



# Silicon Valley Clean Energy Authority

Financial Statements  
Years Ended:

September 30, 2025  
September 30, 2024

With Report of Independent Auditors



**SILICON VALLEY  
CLEAN ENERGY**

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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](mailto: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**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
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
<b>LIABILITIES</b>		
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
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Rate stabilization	100,000,000	-
<b>NET POSITION</b>		
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**

	<b>2025</b>	<b>2024</b>
<b>OPERATING REVENUES</b>		
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	371,682,878	534,489,788
<b>OPERATING EXPENSES</b>		
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	372,912,015	397,162,572
Operating income (loss)	(1,229,137)	137,327,216
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	23,242,267	23,348,067
Interest expense	(76,600)	(14,224)
Nonoperating revenues (expenses), net	23,165,667	23,333,843
<b>CHANGE IN NET POSITION</b>	21,936,530	160,661,059
Net position at beginning of year	485,196,874	324,535,815
Net position at end of year	\$ 507,133,404	\$ 485,196,874

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

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Reconciliation to the Statements of Net Position</b>		
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**

	<u>2025</u>	<u>2024</u>
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	<u>\$ 105,858,487</u>	<u>\$ 136,417,784</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Change in fair value of investments	\$ 1,845,638	\$ 1,329,911
Change in interest receivable	\$ 622,554	\$ (78,307)
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
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.

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**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.

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**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.

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**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  
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**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  
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**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.

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**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:

	<u>2025</u>	<u>2024</u>
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	<u>100.00%</u>	<u>100.00%</u>

**SILICON VALLEY CLEAN ENERGY AUTHORITY**  
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**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  
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**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:

<b>Years ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>

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**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.

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**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  
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**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>.

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**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.