



Board of Directors

Regular Meeting

June 26, 2025

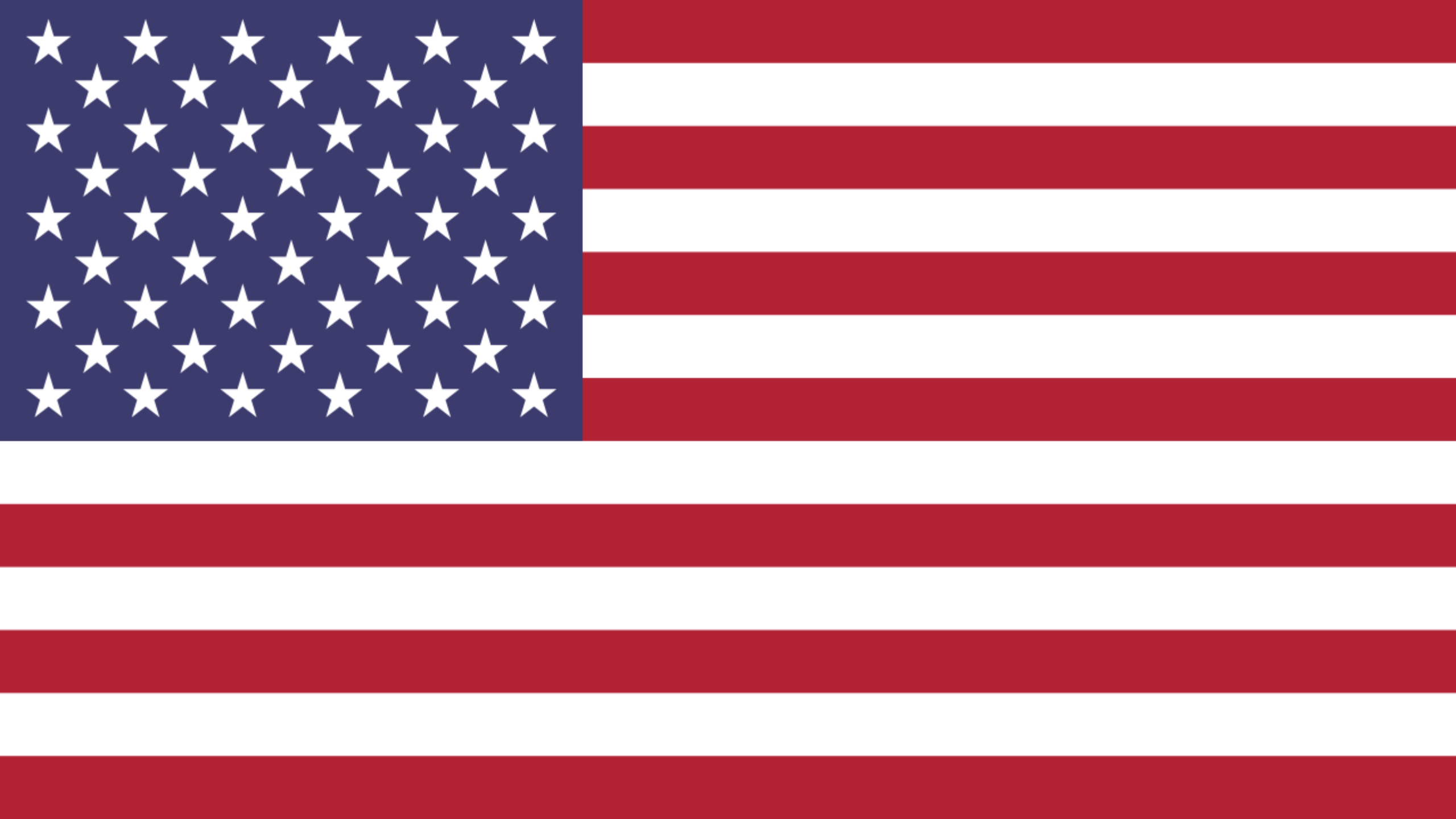




**Welcome
and
Call to
Order**

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Roll Call





Land Acknowledgement

Recognition of Outgoing Community Advisory Committee Member



Gary Jahns

Welcome Staff



Sara Saragosa
Executive Assistant



Nadeem Bahou
Data Analyst

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**Items to
be Added,
Withdrawn
or
Reordered
on the
Agenda**

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Public Comment on non- Agenda Items

Consent Calendar

- 1. Approve May 22, 2025, Meeting Minutes**
- 2. Receive and File Treasurer's Report for Period Ending April 30, 2025**
- 3. Receive and File Update on Programs**
- 4. Receive and File Update on Power Services**
- 5. Receive and File Update on Customer Operations**
- 6. Receive and File Update on Marketing, Public Relations, and Local Government Affairs**
- 7. Receive and File Community Advisory Committee Monthly Report**
- 8. Receive and File Update on Regulatory and Legislative Affairs**

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Public Comment on Consent Calendar

Regular Agenda

9. **Approve Community Advisory Committee Member for City of Chula Vista**
10. **Consider Amendments to Executive Employment Agreements**
 - a. **Approve Amended and Restated Employment Agreement for Chief Executive Officer**
 - b. **Approve First Amendment to Employment Agreement for General Counsel**
11. **Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook Update**
12. **Public Hearing - AB 2561 - Status of vacancies, recruitment and retention efforts**
13. **Approve the FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan**
14. **Approve Update to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations**
15. **Adoption of Resolution No. 2025-07, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and 'Form of' Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings**
16. **Approve Amended and Restated Energy Storage Service Agreement with Yellow Pine Solar III, LLC**
17. **Approve Energy Storage Service Agreement for the North Johnson Energy Center**

Item No. 9

Approve Community Advisory Committee Member for City of Chula Vista

Recommendation:

Approve appointment of Alonso Gonzalez to the Community Advisory Committee for the City of Chula Vista

Presenter:

Xiomalys Crespo, Senior Community Engagement Manager

Membership Criteria & Selection Process

- The Community Advisory Committee (CAC) includes 2 members from each member agency.
- Appointments are to prioritize residents from diverse social, economic, and racial backgrounds that are representative of all residents within Community Power's service territory.
- Staff promoted the vacancy via social media, the Board of Directors, the CAC and directly engaging with member agency staff and the public; and worked with Director Inzunza to review the process and the three applications received to determine a nomination for appointment based on Membership Terms & Criteria.
- Director Inzunza has nominated Alonso Gonzalez.





Public Comment on Item No. 9

ITEM NO. 9

**BOARD
MEMBER
COMMENTS
AND
QUESTIONS**

**Approve Community Advisory Committee
Member for City of Chula Vista**

**Recommendation:
Approve appointment of Alonso Gonzalez to the
Community Advisory Committee for the City of
Chula Vista**

Item No. 10

Consider Amendments to Executive Employment Agreements

- a. Approve Amended and Restated Employment Agreement for Chief Executive Officer**

Recommendation: Approve Amended and Restated Chief Executive Officer Employment Agreement

- b. Approve First Amendment to Employment Agreement for General Counsel**

Recommendation: Approve First Amendment to General Counsel Employment Agreement



Public Comment on Item No. 10

ITEM NO. 10

BOARD MEMBER COMMENTS AND QUESTIONS

Consider Amendments to Executive Employment Agreements

- a. Approve Amended and Restated Employment Agreement for Chief Executive Officer**

Recommendation: Approve Amended and Restated Chief Executive Officer Employment Agreement

- b. Approve First Amendment to Employment Agreement for General Counsel**

Recommendation: Approve First Amendment to General Counsel Employment Agreement

Item No. 11

Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook Update

Recommendation:

Receive and file the Community Power staff status report on federal policy and budget as it relates to clean energy procurement

Presenter:

Patrick Welch, Associate Director of Legislative Affairs

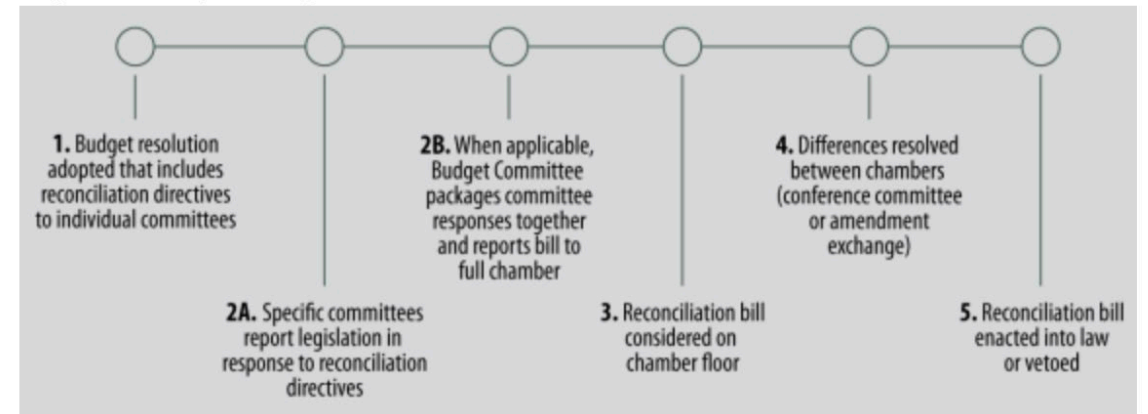
Andrea Torres, Director of Origination

Potential Federal Policy Changes

Overview – Clean Energy Tax Credits

- A prior Congress and Administration significantly expanded support for clean energy through tax credits and funding initiatives
- The current Congress is undertaking a budget reconciliation process that could result in reductions to energy tax credits
- The House of Representatives approved H.R. 1 (One Big Beautiful Bill Act) on May 22 that would roll back residential clean energy and utility scale tax credits and the Senate issued their proposal on June 16
- It is a fluid situation, and the final outcome is unclear

Figure 1. Major Stages of the Reconciliation Process



Source: Congressional Research Service.

Federal Budget Reconciliation

Clean Energy Tax Credits: Current Law

- The Investment and Production Tax Credits provide a 30% credit when a clean energy project starts construction
- It is available for wind, solar, energy storage, geothermal, and other clean energy technologies
- They sunset starting in 2032 or when greenhouse gas emissions fall 25% below 2022 levels
- Also provides for a 30% residential solar and storage tax credit and a credit up to \$3,200 for home energy efficiency improvements. They must be claimed by December 31, 2032, with step downs thereafter
- The up to \$7,500 electric vehicle tax credit sunsets on December 31, 2032



Source: [Brattle](#)

Federal Budget Reconciliation

Proposed Changes to Utility Scale Tax Credits

The One Big Beautiful Bill Act

- New sunset: Projects must begin construction 60 days after enactment or be **placed into service** by December 31, 2028
- Foreign entity requirements: Projects could not receive “material assistance” and could not be “influenced by” foreign entities of concern

Senate Finance Committee Proposal

- New sunset/phase down: Solar and wind: 60% for projects that **begin construction** in 2026, 20% in 2027, and 0% in 2028
 - All other clean energy technologies: 75% for projects that **begin construction** in 2034, 50% in 2035, and 0% in 2036
- Foreign entity requirements: Projects could not receive material assistance based on a cost ratio standard, with a safe harbor provision for contracts in place today



Pelicans Jaw Project

Federal Budget Reconciliation

Residential Energy Tax Proposals

The One Big Beautiful Bill Act

- New sunset: December 31, 2025

Senate Finance Committee

- New sunset: 180 days after enactment



Source: [CalMatters](#)

Federal Budget Reconciliation

Two Other Utility Scale Energy Tax Credit Legislative Proposals

HR 2838 Ending Intermittent Energy Subsidies Act

- Would phase out tax credits for utility-scale wind and solar projects only based on a "placed into service" standard
- Starting with 80% credit value in 2026 and lowering by another 20% each year thereafter; fully eliminated in 2030

HR 3291 Certainty for Our Energy Future Act

- Would create a new December 31, 2030, sunset for utility-scale wind and solar projects only
- Would maintain the "start of construction" standard and provide safe harbor for projects currently under construction
- *Neither would impact non-solar/wind technologies or residential clean energy tax credits*



Pelicans Jaw Project

Federal Budget Reconciliation

Timeline and next steps

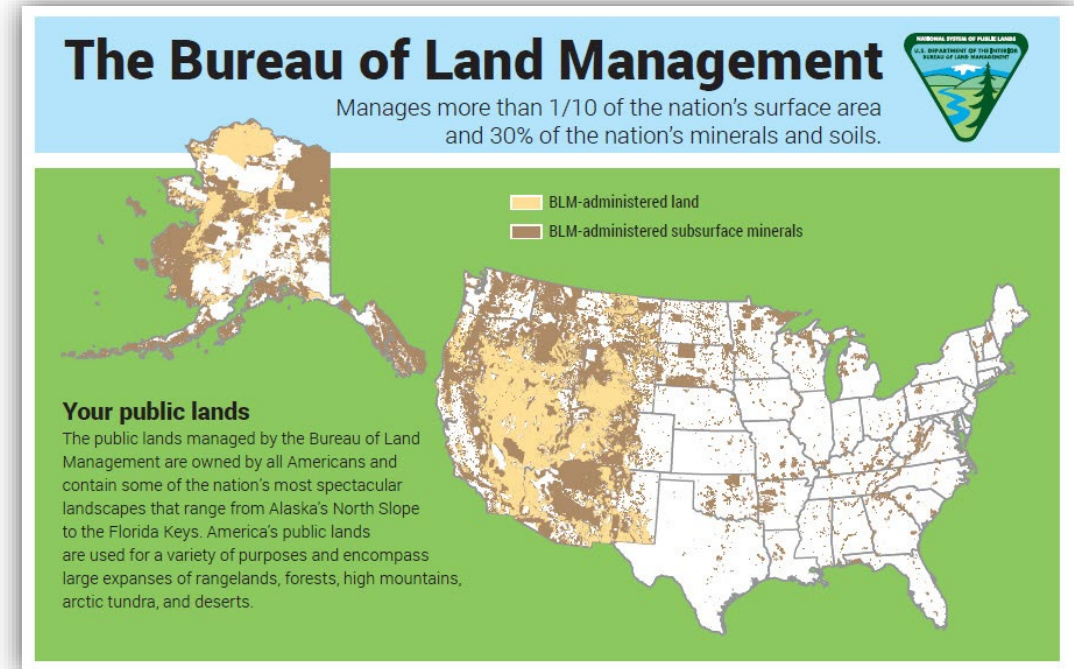
- The Senate and House must agree to a single budget reconciliation bill
- It could be H.R. 1 or the Senate Finance Committee proposal, or something else
- Many other issues are at stake in the bill such as Medicaid and income tax issues
- It's a fluid situation and the final outcome is unclear
- Community Power continues to monitor developments and stay in touch with our Congressional representatives about operational and customer impacts



Federal Energy Project Permitting

Executive Order Paused Bureau of Land Management (BLM) Processes

- The *Unleashing American Energy* executive order was issued on January 20
- It revoked *Tackling the Climate Crisis at Home and Abroad*, an executive order issued in 2021
- The Department of Interior issued a 60-day moratorium on renewable energy permitting, which has since been lifted
- BLM is not prioritizing renewable energy permitting on federal lands
- The initial pause and de-emphasis on prioritizing renewable energy impacts the pace and scale of project approvals, including Community Power's Purple Sage project



Tariffs

Background

- U.S. imposed varying levels of tariffs on Chinese goods during the first Trump administration and during the Biden administration
- Extreme tariff volatility since January
- Varying % of tariffs applied to all countries sourcing material supply for renewable energy and storage projects. 10% is a baseline
- China is a dominant supplier of raw materials/components along the PV supply chain, but **PV modules** themselves are primarily supplied by Vietnam, Thailand, Malaysia and Cambodia, as well as South Korea, India and the U.S.
- Steep tariffs have been imposed on aluminum and steel (doubled recently from 25% to 50%), which have impacted the cost of supply for renewable energy, and across other construction industries as well

Vietnam Example

Companies	Final AD rate	Final CVD rate	Total tariff amount
JA Solar	52.54%	68.15%	120.69%
JinkoSolar	120.38%	124.57%	244.95%
Blue Moon Vina	77.12%	124.57%	201.69%
Boviet Solar	77.12%	230.66%	307.78%
Elite Solar, Letsolar, Mecen Solar Vina, Nexuns, Trina Solar, Vietnenergy, Vietnam Sunergy (VSUN)	77.12%	124.57%	201.69%
GEP New Energy, HT Solar, New Energy Vina, Vietnam Green Energy	271.28%	542.64%	813.92%
All others	271.28%	124.57%	395.85%

Source: Solar Power World: <https://www.solarpowerworldonline.com/2025/04/commerce-reveals-final-tariff-amounts-on-southeast-asian-solar-imports/>

“AD” stands for “anti-dumping”; “CVD” stands for “countervailing duty”

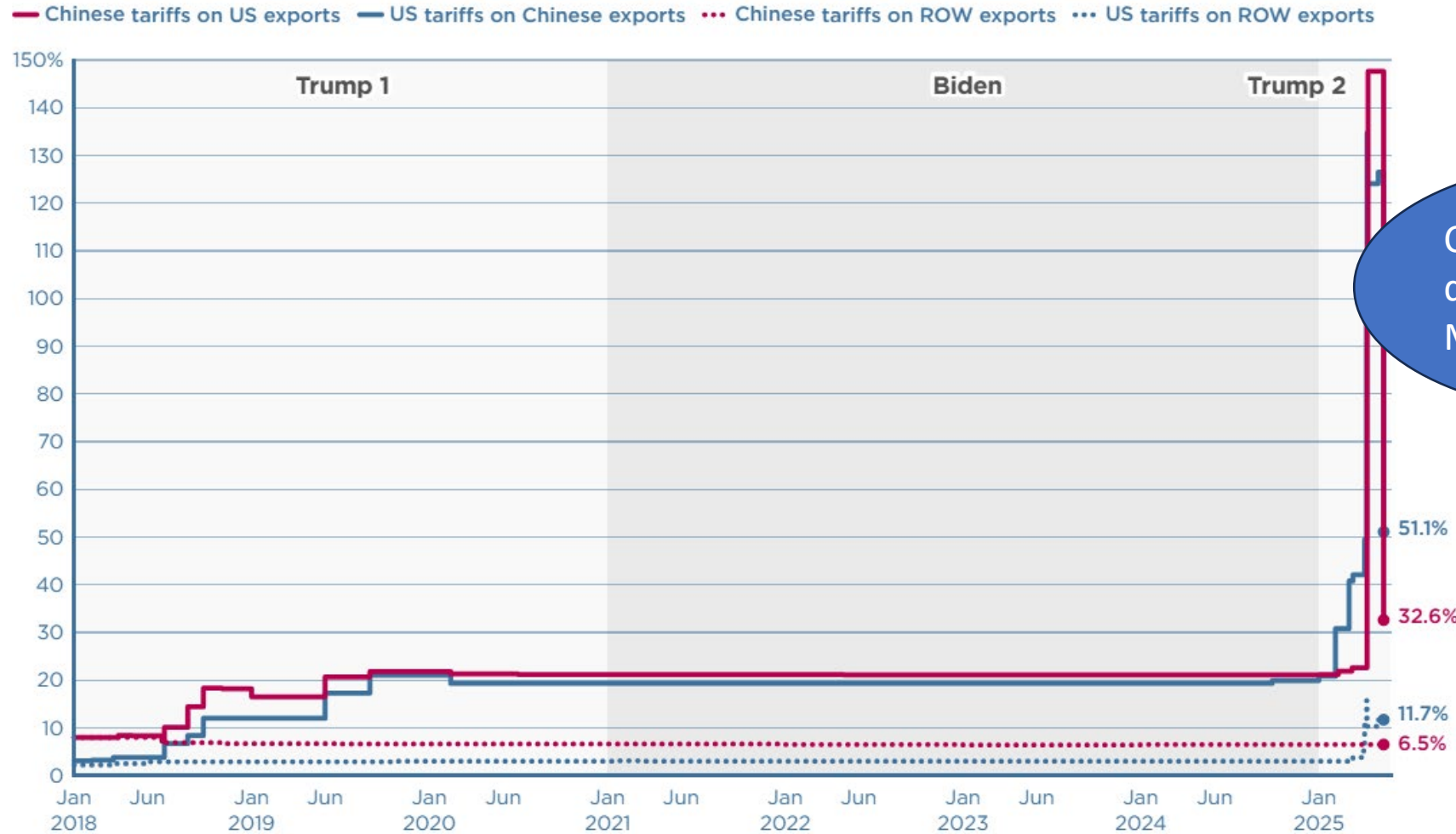
Tariffs

Legal challenges

- On May 28, the U.S. Court of International Trade froze sweeping tariffs on the basis that the Administration improperly used the International Emergency Economic Powers Act of 1977
- Federal appeals court has since allowed the Administration's most sweeping tariffs to remain in effect while it reviews a lower-court decision



Tariffs: a focus on China

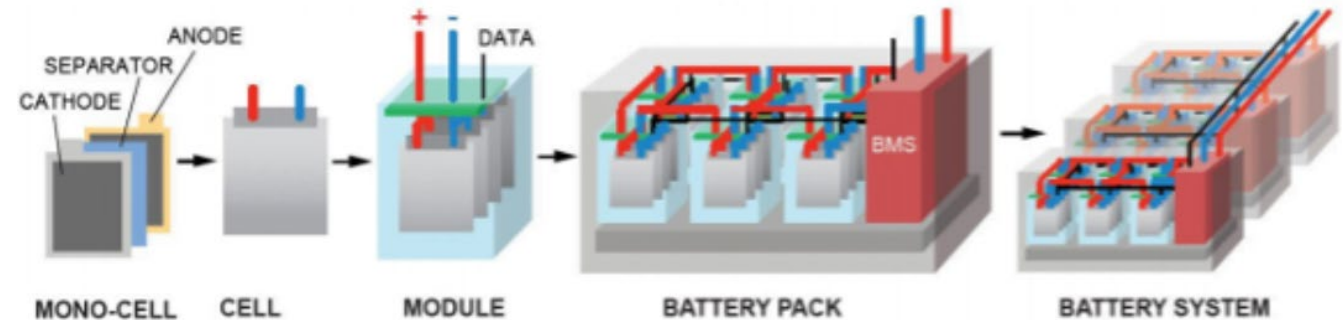


Currently in a 90-day pause starting May 12th.

Tariffs: a focus on China

- China is a dominant supplier of raw materials for **battery storage** including graphite, cobalt, as well as BESS module manufacturing
- Multiple points along the BESS supply chain that tariffs can affect
- To a lesser extent, China is also a supplier of **wind** turbines and generators, and other energy **high voltage equipment**

BESS component diagram



Source: <https://troescorp.com/what-is-battery-energy-storage/>

Impacts of Federal Actions on Portfolio

PORTFOLIO: Community Power is well positioned to meet its 75% clean energy target by 2027 with ten years to meet its 100% target by 2035.

CONTRACTED UNDER CONSTRUCTION

All of Community Power's developing RPS portfolio is projected to come online by end of 2028 with approximately 2/3 of contracted volume under development having either: 1) started construction with major equipment procured or 2) met safe harbor requirements, mitigating the risk of both tax credit eligibility losses or tariff increases.

CONTRACTED NOT YET UNDER CONSTRUCTION

Community Power is monitoring project development closely. It is too soon to accurately quantify the risks to project costs and viability from tax credits eligibility losses or tariff increases. Capex could increase due to both the volatility of tariff risk and the loss of tax credits.

PIPELINE

Tariffs: Community Power is prioritizing projects that are better positioned to mitigate tariff exposure due to developer-specific procurement and project financing strategies.

Tax credits: Procurement costs may increase for projects that don't meet the criteria.

*Note: The majority of Community Power's contracted standalone energy storage tolling portfolio is not yet under construction and therefore more exposed to tariff risk, but under the Senate's proposal, storage would remain eligible for tax credits and be grandfathered from the proposed FEOC rules.



Public Comment on Item No. 11

ITEM NO. 11

BOARD MEMBER COMMENTS AND QUESTIONS

**Tariffs, Tax Credits and Executive Orders: New-Build
Market Outlook Update**

Recommendation:

**Receive and file the Community Power staff status
report on federal policy and budget as it relates to
clean energy procurement**

Item No. 12

Public Hearing - AB 2561 – Status of Vacancies, Recruitment and Retention Efforts

Recommendation:

Hold a public hearing, receive comments, and accept report on the status of Community Power employee vacancy rates and recruitment and retention efforts.

Presenter:

Chandra Pugh, Senior Director of People Operations and Administration

Background

Assembly Bill (AB) 2561 (McKinnor) amended the Myers-Milias-Brown Act (MMBA) to add Government Code Section 3502.3, which created a new obligation for public agencies to present the status of vacancies and recruitment and retention efforts. The public hearing must be held at least once per fiscal year prior to adopting an annual budget. During the hearing, the public agency shall identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process. The law also allows recognized employee organizations, which Community Power does not have, an opportunity to present at the public hearing. The new law took effect on January 1, 2025, and applies to all public agencies.

Requirements

- "Status" of vacancies -31 vacancies of which 27 were new positions
- Recruitment and retention efforts
- Present findings and make any recommendations, if needed, to recruitment and retention efforts

Current Vacancies

Status:

Chief Commercial Officer: In-Person interviews.

Using outside Executive recruiter to source candidates. No foreseen obstacles to hiring.

Community Outreach Representative (Part-time):

Virtual interviews. High number of applications submitted. No foreseen obstacles to hiring.

Senior Origination Associate: Reposted

Findings

For the Fiscal Year 2024-2025, thirty-one vacancies have been filled, three are currently open, and three were not filled. The two current vacancies are: Chief Commercial Officer and Community Outreach Representative (Part-Time) and Sr. Origination Associate. For the three positions that were not filled, the hiring managers determined at the time that other operational needs took priority over filling those positions.

Community Power did encounter difficulties in filling the Rates Analyst and Origination Manager positions. Due to the specification of these roles, the candidates that applied did not meet the role requirements which resulted in a limited qualified applicant selection for the positions. Human Resources (HR) recommended that both positions be reposted with either a lower or higher salary grade. The Origination Manager position was reposted as a Senior Origination Associate. For the Rates Analyst position, the position was reposted as a Senior Rates Analyst and the candidate has been filled.

Very low turnover rate of 5.63%

Position	Department	Posted	Hired	Reason For Vacancy
Community Engagement Associate	Public Affairs	2/15/2024	Yes	Budgeted
Sr. Settlements Analyst	Power Services	2/21/2024	Yes	Budgeted
Senior Strategic Policy Manager	Regulatory Affairs	3/27/2024	Yes	Budgeted
Programs Operations and Proposal Manager	Programs	3/28/2024	Yes	Budgeted
Marketing Manager	Public Affairs	4/9/2024	Yes	Budgeted
Data Scientist	Data Analytics & IT	5/14/2024	Yes	Budgeted
Data Engineer	Data Analytics & IT	5/14/2024	Yes	Budgeted
IT Systems Engineer	Data Analytics & IT	5/16/2024	Yes	Budgeted
Human Resources Coordinator	Human Resources	7/1/2024	Yes	Budgeted
Program Manager	Programs	7/1/2024	Yes	Budgeted
Sr. Power Contracts Data Analyst	Power Services	7/8/2024	Yes, Senior Quantitative Energy Analyst	Budgeted
Senior Program Manager - REN	Programs	7/12/2024	Yes	Budgeted
Senior Program Manager - REN	Programs	7/12/2024	Yes	Budgeted
Public Outreach Coordinator	Public Affairs	7/16/2024	Yes	Backfill
Origination Manager *	Power Services	7/16/2024	No, reposted as Senior Origination Associate	Budgeted
Director of Portfolio Management	Power Services	7/22/2024	Yes	Budgeted
Programs Marketing Manager - REN	Public Affairs	8/1/2024	Yes	Budgeted
Attorney	Legal	8/7/2024	Yes, (1) Assistant General Counsel, (1) Senior Counsel	Budgeted
Finance Manager - REN	Finance	8/13/2024	Yes	Budgeted
Rates Analyst*	Customer Operations	8/13/2024	No, reposted as Senior Rates Analyst	Budgeted
Sr. Cyber Security and Compliance Analyst *	Data Analytics & IT	8/16/2024	Yes, as Senior Cyber Security Analyst	Budgeted
IT Systems Analyst	Data Analytics & IT	10/16/2024	Yes	Budgeted
Director of IT and Data Analytics*	Data Analytics & IT	10/31/2024	Yes, as Associate Director of IT and Data Analytics	Backfill
Senior Program Associate	Programs	12/17/2024	Yes	Budgeted
Power Contract Coordinator	Power Services	1/23/2025	Yes	Budgeted
Strategic Finance Manager	Finance	2/6/2025	Yes	Budgeted
Procurement Analyst	Finance	2/14/2025	Yes	Budgeted
Senior Rates Analyst	Customer Operations	2/20/2025	Yes	Budgeted
Senior Origination Associate	Power Services	2/26/2025	No	Budgeted
Executive Assistant	Operations	3/21/2025	Yes	Backfill
Community Engagement Coordinator	Public Affairs	4/3/2025	Yes	Budgeted
Chief Commercial Officer	Executive	4/9/2025	Still posted	Backfill
Data Analyst	Data Analytics & IT	4/11/2025	Yes	Budgeted
Community Outreach Representative	Public Affairs	5/21/2025	Still posted	Backfill
Data Engineer	Customer Operations		Not posted	Budgeted
Senior Key Account Analyst	Customer Operations		Not posted	Budgeted
Sr. Load Forecast Analyst	Power Services		Not posted	Budgeted

Recruitment Efforts: Candidate Survey





Public Comment on Item No. 12

ITEM NO. 12

BOARD MEMBER COMMENTS AND QUESTIONS

**Public Hearing - AB 2561 – Status of Vacancies,
Recruitment and Retention Efforts**

Recommendation:

**Hold a public hearing, receive comments, and accept report on
the status of Community Power employee vacancy rates and
recruitment and retention efforts.**

Item No. 13

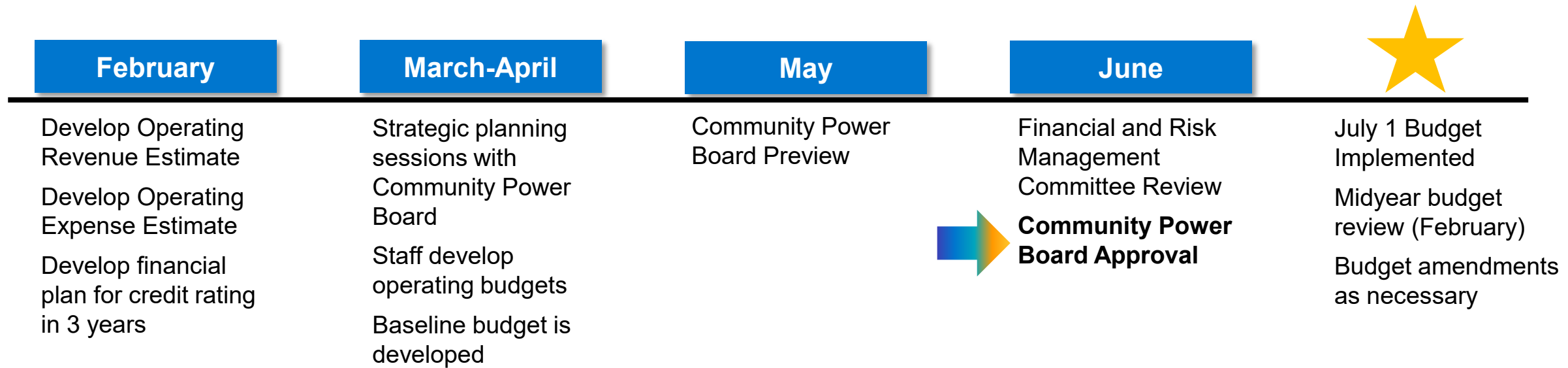
Approve the FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan

Recommendation:

Adopt Resolution No. 2025-06, approving the FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan

Budget Development for FY 2025-2026

The Board adopted schedule for budget development is the following:

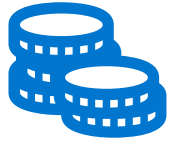


Budget Priorities

Community Power's guiding budget principles

- 1. Fiscal Responsibility.** Making budget decisions that allow for the short- and long-term success and stability of the agency
- 2. Ensuring Sufficient Funding.** Understanding the risks of a volatile market and setting rates appropriately while prioritizing affordability
- 3. Building Reserves.** Hitting reserve targets creates opportunities to lower rates and make them more stable for customers
- 4. Ensuring Transparency.** Providing accurate information and noting changes to plans allows for informed decision making from our Board of Directors
- 5. Keeping the Public Informed.** Hosting public meetings and making documents public as early as possible allows for the public to better understand where Community Power is investing ratepayer dollars and outside funding to advance renewable power, adopt clean energy technologies, and prioritize competitive rates

Budget Highlights



Fiscal Responsibility. Continuing to work toward our reserve goals to ensure long-term financial strength



Organizational Sustainability. Strengthening our internal capacity to support long-term strategy and service delivery



Stable, Competitive Rates. Maintaining affordability through disciplined operations, long-term procurement and financial foresight



Programs and Incentives. Scaling Solar Battery Savings and launching the SDREN portfolio to support clean energy adoption, equity and resilience



Capital Investment Plan. Advancing our Capital Investment Plan to guide infrastructure development and ensure transparency



FISCAL YEAR
2025
2026



SAN DIEGO COMMUNITY POWER

Operating Budget

Fiscal Year 2025–2026

FY 2025-2026 Operating Budget

Item	FY 2024-2025 Amended Budget, \$M	FY 2025-2026 Proposed Budget, \$M
Gross Revenue	1,243.0	1,221.0
Less Uncollectible Accounts	(21.8)	(21.4)
Net Revenue	1,221.3	1,199.6
Cost of Energy	1,116.8	956.7
Non-Energy Costs	50.8	54.3
Subtotal Operating Expense	1,167.6	1,010.9
Debt Service	1.3	1.9
Capital Investment Plan	18.2	22.2
Total Expense	1,187.1	1,035.0
Net Position	34.2	164.6

(3.0%)
**PowerOn
Discount**
Approved 2/7/25

(5.0%)
**PowerBase
Discount**
Approved 2/7/25

(\$160.1M)
**Cost of Energy
Decrease**






+\$3.5M
**Non-Energy
Increase**

+\$4.0M
CIP Contribution

+\$164.6
Net Position

Budget – Non-Energy Costs

Budget Changes by Category

	Professional Services	Professional Services remains relatively even.	FY 2025 \$24.3m	FY 2026 \$24.6m
	Personnel	Recruitment strategy of 7 new staff. Current staffing: Hired (80), previously authorized (7), new requests (7).	FY 2025 \$18.6m	FY 2026 \$21.1m
	Marketing and Outreach	Marketing and Outreach budget slightly lower.	FY 2025 \$3.0m	FY 2026 \$2.6m
	General and Administrative	Increase as Community Power has scaled in staffing.	FY 2025 \$4.9m	FY 2026 \$5.9m
	Capital Transfer	Continued Solar Battery Savings proposed funding of \$18.8 million.	FY 2025 \$18.2m	FY 2026 \$22.2m

Finance Highlights

Practice fiscal strategies to promote long-term sustainability

- **Affordability.** Execute clean prepayment transactions aimed at generating significant annual savings on power costs
- **Middle-Office Risk.** Building controls and oversight for Community Power's largest cost center given potential regulatory and legislative changes
- **Adding Two Positions.** Additional support to build the middle-risk office and to support expanded customer programs
- **Enterprise Resource Planning Software.** Implementation of Enterprise Resource Planning (ERP) to streamline processes and enhance efficiency, leading to reduced costs, better customer service, and improved decision-making in support of the enterprise-wide data platform

Power Services Highlights

Procuring renewable energy for our customers

- **Adjusting Assumptions.** Managing risk to account as best as possible for volatile energy markets
- **Adding Two Key Analyst Roles.** Both roles support the goal to reach 100% renewable energy by 2035 while keeping rates competitive
- **Cost-effective Compliance.** Budgeting appropriately to meet requirements for resource adequacy and renewable portfolio standards
- **Advanced Analytics to Mitigate Risk.** Implementing and integrating an Energy Trading and Risk Management system
- **Implementing the Solar Advantage Program.** Getting Disadvantaged Communities Green Tariff (DAC-GT) contracts in place advances local procurement targets while providing significant bill discounts for working families
- **Portfolio Diversity.** A variety of energy sources allows for more stable pricing and enhanced reliability

Operations Highlights

Advancing operational efficiency



IT, Data Analytics and Customer Operations Highlights

Making data-driven decisions to provide world-class service externally and internally

- **Cybersecurity Enhancements.** Protecting customer data and streamlining internal IT functions
- **Enterprise-wide Data Platform.** Centralizing and standardizing data to enhance internal collaboration and to better serve our customers
- **Improve Communications with SDG&E.** Aiming to resolve issues that affect customer experience
- **Contact Center Improvements.** Supporting training and performance monitoring to provide high-quality service
- **Customer Education and Awareness of Service Options.** Collaborating with the Public Affairs team to inform customers about their electricity choices
- **Implementing Competitive Rates.** Providing customers with the lowest rates possible while creating sustainable, equitable rate structures

Legislative and Regulatory Affairs Highlights

Advocating for local control at the State and Federal level

- **Participating in Trade Associations and Organizations.** Engaging and partnering with organizations such as CalCCA (California Community Choice Association) elevates Community Power's voice in legislative and regulatory advocacy
- **Maintaining Staffing.** The current team of five monitored or engaged with over 60 regulatory proceedings and approximately 150 pieces of legislation in FY2025
- **Promoting Affordability.** Advocating in Sacramento and at the California Public Utilities Commission to shape the legislative and regulatory landscape to better meet customer needs

Customer Programs Highlights

Advancing the clean energy transition for all

- **Launching the San Diego Regional Energy Network.** Launching 10 programs focused on energy efficiency with the goal of reducing customer energy use and generating bill savings
- **Expanding Solar Battery Savings.** An allocation of \$18.8 million nearly doubles the investment of the pilot program that incentivizes the adoption of solar plus storage systems and reduces Community Power resource adequacy requirements
- **Integrating a Distributed Energy Resource Management System and Flex Load Strategies.** Making it easier for customers to use electricity when it is least expensive, shifting consumption off of peak
- **Implementing the Solar Advantage Program.** Approving projects can provide bill discounts of 20% to nearly 10,000 low-income households
- **Adding Two Positions.** Six out of 14 total programs positions are funded externally through the San Diego Regional Energy Network and other grants

Public Affairs Highlights

Connecting with community

- **Scaling Back Costs.** Embracing digital tools to move away from printed materials and shifting marketing dollars from the operating budget to outside funding sources, saving \$800,000 from FY2025
- **Enhancing Strategic Communications.** Adding a strategic communications associate to increase earned media opportunities and develop more cohesive messaging
- **Maintaining Funding to Reinvest in Communities.** Partnerships, sponsorships and outreach activities that build trust with community stakeholders and create educational opportunities for the public
- **Utilizing the Power Network.** Working with local Community-Based Organizations to assist with translation, outreach and advocacy to lift their voices and provide value to Community Power customers
- **Educating the Public.** The marketing and outreach budget, along with external funding through SDREN, aims to encourage stakeholders to take advantage of programmatic and service offerings, engage in the clean energy transition, and save money

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Public Comment on Item No. 13

ITEM NO. 13

BOARD MEMBER COMMENTS AND QUESTIONS

Approve the FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan

Recommendation:

Adopt Resolution No. 2025-06, approving the FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan

Item No. 14

Approve Update to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations

Recommendation:

Adoption of Resolution No. 2025-05, approving Addendum 2 to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations and authorize the CEO to approve procurement of California Carbon Allowance (CCA) and Carbon Offset (CO) to meet San Diego Community Power compliance obligations under California's Cap-and-Trade Program.

Addendum 2 Overview

- Goal – Meet Community Power’s compliance obligations under California’s Cap-and-Trade Program
- How – Approve update to Community Power’s Energy Risk Management Policy to allow the CEO to approve procurement of CCA and CO products in quarterly auctions, and secondary carbon allowance and carbon offset markets

Background

- Under California’s Cap-and-Trade Program, electric importers, such as Community Power, have a compliance obligation to purchase carbon allowances or offsets
- Community Power will consider the cost of carbon, renewable priorities, and overall benefit to ratepayers when evaluating use of electric imports to meet power supply needs and resource adequacy requirements

Procurement of California Carbon Allowances and Carbon Offsets

- Carbon allowances are available for trade in CARB's quarterly auctions, and secondary carbon offset and allowance markets
- Community Power will only acquire carbon allowances or offsets to meet obligations, consistent with established Energy Risk Management Policy principles prohibiting taking speculative positions
- The following transaction product volumetric and notional transaction limits are included in addendum 2:

Delegation of Authority per Transaction by Position/Title	Product Type	Volumetric Limit (MTCO ₂ e)	Notional Value Limit
Chief Executive Officer	CCA/CO	20,000	\$1,000,000



Public Comment on Item No. 14

ITEM NO. 14

BOARD MEMBER COMMENTS AND QUESTIONS

Approve Update to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations

Recommendation:

Adopt Resolution No. 2025-05, approving Addendum 2 to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations and authorize the CEO to approve procurement of California Carbon Allowance (CCA) and Carbon Offset (CO) to meet San Diego Community Power compliance obligations under California's Cap-and-Trade Program

Item No. 15

Adoption of Resolution No. 2025-07, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and ‘Form of’ Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings

Recommendation:

Adopt Resolution No. 2025-07, approving parameters under which an energy prepayment transaction can be completed; authorizing and approving documents or “form of” documents supporting the prepay transaction; and directing California Community Choice Financing Authority (CCCFA) to make payments to service providers for issuance costs from prepay bond proceeds

Presenter:

Eric Washington, Chief Financial Officer
Jeb Spengler, Strategic Finance Manager

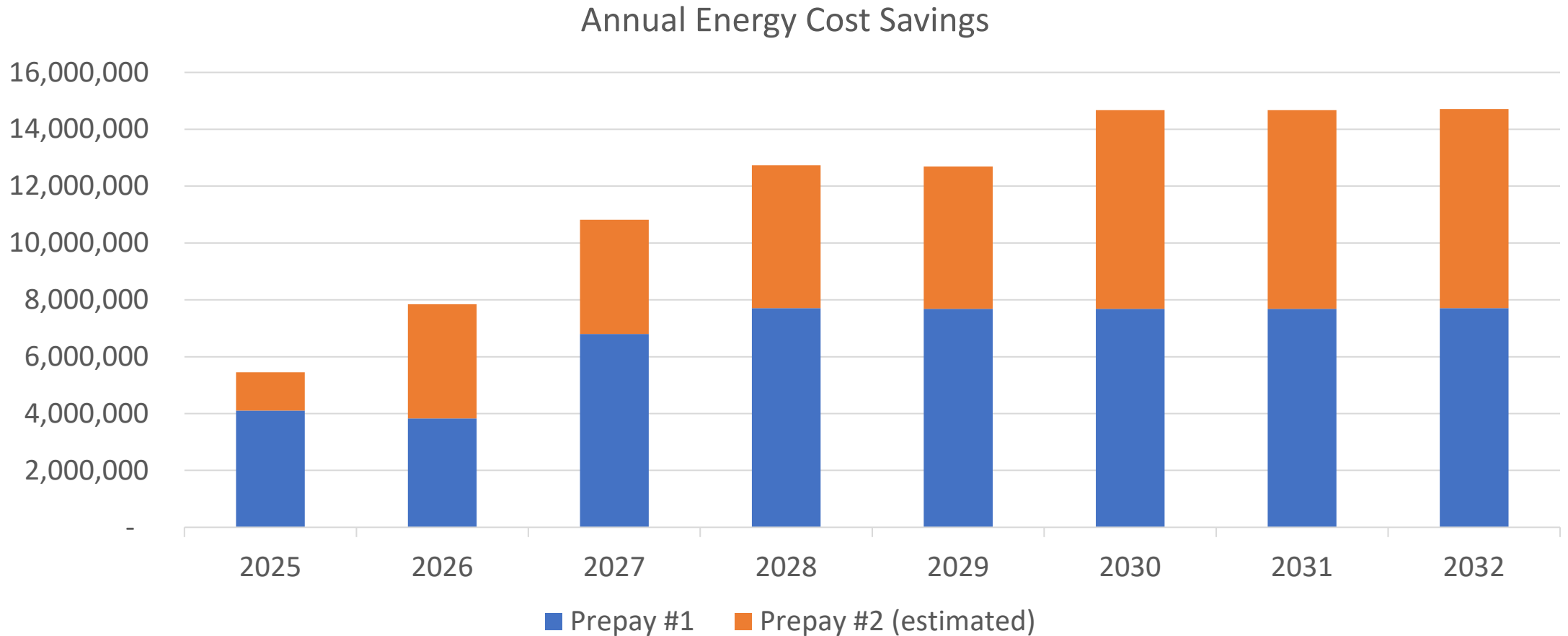
Goal and Benefits of Prepay Transactions

- 1. Source of cost savings that can lower customer rates and/or help build reserves**
 - Initial assignment of VAMO energy contract volume with CPA as counterparty
 - Volume assigned will represent ~10% of SDCP's load
 - Annual savings of ~\$4.5 million+, depending on market conditions, or ~8-12% of assigned energy procurement costs
 - Each transaction can generate close to 1% in ratepayer savings versus SDG&E
 - Under SDCP Strategic Initiatives, pre-pay bond program is #1 priority for addressing affordability
- 2. Replicate the first transaction's structure with the same transaction parties**
- 3. Service provider fees paid from bond proceeds on a contingency basis**
 - Only sunk costs are staff time, rating agency fee and Kestrel Green Bond fee
- 4. SDCP is not responsible for bond repayment; Debt is non-recourse to SDCP**

2024 Prepay #1 Transaction Highlights

Aggregate Bond Principal	\$1,000,500,000
Municipal Bond Rating	Aa3
Green Certification	Kestrel Green Bond Verifiers
Initial Bond Pricing Period	<ul style="list-style-type: none">• 8 Years (Nov. 1, 2032)• After the initial period, bonds will be repriced per the negotiated repricing agreement and a new discount will be established based on the then prevailing market conditions
Final Bond Maturity Date	<ul style="list-style-type: none">• February 1, 2055
Discount Achieved	<ul style="list-style-type: none">• \$13.945/MWh 11/24 – 11/26• \$11.150/MWh 11/26 – 11/32• ~\$6.87 million per year for SDCP through initial 8-year period.
Energy Volume Supported by Bond Proceeds	<ul style="list-style-type: none">• 4,113,481 MWh (initial term)
Power Delivery Start Date	<ul style="list-style-type: none">• January 1, 2025

SDCP Prepay Energy Cost Savings



Parties involved in 2024 Prepay Transaction

- **Bond Issuer:** California Community Choice Financing Authority (CCCFA)
- **Prepay Supplier/Bond Underwriter:** Morgan Stanley
- **Funding Recipient Counterparty:** Large taxable organizations such as Insurance Companies and Banks (Pacific Life Insurance,)
- **Municipal Financial Advisor:** PFM Financial Advisors LLC & PFM Swap Advisors LLC
- **Counsel:** Orrick, Herrington & Sutcliffe (Bond & Tax Counsel) | Chapman & Cutler LLP (Disclosure & Issuer's Counsel)
- **Trustee/Custodian:** U.S. Bank
- **Commodity Swap Counterparty:** Royal Bank of Canada (RBC)
- **Credit Rating Agency:** Moody's
- **Green Bond Opinion:** Kestrel

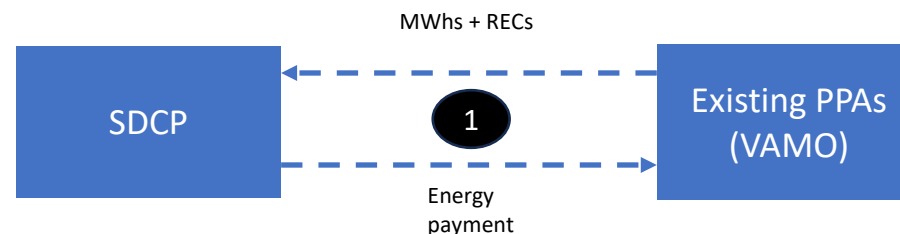
Current PPA Structure

One-Time (Upfront) →

Monthly or Ongoing →

Process:

1. SDCP pays for monthly deliveries of energy at full PPA contract price,



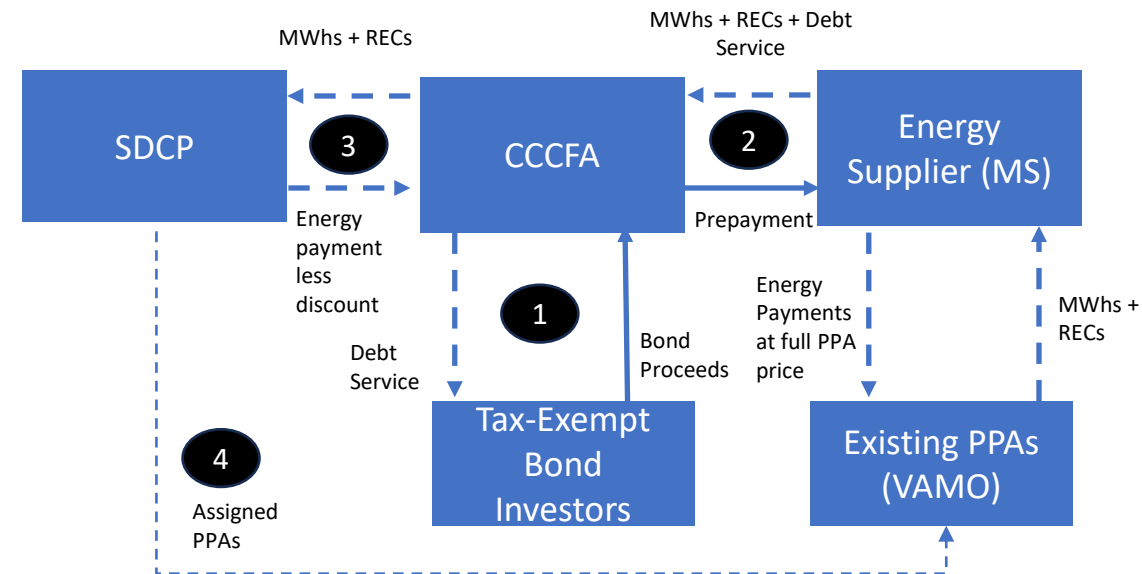
Prepay Structure (Basic)

One-Time (Upfront) →
Monthly or Ongoing →

Term: 30-year bonds repricing every 5-10 years depending on the optimal spread between taxable and tax-exempt interest rates.

Process:

1. CCCFA issues the Bonds to fund the prepayment for Energy.
2. CCCFA uses bond proceeds to prepay Energy Supplier (Morgan Stanley) for 30-years of energy deliveries.
3. CCCFA sells SDCP all of the energy delivered by Morgan Stanley on a pay-go basis at an index price less the discount.
4. SDCP partially assigns, using Limited Assignment Agreement, energy supply contract to Morgan Stanley (MS), the Prepay supplier. MS agrees to pay contract price to energy supplier.



Potential Bond Investors

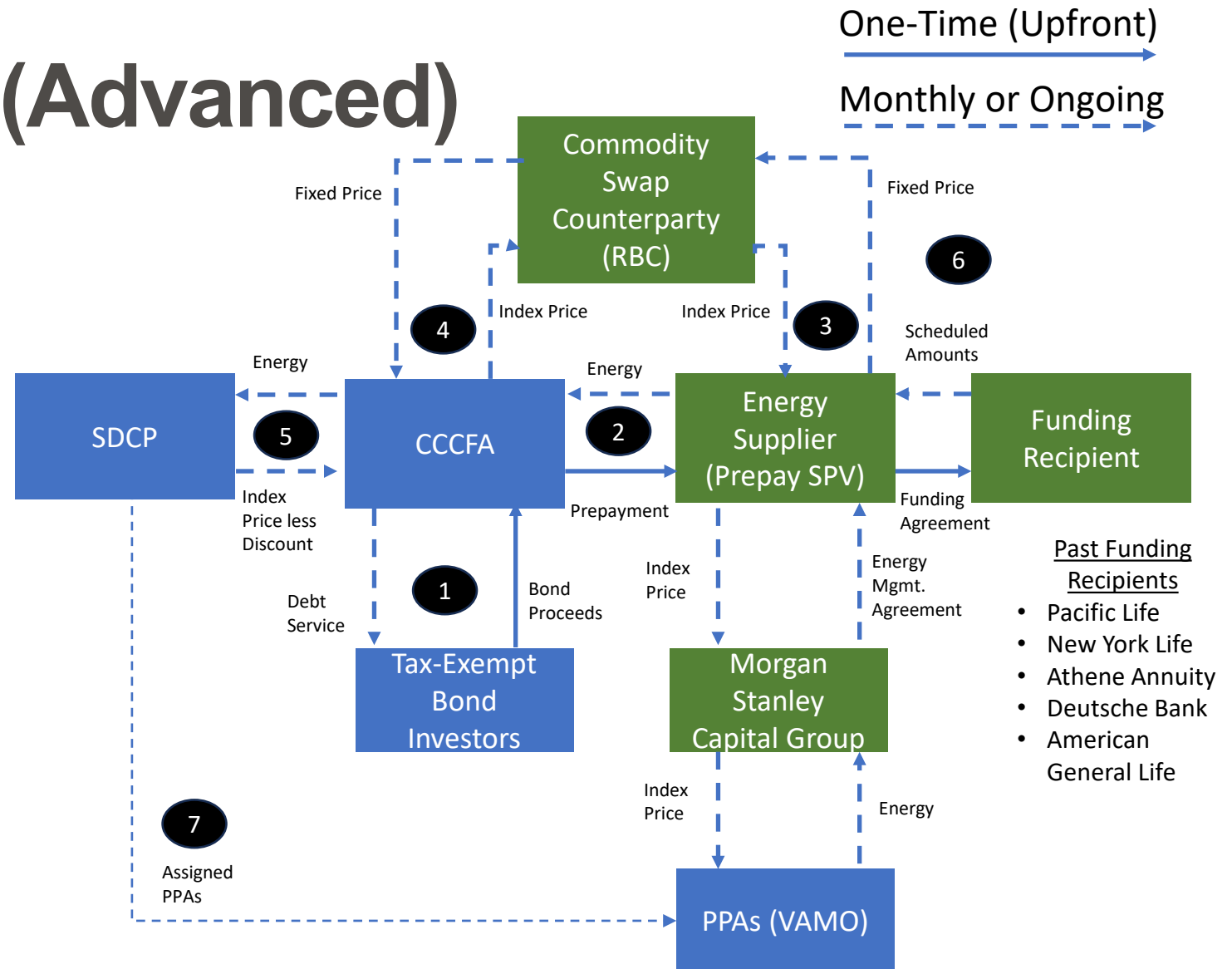
- Vanguard
- Blackrock
- Nuveen
- Invesco
- Franklin Templeton

Prepay Structure (Advanced)

Term: 30-year bonds repricing every 5-10 years depending on the optimal spread between taxable and tax-exempt interest rates.

Process:

1. CCCFA issues the Bonds to fund the prepayment for Energy.
2. CCCFA uses bond proceeds to prepay Energy Supplier (Morgan Stanley) for 30-years of energy deliveries.
3. Morgan Stanley enters into Commodity Swap with RBC for energy purchases at index prices.
4. CCCFA enters into Commodity Swap with RBC for energy sales at index price.
5. CCCFA sells SDCP all of the energy delivered by Morgan Stanley on a pay-go basis at an index price less the discount.
6. Energy Supplier enters into a Funding Agreement with a Funding Recipient to pay scheduled monthly amounts and an Energy Management Agreement with Morgan Stanley Capital Group.
7. SDCP assigns its rights to receive EPS compliant Energy under existing and future PPAs to Morgan Stanley



Prepayments That Have Been Completed by CCAs in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
09/2021	1,234,720	CCCFA (21A)	Elec (Green)	SVCE, AVA
11/2021	602,655	CCCFA (21B)	Elec (Green)	MCE
06/2022	931,120	CCCFA (22A)	Elec (Green)	AVA
12/2022	459,640	CCCFA (23A)	Elec (Green)	Pioneer
01/2023	841,550	CCCFA (23B)	Elec (Green)	SVCE
02/2023	998,780	CCCFA (23C)	Elec (Green)	CPA
06/2023	958,290	CCCFA (23D)	Elec (Green)	CPA
08/2023	997,895	CCCFA (23E)	Elec (Green)	AVA
10/2023	647,750	CCCFA (23F)	Elec (Green)	CCCE
12/2023	1,038,285	CCCFA (23G)	Elec (Green)	MCE
01/2024	1,101,625	CCCFA (24A)	Elec (Green)	SVCE
08/2024	1,524,180	CCCFA (24B)	Elec (Green)	CPA
10/2024	959,825	CCCFA (24C)	Elec (Green)	PCE
10/2024	1,152,995	CCCFA (24D)	Elec (Green)	CPA

Date	Amt. (\$000)	Issuer	Description	Beneficiary
10/2024	1,152,995	CCCFA (24D)	Elec (Green)	CPA
11/2024	1,243,210	CCCFA (24E)	Elec (Green)	SJCE
11/2024	1,000,500	CCCFA (24F)	Elec (Green)	SDCP
11/2024	775,590	CCCFA (24G)	Elec (Green)	SCPA
12/2024	1,290,750	CCCFA (24H)	Elec (Green)	CPA
01/2025	493,345	CCCFA (25A)	Elec (Green)	VCEA
06/2025	1,062,605	CCCFA (25B)	Elec (Green)	MCE
07/2025 (est.)	***	CCCFA (25_)	Elec (Green)	AVA
07/2025 (est.)	***	CCCFA (25_)	Elec (Green)	SDCP
Total	20,468,305			

*** Preliminary

Documents for Board Approval

Document	Content
Appendix A	Contains certain information regarding SDCP, for inclusion in the Preliminary Official Statement and Official Statement for the Bonds.
Power Supply Contract	Contract between CCCFA and SDCP to provide for the sale and delivery of prepaid quantities of Emissions Performance Standards (EPS) compliant energy for 30-years.
PPA Payment Custodial Agreement	Agreement among the CCCFA, SDCP, MSCG and U.S. Bank detailing payments to be made to third party energy supplier for assigned Power Purchase Agreements.
Form of Limited Assignment Agreement	Details the terms of the limited assignment of each energy PPA that SDCP assigns into prepay. Signed by SDCP, the original PPA counterparty and Morgan Stanley.

Documents for Board Approval (cont.)

Document	Content
Letter Agreement re: PPA Assignments	Agreement among MSCG, the Prepaid Supplier, SDCP and the CCCFA specifying the terms of assigning long term Power Purchase Agreements that SDCP has with a third-party energy supplier.
Prepaid Energy Project Administration Agreement	Agreement by and between CCCFA and SDCP to provide for the administration of certain operational matters during the term of the Bonds.
Memorandum of Understanding	Agreement between SDCP and CCCFA indemnifying CCCFA from specific rating agency and Green Bond fees.

Board Authorized Execution Parameters

- Aggregate principal amount of bonds will not exceed \$1.5 billion
- Minimum discount of at least 8% of the fixed cash flows or equivalent \$ per MWh
- Total issuance costs will not exceed 1.00% of the amount of bond proceeds issued
- Bonds are not obligations of SDCP

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Public Comment on Item No. 15

ITEM NO. 15

BOARD MEMBER COMMENTS AND QUESTIONS

Adoption of Resolution No. 2025-07, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and ‘Form of’ Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings

Recommendation:

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Item No. 16

Approve Amended and Restated Energy Storage Service Agreement with Yellow Pine Solar III, LLC

Recommendation:

Approve the proposed Amended and Restated Renewable Energy Storage Service Agreement with Yellow Pine Solar III, LLC to move the capacity between project sites, reduce the fixed capacity price, and make additional minor amendments, and authorize the Chief Executive Officer to execute the agreement

Background & Amendment Scope

- Community Power Board approved ESSA with Desert Sands in October 2023
 - Desert Sands project is no longer viable due to delays in network upgrades
- Current Amendment:
 - Move 60 MW of 8-hour capacity from the Desert Sands project site to the Yellow Pine 3 project site
 - Reduced price
 - Modified commercial operations date to 6/1/27
 - Clean up edits for slice of day resource adequacy accounting

Yellow Pine Battery Storage: Project Summary

- Yellow Pine 3 Battery Storage (YP3 BESS) is a stand-alone storage project being developed by NextEra
- 60MW/480MWh (8-hour) lithium-ion battery
- **Location:** Clark County, NV



Map is representative of project location but is not to scale and the icon does not indicate actual project boundaries.

YP3 BESS: Key Terms

- **Product:** Full toll and Resource Adequacy benefits
- **Pricing:** Fixed for a 20-year term
- **Timeline:** Guaranteed Commercial Operation Date is June 1, 2027
- Community Power would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones as well as seller's failure to meet guaranteed efficiency rates once the project is operational.

YP3 BESS: Project Summary – Battery Technology


- **Industry testing:**
 - Batteries used in their facilities undergo rigorous industry testing and certification
 - This ensures that the cell and module designs are robust
- **Safety systems:**
 - Each container is equipped with fire protection and control systems to comply with National Fire Protection Association (NFPA) standards
- **Temperature management:**
 - Each facility is equipped with its own thermal management system to ensure it operates within a prescribed temperature range
- **Detection:**
 - Sensors that alarm when an abnormal condition arises
- **Monitoring:**
 - Typically, each battery energy storage system is equipped with a battery management system, which can automatically shut down an affected unit
- **Engaging first responders:**
 - NextEra works with and trains local first responders and fire officials to coordinate any response, in the unlikely event of a fire

YP3 BESS: Workforce Development and Community Benefits

- The project will provide **11 construction jobs** and 1 permanent jobs
- The project will use **union labor**. NextEra's primary engineering and procurement contractor will execute a **project labor agreement** for the project
- Project will contribute **\$250,000 to a community benefit fund** to benefit stakeholders in SDCP service territory
- Benefits to local communities:
 - NextEra provides sole sponsorship of developing solar curriculum and research at University of Nevada Las Vegas, including mentoring the annual senior design project focused on solar energy systems
 - NextEra hosts a Renewable Energy Training (RET) simulation lab at University of Nevada Las Vegas and College of Southern Nevada
 - NextEra provides presentations at local high schools in Southern Nevada that highlight the benefits of renewable energy and growing career opportunities within the state
 - NextEra established an internship program that leads to career opportunities at NextEra solar and storage sites.
 - NextEra has offered Clark County Public Schools to apply for our \$50,000 STEM Classroom Makeover Grant
 - NextEra contributes back-to-school supplies in Clark County Public Schools
 - NextEra contributes to the Three-Square Food Bank in Clark County

YP3 BESS: Staff Analysis

- With commercial operations commencing in 2027, and a resource adequacy guarantee in 2028, the YP3 BESS project will contribute to Community Power's compliance requirements for mid-term reliability and long-duration storage
- Pricing is competitive with comparable product offerings received from Community Power's recent RFOs
- NextEra is highly experienced developer, owner, operator, among the world's largest renewable generators and battery energy storage developers, with over 28 GWs of renewables in operation and another 18 GWs in development

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Public Comment on Item No. 16

ITEM NO. 16

BOARD MEMBER COMMENTS AND QUESTIONS

Approve Amended and Restated Energy Storage Service Agreement with Yellow Pine Solar III, LLC

Recommendation:

Approve the proposed Amended and Restated Renewable Energy Storage Service Agreement with Yellow Pine Solar III, LLC to move the capacity between project sites, reduce the fixed capacity price, and make additional minor amendments, and authorize the Chief Executive Officer to execute the agreement.

Item No. 17

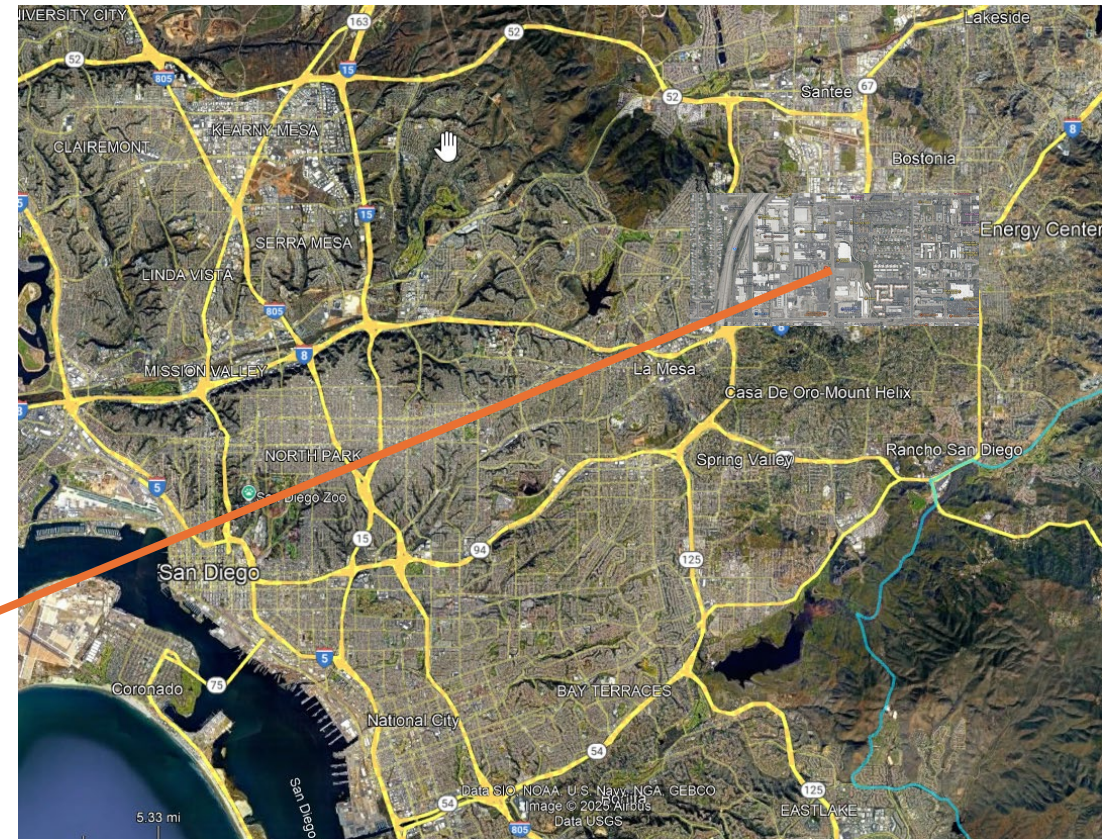
Approve Energy Storage Service Agreement for the North Johnson Energy Center

Recommendation:

Approve the proposed 15-year Energy Storage Service Agreement with North Johnson Energy Center, LLC for a 50 MW/200 MWh, 4-hour battery energy storage facility and authorize the Chief Executive Officer to execute the agreement

NJEC: Project Summary & Background

- North Johnson Energy Center (NJEC) is a stand-alone storage project being developed by Wellhead Electric Company, Inc. (Wellhead)
- 50MW/200MWh (4-hour) lithium-ion battery
- **Location:** El Cajon
- **BOD Actions:** Approved Feb. 27, 2025



NJEC: Key Terms

- **Product:** Full toll and Resource Adequacy benefits
- **Pricing:** Fixed for a 15-year term
- **Timeline:** Guaranteed Commercial Operation Date is June 1, 2026
- Community Power would receive financial compensation in the event of seller's failure to successfully achieve certain development milestones as well as seller's failure to meet guaranteed efficiency rates once the project is operational.

NJEC: Amendment Scope

- Increased price due to tariff impacts
- Increased number of cycles per day
- Pricing adjustment if commercial operations are delayed
- Clean up edits for resource availability calculations and slice of day resource adequacy accounting

NJEC: Project Summary – Battery Technology

- North Johnson Energy Center (NJEC) has selected batteries supplied by Tesla
 - Tesla MegaPack2XL's have an excellent safety record
 - Since 2023, 10,000 MegaPack2XL's have been placed into service with no major incidents
- MegPack 2XL design features with an objective of safety
 - Purpose built containers with California Fire Code compliant spacing
 - Liquid cooling system
 - Relatively small grouping of cells
 - Lithium-Iron Phosphate (LFP) chemistry that is intrinsically very safe and design limits potential for thermal runaway without external activation

NJEC: Workforce Development and Community Benefits

- Wellhead is committed to using union labor at the project and has committed to entering into a **Project Labor Agreement** that is near execution
- Project development will bring approximately **130 clean-energy jobs** throughout construction and will be staffed during operations by Wellhead's 6-person San Diego area O&M staff
- Project is located in a disadvantaged community and **will help displace local and regional gas-fired generation in peak hours** and fewer renewable curtailments will occur
- Wellhead is **providing scholarships** to local high schools for students continuing education in the areas of Science, Technology, Engineering and Math

NJEC: Staff Analysis

- The project would contribute to Community Power's local capacity target and provide local RA
- The long-term purchase of capacity, energy arbitrage, and ancillary services will provide Community Power with significant value and cost certainty over the term of this ESSA

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Public Comment on Item No. 17

ITEM NO. 17

BOARD MEMBER COMMENTS AND QUESTIONS

Approve Energy Storage Service Agreement for the North Johnson Energy Center

Recommendation:

Approve the proposed 15-year Energy Storage Service Agreement with North Johnson Energy Center, LLC for a 50 MW/200 MWh, 4-hour battery energy storage facility and authorize the Chief Executive Officer to execute the agreement



Report by Chief Executive Officer

Recent Events



EcoFest Encinitas



San Diego Regional Chamber's Congressional Luncheon

Community Power in the Community



*Port of San Diego's
Day at the Park*



*Imperial Beach Suncoast
Farmer's Market*



*Power Network
Quarterly Meeting*



*Padres' High School All-Star
Game*

Hiring Updates

Open Positions

- Senior Origination Associate
- Portfolio Analyst

Interviewing

- Chief Commercial Officer
- Community Outreach Representatives

Upcoming Start Dates

- July 08: Pete Polonsky, Senior Rates Analyst



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Directors' Comments



Adjournment



Next Regular Board of Directors Meeting

August 28, 2025

