MID-YEAR ADJUSTED OPERATING BUDGET

FISCAL YEAR 2023-2024

SILICON VALLEY CLEAN ENERGY

Silicon Valley Clean Energy Authority
Fiscal Year Ending September 30, 2024

TABLE OF CONTENTS

SILICON VALLEY CLEAN ENERGY
FY 2023-24 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2023-24 ADJUSTED BUDGET	FY 2023-24 MID-YEAR ADJUSTED BUDGET	Change $	Change %
ENERGY REVENUES				
Energy Sales	552,667	550,852	(1,814)	-0.3%
Green Prime	1,968	1,962	(6)	-0.3%
Other Income	50	50	0	0.0%
TOTAL ENERGY REVENUES	**554,685**	**552,864**	**(1,820)**	**-0.3%**
ENERGY EXPENSES				
Power Supply	399,546	365,617	(33,929)	-8.5%
OPERATING MARGIN	**155,138**	**187,247**	**32,109**	**20.7%**
OPERATING EXPENSES				
Data Management	3,413	3,413	0	0.0%
PG&E Fees	1,470	1,470	0	0.0%
Salaries and Retirement	15,406	14,818	(588)	-3.8%
Professional Services	8,084	8,210	126	1.6%
Marketing & Promotions	1,349	1,250	(100)	-7.4%
Notifications	21	315	294	1400.0%
Lease	551	551	0	0.0%
General & Administrative	2,067	2,091	25	1.2%
TOTAL OPERATING EXPENSES	**32,361**	**32,118**	**(243)**	**-0.8%**
OPERATING INCOME (LOSS)	**122,778**	**155,129**	**32,352**	**26.3%**
NON-OPERATING REVENUES				
Interest Income	6,434	12,867	6,434	100.0%
Grant Income	0	0	0	-
TOTAL NON-OPERATING REVENUES	**6,434**	**12,867**	**6,434**	**100.0%**
NON-OPERATING EXPENSES				
Financing	3	3	0	0.0%
Interest	0	0	0	-
TOTAL NON-OPERATING EXPENSES	**3**	**3**	**0**	**0.0%**
TOTAL NON-OPERATING INCOME (EXPENSES)	**6,431**	**12,864**	**6,434**	**100.0%**
CHANGE IN NET POSITION	**129,208**	**167,994**	**38,785**	**30.0%**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	50	50	0	0.0%
Building Fund	20,000	20,000	0	0.0%
Transfer to CRCR Fund	0	0	0	-
Program Fund	28,874	28,874	0	0.0%
Nuclear Allocation	2,188	2,188	0	0.0%
Multi Family Direct Install Program	0	0	0	-
Electrification Discount Program	0	0	0	-
Customer Bill Relief	4,300	4,300	0	0.0%
Other	0	0	0	-
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**$55,412**	**$55,412**	**$0**	**0.0%**
BALANCE AVAILABLE FOR RESERVES	**$73,796**	**$112,582**	**$38,785**	**52.6%**

Staff Report – Item 4

Item 4:	**Adopt Resolution Approving the Mid-Year 2023-24 Adjusted Operating Budget**
From:	Girish Balachandran, CEO
Prepared by:	Amrit Singh, CFO and Director of Administrative Services
Date:	3/13/2024

RECOMMENDATION

Staff recommends that the Board of Directors adopt Resolution 2024-05, approving the Mid-year 2023-2024 (MY 2024)[1] Adjusted Operating Budget that projects depositing $112.6 million into the reserves.

FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATION

Staff presented the proposed MY 2024 Adjusted Operating Budget to the Finance and Administration Committee at its meeting on February 26th, 2024. The Committee reviewed the budget and asked clarifying questions, including comparing the size of the power supply expenses relative to the other operating expenses and the budgeting and setting of the target compensation range for the proposed new Associate Power Analyst position. After discussion with staff, the Committee unanimously recommended that the Board of Directors approve the MY 2024 Adjusted Operating Budget.

BACKGROUND

The Board of Directors first adopted the annual budget for the fiscal year 2023-24 (FY 2024) at the September 23rd, 2023, meeting. Because of great uncertainty regarding PG&E's January 2024 rate changes, the adopted budget was based on conservative rate change assumptions, and staff committed to updating the budget in December 2023. At the December 13th, 2023, Board meeting, the Board adjusted the budget to reflect better information on PG&E's January 2024 generation rate changes and Power Charge Indifference Adjustment[2] (PCIA) charges. Due to PG&E rate changes that improved SVCE's margins, the Board in December adjusted the budget to maintain a 4% general customer discount rate relative to comparable PG&E generation rates and to provide a bill credit for low-income (CARE/FERA) customers that was equivalent in total dollars to a 1% rate discount for all customers. The Board also transferred an additional $20 million to the Programs Fund, set aside $20 million for an SVCE office building fund, and planned in reserves for a 4% rate discount over the next two additional fiscal years.

At Midyear, Staff is adjusting the budget to update the energy supply expenses using the latest market price data and portfolio positions, update the revenues to reflect the final rate changes that went into effect starting January 2024, and update other minor changes in operating expenses and projected investment income.

ANALYSIS & DISCUSSION

The MY 24 Adjusted Operating Budget is balanced and presents SVCE in stable financial condition.

---

[1] The fiscal year 2023-24 started on October 1, 2023, and ends on September 30, 2024.

[2] Public Utility Code Sections 366.1 and 366.2 require the CPUC to make sure that customers leaving PG&E do not burden remaining PG&E customers with costs that were incurred to serve them. To ensure customer indifference, CCAs and Direct Access or departing load customers are required to pay a power charge indifference adjustment (PCIA).

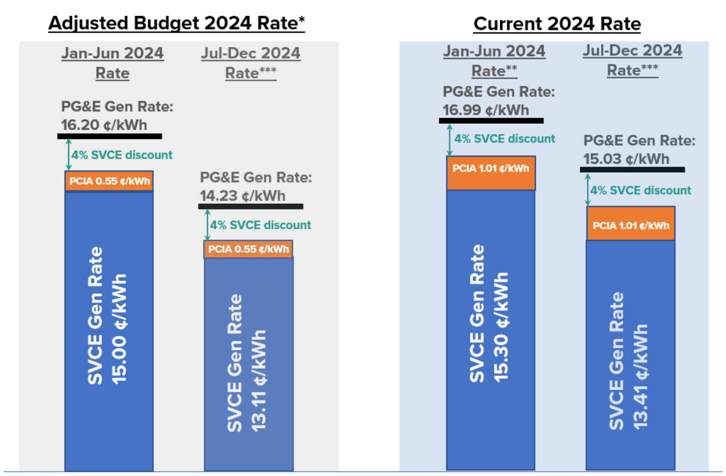
The projected available balance for reserves of $112.6 million is an increase of $38.8 million from the $73.8 million presented in the December 2023 adjusted FY 24 Budget. The improvement in contribution to reserves primarily results from decreased energy costs resulting from lower realized and forward energy market prices, a slight improvement in SVCE margins from CPUC's adoption of the 2024 PG&E rates, and increased investment income from continued higher interest rates. These improvements are partially offset by lower energy sales realized from October 2023 to December 2023 and slight increases in some operating expenses.

The table below illustrates the $38.8 million increase:

Revenues	- $1.8M
Power Supply Cost	- $33.9M
Other Operating Expenses	-$0.2M
Investment Income	+$6.4M
Reserve Balance	**+$38.8**

Energy Revenues

The energy revenues are slightly lower by about $1.8 million from the December budget. While CPUC's final adopted PG&E generation rates and charges overall improved SVCE's margins by 2%, as shown in the illustration below, the decrease in realized sales from October to December 2023 due to milder weather more than offset the increases.



Power Supply Expenses

Power prices are highly volatile. Since adopting the adjusted budget in December 2023, calendar year 2024 prices have dropped about 14%, and the 5-year average forward prices have dropped 7%. The decrease in energy market prices and the weaker realized load primarily contribute to the reduction of $33.9 million in energy supply costs. The October to December 2023 actuals were about $21.2 million lower than the adjusted budget. The projected costs for January to September 2024 are approximately $12.7 million lower than the adjusted budget, mainly due to lower market prices.

Operating Expenses

Operating expenses decreased by about -$0.2 million, mainly due to realized savings from October to December, partly offset by the addition of four staff positions and slightly higher professional services and marketing costs.

The CEO approved the following three new staff positions using the personnel authority:

1. General Counsel to ensure adequate legal support both in complexity and volume as the agency grows and matures
2. Board Clerk/Executive Assistant to assist with Board meetings and provide additional administrative support to the organization
3. Senior Program Specialist to further support the development of the agency's increasing Decarbonization Programs

The MY 2024 requests approval of an additional Associate Power Analyst position to support the increasing complexity of managing the energy procurement portfolio. Including the four positions after accounting for already realized vacancy savings decreases the annual staffing expenses by $558,000.

The professional services budget increased by $126,000 due in part to contracting for a third-party consulting service to analyze the economics of providing 24x7 clean energy and implementation of a new human resources information system, which upfronts the implementation cost for this fiscal year, but ongoing costs are comparable to the retirement of the current HR payroll tool.

The marketing and communications cost increased by about $194,000, resulting from additional anticipated marketing materials.

Programs Budget

SVCE will continue incorporating projected Decarbonization Programs spending over the 5-year forecast into the reserve balance projections. For this fiscal year, Program spending is forecasted at $21.6 million, CRCR[3] spending at $2.7 million, and E-Elec, the all-electric discounted rate, discount utilization at $675,000.

Non-Operating Revenues

Investment income is projected to increase by $6.4 million, resulting from continued high interest rates from SVCE's investments.

STRATEGIC PLAN

The recommendation supports all goals of the board's adopted strategic plan. Specifically, the recommendations strongly support Goal 19 - "Commit to maintaining a strong financial position" and the accompanying Measure, "Present balanced budget that achieves cash reserve targets, weighs tradeoffs between customer value proposition and contribution to reserves and maintains competitive rates."

ALTERNATIVE

Staff is open to feedback and suggestions from the Board. At a strategic level, the Board can change the discount to PG&E, the carbon-free percent of the power supply portfolio, the renewable percent of the power supply portfolio, and the funding for the Decarbonization Programs.

Staff does not recommend any specific changes given a sufficient projected reserve balance that maintains SVCE's stable financial condition.

FISCAL IMPACT

The MY 2024 Adjusted Operating Budget includes $552.86 million in revenues and $440.28 million in expenses, non-operating revenues, and transfers, resulting in a contribution to reserves of $112.6 million.

ATTACHMENTS

1. Exhibit A: Mid-Year 2023-24 Adjusted Operating Budget
2. Resolution 2024-05, Adopting the Mid-Year 2023-24 Adjusted Operating Budget

[3] CRCR, the ~$10 million Customer Relief and Community Resilience Program, was established in 2020 to provide COVID credit payments to income-qualified customers as bill assistance, support local workforce training, and fund resiliency planning and capital expenditures at SVCE member cities.

Item 4
PRESENTATION

MY 23-24 Adjusted Operating Budget

Amrit Singh
Board of Directors Meeting
March 13, 2024

SILICON VALLEY CLEAN ENERGY

Purpose

Action: Adopt Resolution Approving Mid-Year 2023-2024 (MY 24) Adjusted Operating Budget

Main Areas of Discussion

- Review the Budget Timeline
- Highlight Changes Since the Adoption of the Adjusted Budget in December
- Compare Mid-year and Adjusted Budget Key Line Items
- Review 5-yr Reserve Projections
- Provide Staffing Update
- Adopt Resolution

Mid Year FY23-24 Budget Approval Timeline

May

High-level budget framework discussion with the Finance and Admin Committee

May/June

Budget framework discussion with the Executive Committee and the BOD

August

Finance & Admin Committee reviews the proposed budget

August

BOD reviews the proposed budget

September

BOD adopts the budget and agrees to revisit additional expenditures later in the year when there would be more certainty on PG&E rates

November

Executive Committee and Finance and Admin Committee review the updated budget based on the revised PG&E rate filing and provide feedback on any additional expenditures

December

BOD reviews and adopts amendments to the budget incorporating any additional expenditures

March 2024

Mid-Year Budget Review / Adjustment

Mid-Year Budget Highlights

Excellent FY24 But Softening Margins over 5-yr Outlook

- Healthy contribution to reserves of **$112.6 million**
  - An Increase of ~ $38.8 Million from $73.8 Million at adjusted budget (approved in December 2023)
- Revenue forecast mostly remains unchanged
  - A slight uptick in 2024 offset by weaker sales in Oct.- Dec. 2023
- Key Drivers of Increase:
  - Drop in Forward Energy Prices
    - Cal 24 prices dropped -13.6% since the adjusted budget
  - Power Supply cost for Oct-Dec 2023 was -$21.2M or -21% below the adjusted budget, plus an additional $12.7 million reduction projected for Jan-Sep 2024
  - $6.4M higher Investment Income
- Operating expenses decreased slightly
  - Savings from staffing vacancies offset additional headcount costs
  - Slight increases in professional services and marketing expenses

- Softening energy prices negatively impacts 5-yr outlook
  - Negative contributions to reserves forecasted for FY 25 and 26.

An Increase of ~$38.8 Million vs Adjusted Budget:

Revenues	- $1.8M
Power Supply Cost	- $33.9M
Other Operating Expenses	-$0.2M
Investment Income	+$6.4M
Reserve Balance	+$38.8M

Annual Budget vs. Mid-Year Adjusted Budget

- Supports Overall Customer Discount of 5%
- Power Supply Expense decreased by 8.5%
- Higher non-operating revenue (Investment Income) due to higher interest rates

SILICON VALLEY CLEAN ENERGY
FY 2023-24 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2023-24 ADJUSTED BUDGET	FY 2023-24 MID-YEAR BUDGET	Change $	Change %
Energy Revenues	554,685	552,864	(1,820)	-0.3%
Power Supply Expense	399,546	365,617	(33,929)	-8.5%
Operating Margin	**155,138**	**187,247**	**32,109**	**20.7%**
Operating Expenses	32,361	32,118	(243)	-0.8%
Non-Operating Revenue (Expense)	6,431	12,864	6,434	100.0%
Annual Transfers and Other Expenses				
Program Fund	28,874	28,874	0	0.0%
Nuclear Allocation	2,188	2,188	0	0.0%
Multi Family Direct Install Program	0	0	0	-
Electrification Discount Program	0	0	0	-
Customer Bill Relief	4,300	4,300	0	0.0%
Building Fund	20,000	20,000	0	-
Other	50	50	0	0.0%
BALANCE AVAILABLE FOR RESERVES	**$73,796**	**$112,582**	**$38,785**	**52.6%**

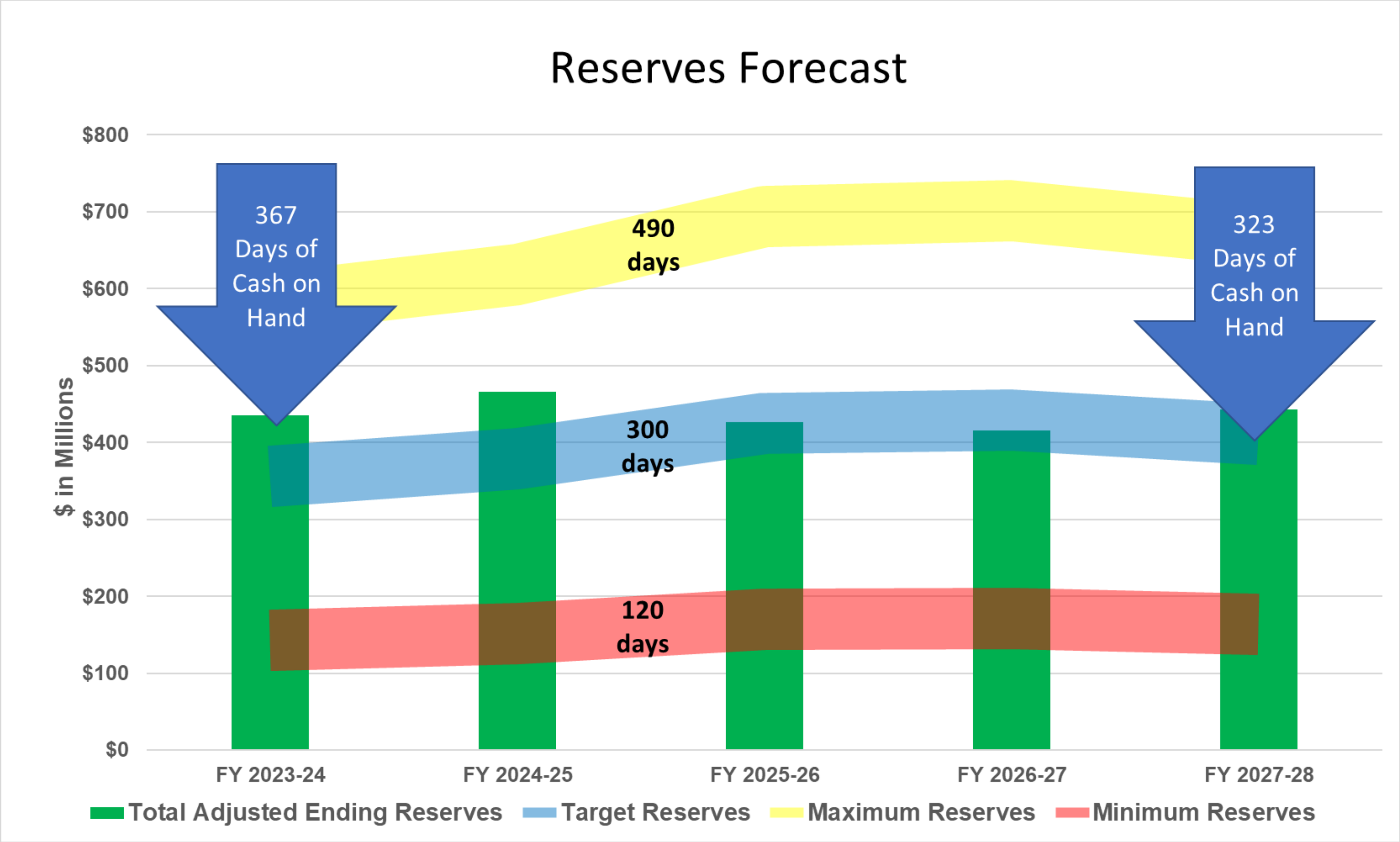
Reserve Projection

Projected End of FY Reserves:

- $435 Million
- 367 Days of Cash on Hand
- Includes Unspent Program Funds and Building Fund

If all Approved Programs Dollars and Building Fund were Spent :

- $338 Million in Reserves
- 284 Days of Cash on Hand



Assumes $20 million Building Fund spent in FY 2025-26.

Staffing

Current Budgeted Staffing

- 58 Full-time Employees (4 Vacancies)
- 3 Intern positions (2 Open)
- 4 Part-time Employees
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultants

Proposed Staffing

- 62 Full-time Employees (8 Vacancies)
- 3 intern positions (2 Open)
- 4 Part-time Employees (1 Open)
- 3 Climate Corps Fellows
- 1 Long-term Independent Consultants

***Currently being filled under the CEO personnel authority: General Counsel, Senior Program Specialist, and Board Clerk.**

- **EXEC (2)**
  - General Counsel (**1**)* - to ensure adequate legal support both in complexity and volume as the agency grows and matures
  - Board Clerk/Executive Admin (**1**)* - to assist with Board meetings and provide additional administrative support to the organization
- **DPP (1)**
  - Senior Program Specialist (**1**)* - to further support the development of the agency's increasing Decarbonization Programs

The proposed budget requests approval for an additional position

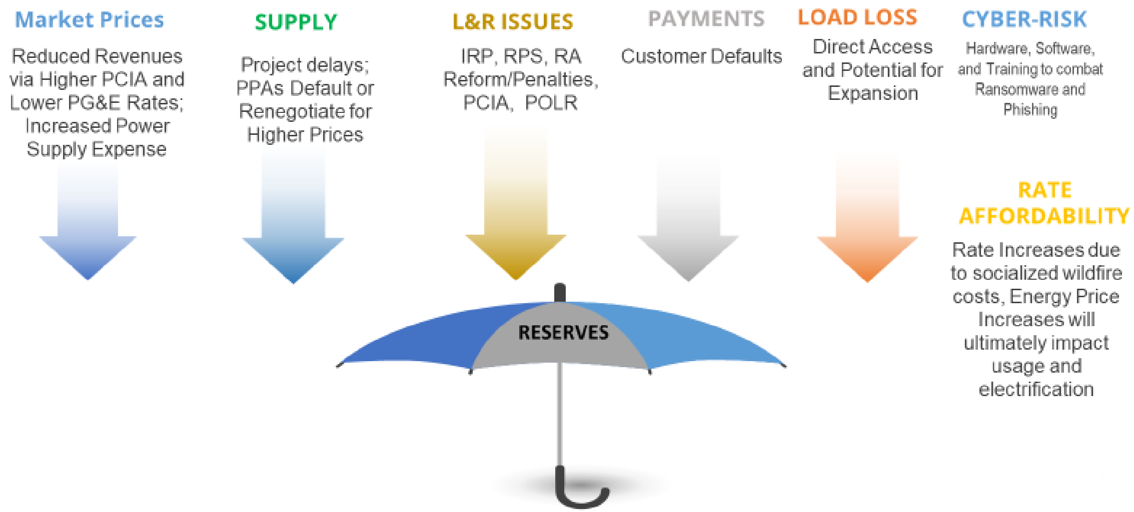
- **4PRO (1)**
  - Associate Power Analyst (**1**) – to support the increasing complexity of managing the energy procurement portfolio

Timeline	FTE
Authorized in the Annual Budget	58
Feb'24 CEO Personnel Authority	+3
Midyear Budget Request	+1
Total	**62**

Summary - Despite ongoing uncertainty, the overall financial picture looks excellent for FY23-24

- Next Steps
  - Staff will conduct financial stress test analyses and recommend any updates to the reserve targets
  - Stress test results will be presented to the Finance and Admin Committee and the Executive Committee in May and to the Board in June
  - Staff will present the framework for developing the next fiscal year's budget to the Finance and Admin Committee in May
  - Draft budget for FY24-25 will be presented to the Finance and Admin Committee and the Board in August
  - FY24-25 budget will be presented to the Board for adoption in September

Many Risks can Deplete Reserves



Recommendation

Adopt Resolution 2024-05, Approving the Mid-year 2023-24 Adjusted Operating Budget that projects contributing $112.6 million to the reserves.


Thank you! / Questions?

2023-2024 Mid-Year Adjusted Operating Budget

SILICON VALLEY CLEAN ENERGY
FY 2023-24 OPERATING BUDGET
($ in thousands)

DESCRIPTION	FY 2023-24 MID-YEAR ADJUSTED BUDGET
ENERGY REVENUES	
Energy Sales	550,852
Green Prime	1,962
Other Income	50
TOTAL ENERGY REVENUES	**552,864**
ENERGY EXPENSES	
Power Supply	365,617
OPERATING MARGIN	**187,247**
OPERATING EXPENSES	
Data Management	3,413
PG&E Fees	1,470
Salaries and Retirement	14,818
Professional Services	8,210
Marketing & Promotions	1,250
Notifications	315
Lease	551
General & Administrative	2,091
TOTAL OPERATING EXPENSES	**32,118**
OPERATING INCOME (LOSS)	**155,129**
NON-OPERATING REVENUES	
Interest Income	12,867
Grant Income	0
TOTAL NON-OPERATING REVENUES	**12,867**
NON-OPERATING EXPENSES	
Financing	3
Interest	0
TOTAL NON-OPERATING EXPENSES	**3**
TOTAL NON-OPERATING INCOME (EXPENSES)	**12,864**
CHANGE IN NET POSITION	**167,994**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	
Capital Outlay	50
Building Fund	20,000
Transfer to CRCR Fund	0
Program Fund	28,874
Nuclear Allocation	2,188
Multi Family Direct Install Program	0
Electrification Discount Program	0
Customer Bill Relief	4,300
Other	0
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**$55,412**
BALANCE AVAILABLE FOR RESERVES	**$112,582**

5-Year Forecast

($ in Thousands)	FY23-24 (Budget)	FY24-25 (Forecast)	FY25-26 (Forecast)	FY26-27 (Forecast)	FY27-28 (Forecast)
Operating Revenue					
Electricity Sales, Net[1]	$ 550,852	$ 485,338	$ 494,921	$ 508,590	$ 515,415
GreenPrime Electricity Premium	1,962	2,236	2,248	2,264	2,283
Total Operating Revenues	**552,814**	**487,574**	**497,169**	**510,854**	**517,698**
Operating Expense					
Power Supply	$ 365,617	$ 417,018	$ 470,894	$ 474,812	$ 449,466
Operating Margin	**187,197**	**70,556**	**26,275**	**36,041**	**68,232**
Data Management	3,413	3,583	3,762	3,950	4,148
PG&E Service Fees	1,470	1,544	1,621	1,702	1,787
Staff Compensation	14,818	15,559	16,337	17,154	18,011
Consultants and other Professional Fees	8,210	8,703	9,225	9,779	10,366
Communications and Noticing	1,565	1,643	1,725	1,811	1,902
General and Administration	2,643	2,775	2,913	3,059	3,212
Transfers to Programs Fund	35,362	9,751	9,943	10,217	10,354
Total Operating Expenses	**433,097**	**460,575**	**516,421**	**522,484**	**499,245**
Operating Income	**119,717**	**26,998**	**(19,252)**	**(11,631)**	**18,453**
Nonoperating Revenue (Expense)					
Other Income	50	51	51	52	52
Investment Income	12,867	13,811	9,819	9,028	8,808
Capital Outlay & Financing Costs	(20,053)	(53)	(53)	(53)	(53)
Grant Income	-	-	-	-	-
Total Non-Operating Revenue (Expense)	**(7,136)**	**13,808**	**9,817**	**9,026**	**8,807**
Change in Net Position/Available for Reserves	**112,582**	**40,807**	**(9,435)**	**(2,604)**	**27,260**
Begin, Net Position	**324,536**	**463,208**	**493,784**	**454,236**	**443,240**
Adjustment for Program Expenditure and Building Fund[2]	**26,091**	**(10,231)**	**(30,113)**	**(8,392)**	**(52)**
End, Net Position	**$ 463,208**	**$ 493,784**	**$ 454,236**	**$ 443,240**	**$ 470,448**

1 Assumptions: 4% overall discount relative to comparable PG&E rates for FY 23-24, FY 24-25 and FY 25-26. FY 23-24 includes additional bill credit to low income customers totaling $4.3 million. 1% discount for FY26-27 and FY27-28.

2 Each year the Board transfers funds from the Operating Budget to the Decarboniztion Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between *forecasted spend* for programs versus the amount transfered to the fund. This adjustment is needed because program spending to date has been less than the amount transferred to the programs fund. The $20 million in building Fund is assumed to be spent in FY25-26.

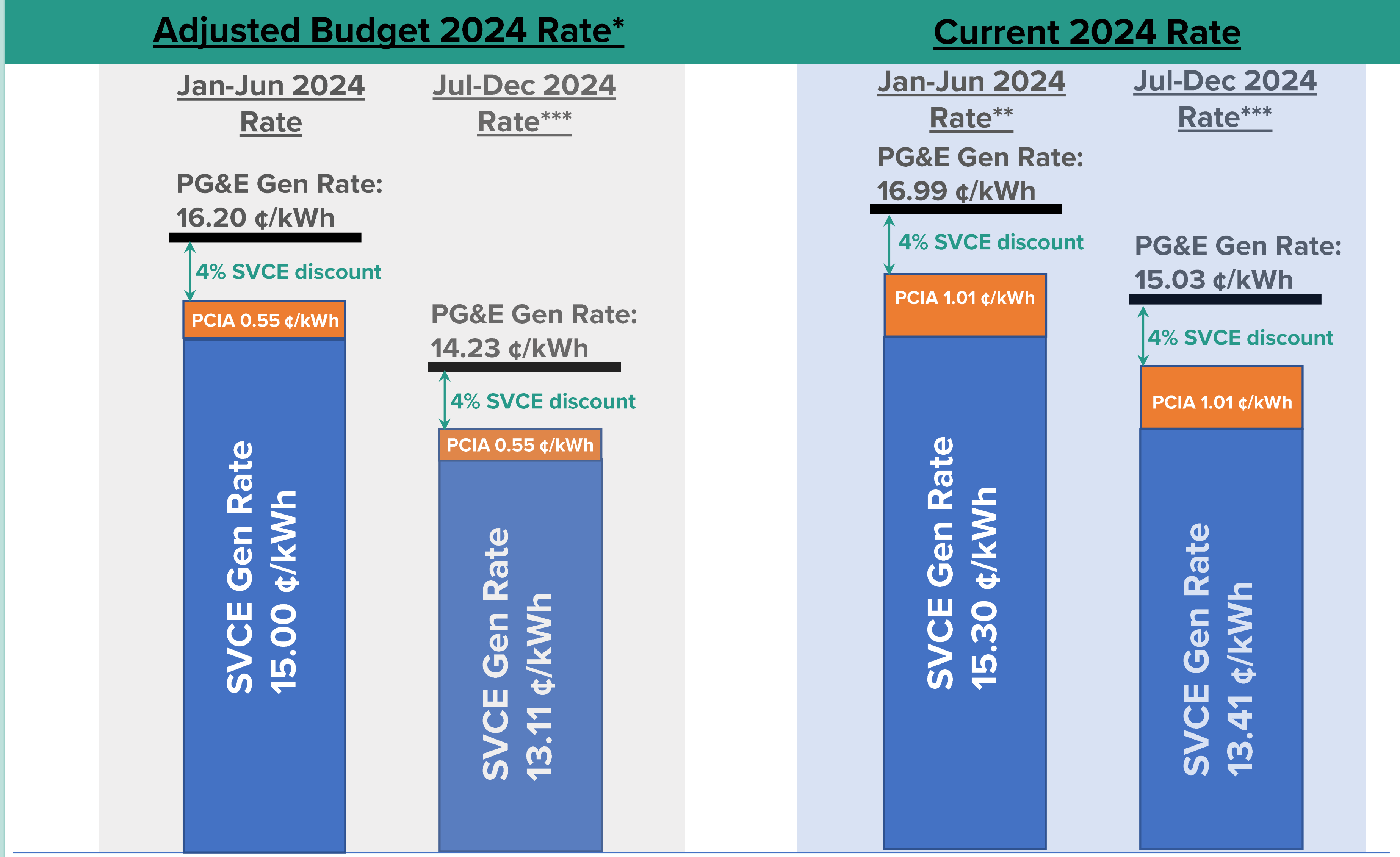
	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Days Cash On Hand (DCOH) at Year End	**$ 435,187**	**$ 465,763**	**$ 426,215**	**$ 415,219**	**$ 442,427**
Days of cash on hand	367	369	301	290	323

For forecast years FY23-24 onward:

- **Revenues are based on SVCE's load forecast and CalCCA NewGen Model for SVCE margin analysis using market data as of 2/10/2024**
- **The NewGen Model headroom output was reduced by -5% to account for the modeling error**
- **Power Supply Costs are based on updated portfolio positions and latest market data**
- **Operating Expenses are assumed to grow 5% / year**

Final PG&E Rate Improved SVCE Margins

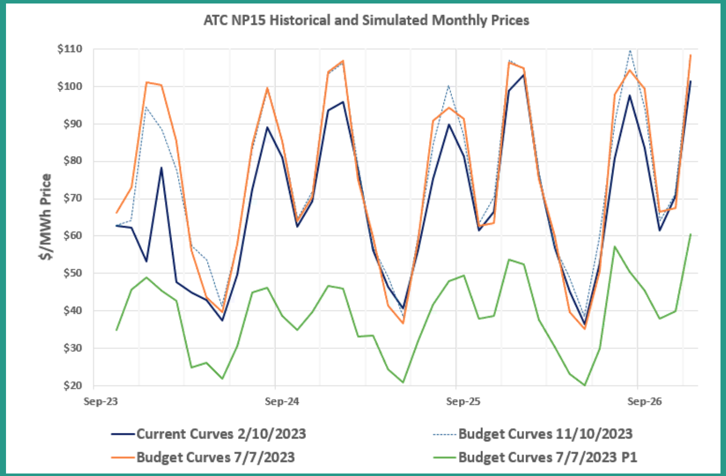
- Relative to Assumptions in the December Adjusted Budget:
  - PG&E's average 2024 generation rate increased by about 5%
  - PCIA increased from 0.55¢/kWh to 1.01¢/kWh
- Relative to Adjusted Budget, SVCE's 2024 margin improved by about 2%
- The rate changes were effective Jan 1, 2024.



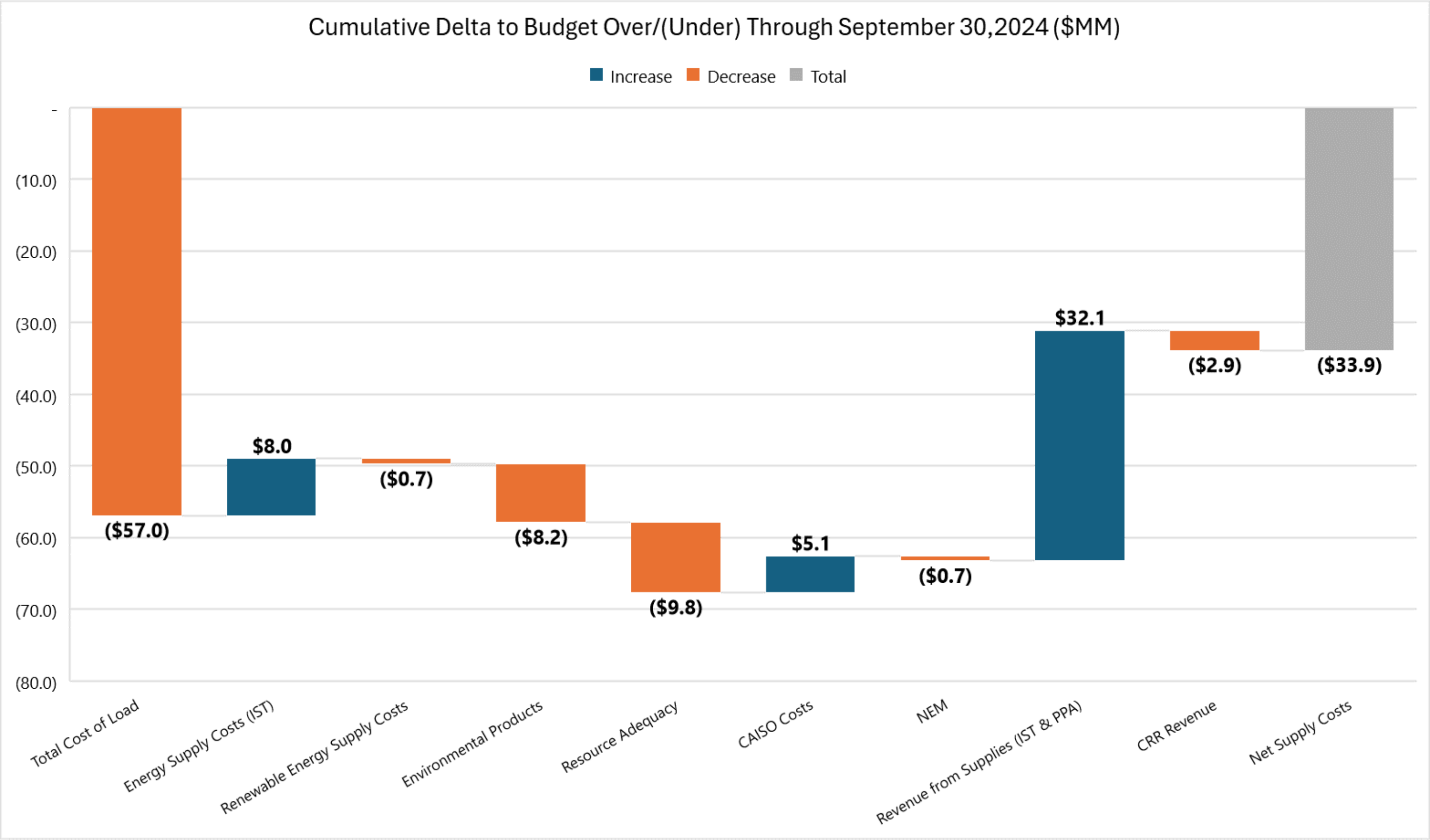
Source: PG&E 2024 ERRA Forecast Update, released in October,2023 (Weighted for SVCE Portfolio Load)
*** PG&E Jan-Jun 2024 Average Rate, effective January 1, 2024 (Weighted for SVCE Portfolio Load)*
**** Estimated rate, based on PG&E filings.*
Above margin analyses ignores minor reductions for franchise fees (0.09 ¢/kWh)

Power Supply Variance

- Energy Prices are Extremely Volatile (expanded slide in appendix)



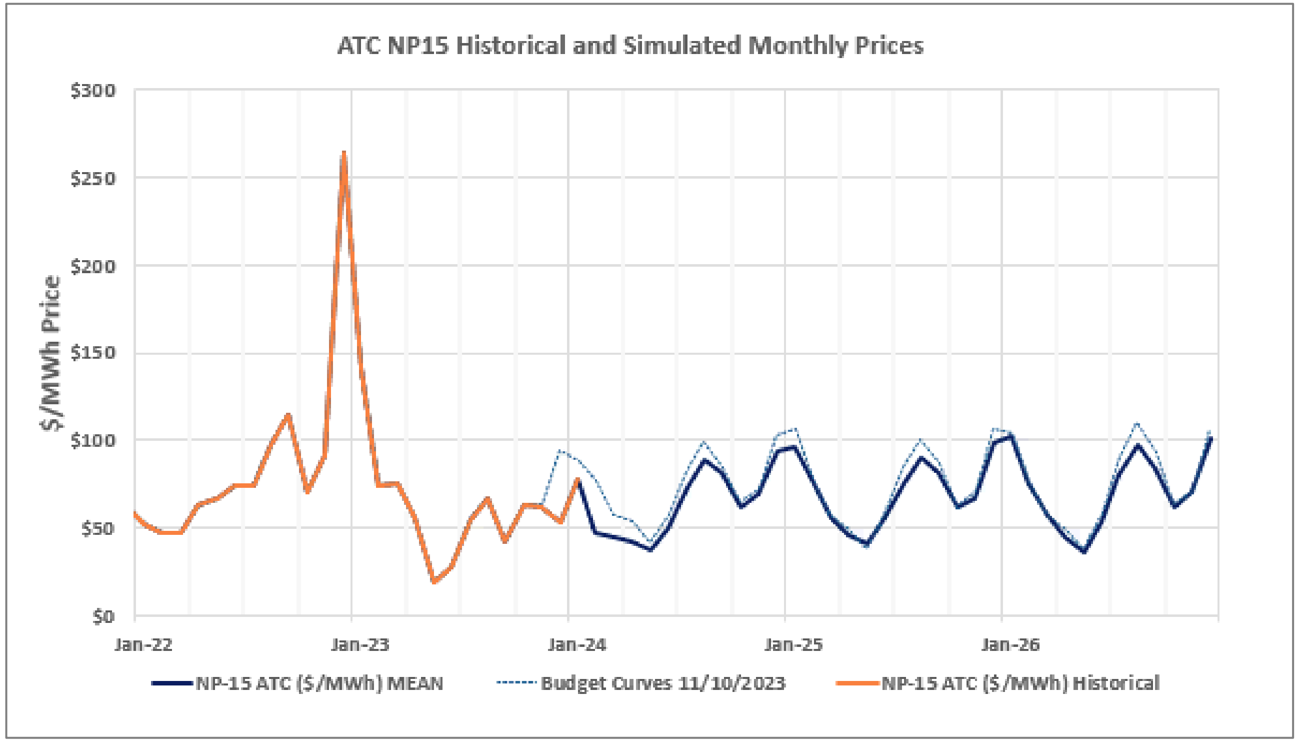
- Cost of load decreased with falling prices, and reduced sales volume
- Energy supply costs increase due to new ISTs
- Renewable Energy Supplies: Settled PPA volumes differ slightly from forecast
- CAISO Costs: Settled costs include accrued expenses from summer months and energy buy-backs, exceeding ISO charge forecast
- Environmental Products: Decreased VAMO forecast; product flows vary monthly.
- Resource Adequacy: Update to RA price assumptions surrounding the BESS fleet
- Revenue from Supplies: MTM of fixed-price contracts fall as energy prices fall



Decrease of **$33.9M** since budget

Power Market Price Volatility

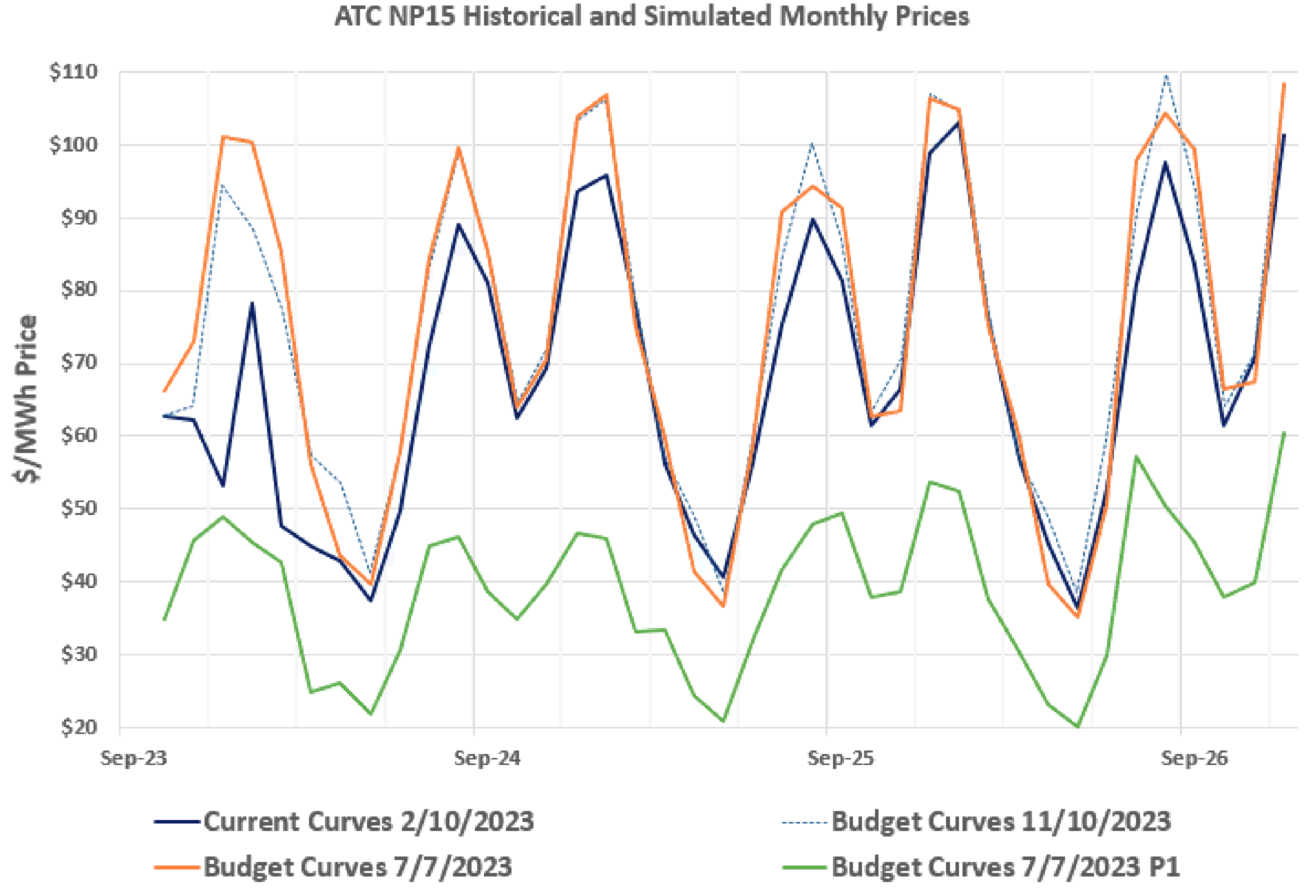
Prices as of the mid-year budget run 2/10/2024 are decreasing from adjusted budget assumptions from 11/10/2023, with a 5-year average decrease of 7%.



NP15 ATC $/MWh	FY2024	FY2025
Adjusted Budget 11/2023	$72.81	$74.41
MY Budget 2/2024	$60.21	$70.39

Power Market Price Volatility

Prices as of the mid-year budget run 2/10/2024 are decreasing from adjusted budget assumptions from 11/10/2023, with a 5-year average decrease of 7%



NP15 ATC $/MWh	FY2024	FY2025
Adjusted Budget 11/10/2023	**$72.81**	**$74.41**
MY Budget 2/10/2024	**$60.21**	**$70.39**

5-Year Forecast – Shifts in Power Supply Cost

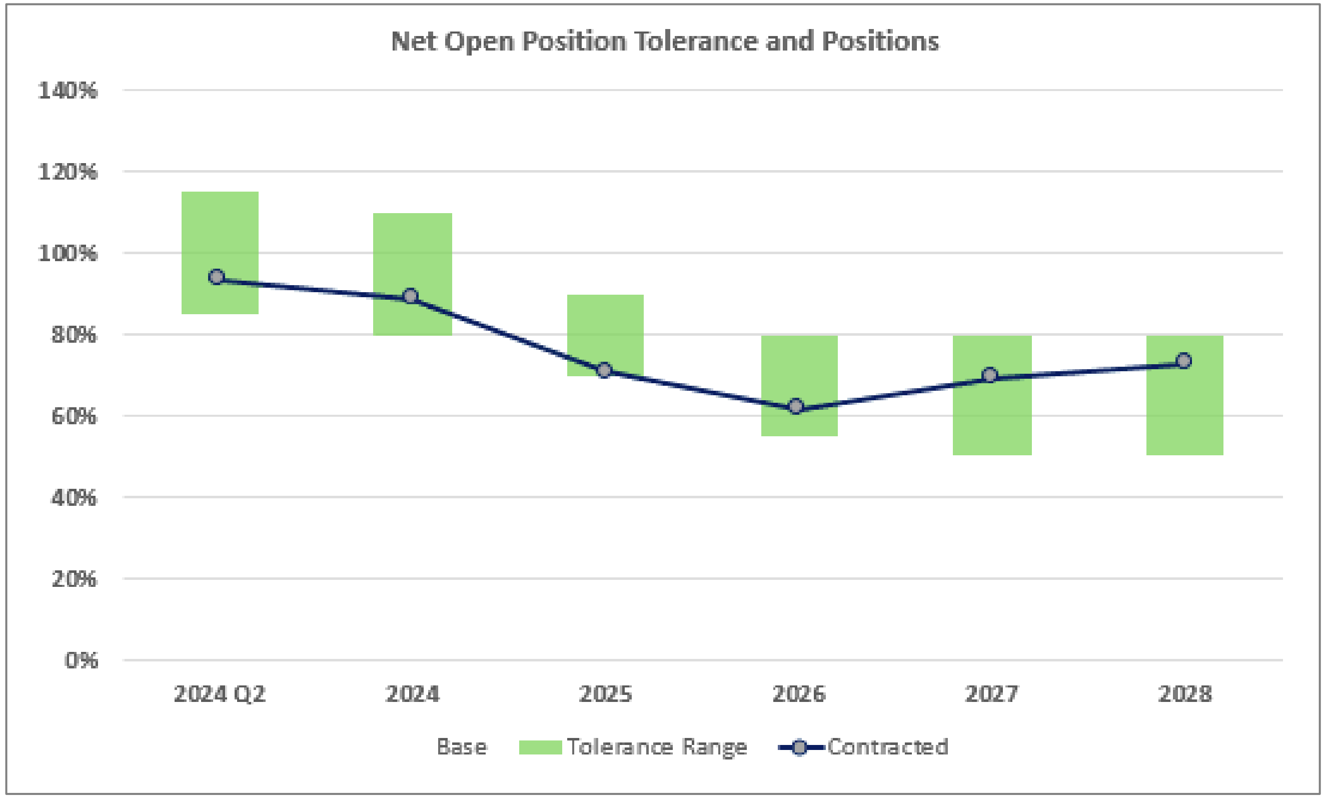
FY Differences:

- Energy costs continue to remain mostly flat due to fixed Power Purchase Agreements (PPA) coming online and forward energy prices staying flat
- FY2025-2026:
- Environmental Products: Increase in Carbon Free (CF) costs ($8-~$25/MWh) with increase in net open position (NOP)
- Resource Adequacy (RA): Increase in RA NOP with high market prices
- FY 2027-2028:
- Environmental products prices beginning to fall; increased PPA volumes increases RPS volumes and decreases CF volume needs
- Resource Adequacy: Increase in RA NOP with High market prices

Energy Risk Management Min/Max Bands

We hedge to manage market price risk. 95% of balance of Fiscal Year 24 load is hedged; 89% of balance of Calendar Year 24 is hedged.

Period	Year	ERM Min Tolerance	ERM Max Tolerance	SVCE Total Hedge %
Balance of Year	2024	80%	110%	89%
Year 2 – 2025	2025	70%	90%	71%
Year 3 - 2026	2026	55%	80%	62%
Year 4 – 2027	2027	50%	80%	69%
Year 5 – 2028	2028	50%	80%	73%



Operating Expenses

	FY Budget	MY Budget Changes
Updated Costs	• Data Management (Calpine) • $3.4MM	• Unchanged
	• Billing (PG&E) • $1.5MM	• Unchanged
	• G&A / Lease • $2.6MM	• Slight increase of $25k for additional membership fees

	• Staffing
	  • $15.4MM
		• Decreased by $588k due to
		  • Oct'23-Dec'23 vacancies savings of $1M
		  • Additional 4 FTE expense offsetting savings by -$412k

	• Professional Services • $8MM	• Increased by $126k for additional professional consulting services
	• Communications / Noticing • $1.3MM	• Increased by $194k for additional program marketing materials and increased postage