-17	-4	-16	-8
6	37	35	25	19	26	20	20	-7	-5	-6	-8	0	0	0	1	1	3	6	-6	1	10	-1	4	5	3
7	94	77	64	62	70	47	47	15	0	-2	-1	-2	0	1	1	4	8	15	68	98	39	26	48	62	80
8	123	103	90	85	93	87	87	40	7	12	12	7	8	7	7	12	19	35	103	98	51	61	96	100	108
9	125	110	95	89	95	113	113	59	6	4	9	5	3	6	9	14	26	68	138	75	72	78	120	125	119
10	91	81	68	64	71	85	85	72	8	2	1	6	4	5	6	9	13	51	66	54	80	73	86	77	82
11	51	75	62	51	51	61	61	68	-14	-20	-27	-29	1	3	6	5	19	77	61	43	63	78	72	72	55
12	76	92	85	74	72	83	83	86	72	40	20	31	35	29	33	35	39	94	83	72	88	104	93	107	98

Alternate Conforming Plan:

2035	1	2	3	4	5	6	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	16	37	37	29	30	36	36	20	83	63	49	38	22	15	13	15	17	11	26	11	19	43	42	45	26
2	29	55	51	44	46	53	53	57	86	81	66	42	29	28	24	18	26	16	52	27	33	50	46	61	43
3	22	41	34	29	32	24	24	72	46	23	17	7	6	6	4	3	7	14	39	22	24	17	19	9	3
4	14	7	-8	-11	-3	14	14	18	8	2	2	0	1	2	1	2	4	6	18	12	9	-13	-10	-12	-11
5	7	-2	-1	0	6	15	15	8	6	2	2	1	1	2	1	1	3	0	6	8	-14	-33	-22	-36	-29
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7	88	73	59	55	61	61	61	41	28	33	20	7	0	1	1	4	8	15	104	118	34	21	43	57	75
8	124	104	88	81	88	92	92	81	69	64	62	28	19	17	16	23	29	41	140	109	57	67	101	105	111
9	119	105	90	82	87	104	104	92	86	97	87	50	33	17	13	18	30	95	144	68	66	73	116	121	114
10	80	71	58	53	60	71	71	90	79	76	45	21	14	12	9	11	18	65	52	41	67	60	74	64	69
11	30	55	44	34	34	42	42	54	41	50	41	28	17	11	13	14	24	75	42	23	42	57	50	51	34
12	52	70	65	54	52	61	61	60	88	92	74	79	67	53	53	47	52	78	57	46	63	81	70	84	75

24x12 Heat Maps: 2045

Preferred Conforming Plan:

2045	1	2	3	4	5	6	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
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9	115	86	62	49	54	78	78	29	-19	-28	-6	-4	1	1	2	3	3	19	125	107	101	101	114	110	113
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11	58	53	42	22	18	33	33	63	-17	-15	-6	-2	-3	-2	-1	-5	-1	20	53	58	63	65	68	62	60
12	76	79	68	54	50	61	61	80	92	62	25	38	31	28	21	23	22	48	76	80	87	89	87	87	79

Alternate Conforming Plan:

2045	1	2	3	4	5	6	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	15	18	7	-7	-6	7	7	29	123	111	55	40	25	20	14	16	9	-3	2	11	23	26	31	27	19
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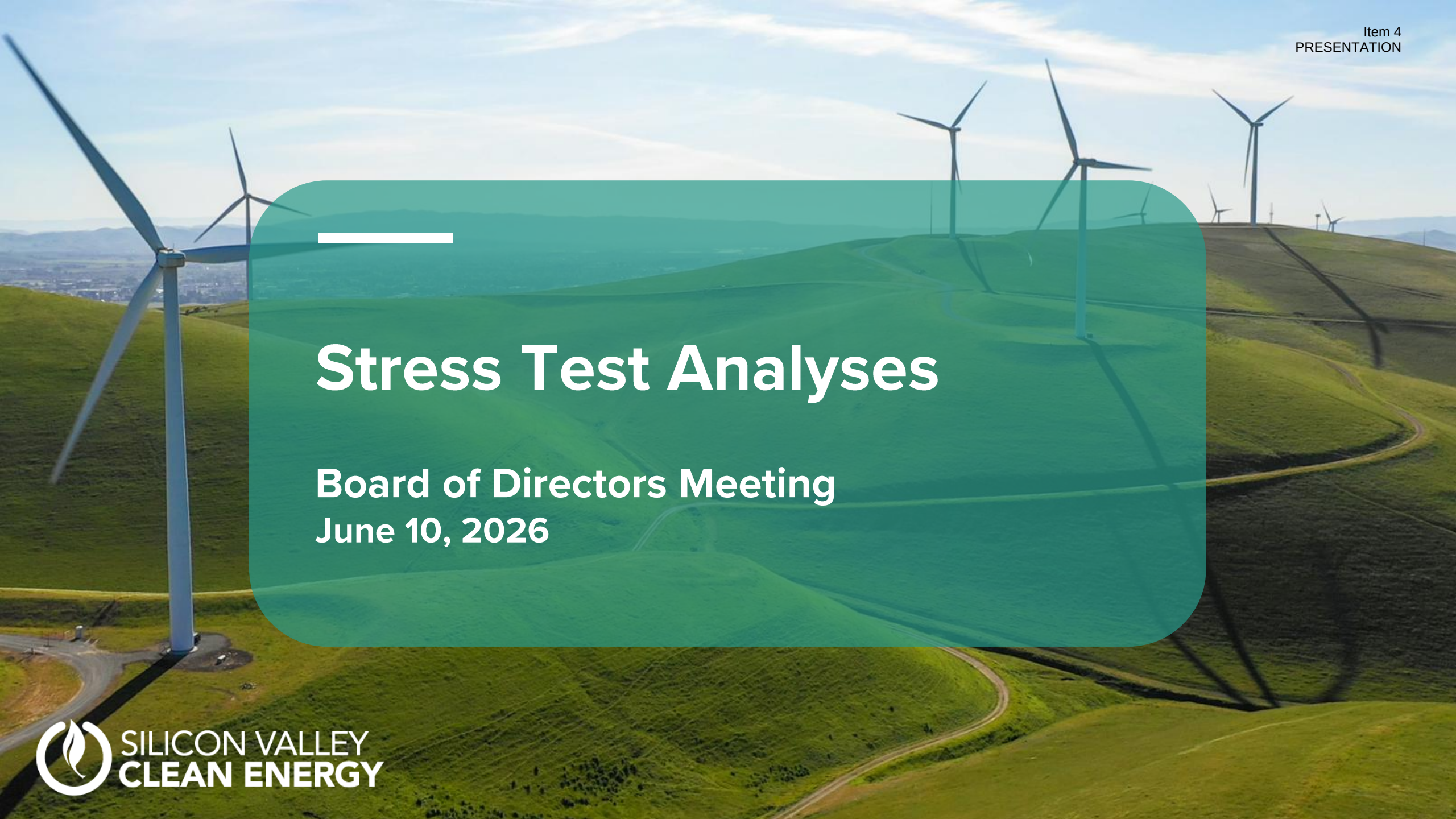
5	-3	-6	-8	-6	-6	-7	-7	0	1	1	0	0	0	1	1	1	1	1	-10	-7	-11	-10	-10	-11	-12
6	-13	-20	-10	-6	-5	-8	-8	-2	-2	0	0	0	0	0	0	0	0	0	-4	-24	-17	-15	-10	-11	-8
7	36	17	5	-1	3	9	9	13	5	0	0	0	0	0	0	0	0	0	27	58	43	41	39	41	45
8	88	61	40	30	35	61	61	49	47	42	27	17	11	7	8	9	6	13	79	83	78	80	86	87	93
9	101	73	49	38	42	66	66	88	95	84	41	19	7	7	2	3	3	32	128	102	93	93	101	101	106
10	54	36	19	12	20	38	38	100	93	69	32	14	9	7	5	5	5	30	57	56	60	61	60	57	60
11	47	36	21	2	-2	12	12	58	66	59	28	12	8	6	6	4	5	17	35	40	43	43	48	44	46
12	60	58	46	32	28	38	38	58	132	141	106	85	58	47	38	37	36	34	53	57	63	64	63	63	59



Stress Test Analyses

Board of Directors Meeting
June 10, 2026

SILICON VALLEY CLEAN ENERGY

Purpose

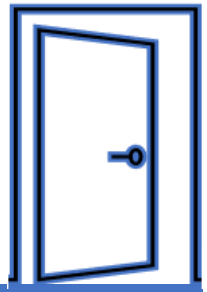
Present findings of the stress test analyses

Main Areas of Discussion

1. Review of the enterprise risk management (ERM) framework and key drivers of financial risks
2. 5-yr Financial Base Case Forecast Update
   - Updated projections compared to Mid-Year
   - Uncertainties surrounding the financial projections
3. Stress test construction
   - By design, extreme but plausible
4. Compare the updated base case with the stress test scenario
5. Actions & Next Steps

1. Stress Test is Part of SVCE's Enterprise Risk Management (ERM) framework

SVCE's Planning & Budgeting Process



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

Budget

Funding in alignment with achieving the strategic focus areas

Strategic Focus Areas

Organization-wide priorities and alignment toward achieving the mission

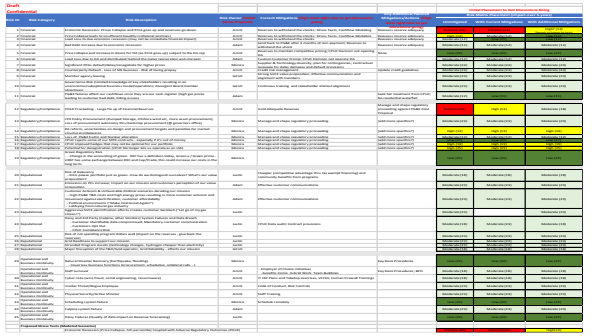
Enterprise Risk Management (ERM)

Comprehensive assessment of risks and opportunities to optimally achieve mission

Key Components of the ERM Framework

Risk Register

- Record of the organization's risks and opportunities – "Living Document"
- Identify current and additional planned mitigations
- Identify risk owner



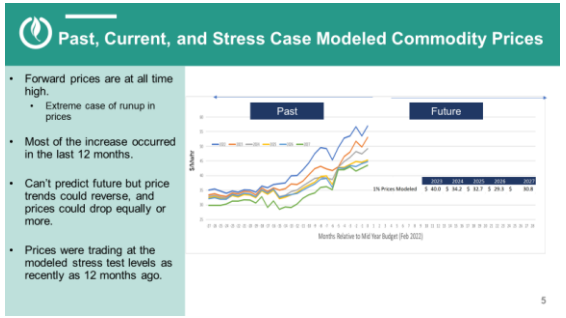
Risk Matrix

- Risk Rubric. Assess the likelihood and consequence of risk events
- Calibrate risks
- Identify risk tolerance – level of acceptance

Frequency/Likelihood		Impact/Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
		Risk Easily Mitigated through Day-to-Day Operations	Risk is Manageable/Low Impact on Mission	Moderate Erosion of Reserves/Impact on Mission	Significant Erosion of Reserves/Impact on Mission	Risk of Existence
Certain	>90% chance	High (1)	High (2)	Extreme (3)	Extreme (4)	Extreme (5)
Likely	50%- 90% Chance	Moderate (6)	High (7)	High (8)	Extreme (9)	Extreme (10)
Moderate	10%-50% Chance	Low (11)	Moderate (12)	High (13)	Extreme (14)	Extreme (15)
Unlikely but Plausible	5%-10% Chance	Low (16)	Low (17)	Moderate (18)	High (19)	Extreme (20)
Rare	<=5% Chance	Low (21)	Low (22)	Moderate (23)	High (24)	High (25)

Stress Tests

- Model scenarios (financial position, systems, and processes) of interrelated risks that are **extreme but plausible**
- Develop appropriate risk management strategies, including the adequacy of reserves



2. 5-yr Financial Base Case Forecast Update

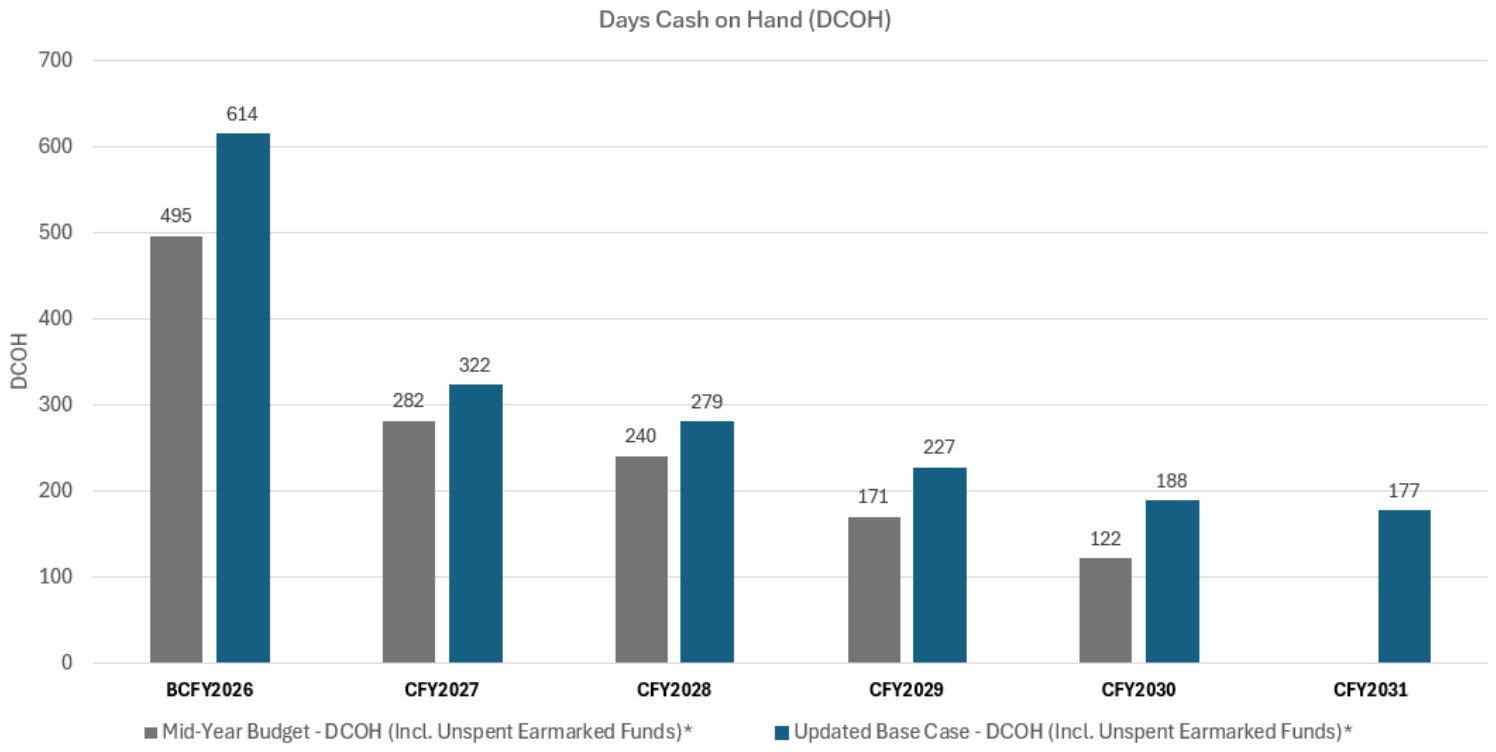
- Updated projections compared to Mid-Year

Reserve Outlook Change from Mid-Year Budget

Comparing Base Cases

- Mid-year budget converted to calendar fiscal year (CFY) convention
- Reserves and Days Cash on Hand (DCOH) improve from the Mid-year projections
  - 2026 projections improve from lower expected Financial Security Requirement (FSR)* and power supply costs resulting from lower market prices
  - Future years' improvements result from a reduction in power supply expenses from updated portfolio positions

** SVCE provides FSR to PG&E because PG&E serves as the Provider of Last Resort (POLAR) for SVCE customers*



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

$ Millions	**BCFY 2026**	**CFY 2027**	**CFY 2028**	**CFY 2029**	**CFY 2030**	**CFY 2031**
Updated Base Case Reserve Balance	544	316	308	268	228	228
Mid-Year Budget Reserve Balance	492	292	271	205	154	N/A
Change	52	24	37	63	74	N/A

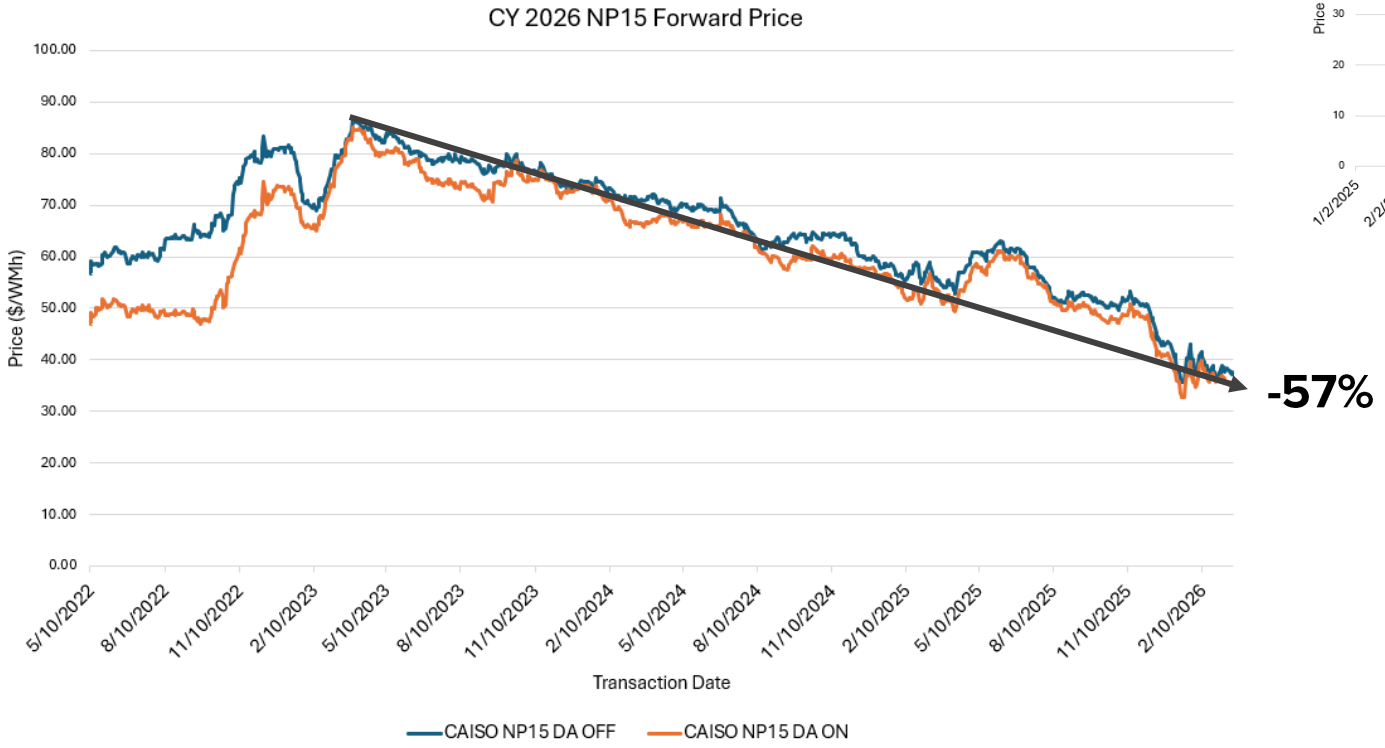
3. Stress Test Construction

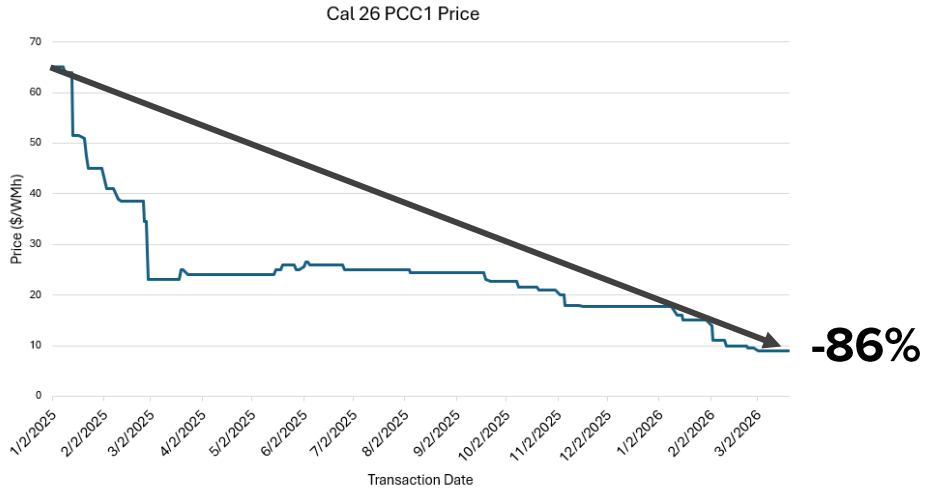
- By design, they are extreme, but plausible scenarios

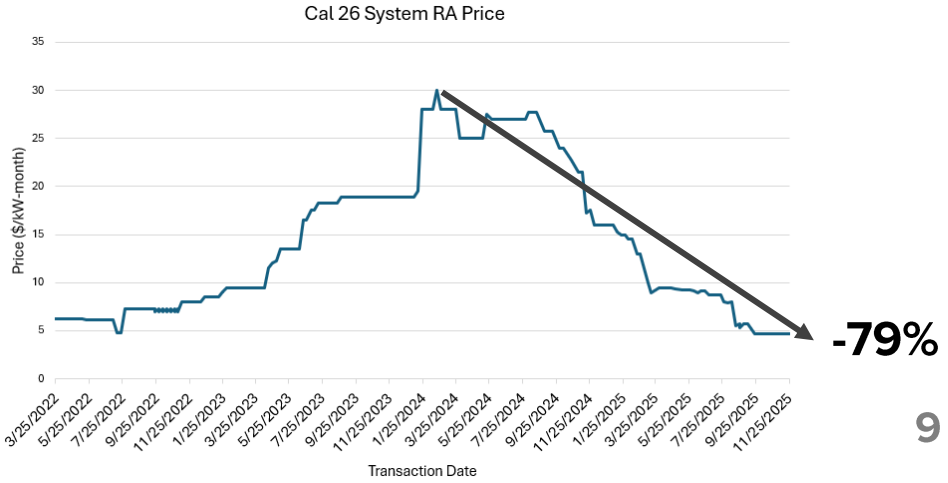
Current Market Price Collapse

Prices are currently in a drawdown roughly equivalent to the 2008 financial crisis.

Product	High Price	Current Price	Drawdown	High Price Year
Energy	$85.89	$36.51	57%	2023
RPS	$65.00	$9.00	86%	2024/2025
System RA	$30.00	$6.25	79%	2024





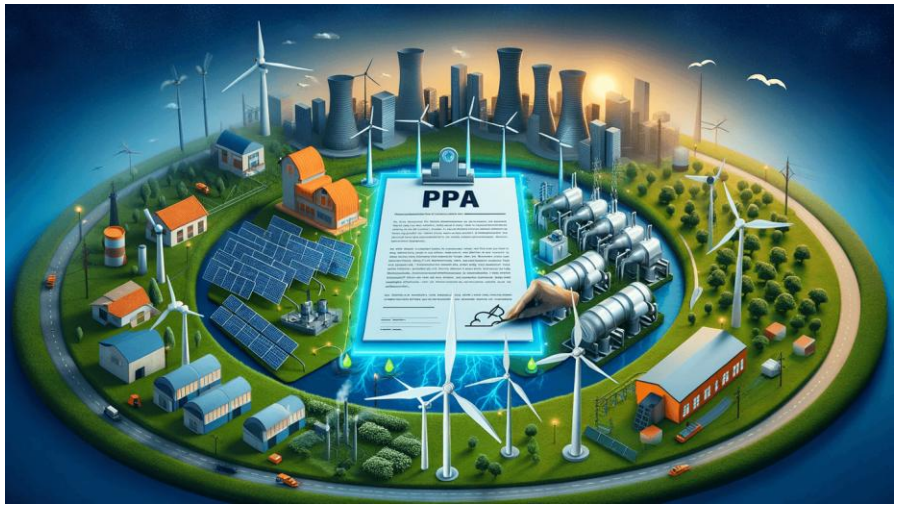


Are Current Market Prices Already at Stressed Level?

- Previous slides demonstrate that, from recent high prices, the current market prices are at stressed levels
  - At these current prices, our base 5-year financial projections have deteriorated significantly
- **Why the additional stress test with further collapse in prices?**
  - Prudent risk management should consider the possibilities that financials can still worsen
  - Do not know if prices have reached a bottom
    - During the 2008 crisis, prices kept falling beyond what appeared initially as low
  - "Black Swan" events can cluster and cascade
    - New market dynamics – renewables with zero marginal cost
  - Stress scenarios are to test our financial resiliency and are **not** a prediction or forecast
  - Stress tests are designed to be **extreme but plausible**
  - **Current collapse in prices demonstrates the plausibility of our past stress tests**

CPUC Procurement Order Stress Scenario

- CPUC procurement order for expected data center load growth
- Stress scenario assumes that the load doesn't materialize, leading to stranded costs
- In this case, the order would negatively affect power market prices, causing MTM losses
- Added hypothetical portfolio of PPA's to portfolio assuming a ramp up of 33% requirement in 2030, 67% in 2031, and 100% from 2032 onwards



Affordability Focus Stress Discussion

- Heightened discussion in recent years on the importance of power affordability to customers
- Increasing public pressure to decrease electricity rates
- Political, Regulatory, Legislative and/or Customer interests
- Can occur both in isolation and in conjunction with other stress scenarios
- Risk mitigation: monitor sentiment closely, especially as 2026 election approaches

Note: Staff determined that too much uncertainty remains to assert a quantitative stress on this topic.

PCIA Reopening Stress Discussion

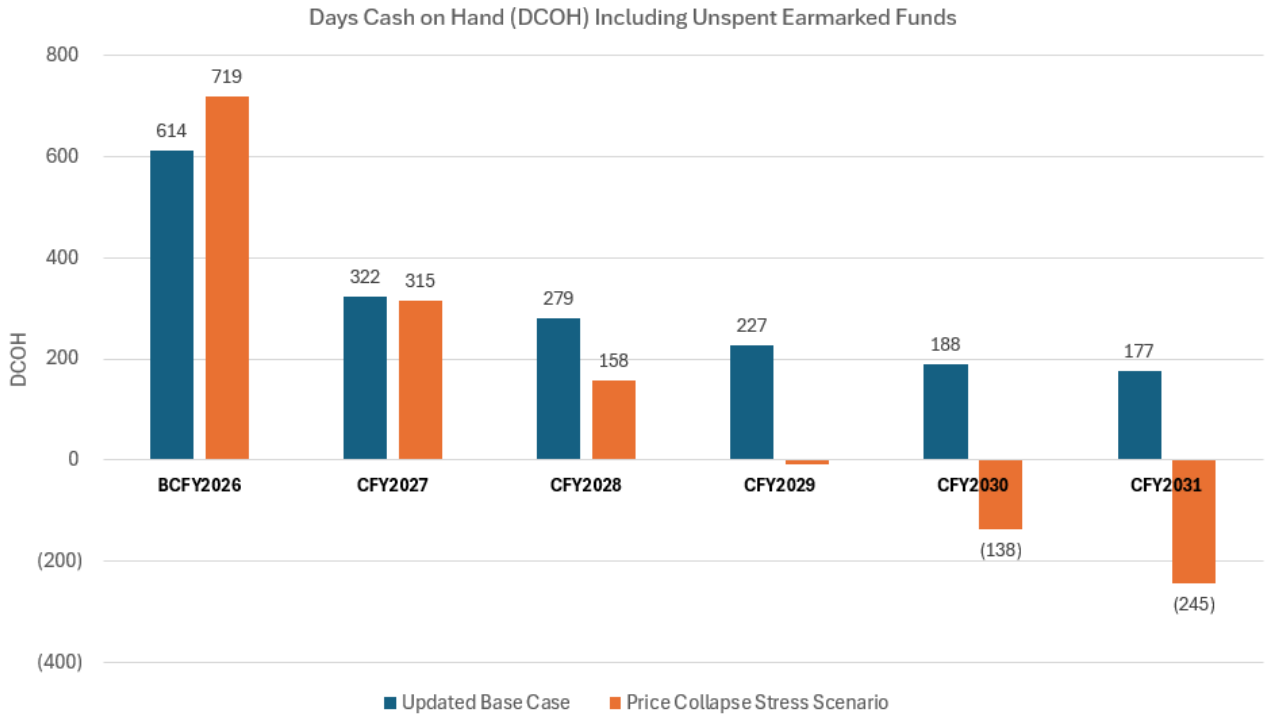
- Ongoing CPUC proceedings on amendments to PCIA calculation
- Currently three tracks that address RA MPB, REC's vintages, and wholesale changes
- Impacts could be across a spectrum of positive to negative for CCAs
- Relatively uncorrelated with other stress scenarios
- Risk mitigation: SVCE staff actively engaged in OIR proceedings

Note: Staff determined that too much uncertainty remains to assert a quantitative stress on this topic.

4. Comparing the Updated Base Case with the Stress Test Scenarios

Reserve Outlook Under Base and Primary Stress Scenario: P1 Price Collapse

- Updated Base Case - SVCE draws ~$63 million a year on average from reserves under the current operating framework
- Financially, SVCE is well-positioned to continue to monitor market developments and implement any of the financial levers that staff have been developing with the Finance and Administration and the Executive Committees and with the Board of Directors.
- Under the base case scenario
  - DCOH remains above the minimum threshold of 120
  - DCOH remains ~279 through the end of 2028
- Under the stress case scenario
  - DCOH remains above the minimum only through the end of 2028 and falls below it from 2029 onwards



$ Millions	**BCFY2026**	**CFY2027**	**CFY2028**	**CFY2029**	**CFY2030**	**CFY2031**
Primary Stress Scenario: P1 Price Collapse Reserve Balance	564	264	147	(9)	(136)	(251)
Updated Base Case Reserve Balance	544	316	308	268	228	228
Change	20	(53)	(162)	(276)	(364)	(479)

Note: DCOH and reserve balances exclude cash from projected FSR postings.

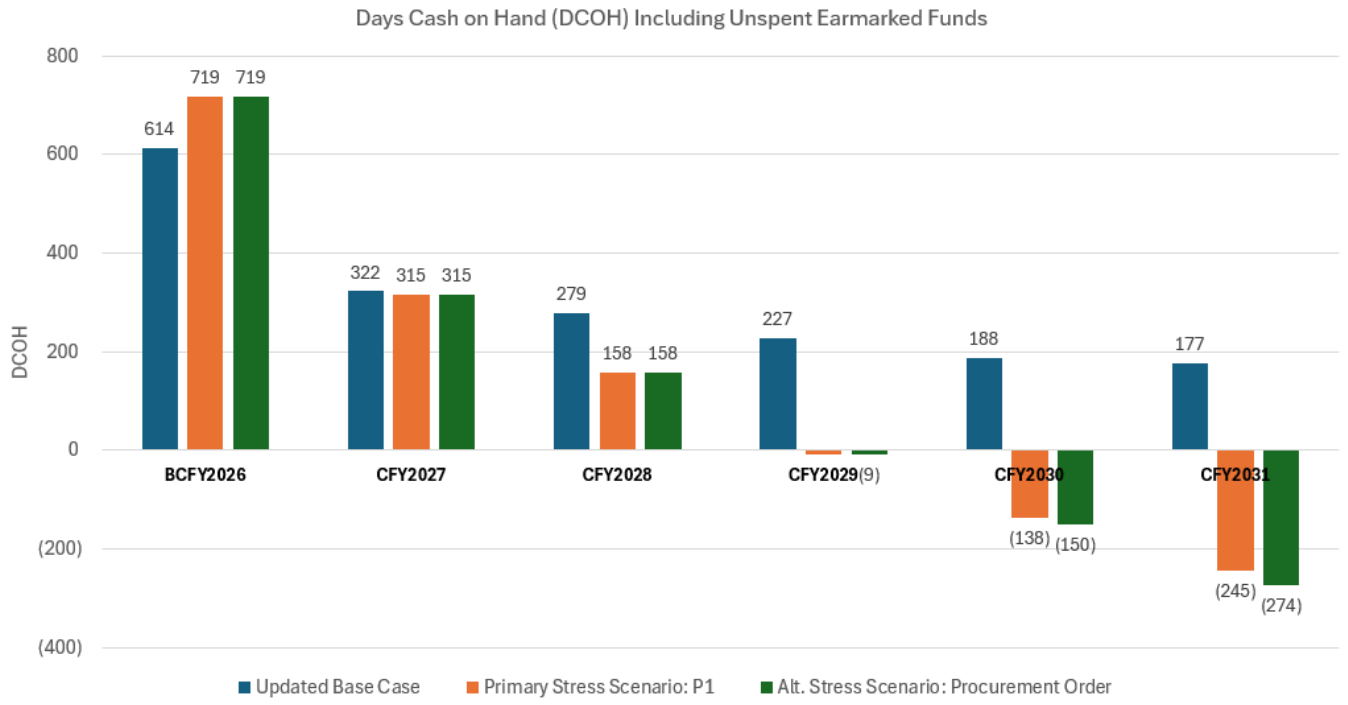
Reserve Outlook Under Alt. Stress Scenario: Procurement Order

- Identical assumptions to price collapse stress scenario (P1 prices) except for the addition of hypothetical PPA's
  - 33% of total order MW in 2030 and 67% in 2031

- Added hypothetical PPA's to current portfolio:
  - Geo: 20 MW
  - Solar: 130 MW
  - OOS Wind: 20 MW
  - BESS: 130 MW
  - Modeled after current PPA assets

- Stranded cost impact of the unfulfilled load:
  - ~$20m increase in power supply costs in 2030 and ~$38m in 2031
  - 2032 and beyond (ongoing) is approximated at ~$57m/yr based on P1 price collapse scenario prices

- Under the stress case scenario
  - Lower reserves than the price collapse scenario from 2030 onwards
  - DCOH remains above the minimum only through the end of 2028 and falls below it from 2029 onwards



Reserve Balance ($ Millions)	BCFY2026	CFY2027	CFY2028	CFY2029	CFY2030	CFY2031
Updated Base Case	544	316	308	268	228	228
Primary Stress Scenario: P1	564	264	147	(9)	(136)	(251)
Alt. Stress Scenario: Procurement Order	564	264	147	(9)	(157)	(309)

Note: DCOH and reserve balances exclude cash from projected FSR postings.

5. Recommendations

Actions & Next Steps

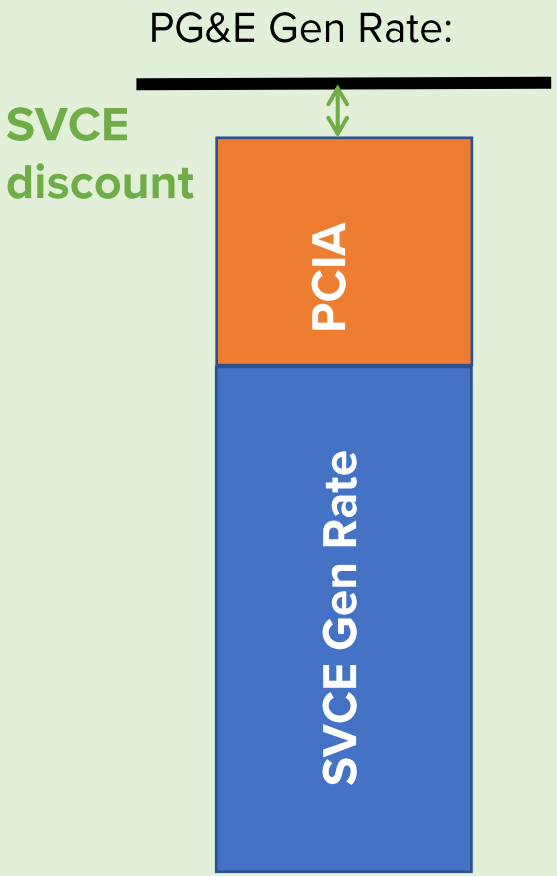
- With 2027 projected to be the worst financial year, monitor market developments shaping the outcome of 2027 PCIA and PG&E generation rates and changes in 5-year forward market prices
- The 2027 budget will also be up for approval in December, when there's more certainty on next year's rates
- Seek Board approval of the Financial Levers Playbook and implement as necessary

Appendix

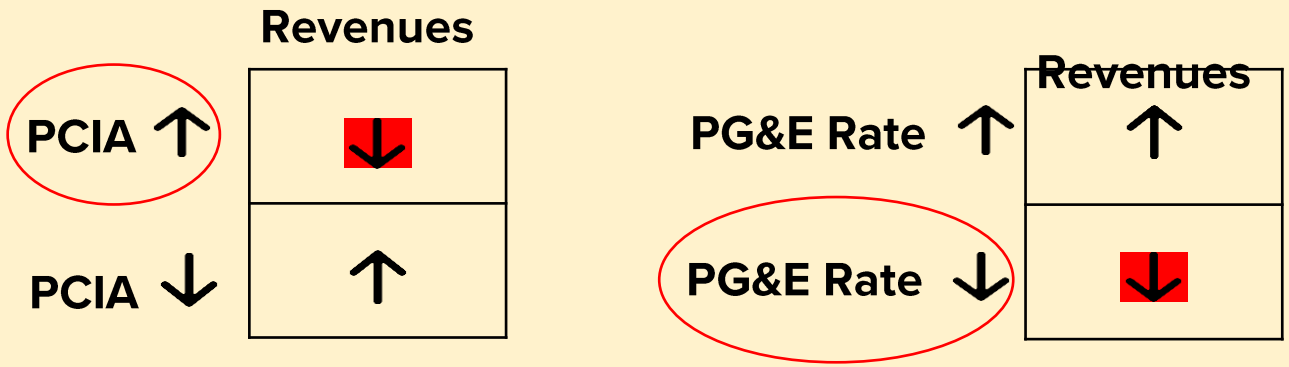
SILICON VALLEY CLEAN ENERGY

Review of Key Financial Risk Drivers

Biggest contributor to revenue risk: PCIA and PG&E Generation Rate Uncertainty.



PCIA and PG&E Gen Rate impact SVCE Rates and therefore Revenues



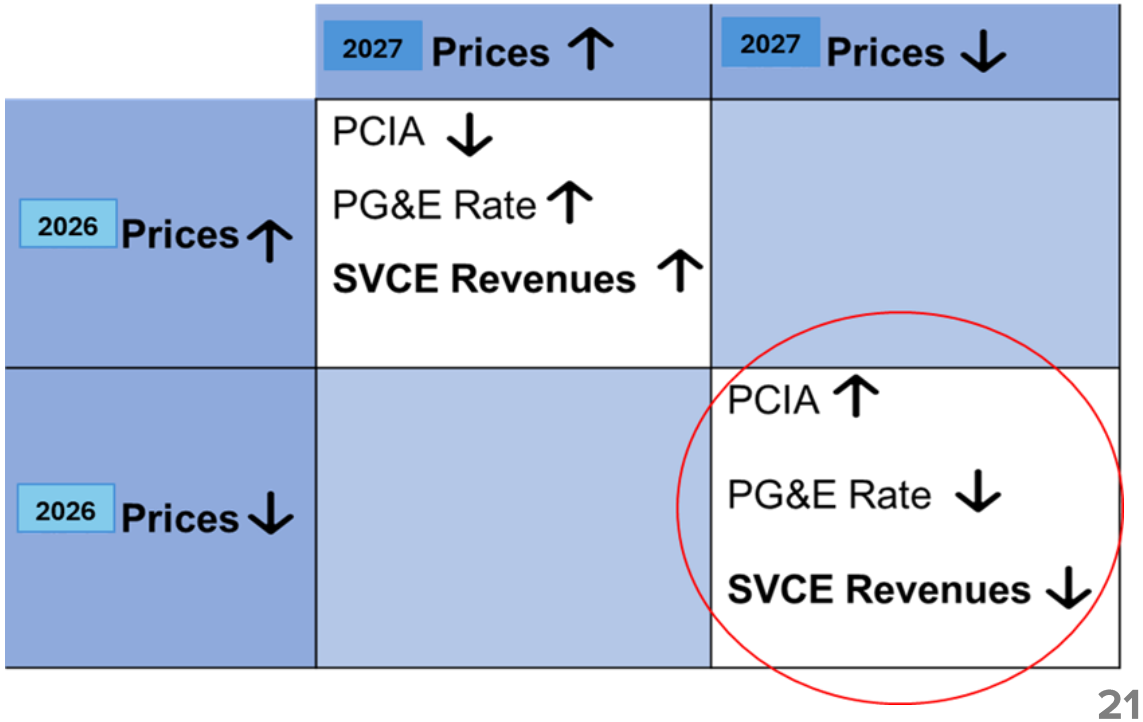
- Revenues decline when prices decline
- Loss of revenues far exceeds savings from power purchases
  - Power procurement savings dampened by existing hedges
  - SVCE has adjusted its energy portfolio to mitigate this impact to the extent possible, and as best estimated by SVCE

Big Contributor to PCIA and PG&E Generation Rate Uncertainty is Market Prices

For the most part, this year's actual prices and the forecast of next year's Market prices will impact next year's rates.

Next Year's PCIA & PG&E Gen Rate » **Current Year's actual realized Prices** & **Forecast of Next Year's Market Prices**

- **Can not bank the current year's margin**
  - Current year's gain may be returned the following year through higher PCIA and lower PG&E generation rates
- Deviations between actual and forecast costs are tracked in balancing accounts and trued up the following year
- **For financial/reserve planning, <u>greater focus</u> is placed on the <u>next two years'</u> projections**



Other Uncertainties: Modeling & Other Risks

- Financial projections are made with the best available data and information
  - Market (Forward) Prices
  - NewGen Strategies & Solutions model to forecast PCIA and PG&E Generation Rates
    - PCIA is a “black box”
    - PG&E generation portfolio data needed to forecast PG&E generation rates are not available
  - SVCE power supply portfolio positions and other operating expenses can change
- PG&E, with PCIA and its generation portfolio data, cannot accurately predict next year’s rates when it issues its mid-May ERRA forecast
- Regulatory and Legislative changes have a significant impact
  - PCIA Order Instituting Rulemaking (OIR) Proceeding
    - Track One decision had a significant impact on 2026 rates due to change in rules around RA MPBs
    - Track Two and Track Three decisions could further introduce changes affecting PG&E rates for future years

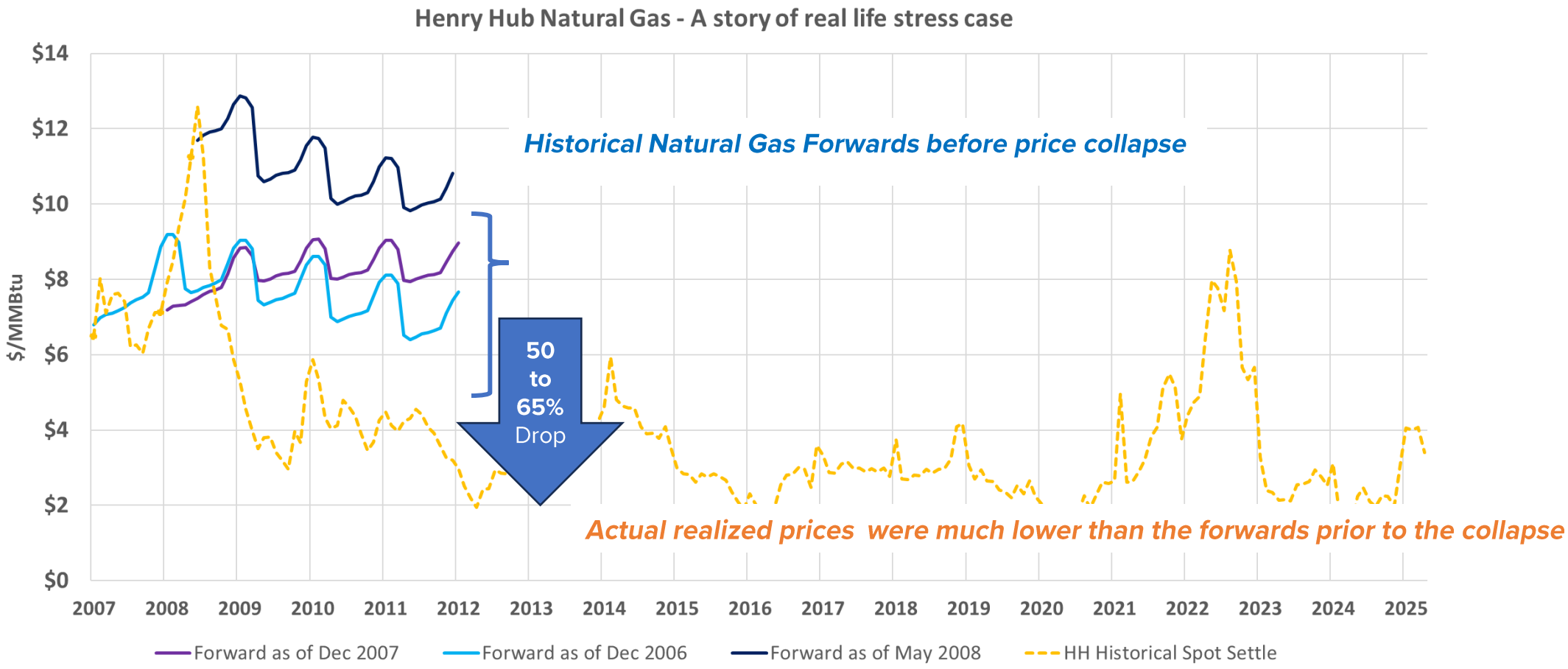
Financial Stress Test Description & Key Assumptions

- Forward Energy Prices Collapse
  - Around one percentile level or less (P1)
    - **44% drop from the current low forward prices**
  - Reasonable in terms of relative comparison to observed commodity price drops from the 2008 financial crisis
- Renewable Portfolio Standard (RPS) and Resource Adequacy (RA) Prices Drop as well
    - **72% drop for RPS and 24% drop for RA from the current low forward prices**

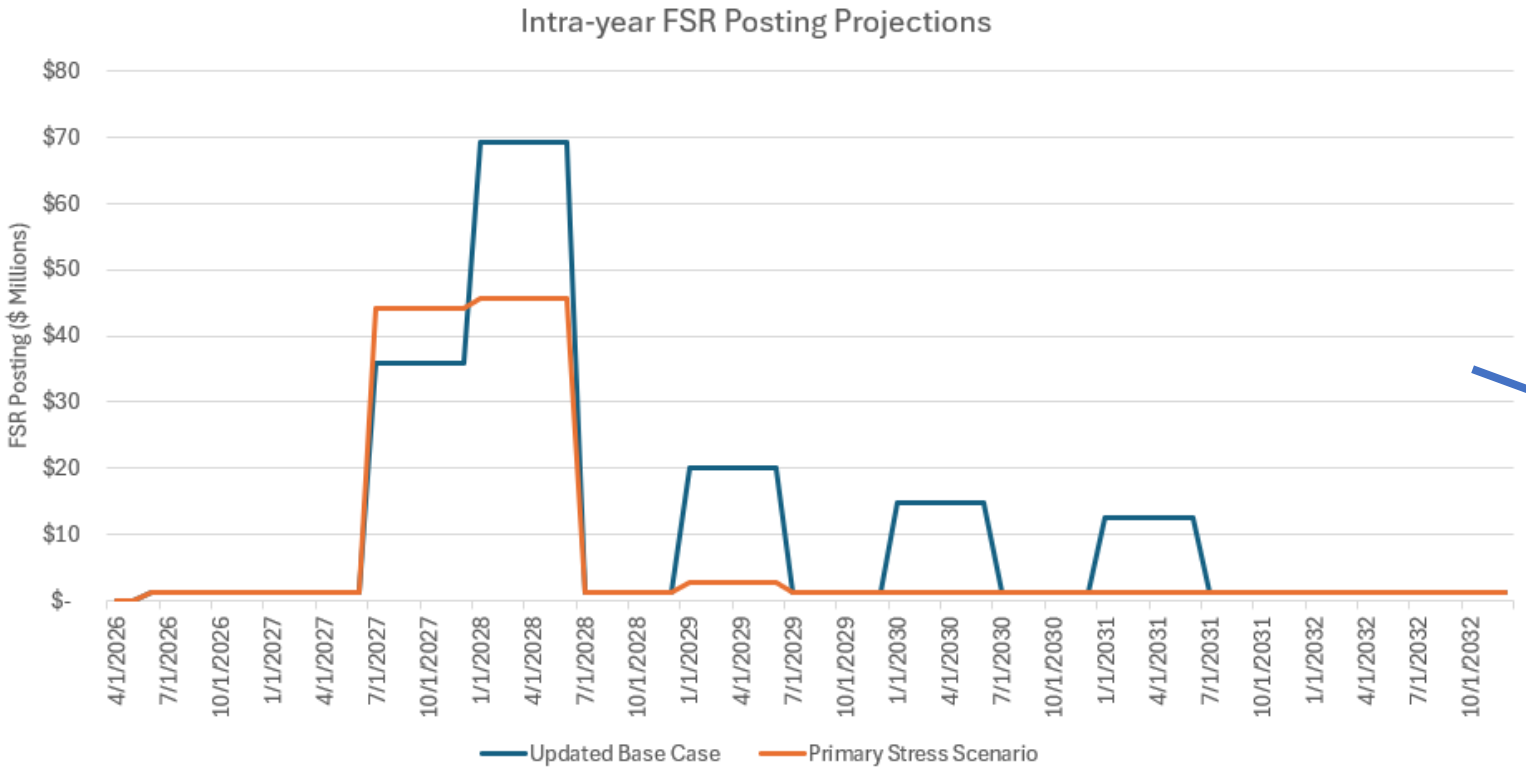
Financial Stress Test Description- cont'd

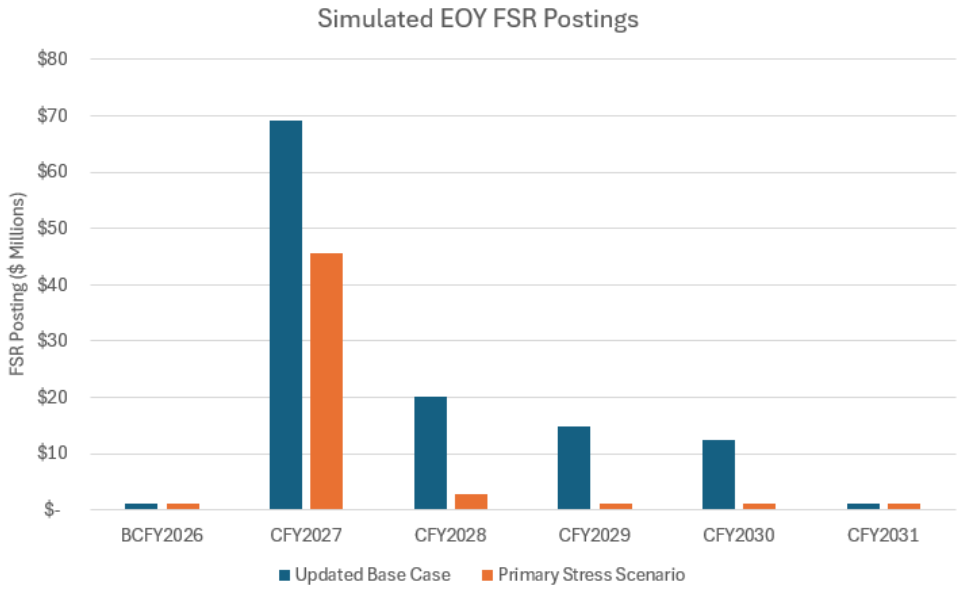
- PCIA Uncertainty
  - Ongoing PCIA proceeding further increases financial uncertainty
  - Both stress and base case are based on the current methodology
- Customer Discount for both the Base Case and Stress Case
  - Customer discount is modeled at 1%
- FSR
  - Staff modeled the FSR postings based on the maximum within each year and assumed cash wasn't returned until the following year
  - Maximum posting of $69m in the base case and $46m in the price collapse scenario (both in 2027)
- Customer Un-collectibles Increase
  - Bad debt is 0.75% in the base case and 2% in the stress case

2008 Financial Crisis Period Natural Gas Price Collapse



FSR Assumptions

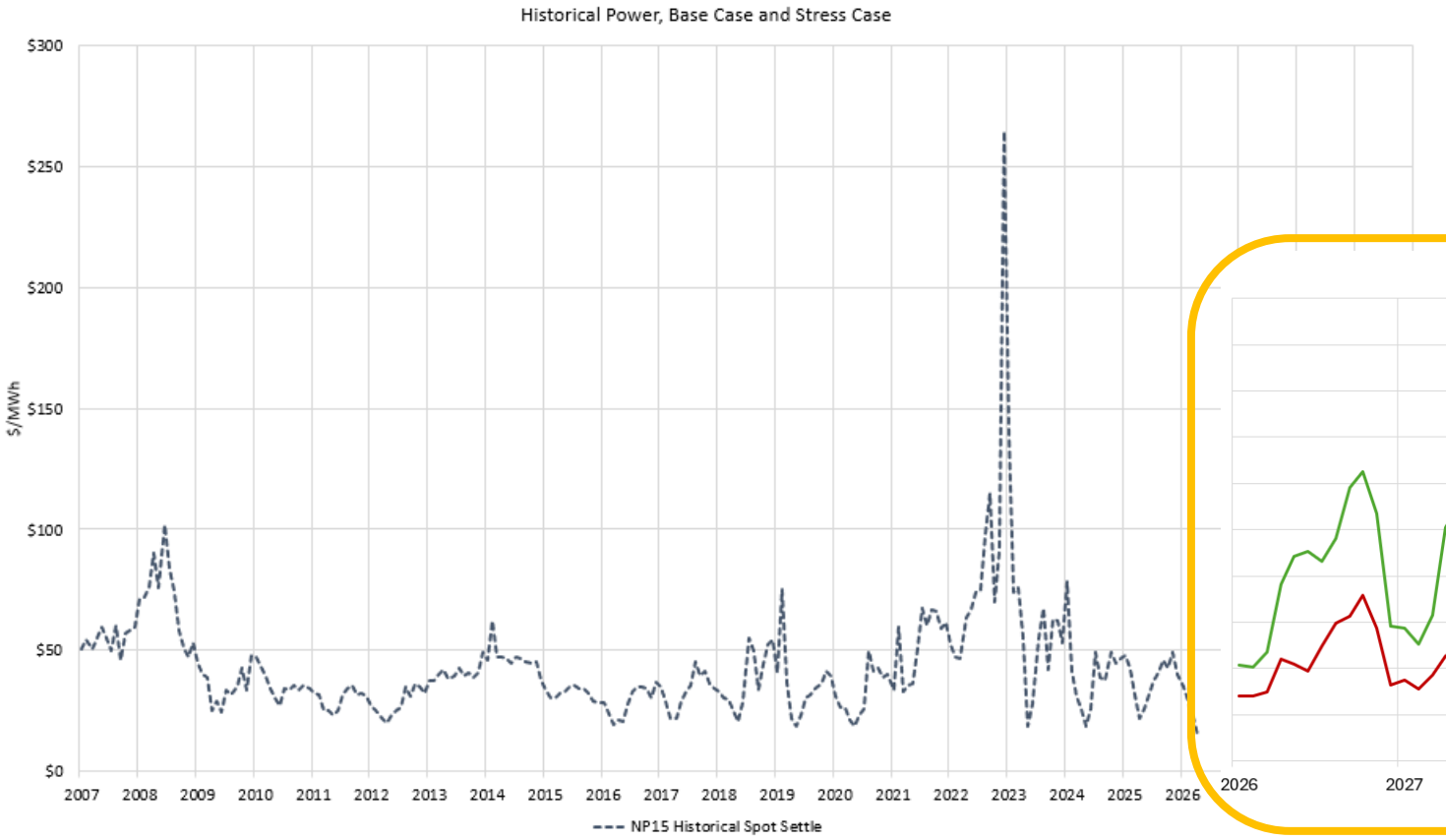


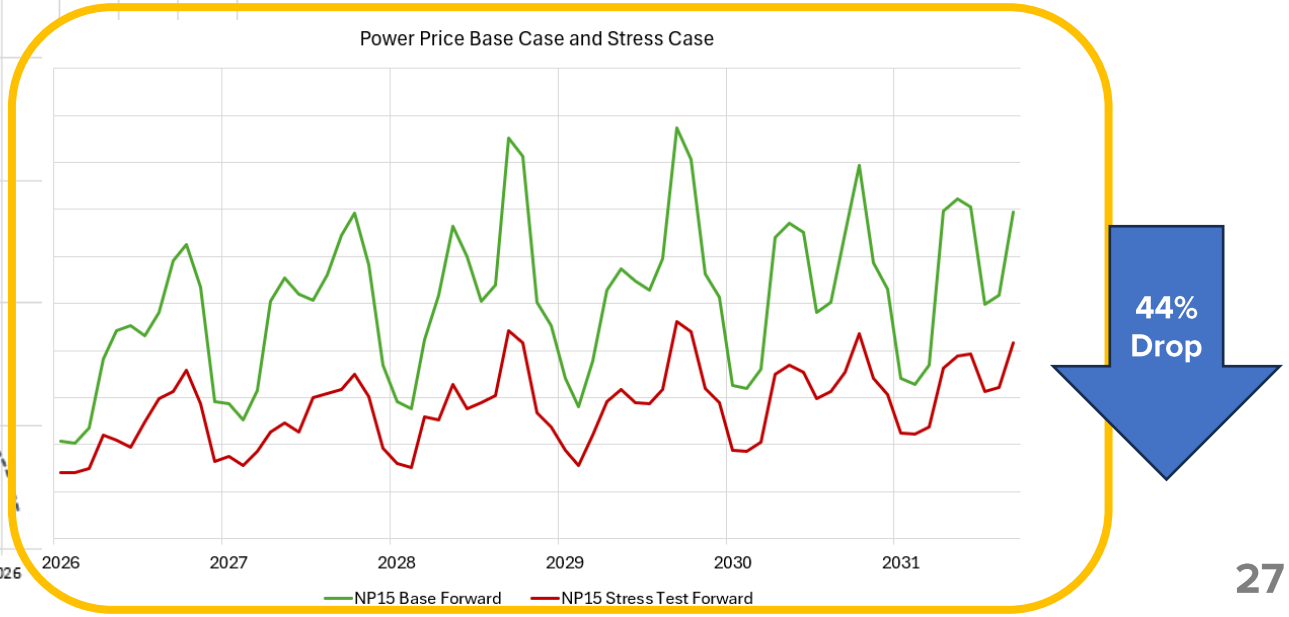


In the updated base case and all stress tests, EOY FSR postings are based on the required postings from January 1st in the following year

Modeled Energy Price Collapse

*The modeled **44%** energy price collapse is within the observed 50-65% decline in natural gas prices during the 2008 financial crisis period.*





Updated Base Case Result Summary

Base Case as of March 21

- Sale of any excess monthly RA
- 1% discount to PG&E rates
- Bad debt is 0.75%
- FSR posting of up to ~$69m (in 2027)
- Investment yields in the 3-4% range year-over-year
- 2% of revenues represented in “other costs” to fund programs
- No CARE/FERA monthly bill credit

Current Portfolio | Mean Prices | Operating Load

	BCFY2026	CFY2027	CFY2028	CFY2029	CFY2030	CFY2031
Revenues	$ 235	$ 215	$ 360	$ 398	$ 406	$ 465
Power Supply Costs	$ 240	$ 328	$ 365	$ 389	$ 394	$ 420
Operating Margin	$ (5)	$ (113)	$ (5)	$ 10	$ 12	$ 45
Other Costs	$ 42	$ 46	$ 53	$ 56	$ 54	$ 57
Counterparty Collateral Outflow	$ -	$ -	$ -	$ -	$ -	$ -
Net Contribution to Reserves	$ (47)	$ (159)	$ (57)	$ (46)	$ (42)	$ (11)
Reserve Balance	$ 545	$ 386	$ 329	$ 282	$ 240	$ 229
Reserve Balance after FSR Posting	$ 544	$ 316	$ 308	$ 268	$ 228	$ 228
Days Cash on Hand		322	279	227	188	177

Updated Base Case Days-Cash-On-Hand Reserve Levels

Primary Stress Test Result Summary

Price Collapse Stress Scenario – P1 Prices

- No sale of any excess monthly RA
- 1% discount to PG&E rates
- Bad debt is 2%
- FSR posting of up to ~$46m (in 2027)
- Investment yields in the 3-4% range year-over-year
- 2% of Revenues represented in 'other cost' to fund programs
- No CARE/FERA monthly bill credit

Current Portfolio | P1 Prices | Operating Load

	BCFY2026	CFY2027	CFY2028	CFY2029	CFY2030	CFY2031
Revenues	$ 230	$ 66	$ 194	$ 220	$ 241	$ 266
Power Supply Costs	$ 214	$ 276	$ 299	$ 315	$ 305	$ 317
Operating Margin	$ 15	$ (210)	$ (105)	$ (95)	$ (64)	$ (50)
Other Costs	$ 42	$ 46	$ 55	$ 62	$ 64	$ 65
Counterparty Collateral Outflow	$ -	$ -	$ -	$ -	$ -	$ -
Net Contribution to Reserves	$ (27)	$ (256)	$ (160)	$ (157)	$ (128)	$ (115)
Reserve Balance	$ 565	$ 309	$ 149	$ (8)	$ (135)	$ (250)
Reserve Balance after FSR Posting	$ 564	$ 264	$ 147	$ (9)	$ (136)	$ (251)
Days Cash on Hand		315	158	(9)	(138)	(245)

Financial Stress Test Case Days-Cash-On-Hand Reserve Levels

Alt. Stress Test Result Summary

Price Collapse Stress Scenario – P1 Energy, Historical Low RA, RPS, CF Prices

- No sale of any excess monthly RA
- 1% discount to PG&E rates
- Bad debt is 2%
- FSR posting of up to ~$58m (in 2027)
- Investment yields in the 3-4% range year-over-year
- 2% of Revenues represented in 'other cost' to fund programs
- No CARE/FERA monthly bill credit

Current Portfolio | P1 Energy, Historical Low RA, REC, GHG Prices | Operating Load

	BCFY2026	CFY2027	CFY2028	CFY2029	CFY2030	CFY2031
Revenues	$ 229	$ 82	$ 236	$ 258	$ 276	$ 318
Power Supply Costs	$ 211	$ 275	$ 301	$ 318	$ 315	$ 333
Operating Margin	$ 18	$ (193)	$ (65)	$ (60)	$ (39)	$ (15)
Other Costs	$ 42	$ 46	$ 55	$ 60	$ 61	$ 65
Counterparty Collateral Outflow	$ -	$ -	$ -	$ -	$ -	$ -
Net Contribution to Reserves	$ (24)	$ (239)	$ (119)	$ (119)	$ (100)	$ (79)
Reserve Balance	$ 568	$ 330	$ 210	$ 91	$ (9)	$ (88)
Reserve Balance after FSR Posting	$ 567	$ 272	$ 209	$ 89	$ (10)	$ (89)
Days Cash on Hand		326	224	89	(10)	(84)

Financial Stress Test Case Days-Cash-On-Hand Reserve Levels

Alt. Stress Test Result Summary

CPUC Procurement Order Stress Scenario

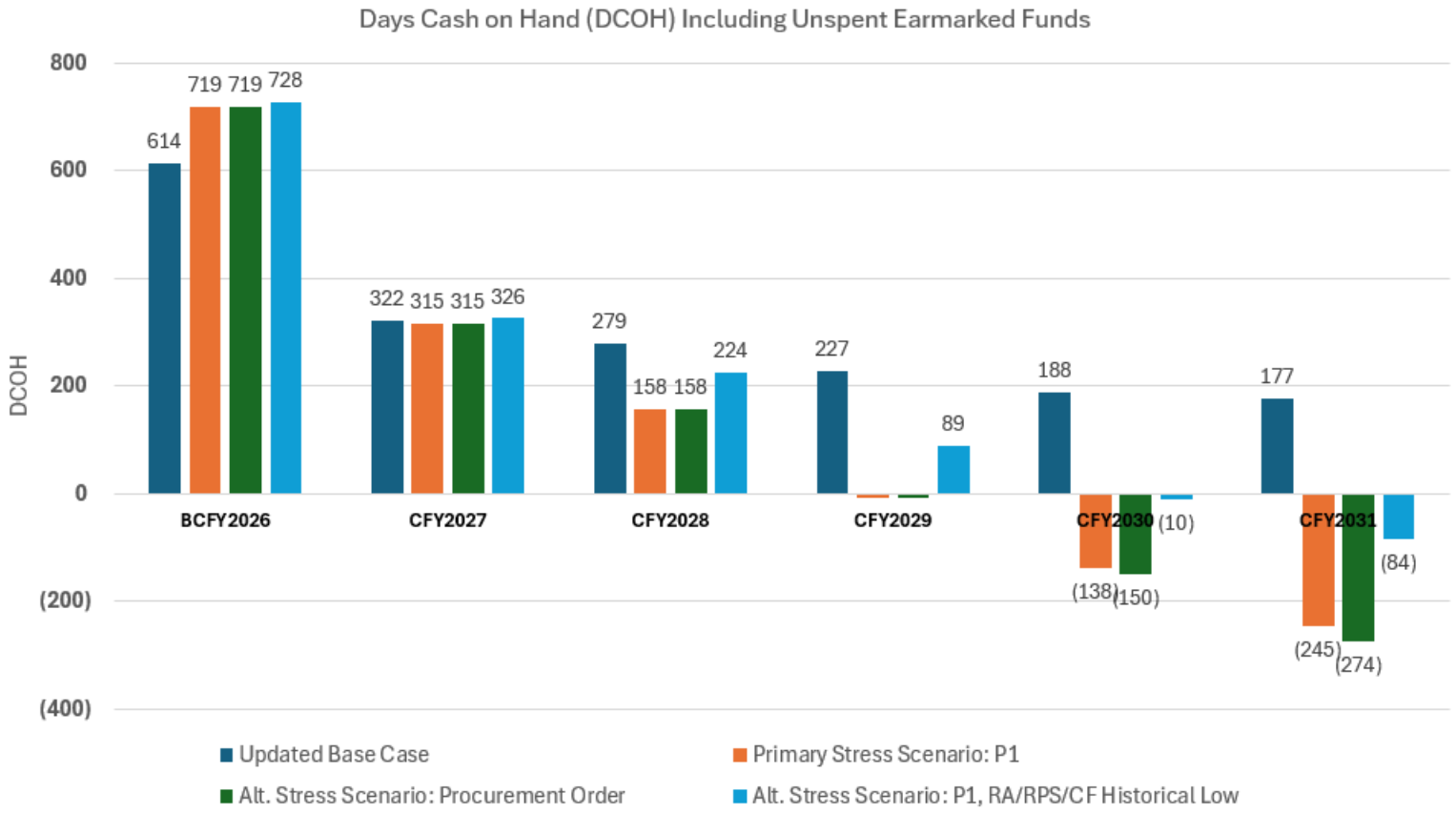
- Hypothetical PPA's added to portfolio
- P1 prices
- No sale of any excess monthly RA
- 1% discount to PG&E rates
- Bad debt is 2%
- FSR posting of up to ~$46m (in 2027)
- Investment yields in the 3-4% range year-over-year
- 2% of Revenues represented in 'other cost' to fund programs
- No CARE/FERA monthly bill credit
- Ongoing stranded cost impact of the unfulfilled load is approximated at ~$57m/yr based on P1 price collapse scenario prices

Current Portfolio with CPUC Procurement Order | P1 Prices | Operating Load

	BCFY2026	CFY2027	CFY2028	CFY2029	CFY2030	CFY2031
Revenues	$ 230	$ 66	$ 194	$ 220	$ 241	$ 266
Power Supply Costs	$ 214	$ 276	$ 299	$ 315	$ 325	$ 355
Operating Margin	$ 15	$ (210)	$ (105)	$ (95)	$ (84)	$ (88)
Other Costs	$ 42	$ 46	$ 55	$ 62	$ 64	$ 65
Counterparty Collateral Outflow	$ -	$ -	$ -	$ -	$ -	$ -
Net Contribution to Reserves	$ (27)	$ (256)	$ (160)	$ (157)	$ (148)	$ (153)
Reserve Balance	$ 565	$ 309	$ 149	$ (8)	$ (155)	$ (308)
Reserve Balance after FSR Posting	$ 564	$ 264	$ 147	$ (9)	$ (157)	$ (309)
Days Cash on Hand		315	158	(9)	(150)	(274)

Procurement Order Stress Test Case Days-Cash-On-Hand Reserve Levels

All Stress Scenarios Results Summary



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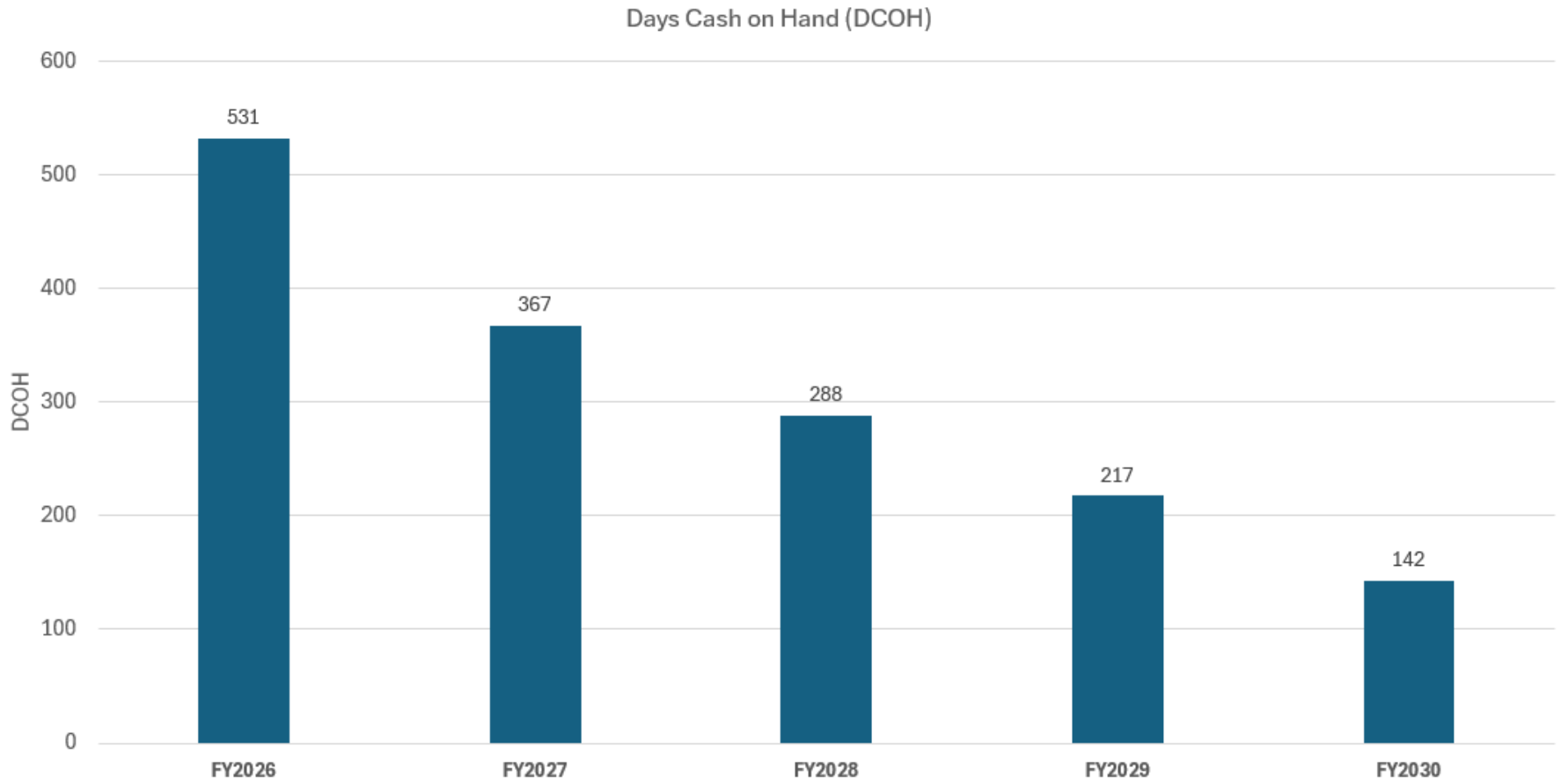
Updated Base Case	544	316	308	268	228	228
Primary Stress Scenario: P1	564	264	147	(9)	(136)	(251)
Alt. Stress Scenario: Procurement Order	564	264	147	(9)	(157)	(309)
Alt. Stress Scenario: P1, RA/RPS/CF Historical Low	567	272	209	89	(10)	(89)

Note: DCOH and reserve balances exclude cash from projected FSR postings.

Mid-Year Budget - Prior FY Convention



$ Millions	FY2026	FY2027	FY2028	FY2029	FY2030
Reserve Balance	527	388	323	259	184

Approving the Financial Levers Playbook

Board of Directors Meeting
June 2026

SILICON VALLEY CLEAN ENERGY

Agenda

- Recap levers and feedback
- Defining the playbook
- How the playbook will work
- Timeline

Key Takeaways Today

- This is risk mitigation – knowing generally what we will do *if needed*
- Specific “split product” approach would be finalized with the Board in the future
- Balance – trying to manage competitiveness with mission, impact, and value proposition

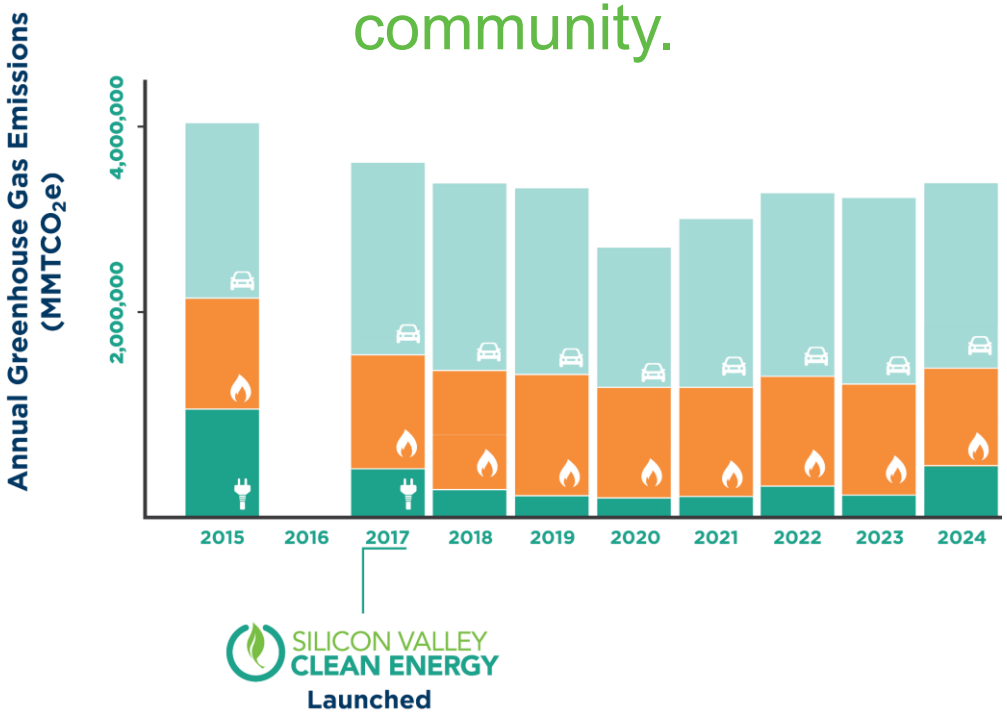
Staff Recommends the Board Approve the Financial Levers Playbook ("Playbook")

- Enact operational cost savings and efficiencies
- Maintain current levels of clean, programs, and rate discount for 2026 and 2027 planning
- Introduce new split product offering to give customer choice, assess opt-out risk and interest (only if needed):
  - One cheaper than PG&E – e.g. less clean and no program participation
  - One same as current default but at premium
- Scale up premiums for both products over time (only if needed)
- Incorporate a small reduction/pause in programs (only if needed)

Recap

Recap: Core to Mission is Reducing Carbon (locally and in supply)

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

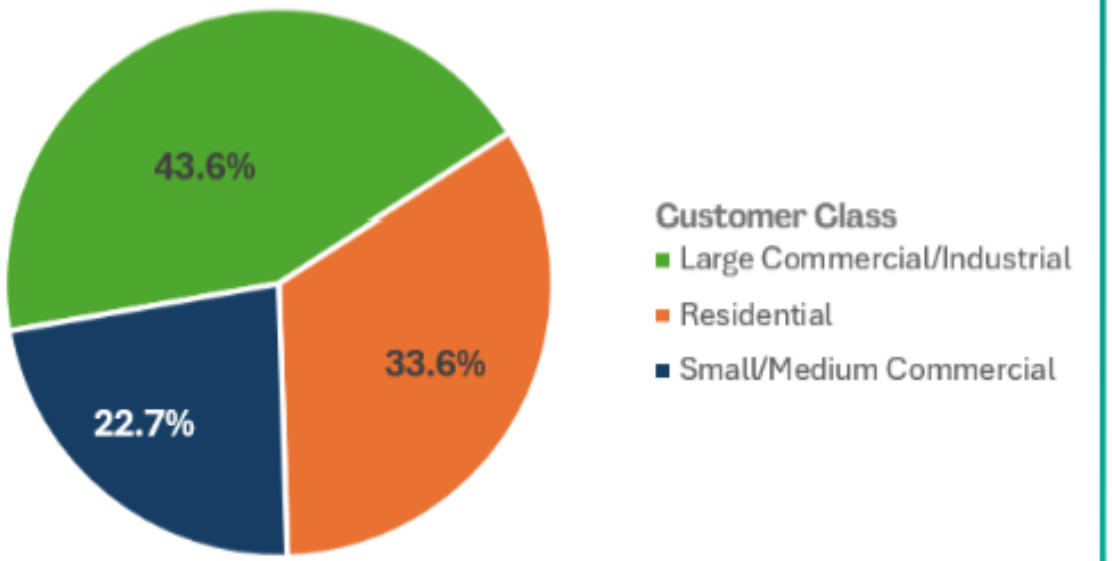


Customer-Facing Value Proposition

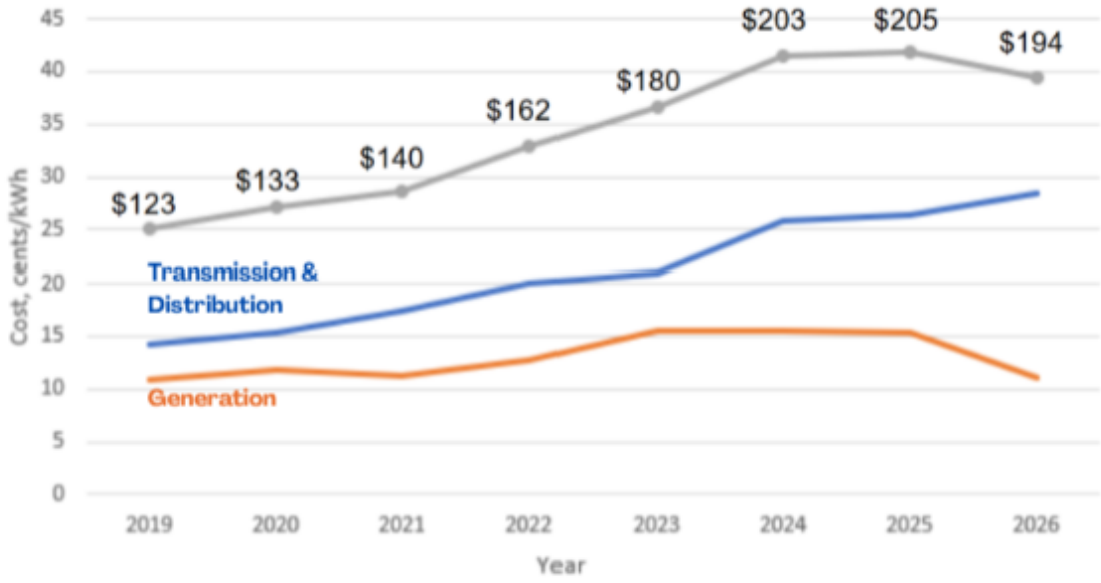
1. COMMUNITY REINVESTMENT
2. LOCAL CONTROL & PRESENCE
3. CLEAN POWER & THE GRID
4. COMPETITIVE RATES
5. ACCELERATING ELECTRIC UPGRADES

Recap: SVCE's Load is Mostly Non-Residential; T&D Has Driven Bill Increases

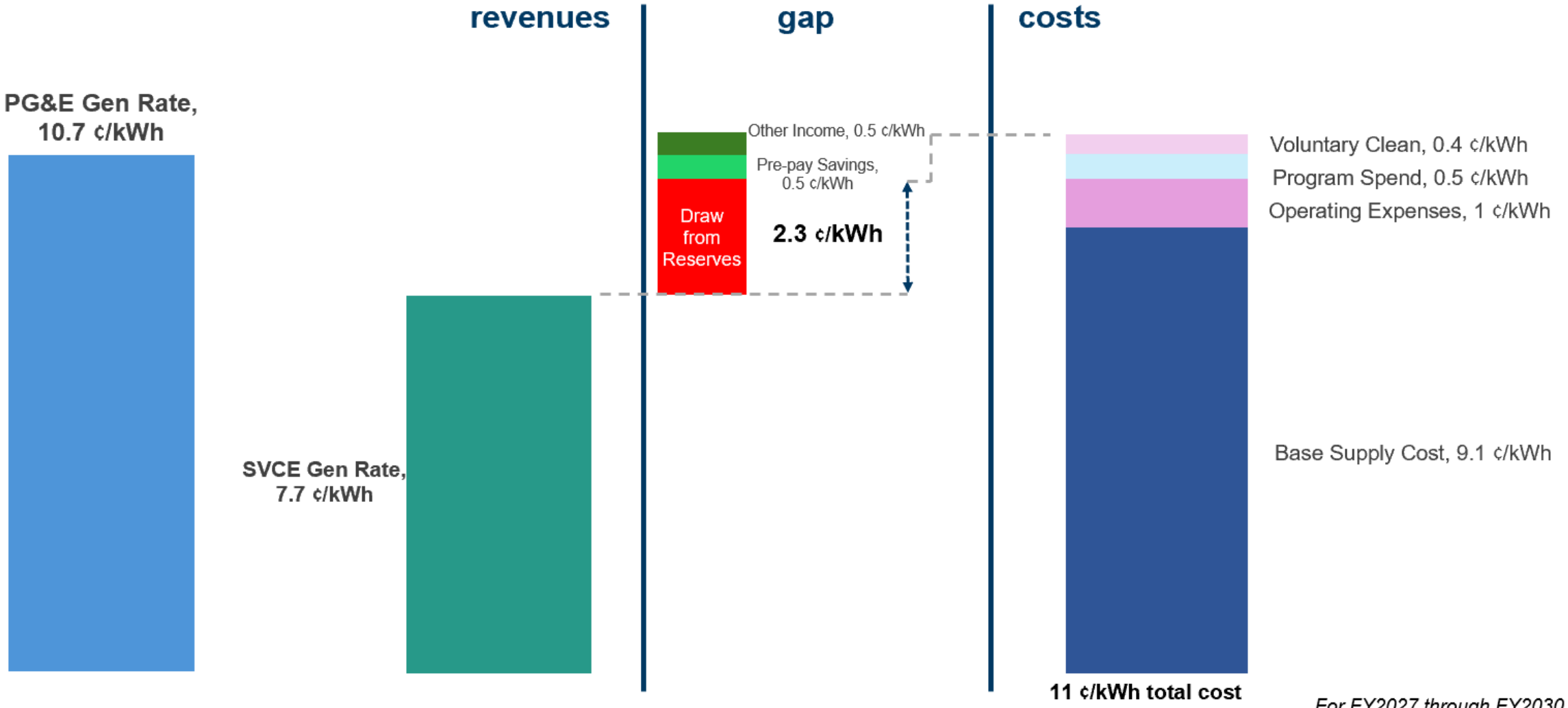
Total Annual Electricity Usage [MWh], Total = 3,900,000 MWh



Residential Electricity Rate with Average Total Bill



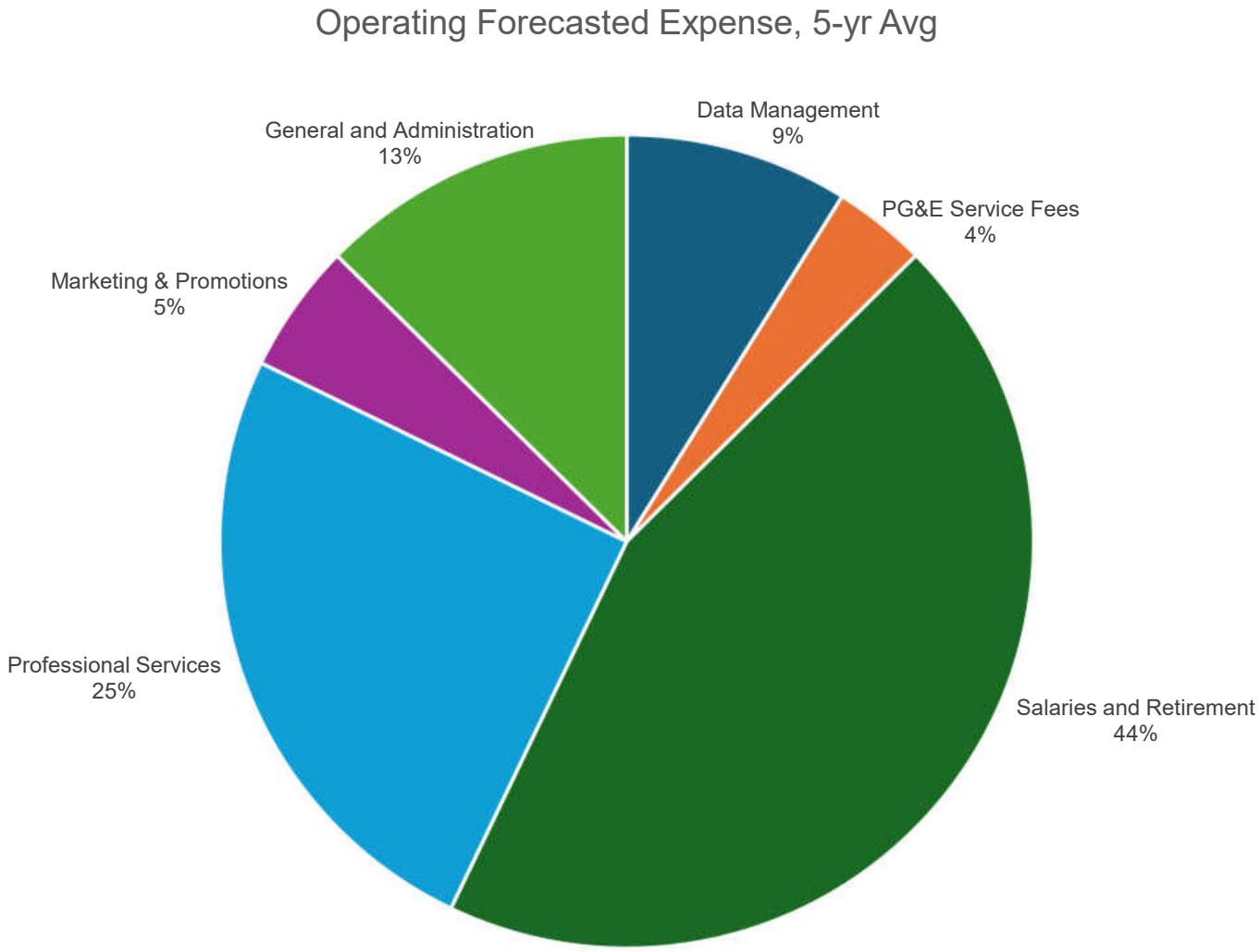
Recap: Eventually, Increasing Rates May be the Only Way to Eliminate Gap



For FY2027 through FY2030

Recap: Continue to Find Ways to Close the Gap, Including Pre-Pays and Opex Efficiencies

- Non-Supply Operating Expenses represent ~10% of Budget
  - ~$40M per year; ~1 cent per kWh
- 25%-50% non-discretionary expenses
- Continued savings potential from prepays



Recap: Feedback on Levers

Continue with current approach for now – ideally don't have to change

Mitigate in a balanced way across levers, if needed

Maintain other elements of the value proposition knowing that moving rates above PG&E could be inevitable (if this forecast becomes the new normal)

Recap: Feedback on Levers

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	Clean Electricity
Current	106% clean energy on annual sales
Feedback for Future	• Important to mission • SVCE core role • Limited ongoing $ impact

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	Clean Electricity	Local Decarb Programs
Current	106% clean energy on annual sales	Allocate ~$7M/yr; drawing ~$19M/yr from reserves for approved work
Feedback for Future	• Important to mission • SVCE core role • Limited ongoing $ impact	• Important to mission • Only SVCE is doing in a big way, locally • Limited ongoing $ impact

Recap: Feedback on Levers

Continue with current approach for now – ideally don't have to change

Mitigate in a balanced way across levers, if needed

Maintain other elements of the value proposition knowing that moving rates above PG&E could be inevitable (if this forecast becomes the new normal)

	Clean Electricity	Local Decarb Programs	Rate Relative to PG&E
Current	106% clean energy on annual sales	Allocate ~$7M/yr; drawing ~$19M/yr from reserves for approved work	1% discount (including PCIA) on the generation side
Feedback for Future	• Important to mission • SVCE core role • Limited ongoing $ impact	• Important to mission • Only SVCE is doing in a big way, locally • Limited ongoing $ impact	• Not directly solving affordability • CARE/FERA discount is more meaningful • Discount feels important to competitiveness • Ongoing $ impact

Recap: New Product Offering to Maintain a Rate Below PG&E (initially, if needed)

Current:

- 98% of customer accounts are on GreenStart

  ~60% Renewable Portfolio Standard (RPS) + 100% clean @ 1% discount to PG&E

- GreenPrime

  100% RPS @ ~$4/month premium compared to GreenStart

- GreenPrime Direct

  Custom arrangement for large commercial customers – must cover all costs, be 100% clean, and commit to a term/contract

New “Split” Product Concept:

- Move the default GreenStart to a premium and create new opt-down at a discount to PG&E (e.g. less clean, program ineligibility)

Recap: Other Ideas for Introducing a New Product

- Would need to refine what the opt-down product includes
- Could also consider a new opt-up, like GreenPrime, for customers who want to fund programs or supply projects additionally/voluntarily
- Could let each city decide on an auto-enrollment product for their customers
- Consider different decisions for different customer classes (e.g. residential vs. small/medium business vs. large commercial)

If playbook is approved, next step would be to develop by mid-2027 a playbook-aligned mix of SVCE's products – would come back to the Board for approval

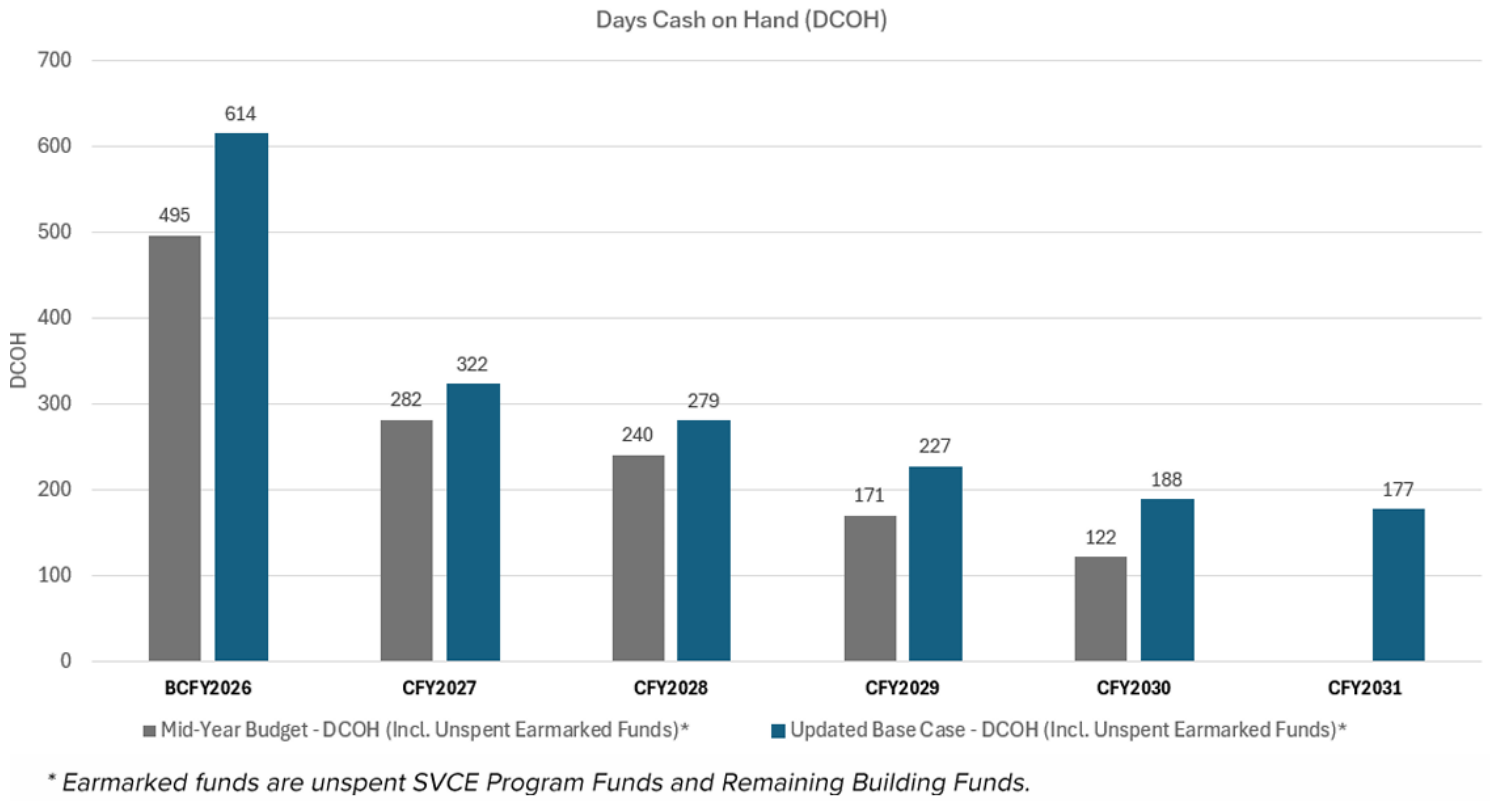
Brief Overview of Other CCA Rates – Different Supply Mixes, Different Priorities, Different Rates

Ava, Central Coast, CleanPowerSF, MCE, Pioneer, Sonoma, Redwood Coast, and SJCE

- A few are currently below PG&E (0.5% to 10%)
- Many are currently above PG&E (10% to 60%)
- Mix of customer blends, with some up to ~60% residential
- Default product for most is <100% clean
- Most have participation rates in the mid-90% range

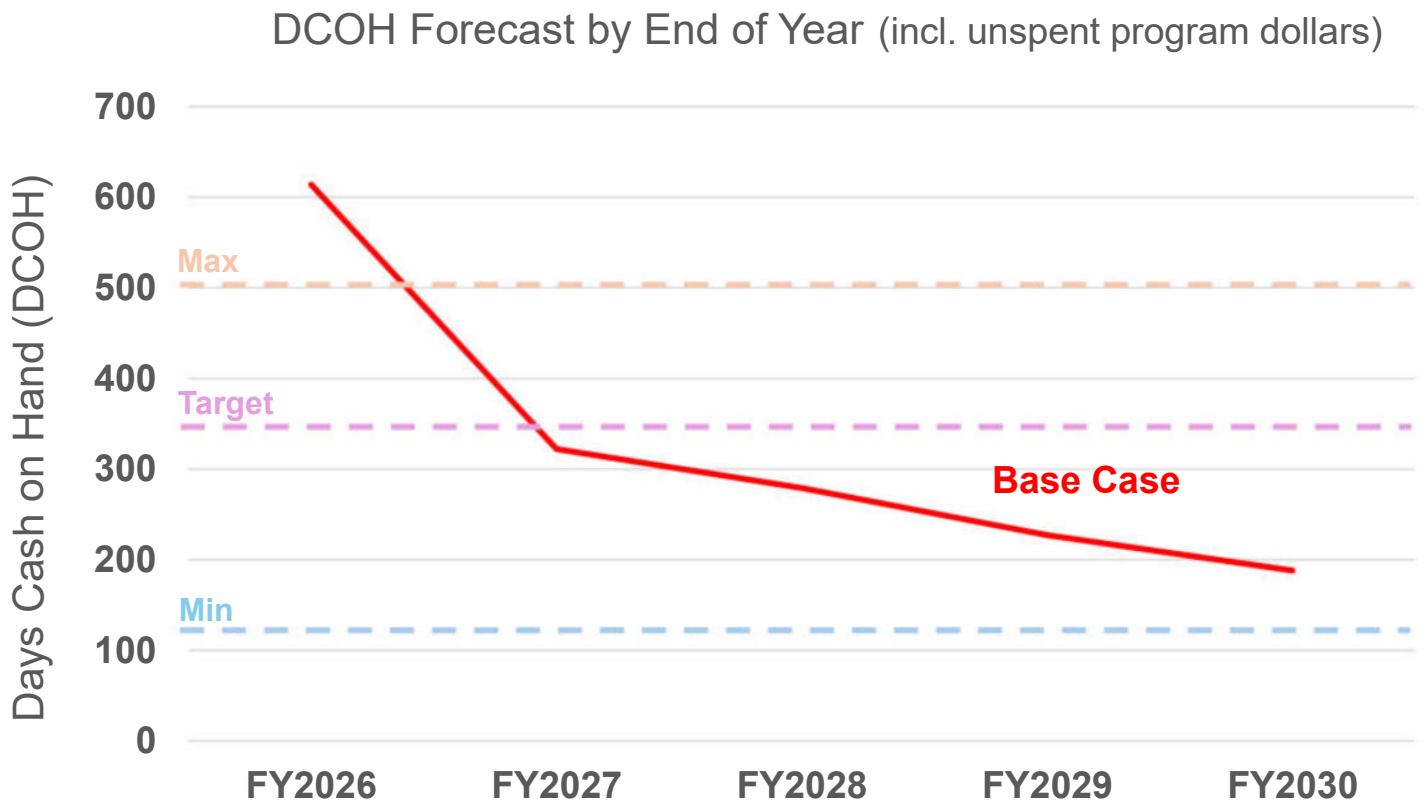
Case Study: SJCE moved to an 8% premium for two years, also creating an opt-down product at parity with PG&E. Now are back to a discount. They remain at 97% enrollment.

SVCE's World Has Been Changing Since March



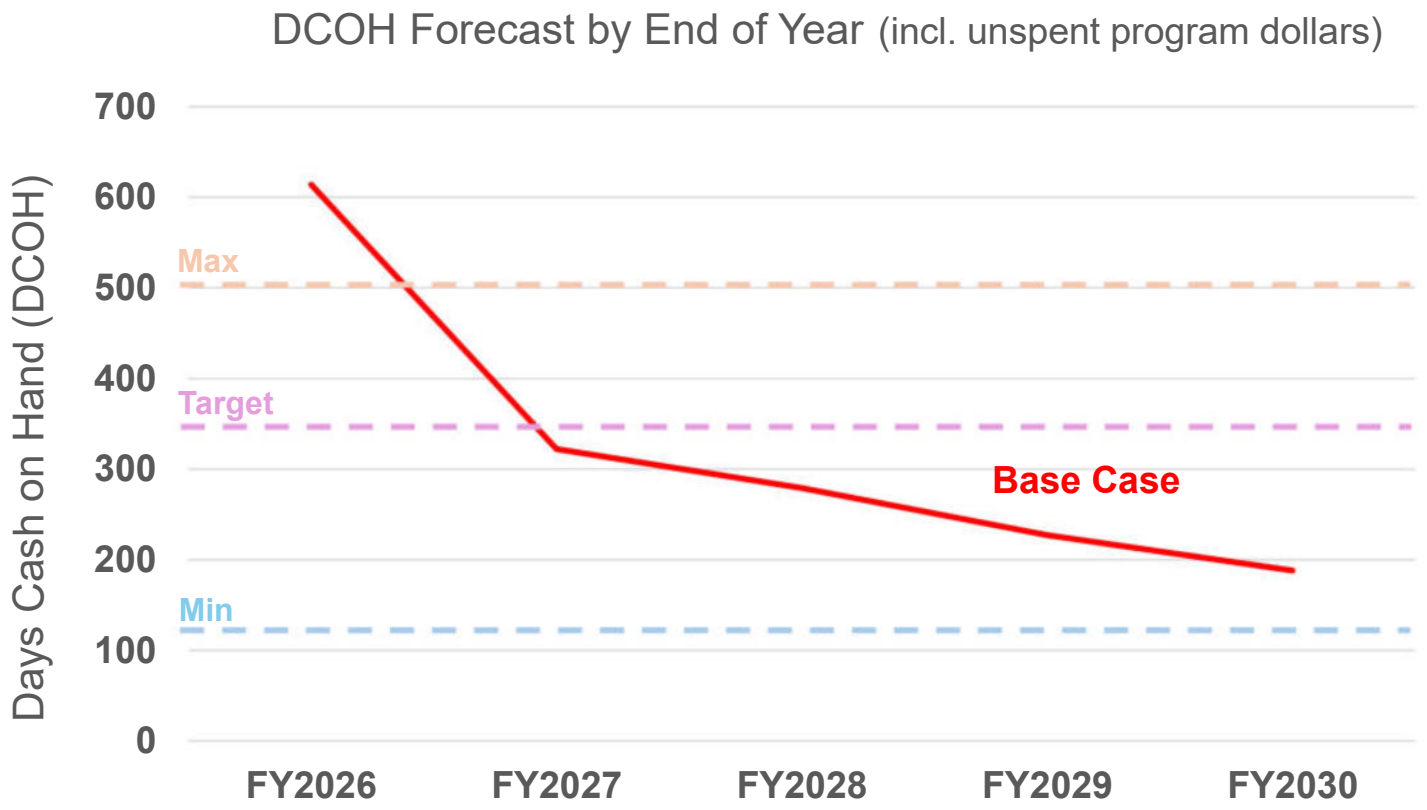
** Earmarked funds are unspent SVCE Program Funds and Remaining Building Funds.*

SVCE's World Has Been Changing Since March



SVCE's World Has Been Changing Since March

- FY26 financial improvement, FY27 worsening
- New rate proceedings
- Large load legislation
- Updated IRP runs
- New procurement orders
- Credit rating improvement
- Integrated Decarb Plan discussions
- Continued review of opex and increased efficiencies



Defining the playbook

Staff Recommends the Board Approve the Financial Levers Playbook

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How this playbook approval will work

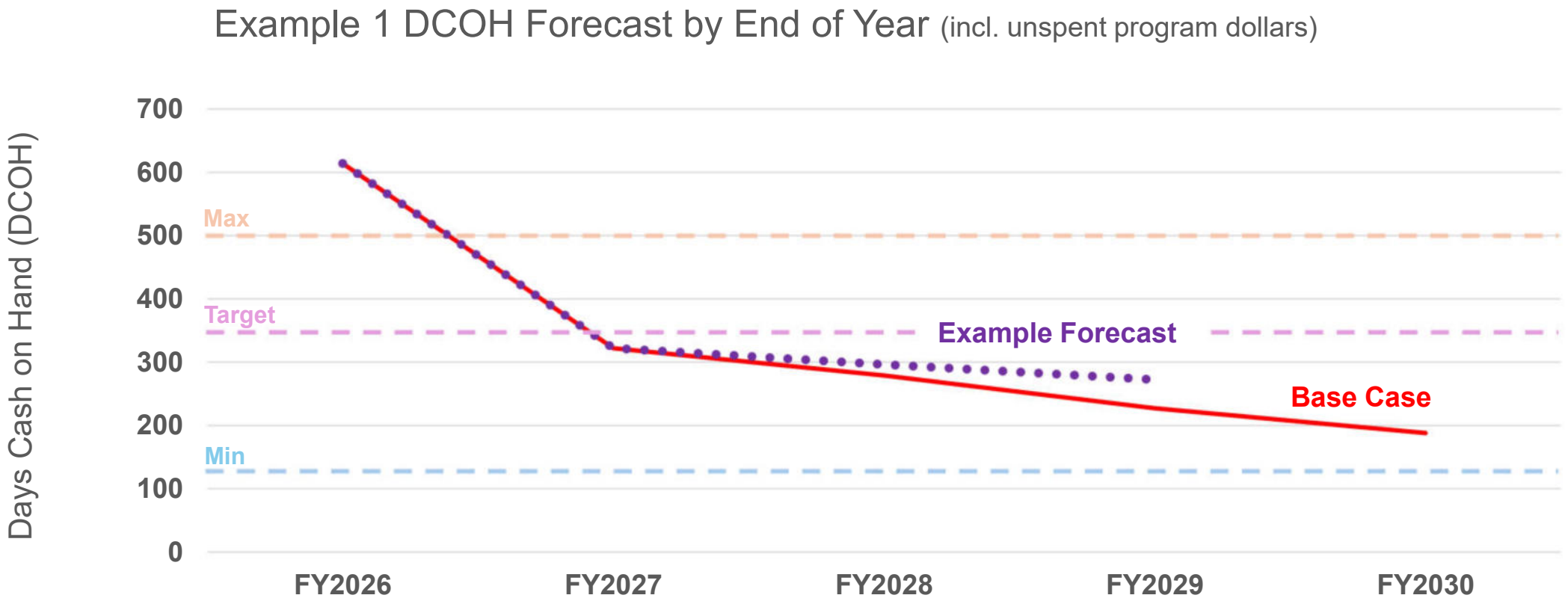
Direction Today, Action in the Future

1. Approve playbook recognizing priorities and impact between levers
2. Staff develops potential product mix options for Board approval
3. Staff monitors financial situation
4. At future budget decisions, staff will propose changes to the products offered, *if needed* (along with alternatives)

Example 1: Action in FY28 and Beyond

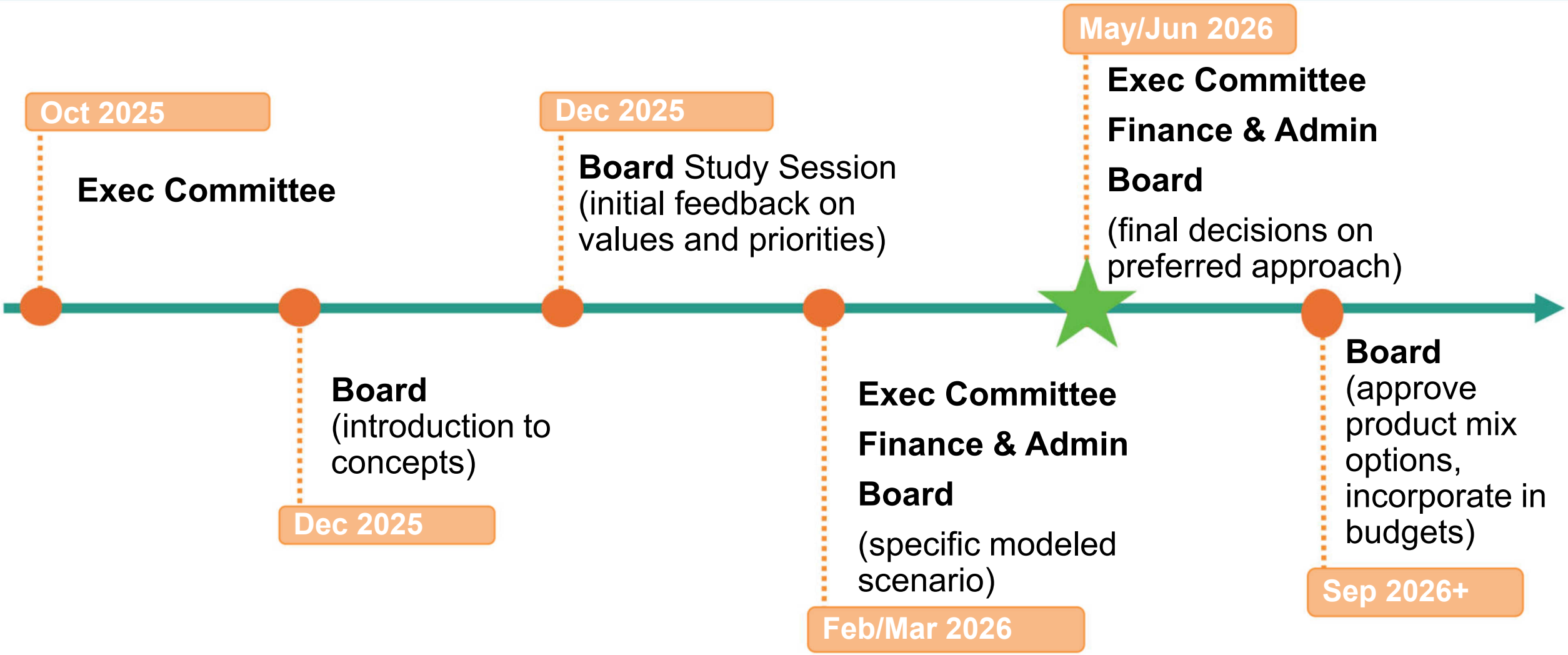
Scenario:

- Next few years happen as forecasted; staff design alternate, if-needed product mix and Board approves
- FY28 introduces new premium clean product and an opt-down discounted product
- To address continued reserves decline, FY29 sees both products raise rates above PG&E



Timeline and discussion

Today we are seeking a recommendation for approval



*Timeline subject to change

Next Steps After Playbook Approved

- **September 2026:** Approve Stub Budget (Oct to Dec 2026)
- **October 2026:** Integrated Decarbonization Roadmap Approval
- **December 2026:** CFY2027 Budget Approval
- **June 2027:** final Board approval on product mix options
- **June 2027:** Midyear Budget Adjustment
- **December 2028:** CFY 2028 Budget Approval

Staff Recommends the Board Approve the Financial Levers Playbook

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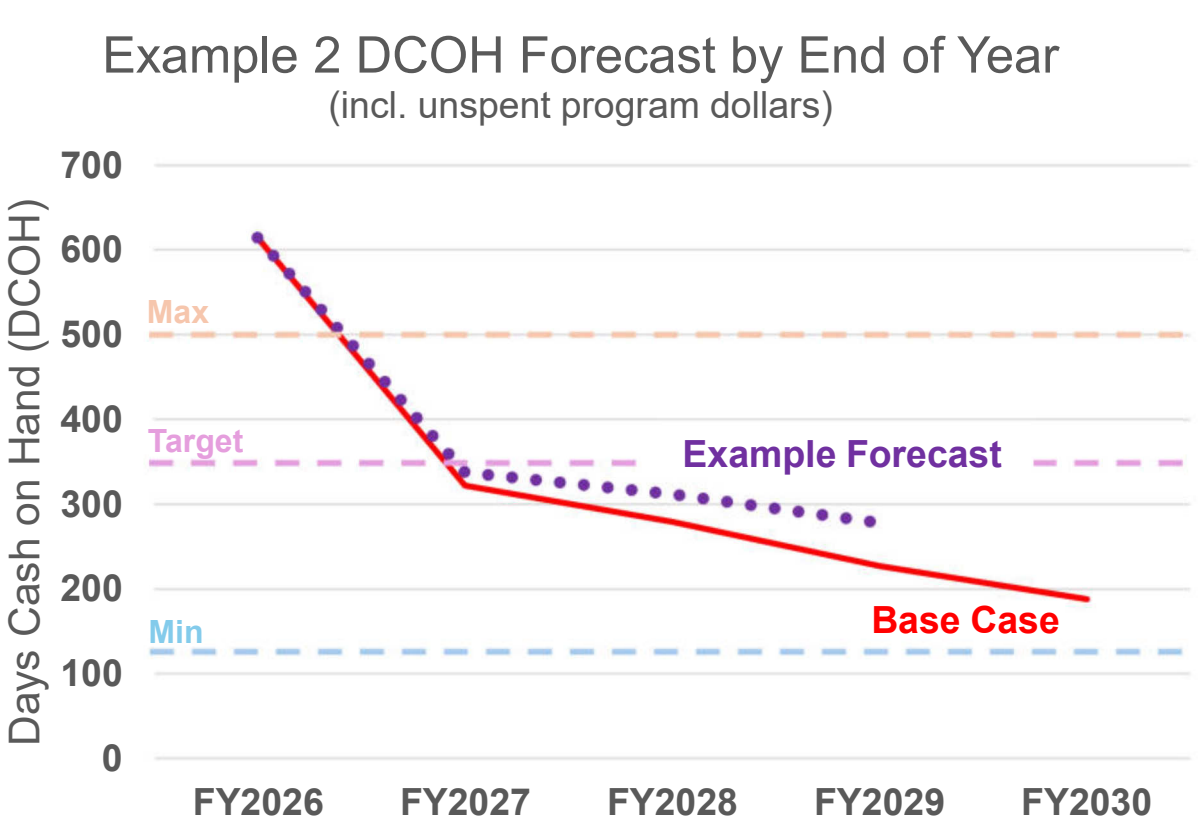
Thank you

Other Examples – Playbook Provides Optionality

Scenario:
- Same forecast
- Introduce new product a year earlier
- Don't increase rate in FY29



Scenario:
- Forecast improves in later years
- Introduce new product in FY28, still
- Move both products to a discount in FY29