SAN DIEGO COMMUNITY POWER

**AGENDA**

**Community Advisory Committee**
**San Diego Community Power (Community Power)**

**Thursday, June 12, 2025**
**5:30 p.m.**

**Don L. Nay Port Administration Training Room**
**3165 Pacific Highway, San Diego, CA 92101**

Alternate Location:
7354 Eads Avenue, San Diego, CA 92037

The meeting will be held in person at the above date, time and location(s). Community Advisory Committee (CAC) Members and members of the public can attend in person. Under certain circumstances, CAC Members may attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience, Community Power provides a Zoom teleconference option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the Zoom teleconference option, the meeting will continue unless otherwise required by law, such as when a CAC Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

***Note***: Any member of the public may provide comments to the CAC on any agenda item. When providing comments, it is requested that you provide your name and city of residence for the record. Members of the public are requested to address their comments to the CAC as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing oral comments during meeting. Anyone attending in person desiring to address the CAC is asked to complete a speaker's card and present it to the Clerk of the Board. To provide remote comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video teleconference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to address CAC members when called upon. If joining the meeting using the Zoom dial-in number, members of the public can raise hand by pressing *9. Comments will be limited to three (3) minutes.

2. Written Comments. Written public comments must be submitted prior to the start of the meeting to clerkoftheboard@sdcommunitypower.org. Please indicate a specific agenda item when submitting your comment. All written comments received prior to the

meeting will be provided to the CAC members. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the CAC members in writing, and be part of the public record.

If members of the public have any materials to be distributed to the CAC, please send them to clerkoftheboard@sdcommunitypower.org, who will distribute the information to CAC members.

The public may participate using the following remote options:

Teleconference Meeting Webinar
https://sdcommunitypower-org.zoom.us/j/95400536843

Telephone (Audio Only)
(669) 900-6833 or (253) 215-8782 | Webinar ID: 95400536843

**WELCOME**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE**

**LAND ACKNOWLEDGMENT**

**SPECIAL PRESENTATIONS AND INTRODUCTIONS**

- **Introduction of new Community Power staff**

**ITEMS TO BE WITHDRAWN OR REORDERED ON THE AGENDA**

**PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA**

*Opportunity for members of the public to address the CAC on any items not on the agenda but within the subject jurisdiction of the CAC. Members of the public may provide a comment in either manner described above.*

**CONSENT CALENDAR**

*All matters are approved by one motion without discussion unless a CAC member requests a specific item to be removed from the Consent Calendar for discussion. A member of the public may comment on any item on the Consent Calendar in either manner described above.*

1. **Approval of May 8, 2025, CAC Regular Meeting Minutes**

2. **Receive and File Update on Marketing, Public Relations, and Local Government Affairs**

3. **Receive and File Update on Customer Operations**

4. **Receive and File Update on Programs**

5. **Receive and File Update on Power Services**

6. **Receive and File Update on Regulatory and Legislative Affairs**

## REGULAR AGENDA

*The following items call for discussion or action by the CAC.*

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

Recommendation: Receive and File the Tax Credits and Executive Orders: New-Build Market Outlook Update.

8. **Presentation of Draft FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Improvement Plan**

Recommendation: Receive and File the presentation on the preliminary proposed FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Improvement Plan

9. **Election of Chair, Vice-Chair, and Secretary for Fiscal Year 2025-2026**

Recommendation: Elect a Community Advisory Committee (CAC) Chair, Vice-Chair, and Secretary for Fiscal Year 2025-2026.

## DISCUSSION OF POTENTIAL AGENDA ITEMS FOR BOARD OF DIRECTORS MEETINGS

There are two ways that the CAC may bring items to the attention of the Board at a Board meeting:

1. Standing CAC Report. The CAC report may be a standing item on the Board agenda, in which the CAC Chair, CEO, or designated staff reports on updates related to a recent CAC meeting. Consistent with the Brown Act, items raised during the CAC report may not result in extended discussion or action by the Board unless agendized for a future meeting.

2. Suggesting Board Agenda Items. The CAC may suggest agenda items for a Board of Directors meeting agenda by communicating with the CAC Chair and the designated SDCP

staff, before and/or after a regular CAC meeting. If suggested during a regular meeting, there shall be no discussion or action by the CAC unless the item has been included on the CAC agenda. To be added to a Board agenda, items must have the approval of the SDCP Chief Executive Officer and the Chair of the Board of Directors. If approval is provided, staff must be given at least 5 business days before the date of the Board meeting to work with the CAC to draft any memos and materials necessary.

**COMMITTEE MEMBER ANNOUNCEMENTS**

Committee members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by Committee Members unless authorized by law.

**ADJOURNMENT**

The Community Advisory Committee will adjourn to their next regular meeting scheduled on Thursday, August 14, 2025.

***Compliance with the Americans with Disabilities Act***

Community Power Committee meetings comply with the protections and prohibitions of the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may contact (888) 382-0169 or clerkoftheboard@sdcommunitypower.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72-hours in advance of the public meeting.

***Availability of Committee Documents***

Copies of the agenda and agenda packet are available at https://sdcommunitypower.org/resources/meeting-notes/. Late-arriving documents related to a CAC meeting item which are distributed to a majority of the Members prior to or during the CAC meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at clerkoftheboard@sdcommunitypower.org or by mail to SDCP, PO BOX 12716, San Diego, CA 92112. The documents may also be posted on the Community Power's website. Such public records are also available for inspection, by appointment, at San Diego Community Power by contacting clerkoftheboard@sdcommunitypower.org to arrange an appointment.

**Community Advisory Committee**
**San Diego Community Power (Community Power)**

Don L. Nay Port Administration Training Room
3165 Pacific Highway, San Diego, CA 92101

**REGULAR MEETING MINUTES**
May 8, 2025

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## WELCOME

Chair Vasilakis called the regular meeting to order at 5:31 p.m.

## ROLL CALL

PRESENT: Chair Vasilakis, City of San Diego; Committee Member Sclafani, City of Chula Vista; Committee Member Jahns, City of Encinitas; Committee Member Hammond, City of Encinitas (via Zoom Teleconference); Committee Members Harris and Sumner, City of La Mesa; Committee Member Pike, County of San Diego (Unincorporated); and Committee Member Montero-Adams, City of San Diego

ABSENT: Vice Chair Emerson and Secretary Castañeda, City of National City; Committee Member Andersen, County of San Diego (Unincorporated); and Committee Members Hoyt and Sandoval, City of Imperial Beach

VACANT: Seat 4, City of Chula Vista

Staff Present: Chief Financial Officer Washington; Assistant General Counsel Laity; VGI Program Manager Zook; Programs Manager—Community Solar Tobar; Senior Manager Community Engagement Crespo; Clerk of the Board Hernandez; and Assistant Clerk of the Board Vences

## PLEDGE OF ALLEGIANCE

Chair Vasilakis led the Pledge of Allegiance.

## LAND ACKNOWLEDGMENT

Chair Vasilakis acknowledged the Kumeyaay Nation and all the original stewards of the land.

## SPECIAL PRESENTATIONS AND INTRODUCTIONS

- **Introduction of new Community Power staff**

Chair Vasilakis welcomed new employees Marlene Mauer, Senior Program Associate and Krystal Carranza, Procurement Analyst to introduce themselves.

## ITEMS TO BE ADDED, WITHDRAWN OR REORDERED ON THE AGENDA

There were no items added, withdrawn, or reordered on the agenda.

## PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

There were no public comments.

## CONSENT CALENDAR

**1. Approval of April 10, 2025, CAC Regular Meeting Minutes**

**2. Receive and File Update on Marketing, Public Relations, and Local Government Affairs**

**3. Receive and File Update on Customer Operations**

**4. Receive and File Update on Programs**

**5. Receive and File Update on Power Services**

**6. Receive and File Update on Regulatory and Legislative Affairs**

There were no public comments on Consent Item Nos. 1-6.

Motioned by Committee Member Pike and seconded by Committee Member Harris to approve Consent Item Nos. 1-6. The motion carried 8/0 by Roll Call Vote as follows:

| | |
|---|---|
| AYES: | Chair Vasilakis, Committee Members Sclafani, Jahns, Hammond, Harris, Sumner, Pike, and Montero-Adams |
| NOES: | None |
| ABSTAINED: | None |
| ABSENT: | Vice Chair Emerson, Secretary Castañeda, Committee Members Andersen, Hoyt, and Sandoval |

## REGULAR AGENDA

### 7. Vehicle-Grid Integration Update

Ms. Zook provided an update on Vehicle-Grid Integration.

There were no public comments on Item No. 7.

After Committee Member questions, discussion and comments, the Vehicle-Grid Integration update was received and filed.

### 8. Solar Advantage Program Update

Ms. Tobar provided an update on the Solar Advantage Program.

There were no public comments on Item No. 8.

After Committee Member questions, discussion and comments, the Solar Advantage Program update was received and filed.

## DISCUSSION OF POTENTIAL AGENDA ITEMS FOR BOARD OF DIRECTORS MEETINGS

None.

## COMMITTEE MEMBER ANNOUNCEMENTS

Committee Members made announcements and reported on various events taking place in their member jurisdictions.

## ADJOURNMENT

The Community Advisory Committee meeting adjourned at 6:41 p.m. to a regular meeting scheduled for Thursday, June 12, 2025, at 5:30 p.m.

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Sandra Vences
Assistant Clerk of the Board

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 2**

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**TO:** Community Advisory Committee

**FROM:** Jack Clark, Chief Operating Officer
Jen Lebron, Senior Director of Public Affairs

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Update on Marketing, Public Relations, and Local Government Affairs

**DATE:** June 12, 2025

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## RECOMMENDATION:

Receive and file an update on marketing, public relations, and local government affairs activities for San Diego Community Power (Community Power).

## BACKGROUND:

Community Power has engaged in a variety of public relations, marketing, community outreach, and local government affairs activities to drive awareness, spark community engagement, and maintain high customer enrollment.

## ANALYSIS AND DISCUSSION:

Community Power's Public Affairs Department has been participating in events across our member agencies as it aims to increase general awareness and answer questions in a friendly, helpful manner.

*Recent and Upcoming Public Engagement Events*

Las Palmas Senior Food Distribution
Transportation Justice Expo
Olivewood Gardens Clean Energy Project Fundraiser
Intertribal Earth Day
Startup San Diego First Mondays
Chula Vista Community Collaborative
National City Collaborative
Sunset Sweet: Manzanita Canyon Cleanup
New Children's Museum Innovators LAB Grand Opening
South Bay Earth Day

Taste of City Heights
City of San Diego Climate Equity Working Group
San Diego Regional Climate Collaborative
County of San Diego Earth Day Fair
Imperial Beach Collaborative
La Mesa Earth Day
Sony Electronics Earth Day
Nature Day at El Toyon Elementary
Roots & Renewal: The Environmental Health Coalition's 45th Anniversary
Spring Valley Day
Ramona Earth Day Festival
South County Economic Development Corporation Economic Summit
Chicano Federation Annual Unity Luncheon
Infocast California Energy Transition Summit
San Diego Regional Chamber of Commerce Small Business Summit
San Diego Regional Economic Development Corporation Annual Dinner
Discover Fallbrook Community Expo
Cyclovia Encinitas
North San Diego County Business Chamber
Equality California San Diego Equality Awards
EcoFest Encinitas
Connect San Diego Summer Social
Chula Vista Chamber of Commerce Installation Dinner
San Diego Regional Chamber Congressional Luncheon
Suncoast Imperial Beach Farmers Market
Sustainable Solutions Fair
San Diego Padres
Imperial Beach Chamber of Commerce

*Marketing, Communications and Outreach*

The Public Affairs team has been working diligently behind the scenes to support programmatic efforts, including the launch of the San Diego Regional Energy Network and relaunch of the Solar Battery Savings program. It is also ramping up efforts to promote pilot programs, including one that helps customers repair their roofs to be ready for solar installations, and another that will distribute grants to small businesses that would benefit from more efficient refrigerators. The Public Affairs team is working closely with internal and external stakeholders to encourage participation in these programs and leveraging relationships with community partners to amplify our marketing and outreach efforts.

Community Power has continued its efforts to connect with local leaders through meetings and at community events.

The Public Affairs team will continue to develop new strategies, processes and capacity over the next several months to conduct more community outreach, expand marketing and brand awareness efforts, and provide timely, accurate information across multiple channels.

*Local Government Affairs*

Community Power continues to meet with and work with local governments and tribal nations throughout the greater San Diego region. It has made a concerted effort to reach out to newly elected officials in all seven member agencies to provide education about the organization.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 3**

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**TO:** Community Advisory Committee

**FROM:** Jack Clark, Chief Operating Officer
Lucas Utouh, Senior Director of Data Analytics and Customer Operations

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Update on Customer Operations

**DATE:** June 12, 2025

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## RECOMMENDATION:

Receive and file an update on various customer operations' initiatives.

## BACKGROUND:

Staff will provide regular updates to the Community Advisory Committee ("CAC") centered around tracking customer opt actions (i.e., opt outs, opt ups, opt downs, and re-enrollments) as well as customer engagement metrics. The following is a brief overview of items pertaining to customer operations.

## ANALYSIS AND DISCUSSION:

### A) Enrollment Update

As of May 19, 2025, Community Power is serving a cumulative total count of **957,504** active accounts.

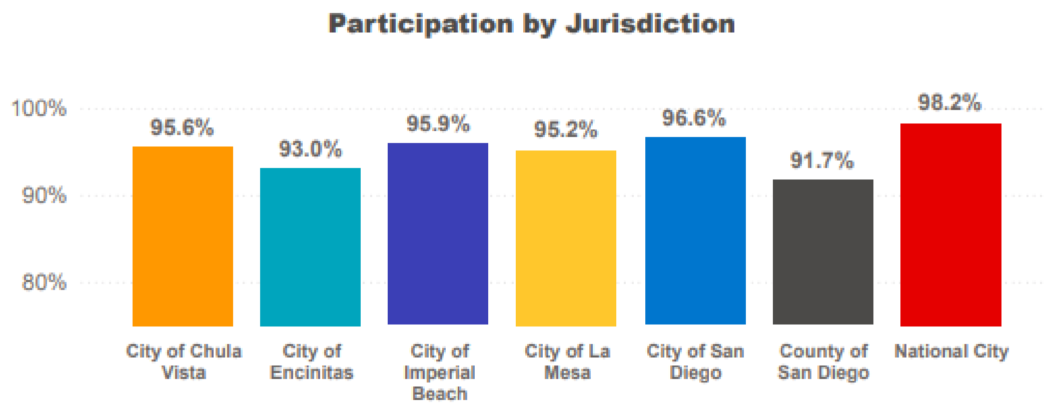
Customers with newly established accounts or who have moved into a new service address within any and all of our member jurisdictions receive 2 post-enrollment notices through the mail at their mailing address on file within 60 days of their account start date to notify them that they have defaulted to Community Power electric generation service.

## B) Customer Participation Tracking

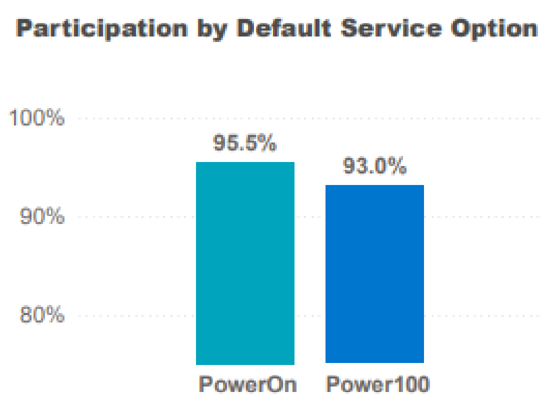
The below charts summarize customer elections into San Diego Community Power's four (4) available service levels:

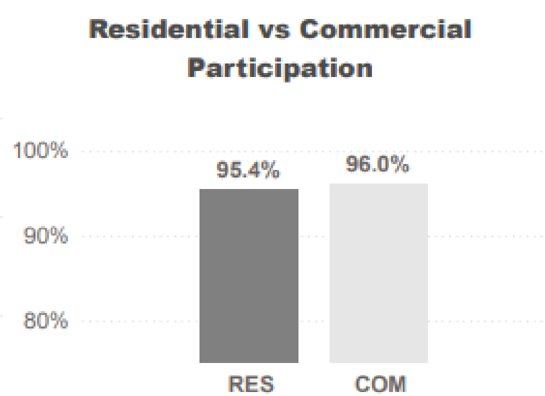
| Enrolled Accounts | Participation Rate |
|---|---|
| 957,504 | 95.4% |

### Participation




| Jurisdiction | Service Option Default | Eligible Accounts | Enrolled Accounts | Participation Rate |
|---|---|---|---|---|
| City of Chula Vista | PowerOn | 98,708 | 94,339 | 95.6% |
| City of Encinitas | Power100 | 28,861 | 26,855 | 93.0% |
| City of Imperial Beach | PowerOn | 10,839 | 10,392 | 95.9% |
| City of La Mesa | PowerOn | 29,516 | 28,087 | 95.2% |
| City of San Diego | PowerOn | 625,553 | 603,998 | 96.6% |
| County of San Diego | PowerOn | 190,613 | 174,719 | 91.7% |
| National City | PowerOn | 19,455 | 19,114 | 98.2% |
| **Total** | | **1,003,545** | **957,504** | **95.4%** |



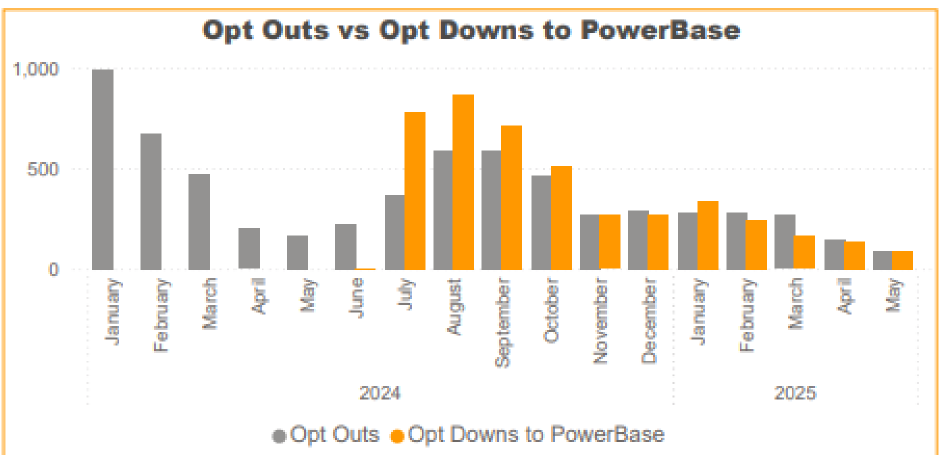



## Service Option

| PowerBase | | PowerOn | | Power100 | | Power100 Green+ | |
|---|---|---|---|---|---|---|---|
| Enrolled | 3,968 | Enrolled | 919,265 | Enrolled | 34,270 | Enrolled | 1 |
| Participation | 0.4% | Participation | 96.0% | Participation | 3.6% | Participation | 0.0% |

### Service Option Enrollment Summary

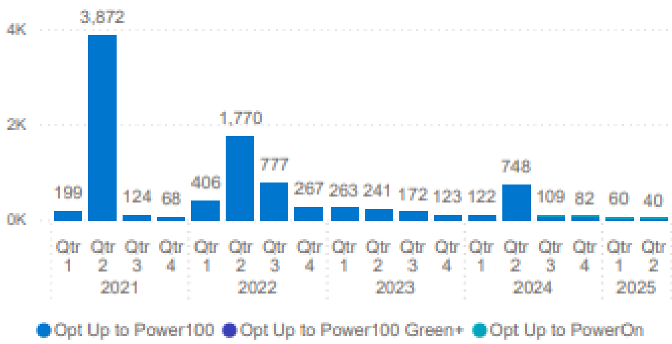
| Jurisdiction | Service Option Default | Enrolled Accounts | Power Base Enrolled | Power Base % | PowerOn Enrolled | PowerOn % | Power 100 Enrolled | Power 100 % | Power100 Green+ Enrolled | Power100 Green+ % |
|---|---|---|---|---|---|---|---|---|---|---|
| **City of Chula Vista** | **PowerOn** | 94,339 | 375 | 0.4% | 93,052 | 98.6% | 912 | 1.0% | | |
| **City of Encinitas** | **Power100** | 26,855 | 153 | 0.6% | 414 | 1.5% | 26,288 | 97.9% | | |
| **City of Imperial Beach** | **PowerOn** | 10,392 | 32 | 0.3% | 10,284 | 99.0% | 76 | 0.7% | | |
| **City of La Mesa** | **PowerOn** | 28,087 | 118 | 0.4% | 27,704 | 98.6% | 265 | 0.9% | | |
| **City of San Diego** | **PowerOn** | 603,998 | 2,081 | 0.3% | 596,013 | 98.7% | 5,903 | 1.0% | 1 | 0.0% |
| **County of San Diego** | **PowerOn** | 174,719 | 1,167 | 0.7% | 172,758 | 98.9% | 794 | 0.5% | | |
| **National City** | **PowerOn** | 19,114 | 42 | 0.2% | 19,040 | 99.6% | 32 | 0.2% | | |
| **Total** | | **957,504** | **3,968** | **0.4%** | **919,265** | **96.0%** | **34,270** | **3.6%** | **1** | **0.0%** |



# Opt Up History

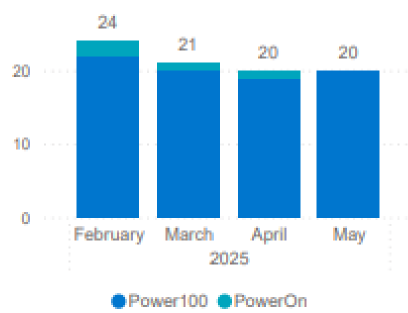
| Total Opt Ups | Opt Ups Current* |
|---|---|
| 9,443 | 8,050 |

## Opt Ups Quarterly




## Opt Ups Monthly

Last 4 Months




## Opt Ups by Jurisdiction

| Jurisdiction | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| City of Chula Vista | 710 | 175 | 61 | 49 | 5 | 4 | 3 | **1,007** |
| City of Encinitas | 18 | 1 | 1 | 3 | | | | **23** |
| City of Imperial Beach | 60 | 29 | 11 | 6 | | | | **106** |
| City of La Mesa | 155 | 120 | 19 | 12 | 2 | | 1 | **309** |
| City of National City | | | 12 | 24 | | | | **36** |
| City of San Diego | 3,316 | 2,895 | 488 | 340 | 43 | 15 | 14 | **7,111** |
| County of San Diego | 4 | | 207 | 627 | 10 | 1 | 2 | **851** |
| Total | **4,263** | **3,220** | **799** | **1,061** | **60** | **20** | **20** | **9,443** |

## Opt Ups by Customer Class

| Customer Class | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Commercial | 4,256 | 296 | 232 | 701 | 15 | 14 | 12 | **5,526** |
| Residential | 7 | 2,924 | 567 | 360 | 45 | 6 | 8 | **3,917** |
| Total | **4,263** | **3,220** | **799** | **1,061** | **60** | **20** | **20** | **9,443** |

## Opt Ups by Method

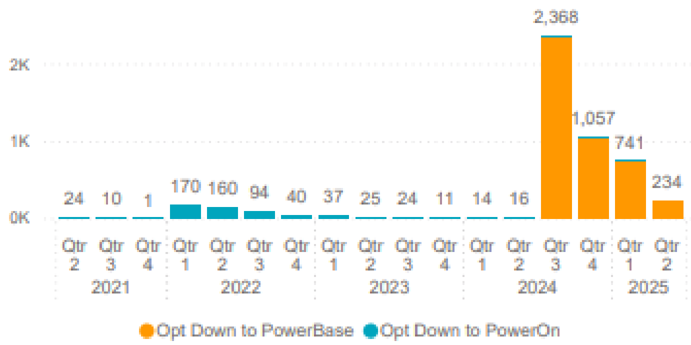
| Opt Method | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| CSR | 4,232 | 1,372 | 301 | 817 | 25 | 17 | 15 | **6,779** |
| IVR | 4 | 85 | 84 | 42 | 4 | 1 | 1 | **221** |
| Web | 27 | 1,763 | 414 | 202 | 31 | 2 | 4 | **2,443** |
| Total | **4,263** | **3,220** | **799** | **1,061** | **60** | **20** | **20** | **9,443** |

*Current indicates the account is open with SDG&E and this opt action is their latest opt action

# Opt Down History

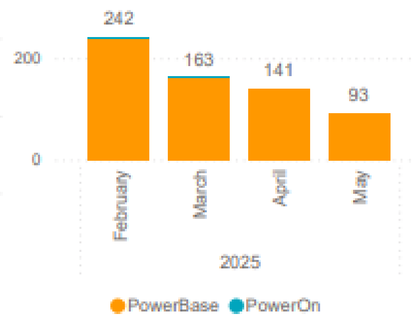
| Total Opt Downs | Opt Downs Current* |
|---|---|
| 5,026 | 4,442 |

## Opt Downs Quarterly




## Opt Downs Monthly

Last 4 Months




## Opt Downs by Jurisdiction

| Jurisdiction | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| City of Chula Vista | | 2 | 4 | 287 | 108 | 9 | 6 | **416** |
| City of Encinitas | 35 | 429 | 74 | 150 | 28 | 10 | 6 | **732** |
| City of Imperial Beach | | 1 | | 31 | 4 | 1 | 2 | **39** |
| City of La Mesa | | 4 | | 106 | 16 | 5 | 2 | **133** |
| City of National City | | | | 36 | 11 | 2 | | **49** |
| City of San Diego | | 28 | 13 | 1,793 | 401 | 76 | 50 | **2,361** |
| County of San Diego | | | 6 | 1,052 | 173 | 38 | 27 | **1,296** |
| **Total** | **35** | **464** | **97** | **3,455** | **741** | **141** | **93** | **5,026** |

## Opt Downs by Customer Class

| Customer Class | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Commercial | 34 | 23 | 9 | 508 | 47 | 9 | 7 | **637** |
| Residential | 1 | 441 | 88 | 2,947 | 694 | 132 | 86 | **4,389** |
| **Total** | **35** | **464** | **97** | **3,455** | **741** | **141** | **93** | **5,026** |

## Opt Downs by Method

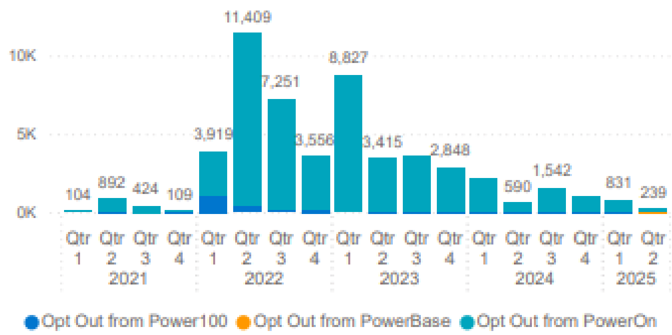
| Opt Method | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| CSR | 31 | 311 | 65 | 2,562 | 498 | 86 | 46 | **3,599** |
| IVR | 4 | 26 | 3 | 309 | 82 | 22 | 13 | **459** |
| Web | | 127 | 29 | 584 | 161 | 33 | 34 | **968** |
| **Total** | **35** | **464** | **97** | **3,455** | **741** | **141** | **93** | **5,026** |

*Current indicates the account is open with SDG&E and this opt action is their latest opt action

# Opt Out History

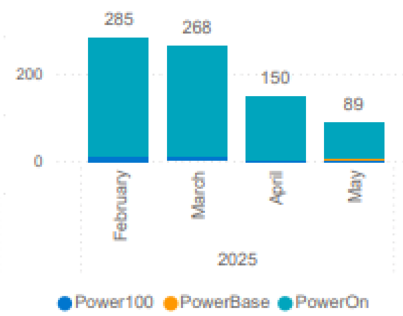
| Total Opt Outs | Opt Outs Current* |
|---|---|
| 52,715 | 45,220 |

## Opt Outs Quarterly




## Opt Outs Monthly

Last 4 Months




## Opt Outs by Jurisdiction

| Jurisdiction | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| City of Chula Vista | 267 | 3,466 | 747 | 411 | 72 | 9 | 10 | **4,982** |
| City of Encinitas | 66 | 1,870 | 230 | 118 | 26 | 2 | 1 | **2,313** |
| City of Imperial Beach | 32 | 343 | 99 | 60 | 5 | 2 | | **541** |
| City of La Mesa | 84 | 1,269 | 235 | 128 | 26 | 2 | 2 | **1,746** |
| City of National City | | | 285 | 75 | 20 | 2 | | **382** |
| City of San Diego | 1,078 | 19,186 | 3,185 | 1,837 | 346 | 71 | 39 | **25,742** |
| County of San Diego | 2 | 1 | 13,902 | 2,669 | 336 | 62 | 37 | **17,009** |
| **Total** | **1,529** | **26,135** | **18,683** | **5,298** | **831** | **150** | **89** | **52,715** |

## Opt Outs by Customer Class

| Customer Class | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Commercial | 1,492 | 535 | 1,686 | 345 | 53 | 9 | 6 | **4,126** |
| Residential | 37 | 25,600 | 16,997 | 4,953 | 778 | 141 | 83 | **48,589** |
| **Total** | **1,529** | **26,135** | **18,683** | **5,298** | **831** | **150** | **89** | **52,715** |

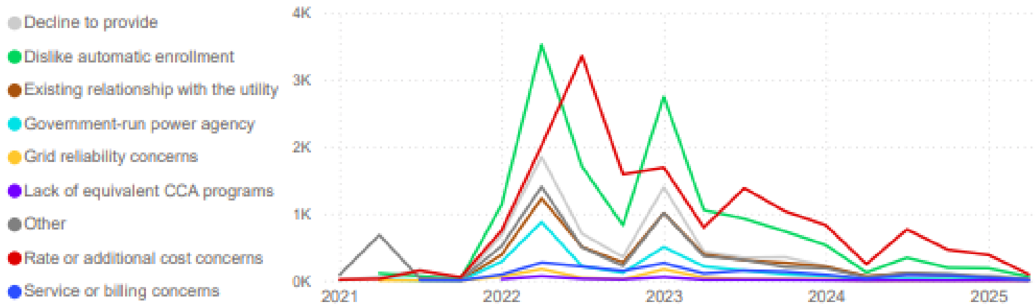
## Opt Outs by Method

| Opt Method | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| CSR | 1,104 | 6,963 | 4,706 | 1,653 | 274 | 36 | 35 | **14,771** |
| IVR | 102 | 4,886 | 3,789 | 1,284 | 140 | 29 | 23 | **10,253** |
| Web | 323 | 14,286 | 10,188 | 2,361 | 417 | 85 | 31 | **27,691** |
| **Total** | **1,529** | **26,135** | **18,683** | **5,298** | **831** | **150** | **89** | **52,715** |

*Current indicates the account is open with SDG&E and this opt action is their latest opt action

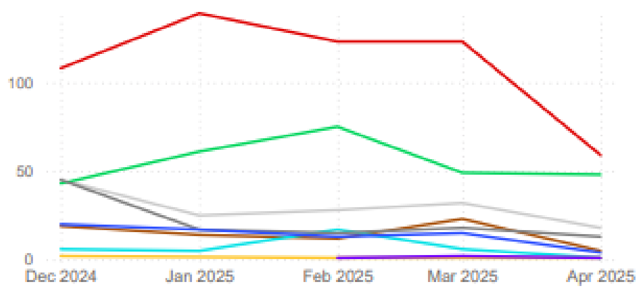
# Opt Out Reason Summary

## Opt Outs by Reason Quarterly



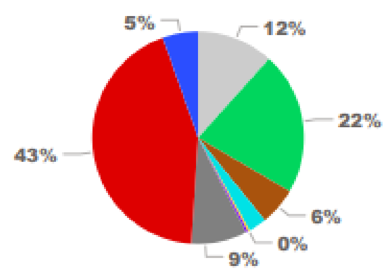

## Opt Outs by Reason Monthly

Last 6 Calendar Months




## Opt Out Reason Distribution

Last 6 Calendar Months

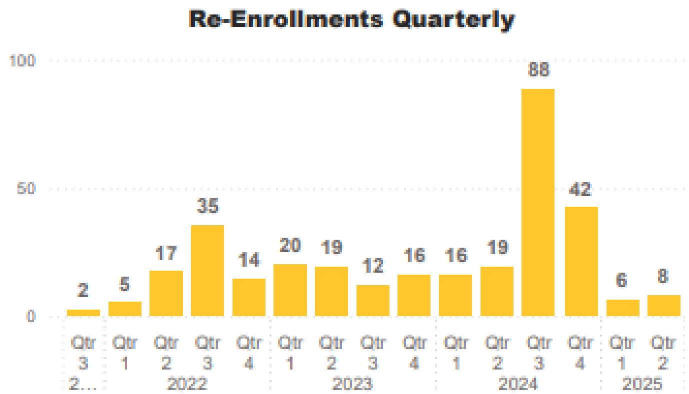


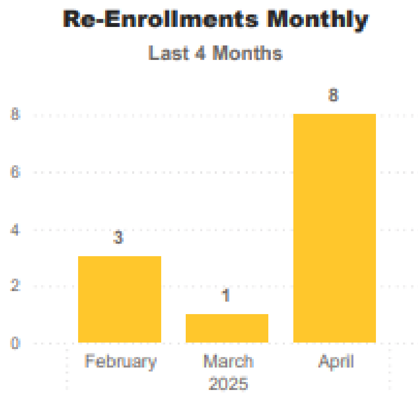

## Opt Outs by Reason Table

| Opt Out Reason | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Decline to provide | 228 | 3,583 | 2,519 | 465 | 85 | 18 | 13 | **6,911** |
| Dislike automatic enrollment | 203 | 7,187 | 5,458 | 1,188 | 185 | 48 | 12 | **14,281** |
| Existing relationship with the utility | 2 | 2,389 | 1,968 | 462 | 49 | 5 | 8 | **4,883** |
| Government-run power agency | 24 | 1,491 | 961 | 129 | 28 | 1 | 3 | **2,637** |
| Grid reliability concerns | 7 | 293 | 252 | 20 | 1 | 1 | | **574** |
| Lack of equivalent CCA programs | | 131 | 90 | 12 | 3 | 1 | 1 | **238** |
| Other | 819 | 2,636 | 1,884 | 453 | 50 | 13 | 9 | **5,864** |
| Rate or additional cost concerns | 240 | 7,707 | 4,897 | 2,297 | 385 | 59 | 36 | **15,621** |
| Service or billing concerns | 6 | 718 | 654 | 272 | 45 | 4 | 7 | **1,706** |
| Total | **1,529** | **26,135** | **18,683** | **5,298** | **831** | **150** | **89** | **52,715** |

# Re-Enrollment Requests

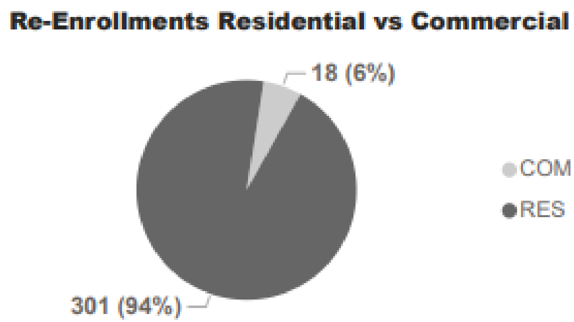
Excludes closed accounts




## Re-Enrollments by Jurisdiction

| Jurisdiction | Accounts |
|---|---|
| City of Chula Vista | 24 |
| City of Encinitas | 29 |
| City of Imperial Beach | 4 |
| City of La Mesa | 6 |
| City of National City | 1 |
| City of San Diego | 191 |
| County of San Diego | 64 |
| **Total** | **319** |

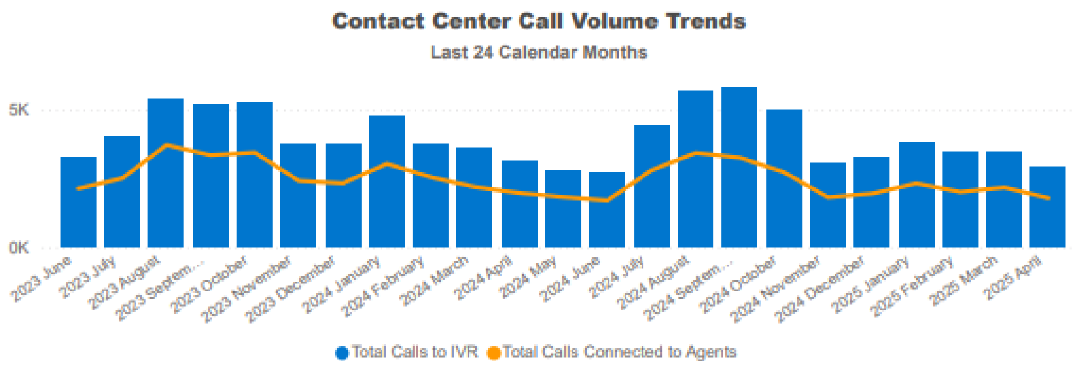


## D) Contact Center Metrics

As anticipated, call volumes have continued to decrease as a result of the temperate weather and lower winter electricity rates.

The chart below summarizes contact made by customers into the Contact Center broken down by month:

### Contact Center Metrics




**Interactive Voice Response (IVR) and Service Level Agreement (SLA) Metrics**

| | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Total Calls to IVR | 2,289 | 47,118 | 52,977 | 48,073 | 10,767 | 2,904 | 848 | **164,976** |
| Total Calls Connected to Agents | 1,401 | 30,174 | 34,173 | 29,332 | 6,528 | 1,793 | 144 | **103,545** |
| Avg Seconds to Answer | 20.00 | 11.50 | 6.75 | 18.08 | 15.00 | 5.00 | 4.00 | **13.40** |
| Avg Call Duration (Minutes) | 8.5 | 9.8 | 9.6 | 9.6 | 8.7 | 7.4 | 7.4 | **9.3** |
| Calls Answered within 60 Seconds (75% SLA) | 96.23% | 95.50% | 97.57% | 91.74% | 92.01% | 98.94% | 99.31% | **95.16%** |
| Abandon Rate | 0.57% | 0.36% | 0.19% | 0.72% | 0.88% | 0.17% | 0.00% | **0.46%** |


**Customer Service Emails**

| | 2021 | 2022 | 2023 | 2024 | 2025 Q1 | 2025-4 | 2025-5 | Total |
|---|---|---|---|---|---|---|---|---|
| Emails Received | 272 | 2,894 | 2,116 | 1,271 | 290 | 85 | 8 | **6,936** |
| Emails answered or escalated within 24 hours | 257 | 2,821 | 2,107 | 1,270 | 290 | 85 | 8 | **6,838** |
| Completion % | 94% | 96% | 100% | 100% | 100% | 100% | 100% | **98%** |

San Diego Community Power anticipates the trend of customers calling into the Contact Center's Interactive Voice Response (IVR) system tree and being able to self-serve their opt actions using the recorded prompts as well as utilizing Community Power's website for processing opt actions will continue to account for over 65% of all instances. The remaining portion of customer calls are connected to Customer Service Representatives to answer additional questions, assist with account support, or process opt actions.

As of this latest reporting month, Community Power has 9 Dedicated Customer Service Representatives staffed at the Contact Center and 1 Supervisor. Robust Quality Assurance (QA) procedures are firmly in place to ensure that customers are getting a world-class customer experience when they contact Community Power.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 4**

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**TO:** Community Advisory Committee

**FROM:** Colin Santulli, Senior Director of Programs

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Update on Programs

**DATE:** June 12, 2025

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## RECOMMENDATION:

Receive and file update on customer energy programs.

## BACKGROUND:

Staff will provide regular updates to the Community Advisory Committee ("CAC") regarding the following Community Power customer energy programs: Commercial Programs, Residential Programs, Flexible Load Programs, Solar and Energy Storage Programs, and San Diego Regional Energy Network.

## ANALYSIS AND DISCUSSION:

Updates on customer energy programs are detailed below.

### Commercial Programs
***Commercial Application Assistance Pilot Project***

*Status: The* Commercial Application Assistance Pilot has now concluded, and a final pilot summary report was compiled by TRC for staff. Through the pilot, 20 key accounts were engaged, with over three million kWh per year of potential savings identified. The Pilot identified over $12M in program funding for customers although it was not possible to ascertain how much was actually received due to application timelines and awards not aligning with the Pilot timelines.

*Next Steps*: Program staff is working with the Accounts Team to assess the need for a continued program offering and evaluate changes to the pilot structure to scale into a full program.

### *Efficient Refrigeration Pilot Project*

*Status:* Staff began outreach for the Efficient Refrigeration Pilot in March 2025. Eligible corner stores, small businesses, and nonprofits in low-income and low-food-access areas within Community Power's service territory can receive up to two energy-efficient refrigerators and/or freezers and an American Society of Heating, Refrigerating, and Air-Conditioning Engineers ("ASHRAE") Level 1 energy audit at no cost. The Pilot aims to serve a total of 24 participants. To date, staff have been conducting targeted outreach for the Pilot by engaging member agency staff, elected officials, and community organizations. As of May 30, 2025, 12 participants have been approved for the Pilot.

*Next Steps*: Staff will continue to conduct outreach for the Pilot until its funds are expended.

**Residential Programs**

***California Energy Commission ("CEC") Equitable Building Decarbonization Direct Install ("EBD DI") Program***

*Status*: Please refer to Item 5 of the March 2025 CAC agenda for the most recent update on this project.

**Flexible Load Programs**

***Smart Home Flex Pilot Project***

*Status*: Staff continue to work with Virtual Peaker to prepare for this summer and initiate Smart Flex Events. Staff will create a strategy for calling events that best utilize the smart thermostats to bring value to Community Power and pilot participants. Staff anticipate most events to be called in the late summer months of August and September since that is when Community Power typically sees the highest prices for energy and resource adequacy.

Staff are planning to add heat pump water heaters to the Smart Home Flex pilot later this calendar year. This will include water heaters with built-in connectivity and water heaters with universal control modules that can receive signals from Community Power. Staff are targeting water heaters that are incentivized through the TECH Clean CA program due to the requirements for a thermostatic mixing valve that will allow Community Power to safely heat water up to 140 degrees. This will avoid heating water during Smart Home Flex events while ensuring customers continue to receive hot water when they need it.

*Next Steps*: Staff are continuing to work with Virtual Peaker and the Power Services team to prepare for the Smart Flex Events this summer and add electric heat pump water heaters with built-in smart capabilities.

***EV Flex Connect Pilot Project***

_Status_: Staff launched EV Flex Connect in February 2025 and continue to work with its implementation partner to increase participant enrollment. On May 15, 2025, staff was notified that it received an award for its proposal to California Energy Commission ("CEC") Grant Funding Opportunity 24-302 — Enabling Electric Vehicles as Distributed Energy Resources. The awarded project will use data from EV Flex Connect to analyze and quantify the value of V1G strategies. Staff will work with external partners, including a U.S. Department of Energy National Laboratory, to execute this project.

_Next Steps_: Staff will continue to work with its implementation partner on increasing participant enrollment and begin planning activities for the awarded CEC grant.

**Solar and Energy Storage Programs**
***Disadvantaged Communities–Single-Family Affordable Solar Homes ("DAC-SASH") Readiness Pilot Project***

_Status and Next Steps_: Please refer to Item 5 of the March 2025 CAC agenda for the most recent update on this pilot project.

***Net Energy Metering ("NEM") and Net Billing Tariff ("NBT")***

_Status and Next Steps_: Please refer to Item 4 of the February 2024 CAC agenda for the most recent update on this program. Staff will be bringing revisions to the NBT tariff in addition to the updated tariffs for NBT-Virtual and NBT-Aggregation to the Board this month.

***Solar Battery Savings ("SBS") Program Pilot***

_Status_ and _Next Steps_: Please refer to Item 8 of the January 2025 CAC agenda for the most recent update on this program.

***Solar Advantage Program (previously DAC-GT)***

_Status and Next Steps:_ On June 12, 2025, the California Public Utility Commission ("CPUC") issued a Draft Resolution on the Solar Advantage Program cost containment cap methodology. For additional details see Item 6 of this staff report. Please refer to Item 8 of the May 2025 CAC agenda for the most recent update on this program. for the most recent update on this program.

**San Diego Regional Energy Network ("SDREN")**
***SDREN***

_Status_: Staff continue activities required for the successful launch of SDREN programs with a focus on procurement. In December 2024, Staff developed a phased schedule to release solicitations for program implementers. The Phase 1 solicitations (administrative, regulatory, and reporting support and cross-cutting sector programs) were released on February 4, 2025, and closed on March 25, 2025. The Phase 2 solicitations (residential and public sector programs) were released on March 6, 2025, and closed on April 24, 2025. The Phase 3 solicitation (commercial sector programs) was released on May 8, 2025, questions were due on May 15, 2025, and responses to questions were posted on Community Power's solicitation webpage on May 22, 2025.

*Next Steps*: The Phase 3 solicitation is planned to close on June 26, 2025. Staff anticipate awarding contracts for the Phase 1 and Phase 2 solicitations in or before Q3 CY 2025, and the Phase 3 solicitation in Q4 CY 2025.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 5**

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**TO:** Community Advisory Committee

**FROM:** Kenny Key, Director of Power Contracts
Andrea Torres, Director of Origination
Jennine Camara, Director of Portfolio Management

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Update on Power Services

**DATE:** June 12, 2025

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## RECOMMENDATION:

Recommendation to receive and file update on Power Services.

## BACKGROUND:

Staff provide the updates below to the Community Advisory Committee regarding Community Power's energy procurement activities.

## ANALYSIS AND DISCUSSION:

Power Services Staffing
Building out a team of experienced, knowledgeable energy professionals has long been a top priority and allows Community Power not only to solicit, negotiate, and administer contracts for energy supply effectively, but also to monitor market activity, manage risk, bring in-house several activities that have historically been completed by consultants, and to dedicate additional resources to local and distributed energy procurement and development efforts. The Power Services team is now thirteen people strong. The Power Services team has two open positions currently, and is excited to continue stable, prudent growth through 2025.

Administrative Amendment Updates
In May 2025, the CEO signed an administrative amendment to the Sunzia Power Purchase Agreement to allow the developer, Pattern Energy, to operate the turbines at a higher nameplate capacity to facilitate maximum import capacity expansion.

Long-term Renewable Energy Solicitations
As Community Power strives to meet its environmental, financial, and regulatory compliance goals and requirements, long-term power purchase agreements (PPAs) provide developers with the certain revenue stream against which they can finance up-

front capital requirements, so each long-term PPA that Community Power signs with a developing facility will underpin a new, incremental renewable energy project. In addition, long-term PPAs lock in renewable energy supply around which Community Power can build its power supply portfolio while also providing power supply cost certainty. Moreover, the California Renewable Portfolio Standard (RPS), as modified in 2015 by Senate Bill 350, requires that Community Power provide 65% of its RPS-required renewable energy from contracts of at least ten years in length. Finally, in California Public Utilities Commission (CPUC) Decision (D.) 21-06-025, the CPUC required each Load Serving Entity (LSE) in California to make significant long-term purchase commitments for resource adequacy from new, incremental generation facilities that will achieve commercial operation during 2023 through 2026 for purposes of “Mid Term Reliability” (MTR). These requirements have been augmented and extended into 2026 and 2027 via CPUC D.23-02-040.

In pursuit of long-term contracts for renewable energy and storage, over the past 24 months, staff have released several Requests for Offers (RFOs) and Requests for Proposals (RFPs). Staff issued an “All-Source RFO” in September 2024 with an emphasis on clean, firm resources to meet MTR requirements and enhance the Community Power portfolio. Staff shortlisted and waitlisted projects in December 2024 using Community Power’s Energy Project Evaluation Criteria and has since kicked off negotiations. Staff issued an RFO targeted for clean-firm resources (e.g. geothermal, bioenergy potential) in April to help achieve MTR requirements and increase technology diversity in Community Power’s portfolio. Staff have over two dozen long-term contracts executed for energy, renewable energy credits and/or capacity from renewable and storage projects.

Staff remain in negotiations for additional resources that are expected to be online between 2026 and 2029. Staff and the Energy Contracts Working Group (ECWG) evaluate submissions from solicitations prior to entering negotiations with selected participants. Assuming that staff and shortlisted developer(s) can agree to mutually agreeable contracts consistent with terms authorized by the ECWG, staff then review draft terms with the Community Power Board for approval and authorization to execute the relevant documents.

Local Development

Community Power’s rolling Local RFI remains open and has yielded eight Board-approved contracts for local generation and storage facilities. After consultation with the ECWG, Community Power Board of Directors has approved a portfolio of PV PPAs and energy storage and service agreements and is actively negotiating with several local projects submitted to the Local RFI in Q4 2024. Community Power also released an RFO for distributed renewable energy resources (DERs), focusing on a broad range of distribution-level renewable projects within San Diego County. Additional agreements resulting from the RFO are expected and will be presented to the Board when ready. Other ongoing local initiatives include a Feed-in-Tariff Program revamp and expansion, expected in the first half of this year, and continued collaboration with member agency staff and other local agencies to identify strategic opportunities to further infill development.

As Program Administrators of the CPUC's Disadvantaged Communities Green Tariff (DAC-GT) program, Community Power completed its first solicitation last year. The first DAC-GT PPA, with Luminia LLC, a local developer, was presented to and approved by the Board in January. The second DAC-GT solicitation round was released on April 7th and will be accepting offers through September 8th.

Community Power's Local RFI and Feed-in Tariff remain open. More information is available about each at the links below:

- https://sdcommunitypower.org/resources/solicitations/
- https://sdcommunitypower.org/programs/feed-in-tariff/

Short-Term RPS Procurement
Community Power staff continues to actively manage its environmental portfolio and closely monitor the market for opportunities to optimize its renewable and carbon-free portfolios. Community Power has recently been evaluating solicitation offers, bilateral offers, and products that meet needs for multiple portfolios – creating greater value for its customers. Community Power will continue to prioritize environmental targets while also ensuring value for our customers.

Market Update
Due to limited resource availability in the broader Western Interconnection, lingering supply chain impacts and long interconnection queues that have delayed development of new-build energy resources, and implementation of tariffs and duties on foreign imports, the market for renewable energy and resource adequacy (RA) continues to be tight and expensive. Staff are working with developers, industry groups, the CPUC, and CA Governor's Office and legislators to i) develop near-term solutions while also actively procuring short-term energy and capacity products and long-term energy resources to meet Community Power 's portfolio needs practically and cost-effectively, and ii) to establish a portfolio of resources that will provide value to Community Power and California's clean, reliable energy needs into the future.

Near-term California power markets have been on a slight decline due to relatively mild weather and light heating demand but remain sensitive to extreme temperatures and unexpected supply shortages.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 6**

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**TO:** **Community Advisory Committee**

**FROM:** **Jack Clark, Chief Operating Officer**
**Laura Fernandez, Senior Director of Regulatory and Legislative Affairs**

**VIA:** **Karin Burns, Chief Executive Officer**

**SUBJECT:** **Update on Regulatory and Legislative Affairs**

**DATE:** **June 12, 2025**

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## RECOMMENDATION:

Receive and file the update on regulatory and legislative affairs.

## BACKGROUND:

Staff provides regular updates to the Community Advisory Committee regarding Community Power's regulatory and legislative engagement

## ANALYSIS AND DISCUSSION:

### A) Regulatory Updates

***Power Charge Indifference Adjustment***

On May 23, 2025, the California Public Utilities Commission (CPUC) issued a Proposed Decision in Track 1 of the Power Charge Indifference Adjustment (PCIA) proceeding. The Track 1 Proposed Decision adopts several methodological changes to the Resource Adequacy (RA) Market Price Benchmark (MPB), which is part of the calculation for determining the market value of the investor-owned utility's (IOU) – such as San Diego Gas and Electric (SDG&E) – portfolio of resources that it procured on behalf of customers who departed to another provider, such as Community Power. Specifically, the Proposed Decision addresses five proposals from CPUC Energy Division staff, as outlined in a staff proposal released in February 2025. Community Power's trade association, the California Community Choice Association (CalCCA), took positions on each of the staff proposals in previous comments and briefs; for additional background, see the April 2025 regulatory update to the Board of Directors on page 49 and the May 2025 regulatory update to the Community Advisory Committee on page 46. The table below outlines the five CPUC staff proposals, CalCCA's position on each proposal, and what the CPUC is ultimately proposing to adopt in the Proposed Decision.

| CPUC Staff Proposal | CalCCA Position | CPUC Proposed Decision |
|---|---|---|
| Include all transactions available for given delivery year for all system, flex, and local RA forecast and final adders | Reject: Inclusion in the RA MPB of all transactions deliverable, rather than transacted, in a year does not reflect current market value as required by the RA MPB Framework | Adopts Modified: RA MPB based upon three-years' transaction data for the forecast calculation and four-years' transaction data for the final calculation |
| Exclude affiliate transactions from the calculation of the MPB | Support: Risk of price manipulation and distorting the accuracy of the RA MPB | Adopts |
| Exclude swap and sleeve transactions from the MPB | Support: To the extent the CPUC can identify such transactions in an objective and transparent manner | Adopts Modified: Swap transactions shall be excluded and utilize a single transaction within a sleeve transaction |
| Consider using monthly values for the MPBs | Support: More accurately reflects seasonal prices | Deferred: Beyond the scope of Track 1 |
| Consider using one value for all MPBs, including system, local and flexible | Support: Maximizes the overall transaction sample size | Adopts |

The Proposed Decision proposes to apply the changes outlined above to the calculation of the 2025 Final and 2026 Forecast RA MPB. Opening comments on the Proposed Decision are due June 12, 2025, reply comments are due June 17, 2025, and the earliest the CPUC can vote on a Final Decision is June 26, 2025.

***Integrated Resource Planning***

On April 29, 2025, the CPUC issued a Ruling requesting comment on the Reliable and Clean Power Procurement Program (RCPPP) Staff Proposal within the Integrated Resource Planning Proceeding. The goal of RCPPP is to give load serving entities (LSE) a more predictable regulatory framework to procure their share of the resources needed to meet electric system reliability and greenhouse gas (GHG) emission reduction goals at least cost.

The Staff Proposal is divided into two main parts: a proposal for reliability purposes and a proposal for GHG reduction purposes. Each of the two main parts address the key elements noted in the Figure below.

*Figure 2. Key Design Elements of RCPPP*

| Need Determination | Need Allocation | Compliance | Enforcement |
|---|---|---|---|
| • The use of technical analysis to specify the needed quantities of resource attributes, such as effective capacity, firm energy, and/or clean energy attributes, over a specified period. | • Specifying what quantity of the required resource attributes each LSE should be required to provide, considering factors such as load migration and each LSE's existing portfolio of owned and/or contracted resources. | • LSE data filing requirements and resource counting metrics that allow for monitoring of compliance with procurement obligations. | • Financial penalties to address an LSE's failure to meet its procurement obligations. |

Commission staff held a workshop to present the Staff Proposal and answer parties' questions on May 16. The CPUC granted a request to extend the comment deadline, which is now July 15, and reply comments are due August 5, 2025.

### *Resource Adequacy*

On May 22, 2025, the CPUC issued a Proposed Decision in the Resource Adequacy (RA) proceeding adopting Local Capacity Requirements for 2026-2028, Flexible Capacity Requirements for 2026, refinements to the RA program, and closing the proceeding. The Proposed Decision establishes RA needs as well as addresses the proposals submitted by more than 20 parties in March 2025, including:

- Adopts Local Capacity Requirements for the San Diego/Imperial Valley Region to be 2,631 MW in 2026, 2,800 MW in 2027, and 2,968 MW in 2028.
- Adopts an 18 percent planning reserve margin (PRM), with an extension of the effective PRM target of 1,260-2,300 MW for June-October (translates to 3-5.5%), for 2026 and 2027.
- Does not adopt hourly load transactions, as proposed by CalCCA, instead authorizes Energy Division to prepare a report on whether transactability issues exist in 2nd Quarter (Q2) 2026.
- Finds CalCCA's proposal to count co-located energy-only resources as RA resources is not adequately developed.
- Adopts proposal that if an LSE that cures its deficiency with a new resource coming online before the T-1 deadline, the LSE will not be assessed penalties.
- Agrees it is reasonable to extend the off-peak import counting rule, as the rule may help with affordability issues with off-peak imports that are lower cost than a 24 x 7 product.

- Modifies the load migration update process as follows: an LSE is permitted one load migration update in mid-February to cover June to December load migration. Other than the one load migration update, an LSE's load forecast is locked in for the January-May timeframe and the June-December timeframe for each RA compliance year.

Opening comments on the Proposed Decision are due June 11 and reply comments are due June 16, 2025.

***Green Access Proceeding***

On May 8, 2025, the CPUC issued Draft Resolution E-5367 adopting an updated methodology for the cost containment cap for the Disadvantaged Communities Green Tariff (DAC-GT) program. Community Power administers the DAC-GT program for its service area (regionally referred to as the Solar Advantage program), which provides 100 percent clean energy at a 20 percent total bill discount to residential customers who reside in disadvantaged communities as defined by the California Environmental Protection Agency's CalEnviroScreen tool. The program utilizes state funding sources to pay above market costs for power purchase agreements for local, renewable energy projects that meet program requirements, but those costs are limited by a cost containment cap.

Draft Resolution E-5367 largely adopts the updated cost containment cap methodology proposed by the Joint IOUs, which differs from what was proposed by the Joint CCAs, including Community Power, as outlined in the table below.

TABLE 1: Joint IOU and Joint CCA DAC-GT Cost Containment Cap Proposals

| Components of Cost Containment Cap Framework | Joint IOU Proposal | Joint CCA Proposal |
|---|---|---|
| Confidential Benchmark Value Reference Price (CBVRP) | Calculated by each IOU or CCA based on a pool of its competitively solicited PPAs for similar resources and contract types over the past 5 years[6] | Commission Staff should conduct a statewide survey to establish a single CBVRP that applies uniformly across all Load Serving Entities[7] |
| Public DAC Percentage Multiplier | 120% Multiplier[8] | 175% Multiplier[9] |
| Cost Containment Cap | CBVRP x Multiplier | CBVRP x Multiplier |

The Joint CCAs filed comments (Attachment A) on Draft Resolution E-5367, highlighting the shortcomings of the proposal and offering improvements to make the cost containment cap more reflective of current market conditions and enable a successful program.

### *SDG&E's Cost of Capital Application*

SDG&E filed its Cost of Capital Application requesting that the CPUC approve its proposed cost of capital for Test Year 2026 for cost of equity and cost of long-term (LT) debt. SDG&E proposes an overall weighted average cost of capital/return on rate base of 8.21%. SDG&E's proposal would increase its overall rate of return by 0.76% and its annual revenue requirement by $96.45 million.

The CPUC adopted a uniform cost of capital mechanism (CCM) for PG&E, SCE, and SDG&E in D.08-05-035, which established the 3-year cost of capital proceeding cycle and provided two mechanisms for cost of capital adjustments during interim years:
Formula Adjustment Mechanism, which operates based on changes in market interest rates relative to a benchmark; and an application process based on extraordinary or catastrophic events.

Responses to the application were filed on April 24 by multiple stakeholders, including ratepayer advocates, environmental groups, and consumer advocates highlighting the following deficiencies in SDG&E's proposal:

- SDG&E proposes an unjustified wildfire premium based on an overstatement and already adequately mitigated risk through existing state protections and ratepayer investments;
- SDG&E's requested return on equity significantly exceeds industry norms and unfairly increases customer burden;
- SDG&E's financial and economic analysis are inconsistent and rely on outdated methodologies, unrealistic growth assumptions, and market biases, failing to reflect realistic investor expectations;
- SDG&E relies on zero-cost capital (deferred taxes, depreciation/amortization), provided annually by ratepayers, significantly reducing the utilities need for capital and undermining its case for increased investor returns;
- SDG&E's proposal is unnecessary, unreasonable and does not fully take into account the escalating affordability crisis faced by California ratepayers

### *SDG&E Energy Resource Recovery Account (ERRA) Forecast*

The purpose of the ERRA Forecast proceeding is to review the forecasted costs that SDG&E will incur to procure energy resources (fuel for power plants, purchased power, and GHG Costs & Allowance Revenues) in the coming year. Based on these forecasts, the CPUC approves rates that allow utilities to recover these costs from customers.

### SDG&E 2026 ERRA Forecast Case

On May 15, 2025, SDG&E filed its Application for approval of its 2026 Electric Procurement Revenue Requirement (ERRA), electric sales, and GHG-related forecasts. Additionally, SDG&E requests approval for its proposed 2026 GHG Allowance Return rates, vintage Power Charge Indifference Adjustment (PCIA) rates, and Modified Cost

Allocation Mechanism (MCAM) rates. SDG&E anticipates filing its October Update on October 14, 2025.

SDG&E requests a total 2026 forecasted revenue requirement of $270.5 million, an increase of $148.2 million from current rates. The proposed rate changes, based on the ERRA revenue requirement and electric sales forecast, would result in a 10.6% increase in the total bundled system average rate, or an additional 3.6 per kWh. Without the Residential and Small Business Semi-Annual CCC, the rate would rise by 9%, or 3.2 cents per kWh. For unbundled customers, SDG&E's system average delivery with PCIA rates would increase by 8%, or 1.4 cents per kWh, and by 5.1%, or 1 cent per kWh without the Residential and Small Business Semi-Annual CCC.

In terms of customer impact for customers using 400 kWh per month, a typical bundled non-CARE residential customer using 400 kWh per month may experience an increase of 14.8% ($23). A typical bundled CARE residential customer's bill may increase by 18.3% ($16). For unbundled customers, a non-CARE residential bill would rise by 12.2% ($10), and a CARE customer's bill would increase by 18.0% ($8).

### *SDG&E Energy Resource Recovery Account (ERRA) Compliance*

The purpose of the ERRA Compliance proceeding is to review SDG&E's actual energy procurement performance in the previous year against their approved forecast for that year. Any difference between the forecasted costs and the actual costs is tracked in a balancing account. This mechanism ensures that customers ultimately pay for the actual costs incurred by SDG&E.

*SDG&E 2023 ERRA Compliance Case*

SDG&E held a "meet and confer" with intervening parties and it was agreed upon based on the record that evidentiary hearings would not be necessary and that the proceeding could be resolved by the CPUC based on the record. As such, the Administrative Law Judge cancelled evidentiary hearings. Opening Briefs were submitted on April 18 by San Diego Community Power/Clean Energy Alliance and SDG&E. The Community Power and Clean Energy Alliance brief argued that the CPUC should require SDG&E to recover Green Tariff program under collections from former program participants or SDG&E shareholders, and that corrections should be made to distribution-related battery accounting. SDG&E's brief argues that the CPUC should find that their fuel and purchased power expenses complied with SDG&E's Commission-approved procurement plan and were recorded accurately.

Reply briefs were filed on May 9. SDG&E's reply brief argues that the CPUC should be authorized to recover the costs of the Green Tariff program from all customers via the Public Purpose Program Rate. The Joint CCAs reply brief urges the CPUC to reject SDG&E's request to recover its outstanding Green Tariff undercollections through the Public Purpose Program rate component from all customers and instead determine a path forward for disposition of these balances that maintains customer indifference. To the extent the Commission determines that SDG&E's outstanding Green Tariff-related undercollections are recoverable, the Commission should require SDG&E to recover those amounts from former program participants. A Proposed Decision is expected in the third quarter of 2025.

### *Self-Generation Incentive Program (SGIP)*

On April 28, the CPUC issued a ruling describing the process for the close-out of the SGIP program and requesting party comment on the process. The ruling addresses both the ratepayer funded portion of the program and the portion of the program funded by the Greenhouse Gas Reduction Fund (GGRF). The ruling poses questions related to implementation of the program and procedural process for closing out the program. The ruling also provides a draft proposal for the final program Measurement and Evaluation plan. Comments were filed on May 12, by Center for Sustainable Energy, the IOUs, California Solar and Storage Association, Small Business Utilities Advocates, and the Southern California Tribal Chairmen's Association. The comments generally recommend various program rule changes to ensure program implementation supports effective administration of the program and good customer experience.

### *SDG&E Application to Withdraw from Regional Energy Efficiency Program*

On April 25, 2025, SDG&E submitted an application to the CPUC requesting approval to revise its 2024–2031 Energy Efficiency (EE) Business Plan. The proposal includes a request to discontinue SDG&E's administration of most regional EE programs beginning in 2026, citing factors such as affordability concerns, overlapping program offerings, and limited cost-effective EE opportunities within its service territory. SDG&E proposes to reduce its budget for EE programs by approximately $300 million over six years and seeks exemptions from certain portfolio administrator requirements, including budget caps for market support and equity program segments. The application also requests that the CPUC revise SDG&E's EE savings targets under PUC §§ 454.55 and 454.56 to reflect this shift in administrative responsibility and program scope. Responses and protests to the application are due on May 29, 2025.

### *Energy Efficiency Order Instituting Rulemaking (R.25-04-010)*

On April 24, 2025, the CPUC approved a new Order Instituting Rulemaking (OIR) for *Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation*.

The proceeding names the large IOUs, all Regional Energy Networks (including San Diego Regional Energy Network), and Marin Clean Energy as respondents to the proceeding.

The OIR is the primary forum for addressing policy and implementation issues related to CPUC-jurisdictional market-rate energy efficiency programs. The scope emphasizes cost-effectiveness and affordability, in line with the Governor's Executive Order N-5-24.

Key Policy Issues:

- Natural Gas & Electric Alternatives: Staff will propose guidance in Q2 2025 on viable electric alternatives to gas.
- CCA Oversight: Updates to the budget formula and oversight of CCA elect-to-administer portfolios are expected, with a staff proposal in Q4 2025.
- 2026 Portfolio Applications: All administrators must file 2026 applications for portfolios spanning 2028-2031; guidance is forthcoming.
- Portfolio Oversight: The CPUC will align oversight practices with State Auditor recommendations.
- Multifamily Programs: A workshop in Q3 2025 will address this sector's unique needs.
- Other Topics: Potential updates to third-party solicitation, Regional Energy Network (REN) oversight, statewide program rollout, financing, cost-effectiveness metrics, and Aliso Canyon closure efforts.

Key Implementation Issues:

- Potential & Goals Study**:** A study released on May 1st will inform portfolio planning and IOU energy savings goals; it is scheduled for CPUC adoption by August.
- Oversight of 2024–2027 Portfolio Plans
- Other Topics**:** Oversight of market transformation, demand-side integration, program evaluation, and database improvements will also be addressed as needed.

On May 19, 2025, San Diego Community Power on behalf of San Diego Regional Energy Network (SDREN) participated in Joint REN opening comments on the OIR. Key recommendations include evaluating the legal and policy implications of IOU withdrawal from energy efficiency administration, refining cost-effectiveness methodologies to better reflect equity and local values, integrating unregulated fuel switching into scope, simplifying multifamily program eligibility and data access, streamlining portfolio guidance, and funding continuity for new RENs. The RENs also recommend explicit alignment with the CPUC's Environmental and Social Justice (ESJ) Action Plan, greater recognition of non-energy benefits, and timely action on pending multi-distributed energy resource integrated demand side management ("multi-DER IDSM") proposals. Overall, the comments advocate for a coordinated, accessible, and community-responsive energy efficiency framework that preserves and enhances support for historically underserved populations.

### *Potential and Goals Study*

On May 1, 2025, the CPUC issued a Ruling inviting comment on the Draft Potential and Goals Study (Draft Study) for 2026 and beyond—a study that informs electricity and natural gas efficiency savings targets for the IOUs. In response, San Diego Community

Power, on behalf of SDREN, filed comments urging the Commission to consider the 2025 Study in tandem with San Diego Gas & Electric Company's pending request to withdraw from regional energy efficiency portfolio administration. SDREN argues that the Draft Study, which updates efficiency potential across IOU territories, highlights the risks of allowing IOU withdrawal without first resolving broader legal and policy questions through the ongoing energy efficiency rulemaking proceeding (R.25-04-010). SDREN states that portfolio planning, savings targets, and compliance obligations are inextricably linked, and that evaluating SDG&E's Application in isolation would fragment the Commission's policy framework and undermine statewide EE goals.

**B) State Legislative Activities Update**

***Community Power Seeks Amendment to Customer Billing Legislation, Which Has Failed to Advance***

AB 1295 (Patterson) would have created a new process at the CPUC to potentially make changes to customer billing. It is supported by San Diego Gas & Electric. Community Power shares the author's goal of providing clear, understandable, and accurate bills to customers. However, AB 1295 (Patterson) does not consider the role of CCAs in the customer billing experience, and the legislation also fails to take a comprehensive approach to all portions of customer bills. To that end, Community Power submitted an oppose unless amended position letter recommending:

1. An amendment to ensure that CCAs are explicitly consulted and involved in the development and implementation processes envisioned by the bill.
2. An amendment to ensure all relevant billing details are considered, including fees and delivery charges.
3. An amendment that seeks to better balance cost-effective bill delivery methods that meet diverse customer needs.

Soon after Community Power issued its position letter (Attachment B), the bill was held by the Assembly Committee on Appropriations on their suspense file on May 23, meaning it will not move forward this year.

***Community Power Supported Legislation Passes Key Legislative Hurdle***

On May 23, the following Community Power supported bills were approved by the fiscal committees in their house of origin and are eligible for a full vote of the Assembly or Senate by June 6:

- AB 915 (Petrie-Norris): This would advance a conversation about the Clean Energy Reliability Investment Plan (CERIP), which could provide funding for distributed assets.
- SB 302 (Padilla): This would conform state tax law to federal tax law with respect to transferable tax credits under the Inflation Reduction Act, potentially saving 1%-

6% on project costs. It is sponsored by American Clean Power, the Solar Energy Industries Association, and the Large-Scale Solar Association.

- SB 330 (Padilla): This would address ratepayer affordability issues by establishing a pilot project to publicly finance certain electrical transmission facilities. It is sponsored by The Utility Reform Network and Net Zero California.
- SB 540 (Becker):This would facilitate the California Independent System Operator's ability to operate and participate in a West-wide energy market that will deliver affordability, reliability, and greenhouse gas emission reduction benefits. It is sponsored by the Coalition of California Utility Employees, the State Association of Electrical Workers, the Environmental Defense Fund, and the Natural Resources Defense Council. It is also supported by the California Community Choice Association, among others. While the bill was approved and sent to the Senate floor for a vote, it was amended in a manner that may no longer comport with the vision of an independently governed regional energy market capable of facilitating transactions with load-serving entities located in other states. Without a truly independent market governance structure, the potential regional market envisioned by SB 540 would not attract participants from other states, such as Washington and Oregon. Community Power is working to assess the new version of the bill.
- SB 710 (Blakespear): This would eliminate the sunset date on a law that allows rooftop solar and battery storage systems to be excluded from a property tax reassessment. It is sponsored by the California Solar & Storage Association.

SB 239 (Arreguin), also supported by Community Power, did not need to be approved by a fiscal committee, but it is also eligible for a vote of the full Assembly. It would modernize teleconferencing protocols for subsidiary bodies, like the CAC. It is sponsored by the League of California Cities and California State Association of Counties, among others. Related, AB 259 (Rubio), which is supported by Community Power, already passed its house of origin. The bill would extend alternative teleconferencing procedures under the Brown Act through 2030.

Legislative positions and associated letters of support or opposition are kept up-to-date on this Community Power webpage: https://sdcommunitypower.org/legislative-priorities/

***Several Battery Safety Bills Continue to Advance in the Legislative Process***

The Legislature is advancing the following two bills to establish new safety standards for battery energy storage. Each bill is eligible for a vote in its house of origin by June 6:

- SB 283 (Laird): This would require fire department consultation and inspection of energy storage systems and would require that those systems meet a fire code standard, known as NFPA 855. It would further stipulate that energy storage systems could only be approved if they are in noncombustible, dedicated-use buildings.

- AB 615 (Davies): This would require that an entity that uses the statewide permitting process for a battery project has an emergency response and action plan and must ensure the project meets NFPA 855.
- AB 841 (Patel): This would create a working group to develop recommendations about personal protective equipment used by firefighters when responding to lithium-ion batteries.
- AB 1285 (Committee on Emergency Management): This would require the State Fire Marshal to develop fire prevention response, and recovery measures for utility grade lithium-ion battery storage facilities.

The following bills are not advancing this year in the legislative process:

- AB 303 (Addis): This would prohibit the approval of battery storage energy storage projects within 3,200 feet of sensitive receptors and environmentally sensitive sites. It would also disallow battery energy storage systems from being eligible for a state-level opt-in permitting process. It was never set for a hearing by the Assembly Committee on Utilities & Energy.
- AB 434 (DeMaio): This would impose a 2-year moratorium on battery energy storage facilities while the State Fire Marshal adopts guidelines and minimum standards. It was never set for a hearing in the Assembly Committee on Utilities & Energy.
- AB 588 (Patel): This would create a working group to recommend potential solutions to enhance building safety with respect to lithium batteries. It was held by the Assembly Appropriations Committee on their suspense file.

***Update on the State Budget***

The Governor recently released his updated May Revise budget proposal. Notably, the Governor now expects the state to have a $12 billion deficit this year, an issue he proposes to solve through fund shifts, use of reserves, and cuts. As part of his updated budget proposal, the Governor also released a proposal to rename the state's Cap & Trade Program to Cap & Invest, and to extend its statutory authority from 2030 through 2045. The Governor notes that extending the program would result in $60 billion through 2045 for the California Climate Credit, the biannual credit that is applied to electricity and natural gas bills.

The May Revise includes reductions for certain energy programs. Most notably, the May Revise eliminates the January budget proposal to provide $180 million to the CEC's Distributed Electricity Backup Assets (DEBA) program, a funding proposal that Community Power supports. DEBA can help support distributed energy resources, like batteries. That program was slated to be funded from Cap & Trade revenues and with extension of the program now officially being considered, the Governor and Legislature are likely to hold off on approving new expenditures until an extension of the program is agreed to.

### C) Federal Activities Update

For an update on federal matters, please refer to Item 8 staff report titled “Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook Update.”

### FISCAL IMPACT:

N/A

### ATTACHMENTS:

A: Joint CCA Comments on Draft Cost Cap Resolution
B: AB 1295 (Patterson) Letter

# ITEM 6
# ATTACHMENT A

# Braun Blaising & Wynne, P.C.

Attorneys at Law


May 28, 2025

**Via Electronic Mail**

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Via E-Mail: EDTariffUnit@cpuc.ca.gov

**Re: Joint Community Choice Aggregators' Comments on Draft Resolution E-5367**

Dear Energy Division Tariff Unit:

Pursuant to Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC" or "Commission") and the notice accompanying Draft Resolution E-5367, Ava Community Energy, Clean Power Alliance of Southern California, the City and County of San Francisco, acting by and through its Public Utilities Commission, Lancaster Choice Energy, Marin Clean Energy, Peninsula Clean Energy Authority, Pico Rivera Innovative Municipal Energy, San Diego Community Power, San Jacinto Power, and San José Clean Energy (collectively, the "Joint Community Choice Aggregators" or "Joint CCAs") submit these comments on Draft Resolution E-5367, *Approving with Modifications Pacific Gas & Electric Company's and Southern California Edison Company's DAC-GT Cost Containment Cap Proposal Update*, to be considered at the June 12, 2025 Commission meeting ("Draft Resolution").

The Draft Resolution, as written, inhibits the ability of program administrators ("PAs") to successfully procure under the Disadvantaged Communities Green Tariff ("DAC-GT") program. The proposed cost containment framework is built on unsupported assumptions, employs a multiplier that is inadequate under current and foreseeable market conditions, and neglects to establish a process to timely resolve the proposal's likely failures. If adopted without significant revision, the Resolution will render the DAC-GT program unworkable for many PAs, particularly Community Choice Aggregator ("CCA") PAs, and will undermine the Commission's statutory objective of expanding clean energy access in disadvantaged communities ("DACs"). These comments identify material, factual, and technical errors in the Draft Resolution and propose targeted corrections to ensure the program can be successfully implemented across all service territories. The Joint CCAs offer necessary revisions in these comments that balance the success of future DAC-GT solicitations, the advancement of economic and environmental benefits for low-income customers in DACs, and customer affordability more broadly.

**BACKGROUND**

On May 30, 2024, the Commission adopted Decision ("D.") 24-05-065, which ordered Pacific Gas and Electric Company ("PG&E") and Southern California Edison Company ("SCE") (collectively, the "Joint IOUs") to work with participating CCAs to develop a proposal for updating the cost containment cap applicable to the DAC-GT program.[1] The Commission further ordered PG&E and SCE to submit a Tier 2 Advice Letter proposing an updated methodology for the cost containment cap that reflects the option for pairing storage.[2]

The DAC-GT program, initially authorized by D.18-06-027 and implemented via Resolution E-4999, provides eligible residential customers in DACs with 100 percent renewable electricity at a 20 percent bill discount. To limit non-participating ratepayer subsidization, Resolution E-4999 also established a numeric cost containment cap threshold. The cost containment cap was originally set at 200 percent of the highest executed contract price in either the most recent Renewable Auction Mechanism's ("RAM") as-available peaking category, or the previous Green Tariff, whichever was higher.[3]

Pursuant to D.24-05-065, the Joint IOUs filed Joint Advice Letter SCE 5362-E and PG&E 7363-E on August 28, 2024, outlining a proposed methodology for updating the DAC-GT cost containment cap. The Joint IOUs held two meetings with the Joint CCAs, on July 18 and July 24, 2024, and corresponded via email to facilitate development of the proposal. The Joint IOUs' proposal identified two components of the updated cost containment cap methodology: (1) a Confidential Benchmark Value Reference Price ("CBVRP"), calculated as the average price of historical executed Power Purchase Agreements ("PPAs") for similar technologies and contract types over a defined time period, and (2) a DAC Percentage Multiplier ("Multiplier"), intended to account for cost differences specific to DAC-GT projects. Under this structure, the final cost containment cap is equal to the product of the CBVRP and the Multiplier.[4]

While the Joint IOUs and Joint CCAs generally agreed that there should be two cost containment cap elements, they proposed different implementation details, including the appropriate Multiplier and whether CBVRPs should be unique to each PA or uniform across the state. In turn, the Joint IOUs filed public and confidential versions of the advice letter. The public version provided a general outline of the proposed methodology and implementation details. Confidential Appendices A and B contain the Joint IOUs' characterization of the Joint CCAs' proposal and the Joint IOUs' confidential critiques, respectively. San Diego Gas &

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[1] D.24-05-065, Decision Modifying Green Access Program Tariffs and Adopting a Community Renewable Energy Program, issued June 7, 2024, at p.133.
[2] *Id.* at p. 171 (Ordering Paragraph ("OP") 4).
[3] Commission Resolution E-4999, Pursuant to Decision 18-06-027, Approving with Modification, Tariffs to Implement the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs, at p. 66 (OP 1.dd).
[4] Joint Advice Letter SCE AL 5362-E and PG&E AL 7363-E, Cost Containment Cap Proposal Update for Disadvantaged Communities Green Tariff Pursuant to Decision 24-05-065, Submitted August 28, 2024, at p. 3.

Electric Company ("SDG&E") did not submit a corresponding advice letter due to its Commission-authorized termination of its DAC-GT program, reflecting its uniquely small, bundled service customer base.

On September 17, 2024, the Joint CCAs, the Coalition for Community Solar Access ("CCSA"), the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates"), and the Solar Energy Industries Association ("SEIA") submitted protests to the Joint Advice Letter. The Joint IOUs replied to the protests and submitted a Joint Supplemental Advice Letter with expanded justification for confidentiality designations and an updated summary of the Joint CCAs' proposals.[5] Within their Joint Supplemental Advice Letter, the Joint IOUs also argued that the PAs should perform their own CBVRP analyses and submit them to independent evaluators for review.

The Joint CCAs submitted a protest to the Joint Supplemental Advice Letter on November 26, 2024, providing additional justifications regarding the confidentiality of the Joint IOUs' filings, the inadequacy of the proposed Multiplier, and the failure to provide a meaningful statewide methodology for calculating the CBVRP. On December 5, 2024, the Joint IOUs filed their reply defending their confidentiality designations, rejecting the proposed 175 percent Multiplier, and maintaining that PA-specific CBVRPs better reflect locational and contractual variation.

On May 8, 2025, the Commission issued Draft Resolution E-5367 which proposes to adopt the Joint IOUs' Advice Letter with modifications. As set forth below, the Joint CCAs submit these comments to identify material, factual, and technical errors in the Draft Resolution's support of the Joint IOUs' cost containment cap proposal. As detailed in the sections that follow, the proposed cost containment framework is unworkable due to its reliance on insufficient and non-comparable executed contract data, an inadequately low multiplier, and the absence of a contingency process to address foreseeable procurement failures. Adoption of the Draft Resolution in its current form would result in an outcome that is neither just nor reasonable and is inconsistent with the applicable Commission standards.

## COMMENTS

### I. The Proposed CBVRP Methodology is Unworkable

The Draft Resolution's proposed cost containment cap framework is structurally unsound and fails to address the realities of DAC-GT implementation. First, it relies on a methodology that presumes all PAs, including CCAs, have access to a sufficient pool of executed, comparable PPAs. This assumption is not supported by the record and does not reflect the reality of CCA DAC-GT procurement. Second, the Draft Resolution defines "comparable" contracts too narrowly, focusing on resource and contract type while omitting critical cost drivers like project

[5] Joint Advice Letter SCE 5362-E-A and PG&E 7363-E-A, Supplement to 5362-E et al., Cost Containment Cap Proposal Update for Disadvantaged Communities Green Tariff Pursuant to Decision 24-05-065, Submitted November 6, 2024.

size. Third, the fallback option of allowing CCAs to adopt IOU-developed CBVRPs is not a reasonable substitute. IOU procurement portfolios often differ significantly in size and scope, leading to distorted cost containment caps that CCAs cannot reasonably procure under. Finally, the framework fails to incorporate a viable offramp for situations where a bid fails to produce adequate solicitations. To correct this, the Commission should authorize the use of a neutral third-party entity to pool anonymized contract data from multiple PAs to generate regionally appropriate CBVRPs. Without these changes, the adopted cost containment cap will not reflect actual market conditions or program constraints, and the DAC-GT program will be unworkable for many PAs.

### a. The Draft Resolution Incorrectly Assumes that All Program Administrators Have Sufficient Executed PPAs to Calculate an Effective CBVRP

The Draft Resolution proposes a CBVRP methodology that requires each PA to calculate its CBVRP by surveying its executed contracts and "pooling prices from a comparable set of competitively solicited power purchase agreements... the entity executed...."[6] The PPAs are to be drawn from a pool of contracts (1) for similar resources, (2) for similar contract types, and (3) that have been executed within the last five years.[7] These CBVRPs are then to be reviewed by an Independent Evaluator for reasonableness.[8]

The proposed CBVRP methodology rests on a factual error in presuming that all DAC-GT PAs have, or each IOU has, a sufficient set of executed, comparable competitively solicited PPAs that satisfy the Draft Resolution's criteria. Many of the Joint CCAs do not have a sufficient history of executed contracts from which to survey to set their own CBVRP that meets the requirements and standards proposed in OP 2, or which reflect current market prices and developer costs.[9] As a result, the CCAs with few or no executed DAC-GT PPAs may need to rely on surveying executed contracts that do not reflect DAC-GT market conditions or developer costs to calculate their CBVRP.[10]

While CCAs have the option to survey non-DAC-GT PPAs, these contracts are often for larger-scale projects and may result in a cost containment cap that does not account for costs associated with developing projects that meet DAC-GT requirements. Alternatively, CCAs may need to use the CBVRP set by their respective IOU as proposed in the Draft Resolution.[11]

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[6] Draft Commission Resolution E-5367. Pursuant to Decision 24-05-065, Approving with Modifications Pacific Gas & Electric Company's and Southern California Edison Company's DAC-GT Cost Containment Cap Proposal Update, May 8, 2025, at p. 18 (OP 2).
[7] *Id.* at p. 13.
[8] Ibid.
[9] D.24-05-065, at p. 162 (Findings of Fact 78).
[10] While Community Solar Green Tarriff ("CSGT") projects should be considered comparable and similar, only one CCA continues to offer a CSGT program. In turn, for purposes of these comments, "DAC-GT PPAs" will encompass executed CSGT PPAs.
[11] Draft Resolution E-5367, at p. 13.

However, the IOU may also have limited or no history of comparable executed contracts. The Joint CCAs address the proposal for CCAs to leverage the CBVRP set by the IOU for their service territory later in these comments.

In surveying CCA-executed non-DAC-GT PPAs, CCAs will likely need to review contracts that ultimately skew towards resources that exceed the maximum DAC-GT system size of 20 megawatts ("MW"). On a per MW basis, non-DAC-GT PPAs that exceed 20 MW tend to result in lower contract prices than DAC-GT PPAs, at least due to economies of scale. Surveying those PPAs will result in a cost containment cap that is undervalued for the DAC-GT program, which would not reflect market conditions or developer costs since DAC-GT PPAs historically have resulted in projects that do not exceed 3MW.[12]

**b. The Draft Resolution's Definition of "Comparable" PPAs Is Technically Incomplete and Risks Skewing Cost Containment Caps**

The Draft Resolution defines "comparable" PPAs based on similar resource type, similar contract type, and whether the contract has been executed within the last five years, but fails to incorporate project size as a critical metric.[13] DAC-GT projects must be sized between 500 kW and 20 MW and interconnected at the circuit, load or substation level. To date, projects executed through the DAC-GT program have not exceeded 10MW, and when excluding PG&E, have not exceeded 3MW.[14] These specifications result in pricing structures that differ significantly from large, utility-scale projects. The Draft Resolution errs in including executed contracts for projects significantly larger than the DAC-GT program size cap in the CBVRP calculation, as they will further skew the CBVRP downward, making the cost containment cap unworkable for a successful program. As such, the Joint CCAs urge the Commission to expand the guidance on what constitutes a "comparable" project to projects sized between 500 kW and 20 MW to ensure objectivity and consistency in the reasonableness review.

**c. IOU CBVRPs Do Not Function as a Reasonable Proxy for CCAs with Insufficient Data**

To accommodate CCAs with insufficient comparable contract history, the Draft Resolution allows CCA PAs to adopt the CBVRP set by the IOU for the relevant service territory.[15] This proposed system presents a significant technical error: IOU-calculated CBVRPs

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[12] *See* R.14-07-002, Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering, DAC-GT PA's First Quarter 2025 DAC-GT Quarterly Reports submitted by April 30, 2025.
[13] Draft Resolution E-5367, at p. 13.
[14] D.18-06-027, Alternate Decision Adopting Alternatives to Promote Solar Distributed Generation in Disadvantaged Communities, issued June 22, 2018, at p. 103 (OP 11) and *see* p. 51.
[15] Draft Resolution E-5367 at p. 18 (OP 2).

are not reasonably comparable or applicable for most CCAs due to differences in program size, procurement scale, and resource expectations. For example, five CCA PAs have a remaining DAC-GT capacity allocation under 4MW, significantly limiting the size of eligible projects and making their programs structurally different from the IOUs.[16] Further, it is unclear whether each of the IOUs will have sufficient comparable executed PPAs when excluding non-DAC-GT PPAs for projects that exceed 20MW that would otherwise skew the CBVRP downward. Even within those bounds, available IOU data may not represent the range of project sizes eligible under the DAC-GT program and result in a CBVRP that effectively excludes projects that more accurately represent bids expected to be received through the program based on the history of the DAC-GT program to date. As such, a determination of whether the data pool of IOU PPAs is sufficient should consider whether there is a reasonable representation of project sizes. Moreover, for CCAs using the CBVRP set by the IOU, it is critical that the CCA PA be provided the opportunity to review the IOU's methodology and be able to comment and/or protest if necessary.

#### d. The Commission Should Direct a Neutral Third Party to Pool Comparable PPA Data for Regional or LSE-Specific CBVRPs

For CCAs without sufficient historical data, and where IOU CBVRPs are not appropriate, the Commission should select and authorize a neutral third-party entity to pool anonymized pricing data from a comparable set of competitively solicited PPAs executed by participating DAC-GT PAs that satisfy the CBVRP categorical requirements. The third party would then develop a CBVRP for individual CCA PAs as needed based on comparable projects within a given geographic proximity.

As an example, the third-party entity could pool executed PPA data for a CCA PA based on a regional geographic boundary or once a sufficient number of data points, as determined by the third party, is reached. This approach would mitigate the risks of data insufficiency or data that is not representative of expected project bids and ensure that cost containment caps reflect actual market trends and comparable project characteristics. This third-party structure would improve consistency, transparency, and efficiency while respecting the confidentiality of underlying contracts. Moreover, utilizing a single third-party entity for all CCA PAs using this approach would be a more prudent use of ratepayer funds as opposed to each PA contracting with a third party.

### II. The 120% Multiplier is Likely Too Low to Receive Viable Project Bids and Should be Increased to 140%

In addition to the issues associated with the CBVRP, the Draft Resolution's proposed 120% Multiplier does not adequately account for actual market conditions and above-market costs beyond project siting. The Draft Resolution supports the 120% Multiplier primarily on the basis that expanding the DAC-GT siting eligibility to include locations within five miles of a DAC "should reduce developers' costs."[17] While some limited cost savings may result from this

[16] D. 24-05-065, at pp. 138-139.
[17] Draft Resolution E-5367, at p. 14.

geographic expansion, the Draft Resolution treats siting as the sole or primary driver of project costs for distributed projects of this scale. This reasoning ignores a wide array of other factors that materially affect project costs and does not justify an 80% reduction in the Multiplier.

Notably, the Draft Resolution fails to consider external economic pressures that are likely to increase project costs in the near term, such as the impacts of impending tariffs and the potential termination or reduction of the Investment Tax Credit ("ITC"). The ITC is a longstanding federal tax credit incentive for solar development, in place since 2006 and scheduled to step down to 0% by 2036.[18] Since 2006, the ITC has had, and continues to have, a significant impact on reducing the costs of solar development and driving the growth of solar. Currently, Congress is considering repealing or reforming the ITC, with proposals ranging from accelerating the existing ITC phaseout schedule to terminating the ITC in the near-term. The uncertainty of the future of the ITC in addition to the uncertainties of potential tariffs on the solar market could result in significant increases in costs. These potential near-term cost impacts have not been taken into consideration in the Draft Resolution. By dismissing these material economic pressures and focusing narrowly on siting costs, the Draft Resolution risks understating the multiplier required to attract viable project bids.

The Draft Resolution also errs in referencing the bid price cap adopted for the Enhanced Community Renewables ("ECR") program as a justification for selecting the 120% Multiplier.[19] The 120% Multiplier was adopted for unrestricted ECR projects, which lacked the size, location, and participant restrictions applicable to DAC-GT projects. In contrast, the ECR Environmental Justice ("EJ") Reservation category, which shares many of the characteristics of the DAC-GT program, including restrictions on siting and customer eligibility criteria, was authorized with a 200% multiplier.[20] The Draft Resolution fails to explain why the more analogous ECR EJ category is not the appropriate point of comparison.[21]

Finally, D.24-05-065 discontinued future procurement under ECR due to the program's shortcomings. This limited participation and ultimate discontinuance underscores that a 120% cap was not effective for projects serving disadvantaged communities and should not be used as a benchmark for the DAC-GT program, which is designed to benefit those very communities.

In the Draft Resolution, the Commission declined to set the multiplier at 175%, citing concerns that such a level may not reflect current market conditions and could negatively impact

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[18] *See* U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy, Federal Solar Tax Credits for Businesses, February 2024.
[19] Draft Resolution E-5367, at p. 15.
[20] D.15-01-051, Decision Approving Green Tariff Shared Renewables Program for San Digo Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company Pursuant to Senate Bill 43, Issued February 2, 2015, at p. 10.
[21] *See* D.15-01-051, at pp. 4-5. Capacity for the ECR EJ category was reserved for facilities no larger than 1 MW "located in areas previously identified by the California Environmental Protection Agency... as the most impacted and disadvantaged communities... as the most impacted and disadvantaged communities."

non-participant affordability by increasing the overall DAC-GT program subsidy.[22] Unfortunately, the proposed 120% Multiplier in the Draft Resolution does not reflect market conditions particularly for investments in or near DACs, and will likely not result in viable project bids. The proposed Multiplier also does not account for the foreseeable near-term market changes mentioned above. This is particularly concerning considering PA's CBVRPs under the methodology proposed in the Draft Resolution are likely to underestimate DAC-GT market conditions and developer costs as previously discussed.

The Joint CCAs recommend the Commission adopt a reasonable increase in the Multiplier to 140%. A 140% Multiplier would improve the likelihood of successful bids by equipping PAs to better navigate the challenges with the proposed cost containment cap methodology and accommodate potential rapid and near-term market changes while mitigating the Commission's concerns around a higher cost containment cap as raised in the Draft Resolution.

**a. The Final Resolution Must Include a Built-In Contingency Process**

As discussed above, the Draft Resolution's proposed adoption of the Joint IOU's CBVRP and implementation of a 120% Multiplier will likely result in cost containment caps that are too low to support viable DAC-GT project development. As such, it is critical that the Final Resolution include a contingency process to address the possible scenario where a PA receives zero conforming bids at or below the cost containment cap that also meet all program requirements as established by the Commission. PAs must have access to a well-defined procedural pathway to update the cost containment cap in the instance that it proves to be infeasible.

To address this, the Joint CCAs recommend that the Commission incorporate in the Final Resolution a contingency option for each PA to propose and justify an adjustment to their cost containment cap multiplier via an Advice Letter submittal when zero conforming bids are received (1) at or below the cost containment cap and (2) otherwise meet all program requirements as established by the Commission. The PA's proposed adjusted cost containment cap multiplier must be substantiated by a PA's solicitation results and must not exceed 175% of the CBVRP. In the PA's Advice Letter filing, subject to confidential protection of market sensitive data, the PA would summarize the results of their solicitation, including the number of bids received, the percentage of bids that exceeded the cost containment cap, and if the bids would have fulfilled program requirements. Pending the Commission's review of the PA's Advice Letter submittal, the PA may adjust the multiplier for its cost containment cap. This process would preserve Commission oversight while providing necessary flexibility for PAs to adapt to evolving market conditions, including the aforementioned ITC and tariffs.

[22] Draft Resolution E-5347, at p. 13.

## CONCLUSION

The Joint CCAs thank the Commission for its consideration of these comments.

Respectfully,

*/s/ Jessica Melms*

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On behalf of the Joint Community Choice Aggregators

cc (via e-mail): Connor Flanigan, SCE (AdviceTariffManager@sce.com)
Adam Smith, SCE (KarenGansecki@sce.com)
Sidney Bob Dietz II, PG&E (PGETariffs@pge.com)
Service List: A.22-05-022, R.14-07-002

# ITEM 6
# ATTACHMENT B

May 12, 2025

The Honorable Buffy Wicks
Chair, Assembly Committee on Appropriations
1021 O Street, Suite 8220
Sacramento, CA 95814

**RE: Oppose Unless Amended - AB 1295 (Patterson) Public utilities: bills and notices: consolidation and transparency (Amended as of 4/22/2025)**

Dear Assemblymember Wicks,

We write this letter on behalf of San Diego Community Power (SD Community Power) and Clean Energy Alliance (CEA) to express our oppose-unless-amended position on AB 1295 (Patterson) related to customer billing for energy. We've had productive conversations with the author's office and expect them to continue. SDCP shares the author's goal of providing clear, understandable, and accurate bills to our customers. As outlined below, we suggest a few clarifying amendments to better ensure AB 1295 (Patterson) effectively enhances the billing experience for all customers, including those served by community choice aggregators (CCAs) like SD Community Power and CEA.

We suggest an amendment to ensure that CCAs are explicitly consulted and involved in the development and implementation processes outlined in AB 1295 (Patterson). Currently, AB 1295 (Patterson) allows the California Public Utilities Commission to seek and consider input from utilities and other relevant stakeholders to inform its evaluation. It does not, however, specify that CCAs must be included in this consultation process. Under law, CCA generation charges are assessed through a consolidated bill issued by the Investor Owned Utility (IOU) that provides delivery services. As organizations founded and governed by the community, we welcome the opportunity to have direct input on changes to customer billing.

We also seek a clarifying amendment to ensure that all relevant billing details are taken into consideration. This includes fees and delivery charges collected on the consolidated bill. A comprehensive approach will provide customers with a truly transparent view of their total energy costs. Finally, we believe it is important to balance the need for cost-effective billing delivery with ensuring accessibility for all customers. We suggest an amendment that acknowledges this balance, allowing for various delivery methods that meet diverse customer needs while remaining fiscally responsible.

We want to emphasize that SD Community Power and CEA have been actively engaged in discussions with the author's staff regarding these proposed amendments. We are optimistic that with these amendments, AB 1295 (Patterson) can enhance billing transparency and improve the customer experience across California. Our draft amendments are attached.

If you have any questions, please contact Amy Costa at amy@fullmoonstrategies.com.

Sincerely,

Patrick Welch
Associate Director of Legislative Affairs
SD Community Power

Greg Wade
Chief Executive Officer
CEA

Cc: The Honorable Joe Patterson, 5th Assembly District

**ATTACHMENT**

SD Community Power: Suggested Amendments to ***AB 1295 (Patterson)*** *Public utilities: bills and notices: consolidation and transparency. (As amended April 22, 2025)*

**SECTION 1.** Section 739.17 is added to the Public Utilities Code, to read:

**739.17.** (a) On or before June 1, 2026, the commission shall do both of the following:

(1) Evaluate all customer billing and noticing requirements existing ~~on~~ as of January 1, 2026, that apply to gas or electric utilities.

(2) Identify and consider potential avenues to consolidate notices and enhance billing transparency, including, but not limited to, avenues that would do both of the following:

(A) Clearly show the source and value of each charge within each customer's consolidated bill, including, but not limited to, commodities, delivery, taxes, fees, public purpose programs, and community choice aggregator charges.

(B) Use the most cost-effective communications channels, which may include, but are not limited to, email, an online portal, or a mobile application, balanced with customer access needs.

(b)(1) Consistent with paragraph (9) of subdivision (c) of Section 366.2 of the Public Utilities Code, the commission shall seek and consider input from community choice aggregators.

(2) The commission may seek and consider input from utilities and other relevant stakeholders to inform its evaluation and identification and consideration of potential avenues to consolidate notices and enhance billing transparency.

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 7**

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**TO:** Community Advisory Committee

**FROM:** Patrick Welch, Associate Director of Legislative Affairs
Andrea Torres, Director of Origination

**VIA:** Karin Burns, Chief Executive Officer

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

**DATE:** June 12, 2025

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## RECOMMENDATION:

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

## BACKGROUND:

Staff provides regular updates to the Community Advisory Committee regarding Community Power's regulatory and legislative engagement and monitoring. Please refer to Item 6 for the regular update on state legislative and regulatory matters. This Staff Report is a summary of the latest status – as of May 30 – on federal policy and budgeting matters that have the potential to impact Community Power's current and future electricity procurement portfolio.

## STAFF ANALYSIS:

### I. Tariffs

The U.S. imposed tariffs on Chinese goods of between 25%-50% during the prior Trump Administration and during the Biden Administration. Since January, the current Administration has signaled a wide range of tariffs to be imposed on goods from various nations and those tariff levels have changed numerous times in the interim. The tariff percentages applied to China reached their peak earlier in April at 145% and at one point reached 3,521% on solar equipment from Cambodia. Since then, as of May 12, China and the U.S. have agreed to a 90-day pause in their trade war at an average of 30% tariff on Chinese goods into the U.S. and a 10% tariff on U.S. goods into China, noting that other Southeast Asian countries that are a significant source of PV and battery material supply have been among the hardest hit, facing between 32% and 49% tariffs on goods into the U.S.

## II. Tax Credits

Congress is expected to send the President budget reconciliation legislation that would extend the 2017 Tax Cuts and Jobs Act. Congress will need to make corresponding budget cuts to pay for the Tax Act extension. One means of creating savings is to reduce or eliminate federal energy tax credits that support the transition to clean energy. Current law, as enacted by the Inflation Reduction Act of 2022, provides a 30% tax credit for utility scale clean energy projects. There are two routes to obtain the credit: either through the Production Tax Credit (PTC), which is based on the electrical output of a clean energy project, or the Investment Tax Credit (ITC), which is based on the total investment value of a project. Current law also creates consumer-level tax credits. The Residential Clean Energy Credit (RCEC) provides a 30% credit to support the installation of residential solar and storage systems, and the Home Energy Efficiency Investment Credit (HEEIC) provides a dollar-capped credit ($3,200) for home energy efficiency and electrification improvements.

### *House of Representatives Approves Legislation to Phase Out Energy Tax Credits*

The One Big Beautiful Bill Act (H.R. 1) is the budget reconciliation legislation of the majority party in the House of Representatives. The over 1,000-page bill was approved by the House on May 22. With respect to clean energy tax credit issues, it would do the following:

- Eliminate the New Clean Vehicle Tax Credit ($7,500). The 30% residential solar and storage tax credit (RCEC) and the $3,200 home energy efficiency and electrification upgrade tax credit (HEEIC) would sunset at the end of 2025. Solar companies would also be barred from claiming a tax credit for lease agreements for rooftop solar.
- Phase out the ITC and the PTC for all utility-scale technologies by December 31, 2028. Projects would have to either start construction within 60 days of the bill's enactment or be placed into service by December 31, 2028, to qualify.
- Impose restrictive foreign entities of concern (FEOC) conditions on projects seeking ITC and PTC benefits in such a manner that energy facilities could not receive any material assistance from foreign controlled or influenced entities, including the component parts of facilities. This largely means that any energy project with any parts from China, or a company with ties to China, would not be eligible. This would go into effect on December 31, 2025.
- Transferability of tax credits would still be allowed, but only during the narrow window for when projects are eligible for the credits, making it harder for smaller companies to gain access to capital.
- The bill retains a tax credit until 2031 for nuclear power production, advanced manufacturing for certain components, clean fuels, and geothermal heat property.

H.R. 1 also allows fossil fuel companies to pay a higher permitting fee to benefit from faster project permitting. Finally, it would rescind unobligated funds from various federal energy programs. Community Power is not the recipient of any such funding so the reversion of unobligated funds should not have a programmatic impact. The legislation would rescind unobligated funding from the following programs:

- State based energy efficiency training grants
- Department of Energy Loans program
- Tribal Energy Loan Guarantee
- Transmission Facility Financing and Interstate Electricity Transmission Lines
- Interregional and Offshore Wind Planning

The intended goal is for the House and Senate to agree to H.R. 1, or some modified version thereof, by July 4. It is a fluid situation and much could change in the interim. Notably, four Senators from the majority party wrote a letter expressing support for a stable and predictable tax framework to promote development of energy resources.

***Several Congressmembers Introduce Alternative Energy Tax Credit Proposals***

On May 9, a group of majority party members of the House of Representatives introduced the Certainty for Our Energy Future Act (HR 3291) as an alternative approach to changing the ITC and PTC. Specifically, the legislation would end the ITC and PTC for solar and wind only by 2031. It would maintain the tax credits into the 2030s for other technologies, like energy storage and geothermal. The legislation would also maintain the start of construction standard for ITC eligibility, include safe harbor language for existing projects, and would impose less restrictive foreign sourcing restrictions. It has been referred to the House Ways & Means Committee for a hearing.

Another bill introduced by four members of the majority party – The Ending Intermittent Subsidies Act (HR 2838) would phase out the ITC and PTC for wind and solar, and impose a placed in-service standard. It has been referred to the House Ways & Means Committee.

**Table 1. Summary of Federal Proposals on Utility Scale Project Tax Credits**

| | Current Law | Certainty for Our Energy Future Act (HR 3291) | Ending Intermittent Energy Subsidies Act (HR 2838) | One Big Beautiful Bill Act (HR 1) |
|---|---|---|---|---|
| **Sponsor** | N/A | Reps. Garbarino (NY-2), Valadao (CA-22), Newhouse (WA-4), & Amodei (NV-2) | Reps. Goldan (TX-12), Palmer (AL-6), Weber (TX-14), & Fluger (TX-11) | Rep. Arrington (Tx-19) |
| **Status** | 30% tax credit for clean energy projects based either on a project's total investment or the electricity produced | Referred to the House Ways & Means Committee | Referred to the House Ways & Means Committee | Passed the House on May 22 on a 215-214 vote |
| **Preference** | Preferred | Second preference | Third preference | Least preferred |
| **Tax Credit Sunset** | 2032 or when the electric sector GHG emissions fall | Wind and solar credits end December 31, | Wind and solar credits only are phased out: | Can't claim tax credit for any technology if: |

| | | | | |
|---|---|---|---|---|
| | 25% below 2022 levels, whichever is later, followed by the following phase out:<br>• 75% of credit value following second year<br>• 50% third year<br>• 0% fourth year | 2030. There is a safe harbor provision for projects for projects that have, or will soon, start construction based on current IRS guidance. | • 80% credit value in 2026<br>• 60% 2027<br>• 40% 2028<br>• 20% 2029<br>• 0% 2030 | • Construction begins 60 days after the date of enactment<br>*or*<br>• The project is placed into service after Dec 31, 2028 |
| **Tax Attachment Point** | Start of construction | Start of construction | Placed into service for ITC and year of production for PTC | Both |
| **Foreign Entity of Concern (FEOC) Restrictions**<br><br>A FEOC is China, Russia, Iran, and North Korea | None | Modest restrictions would be imposed 6 months after the Treasury Department issues guidance. Specifically, a taxpayer could not be a disqualified company that is created under the laws of, or controlled by, a FEOC. | None | Significant restrictions would be imposed 1 year after enactment. Generally, the taxpayer of a project could not receive “material assistance” – including component parts – from a FEOC. A taxpayer could also not be deemed to be influenced or controlled by any FEOC. |
| **Transferability** | Allowed | Allowed | Allowed | Allowed |
| **Domestic Content & Energy Community adders** | 10% | Maintained | Maintained | Maintained |

## III. Energy Project Development on Public Lands

### *Executive actions have caused the Bureau of Land Management (BLM) to pause permitting for renewable energy projects*

The Unleashing American Energy Executive Order (EO) revoked an EO from 2021 called the Tackling the Climate Crisis at Home and Abroad (EO #14008). The BLM was relying on the 2021 EO to prioritize the permitting of renewable energy – like solar – on federal lands. By revoking the prior EO, and by uplifting the development of fossil fuels, in particular, the new EO deprioritizes the development of renewable energy and energy storage on federal land. Concurrently, the Department of Interior, which oversees BLM, issued a 60 day pause authorizing any renewable energy projects. Community Power has learned that the permitting pause – for solar at least – is no longer in effect and projects are still being approved. However, BLM may not be approving the projects at an expeditious rate given the Administration’s priority permitting focus on traditional energy projects. As a potential positive sign, the BLM recently announced approval of a solar project in Arizona. Community Power has a power purchase agreement (PPA) for a large solar PV and battery project largely sited on BLM land.

## IV. Potential Impacts to Community Power's Long-Term Renewable Energy Portfolio

Community Power staff are closely monitoring any potential effects of the aforementioned actions on Community Power's existing portfolio of long-term contracts under development as well as projects in Community Power's negotiation pipeline.

With respect to tariffs, Community Power notes that it is challenging for both buyers and sellers of renewable energy to assess the market impacts of tariffs until trade discussions settle. However, staff is in regular contact with counterparties to understand any impacts on project economics or the potential for delays to construction due to challenges with securing supply with minimal tariff risks. Fortunately, a material portion of projects under contract with Community Power are in the later stages of development, having secured construction financing, onshored key equipment and/or commenced construction, effectively mitigating the risk of new tariffs. For those projects that are in earlier stages of development, staff will continue to work closely with developers to track any risks to project viability. For new contracting opportunities, staff are prioritizing projects that are better positioned to mitigate tariff exposure due to developer-specific procurement and project financing strategies.

With respect to the proposed modifications to existing tax credits, the final outcome is unclear, as there are several steps left in the Congressional process. While the House of Representatives passed HR 1 as described in Section II of this report, the Senate has yet to indicate their position on the energy tax credits. The Senate plans to pass HR 1, or a version thereof, by July 4, though that is an uncertain deadline. If the Senate approves a modified version of HR 1, the House will then need to approve vote on the bill again. Similar to the assessment of tariff impacts, approximately two-thirds of the forecasted renewable energy volume under development in our contracted portfolio is from either projects under construction or those having met safe harbor provisions (i.e. meeting a 5% threshold of capital investment delivered or stored). Those projects are not anticipated to be affected by modifications to the rules on tax credit eligibility. For those projects that are earlier in the development process, it is too soon to draw conclusions on the likely impacts to project costs and viability under any new tax credit regime.

Finally, regarding the permitting pause on BLM land, in May the Board approved an amendment for Community Power's PPA with Primergy's Purple Sage project, a 400 MW solar and storage project sited largely on BLM land. The amendment extends the guaranteed commercial operation date by a year into 2028 in exchange for other adjustments to terms to increase the project's value to Community Power's ratepayers. In the meantime, staff will continue to monitor the progress made on project permitting and development and will see if the recently approved PV project in Arizona signals good news for permitting approvals for Purple Sage.

Staff have conducted a project-by-project scenario analyses of Community Power's developing portfolio to stress test for project delays or potential project failure and have concluded that Community Power remains on track meet its clean energy target of 100% by 2035 as well as the interim target of 75% by 2027.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 8**

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**TO:** **Community Advisory Committee**

**FROM:** **Dr. Eric Washington, Chief Financial Officer**

**VIA:** **Karin Burns, Chief Executive Officer**

**SUBJECT:** **Presentation of Draft FY 2025-2026 Operating Budget, FY 2025-2026 Capital Budget, and FY 2026-2030 Capital Investment Plan**

**DATE:** **June 12, 2025**

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## RECOMMENDATION:

Receive and File draft FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan.

## BACKGROUND:

On October 1, 2019, the Founding Members of San Diego Community Power (Community Power) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the Community Power Board of Directors (Board) shall adopt an annual budget prior to the commencement of the fiscal year. The JPA further provides that Community Power's fiscal year runs from July 1 to June 30, unless changed by the Board.

Section 7.3.1 of the JPA requires that Community Power budgets be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.

On July 28, 2022, the Board adopted a budget development schedule as part of the Community Power Budget Policy. This development schedule includes an annual budget review in May by the Financial and Risk Management Committee (FRMC), which occurs prior to the Community Power Board of Directors (Board) previewing the budget in May and prior to the Board potentially adopting the budget in June.

Table 1. Current Budget Development Schedule

| February | March-April | May | June | |
|---|---|---|---|---|
| Develop Operating Revenue Estimate<br>Develop Operating Expense Estimate<br>Develop financial plan for credit rating in 3-years | Staff develop operating budgets<br>Baseline budget is developed | Strategic planning sessions with SDCP Board<br>SDCP Board Preview (Information Item) | Financial and Risk Management Committee Review<br>SDCP Board Approval | July 1st Budget Implemented<br>Mid-year budget review (February)<br>Budget amendments as necessary |

Table 2 illustrates the proposed FY 2025-2026 budget in comparison to Community Power's budgets from prior years.

Table 2. Community Power Budget History

| Operating Budget | Net Revenues | Total Expenses | Net Position |
|---|---|---|---|
| FY 2020-21 Amendment | $ 26,286,909 | $ 34,135,000 | $ (7,848,091) |
| FY 2021-22 Amendment | $ 378,053,506 | $ 342,177,063 | $ 35,876,443 |
| FY 2022-23 Amendment | $ 929,791,929 | $ 772,078,709 | $ 157,713,220 |
| FY 2023-24 Amendment | $ 1,304,274,067 | $ 1,070,891,284 | $ 233,382,783 |
| FY 2024-25 Amendment | $ 1,221,258,172 | $ 1,187,090,169 | $ 34,168,003 |
| **FY 2025-26 Proposed** | **$ 1,199,619,794** | **$ 1,035,006,277** | **$ 164,613,302** |

**ANALYSIS AND DISCUSSION:**

The proposed FY 2025-2026 operating budget includes net operating revenue of $1,199,619,579 and total expenses of $1,035,006,277, resulting in net position of $164,613,302.

The proposed FY 2025-2026 capital budget includes revenue and expenses of $54,545,636 to fund 12 projects in FY 2025-2026, totaling 21 active projects during the fiscal year.

The proposed FY 2026-2030 capital investment plan includes 21 projects that will receive funding in the five-year period, totaling $344.3 million in investments. The first year of the FY 2026-2030 CIP comprises the FY 2025-2026 capital budget. Additionally, $11.2 million in unspent continuing funds were appropriated by the Board in prior fiscal years and is represented as carryforward revenue.

The proposed budget includes the key assumptions outlined below.

**Operating Revenue**
Community Power's net operating revenue consists primarily of revenues from sales of electricity. Assumptions regarding net operating revenue include:

- Enrollment of customers is complete from all member jurisdictions.

- 95% participation rate across all jurisdictions.
- A 1.75% uncollectible rate which remains the same as last fiscal year.
- Rates that were set and approved by the Board on February 7, 2025.

**Cost of Energy** includes all the various services purchased from the power market through our counterparties to supply energy to Community Power's customers.

**Operating Expenses**
Community Power's non-energy operating expenses fall into four categories: "personnel costs", "professional services and consultants", "marketing and outreach", and "general and administration." Expense assumptions include the following:

- **Personnel** include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately 7 new staff members during the FY 2025-26 budget cycle, growing the agency to 94 total staff.

- **Professional Services and Consultants** include SDGE fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services.

- **Marketing and Outreach** includes expenses for mandatory notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of Community Power.

- **General and Administration** budget covers the cost of office space, equipment, membership dues, and other general operational costs.

**Non-Operating Expenses**
Community Power's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs are comprised of associated interest costs as well as potential renewal fees on debt or letters of credit.

**Capital Investment Plan (CIP)**
In FY 2025-2026 Community Power is continuing its Capital Investment Plan (CIP) which contains all the individual capital projects, equipment purchases, and major programs for the agency that are intended to span multiple years. The FY 2025-2026 operating budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year. Additionally, the first year of the CIP is the proposed FY 2025-2026 capital budget.

**Net Income**
The proposed FY 2025-2026 budget results in a net position of $164,613,302.

The following table illustrates Community Power's proposed FY 2025-26 operating budget compared to the amended budgets for FY 2023-24 and FY 2024-25.

Table 3. FY 2025-2026 Proposed Budget compared to the FY 2023-24 and FY 24-25 Amended Budgets.

| | **FY24 Amended** | **FY25 Amended** | **FY26 Proposed** |
|---|---|---|---|
| Gross Revenue | 1,365.7 | 1,243.0 | 1,221.0 |
| Less Uncollectible Accounts | -61.4 | -21.8 | -21.4 |
| **Net Operating Revenues** | **1,304.3** | **1,221.3** | **1,199.6** |
| | | | |
| Cost of Energy | 1,020.8 | 1,116.8 | 956.7 |
| Non-Energy Costs | 43.8 | 50.8 | 54.3 |
| **Subtotal Operating Expense** | **1,064.6** | **1,167.6** | **1,010.9** |
| | | | |
| Debt Service | 2.4 | 1.3 | 1.9 |
| Capital Investment Plan (Transfer Out) | 4.7 | 18.2 | 22.2 |
| **Total Expenses** | **1,071.0** | **1,187.1** | **1,035.0** |
| | | | |
| **Net Position** | **233.3** | **34.2** | **164.6** |

Amounts displayed in millions, $

The next table illustrates Community Power's proposed FY 2026-2030 Capital Investment Plan. The first year of the FY 2026-2030 CIP represents Community Power's FY 2025-2026 Capital Budget.

Table 4. Community Power FY 2026-2030 Capital Investment Plan

| | **Carry-forward** | **5-Year Budget** | | | | | |
|---|---|---|---|---|---|---|---|
| | **FY25** | **FY26** | **FY27** | **FY28** | **FY29** | **FY30** | **Total** |
| **External Funding** | | | | | | | |
| Regional Energy Network | - | 31.9 | 59.5 | 51.4 | 42.0 | 43.7 | 228.6 |
| DAC-GT | (0.1) | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 2.4 |
| CDFA | 0.7 | - | - | - | - | - | 0.7 |
| Equitable Building Decarbonization | 1.4 | - | - | - | - | - | 1.4 |
| **Subtotal** | **2.0** | **32.5** | **60.0** | **51.9** | **42.5** | **44.2** | **233.0** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Internal Funding** | | | | | | | | |
| Energy Efficiency | 0.0 | | - | - | - | - | - | 0.0 |
| Solar Battery Savings | 3.2 | | 18.8 | 11.1 | 10.4 | 8.3 | 8.5 | 60.3 |
| Pilot Programs | 2.5 | | - | - | - | - | - | 2.5 |
| Grants | 0.2 | | 1.3 | - | - | - | - | 1.5 |
| DER | 0.0 | | - | - | - | - | - | 0.0 |
| Flexible Load | 0.3 | | 0.3 | 0.6 | 0.6 | 0.8 | 0.7 | 3.3 |
| IT Projects | 2.5 | | 1.5 | - | - | - | - | 4.0 |
| Community Education | | - | 0.0 | - | - | - | - | 0.0 |
| App Assistance | 0.3 | | - | - | - | - | - | 0.3 |
| Program Evaluation | | - | 0.3 | - | - | - | - | 0.3 |
| Other CIP | | - | - | 7.4 | 8.7 | 11.2 | 11.7 | 39.1 |
| **Subtotal** | **9.2** | | **22.2** | **19.1** | **19.7** | **20.3** | **20.9** | **111.3** |
| | | | | | | | | |
| **CIP Expense Total** | **11.2** | | **54.7** | **79.1** | **71.6** | **62.8** | **65.1** | **344.3** |

Amounts displayed in millions, $

The proposed budget now includes an adjustment to our Capital Investment Plan (CIP) funds. We've shifted some of the remaining budget allotment from in-house personnel to professional services, which we expect will lead to long-term savings on personnel costs. We've also updated the carryforward funds. These revisions make the proposed budget more current.

Table 5. Community Power FY 2025-2026 CIP Draft vs Proposed

| | Draft CIP FY26 | Proposed CIP FY26 | FY26 Draft vs. Proposed |
|---|---|---|---|
| **External Funding** | | | |
| Regional Energy Network | 228.7 | 228.6 | 0.1 |
| DAC-GT | 2.7 | 2.4 | 0.3 |
| CDFA | 0.5 | 0.7 | (0.2) |
| Equitable Building Decarbonization | 1.5 | 1.4 | 0.1 |
| Other | 0.9 | - | 0.9 |
| **Subtotal** | **234.3** | **233.0** | **1.3** |
| **Internal Funding** | | | |
| Energy Efficiency | - | 0.0 | (0.0) |
| Solar Battery Savings | 59.8 | 60.3 | (0.5) |
| Pilot Programs | 1.7 | 2.5 | (0.8) |
| Grants | 1.5 | 1.5 | (0.0) |
| DER | 0.1 | 0.0 | 0.1 |
| Flexible Load | 3.1 | 3.3 | (0.2) |
| IT Projects | 3.5 | 4.0 | (0.5) |
| Community Education | - | 0.0 | (0.0) |
| App Assistance | 0.1 | 0.3 | (0.2) |
| Program Evaluation | 0.3 | 0.3 | 0.1 |
| Other CIP | 0.2 | 39.1 | (38.9) |
| **Subtotal** | **70.3** | **111.3** | **(41.0)** |
| **CIP Expense Total** | **304.6** | **344.3** | **(39.7)** |

Amounts displayed in millions, $

Table 6. Community Power FY 2025-2026 Budget Draft vs Proposed

| Category | Draft Budget FY26 | Proposed Budget FY26 | FY26 Draft vs Proposed Difference |
|---|---|---|---|
| **Revenue** | | | |
| Gross Ratepayer Revenues | $ 1,220,986,849 | $ 1,220,986,849 | $ - |
| (Less 1.75%* Uncollectible ) | $ (21,367,270) | $ (21,367,270) | $ - |
| **Total** | **$ 1,199,619,579** | **$ 1,199,619,579** | **$ -** |
| | | | |
| **Expenditures** | | | |
| Cost of Energy | $ 956,690,816 | $ 956,690,816 | $ - |
| General and Administration | $ 5,841,527 | $ 5,841,527 | $ - |
| Marketing and Outreach | $ 2,647,481 | $ 2,647,481 | $ - |
| Personnel Costs | $ 21,115,541 | $ 21,115,541 | $ - |
| Professional Services and Consultants | $ 24,647,755 | $ 24,647,755 | $ - |
| Programs | $ - | $ - | $ - |
| **Total** | **$ 1,010,943,119** | **$ 1,010,943,119** | **$ -** |
| | | | |
| **Debt Service** | **$ 1,892,558** | **$ 1,892,558** | **$ -** |
| **CIP** | **$ 21,353,333** | **$ 22,170,600** | **$ 817,267** |
| | | | |
| **Net Position** | **$ 165,430,569** | **$ 164,613,302** | **$ (817,267)** |

**FISCAL IMPACT:**

The proposed FY 2025-2026 budget is expected to result in a net position of $164.6 million, with resulting total cash reserves of $572.0 million, or 207-days cash on hand by the end of FY 2025-2026, based on the agency's current projections which are subject to change, especially as energy markets fluctuate.

Community Power additionally proposes a one-time investment of $22.2 million into the agency's Capital Investment Plan. The large majority of this one-time investment is meant to fund $18.8 million for the Solar Battery Savings program, which offers upfront and performance-based incentives for home battery systems that boost resilience and reduce grid demand. The program was recognized in the U.S. Department of Energy's 2025 Virtual Power Plant Liftoff Report as a model for customer-centered innovation in distributed energy and offers incentives savings to customers while also reducing energy costs for Community Power during peak periods of demand.

**ATTACHMENTS:**

A: Draft FY 2025-2026 Operating Budget Book (June 12 redline)
B: Draft FY 2026-2030 Capital Investment Plan (June 12 redline)
1: A Resolution of the Board of Directors of San Diego Community Power Adopting the Fiscal Year 2025-2026 Operating Budget, the Fiscal Year 2025-2026 Capital Budget, (June 26-Ehibit A) and the Fiscal Year 2026-2030 Capital Investment Plan (June 26-Ehibit B)

# ITEM 8
# ATTACHMENT A

SAN DIEGO COMMUNITY POWER

FISCAL YEAR 2025 / 2026

SAN DIEGO COMMUNITY POWER

# Operating Budget

## Fiscal Year 2025–2026

Resolution 2025-XX

Draft Revised June 12, 2025

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# How to Use This Book

The San Diego Community Power (Community Power) Fiscal Year (FY) 2025–2026 operating budget contains agency budgetary and fiscal policy information as well as detailed operating budgets for agency divisions. The proposed operating budget is organized into the following sections:

## Executive Summary

Includes the Chief Executive Officer's Letter and the Executive Summary of the proposed operating budget and provides a high-level overview of the agency's budget, the changes from the prior year and other high-level details on specific highlights and changes in the proposed operating budget.

## Overview

Provides a high-level overview of Community Power's governance, structure and agency values and priorities.

## Budget Process

Describes the various financial planning and budgeting processes and reports that inform the budget process.

## Budget Overview

Describes the budget in brief, financial data summarizing Community Power's proposed budget, the Capital Investment Plan and the agency's five-year financial plan.

## Budget Information and Summary Tables

Provides technical information on the structure, policies and processes that govern Community Power's budget development and implementation as well as high-level financial data summarizing Community Power's proposed budget. The tables detail changes over a two-year period: FY 2024–2025 Amended Budget and the proposed FY 2025–2026 Operational Budget. The variance column measures the dollar and position differences between fiscal years.

## Operational Budgets

Provides budgetary information and operational priorities for each of Community Power's departments. Department information is organized alphabetically by division name and includes the following information:

- Mission and Services
- Department Highlights
- Professional Services Agreement
- Objective Key Results
- Department Positions
- Organizational Chart — depicts the department's organizational structure
- Budget Data Summary — shows a summary of total expenditures and funded positions

## Additional Resources

Provides additional information, including applicable Community Power policies as well as a glossary of commonly used terms.

# A Letter from the Chief Executive Officer

At San Diego Community Power, we are shaping a future that is both sustainable and equitable. As a not-for-profit public agency and Community Choice Aggregator (CCA), we were created to bring competition to the local energy marketplace, offering cleaner energy at competitive rates and reinvesting revenues back into our communities.

Since launching in 2021, we've grown significantly in both reach and impact. In 2024, we remained focused on our mission: delivering reliable, clean power at competitive rates while advancing programs that make a tangible difference for our customers.

Affordability and long-term value remain central to our strategy. In February 2025, we reduced rates for the second year in a row — thanks to prudent financial planning and favorable market conditions — providing most customers with a discount compared with San Diego Gas & Electric's electricity generation rates.

Every decision we make, from lowering rates to expanding service options, is grounded in the needs of our customers and communities. Last summer, we introduced two new service options: **Power100 Green+**, for commercial customers seeking the highest level of renewable energy, and **PowerBase**, a more affordable option that still meets California's clean energy standards

Even as we deliver near-term savings, we continue to plan for long-term energy security and stability. The broader power market remains volatile, shaped by a constrained statewide resource supply and uncertain federal tax credit and trade policies. Our Power Services team is navigating these challenges through disciplined procurement and long-range planning.

To date, we've executed 17 long-term power purchase and energy storage agreements that will deliver reliable, renewable electricity to nearly 1 million homes and businesses across our region. These investments not only support our goal of 100% renewable energy by 2035, but also help insulate customers from future price spikes.

In 2024, we marked a major milestone with the ribbon cutting of the **Vikings Solar and Storage Project** in Imperial County. Developed by Arevon, with Community Power as the offtaker, Vikings is more than just a solar generation site. As one of the first utility-scale solar peaker plants in the United States, the project is designed to keep the lights on and costs down when demand is at its highest — powering the equivalent of 50,000 San Diego homes with clean, affordable energy. It exemplifies our broader procurement strategy: securing long-term renewable power while creating local and regional economic opportunity.

In addition to expanding customer choice and value, we've made progress on delivering innovative solutions that support customers across the region. Last summer, we launched our largest customer program to date, **Solar Battery Savings**, which offers upfront and performance-based incentives for home battery systems that boost resilience and reduce grid demand during peak hours. The program was recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report* as a model for customer-centered innovation in distributed energy.

We also secured approval from the California Public Utilities Commission to launch the **San Diego Regional Energy Network (SDREN)** in partnership with the County of San Diego. SDREN will generate nearly $125 million in energy efficiency resources for the region through 2027 and marks the final major population area in California to establish a Regional Energy Network.

As we grow, we're also investing in the internal systems and strategic planning necessary to scale effectively, operate efficiently and remain accountable to the public.

The FY 2025–2026 proposed budget reflects these priorities, with a focus on smart investment and sustainable growth:

1. **Expanding Programs and Incentives** — Scaling Solar Battery Savings and launching the SDREN portfolio to support clean energy adoption, equity and resilience
2. **Capital Investment Planning** — Advancing our Capital Investment Plan to guide infrastructure development and ensure transparency
3. **Stable, Competitive Rates** — Maintaining affordability through disciplined operations, long-term procurement and financial foresight
4. **Customer-Centered Services** — Deepening engagement, broadening access and tailoring offerings to meet diverse community needs
5. **Organizational Sustainability** — Strengthening our internal capacity to support long-term strategy and service delivery
6. **Fiscal Sustainability** — Continuing to work toward our reserves goals to ensure long-term financial strength

As we look ahead, our focus remains on driving measurable impact: accelerating the region's clean energy transition, supporting local climate goals and building a more just and resilient energy system. With the continued leadership of our Board of Directors, Community Advisory Committee and dedicated staff, San Diego Community Power is proud to power the path toward a cleaner, more resilient future — together.

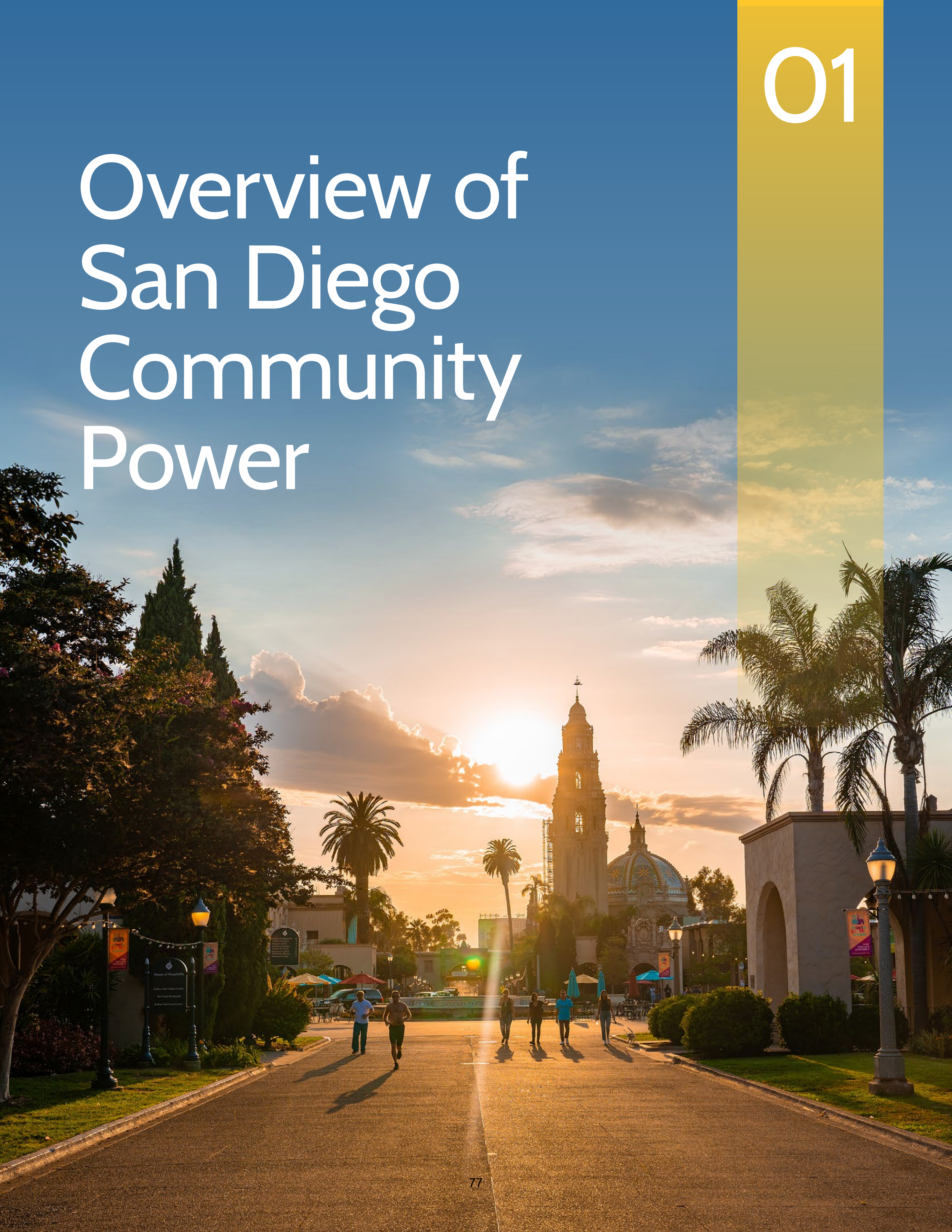
Thank you for your continued trust and partnership.

Karin Burns

Chief Executive Officer
San Diego Community Power

01

# Overview of San Diego Community Power



# Overview of San Diego Community Power

## Who We Are

San Diego Community Power is a Community Choice Aggregator (CCA) that gives customers an option to power their homes and businesses with significantly higher levels of renewable power at competitive rates. Since 2021, Community Power has grown to serve nearly 1 million residential, business and municipal power customers in the cities of San Diego, Chula Vista, Encinitas, Imperial Beach, La Mesa and National City as well as the unincorporated communities of San Diego County.

Community Power is a not-for-profit public agency that provides affordable clean energy and invests in its local communities to create an equitable and sustainable future for the San Diego region.

Learn more at [www.sdcommunitypower.org.](http://www.sdcommunitypower.org)

## Our Story

### FORMATION

With support from local communities, Community Power was established as a Joint Powers Authority by five cities within the San Diego region. Community Power submitted an implementation plan to the California Public Utilities Commission, outlining the intended organizational structure, operations and funding. Once approved, our Board of Directors began to meet regularly, and implementation activities began. In 2020, a sixth city and the County of San Diego elected to join Community Power.

### ENROLLMENT 2021–2023

Through phased enrollment from 2021 through 2023, Community Power gradually became the official clean energy provider for our member agencies. Customers were automatically enrolled in our service and received two notices before and two notices after enrollment.

### TODAY

Community Power serves nearly 1 million customers with competitively priced clean energy; we are beginning to offer customer programs and rebates as well as supporting San Diego County's energy efficiency goals through the San Diego Regional Energy Network (SDREN).

# About Community Choice

San Diego Community Power is a Community Choice Aggregator (CCA) — one of dozens that have formed throughout California over the past 20 years. There are currently 25 CCAs serving over 14 million customers in California.

Through CCAs, communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local clean energy projects and programs on behalf of their residents and businesses. CCAs like Community Power work in partnership with the region's existing investor-owned utilities (SDG&E in our case), which continue to deliver power and maintain the grid.

# How It Works

**Community Power**
purchases electricity from renewable sources.

**SDG&E**
delivers power and manages services.

**You**
enjoy cleaner power at competitive rates.

CCAs are making good on their commitments to invest in new renewable energy facilities throughout California. To date, CCAs have contracted for more than 18,000 megawatts (MW) of new clean generation capacity through long-term power purchase agreements (PPAs) with terms of 10 years or more. CCA PPAs equate to:

- More than 18 gigawatts (GW) of new solar, wind, energy storage, geothermal and demand response resources
- Projects totaling more than 7,900 MW that are already operational and serving CCA customers
- More than $37 billion committed by CCAs to build and operate clean energy resources
- Support for more than 36,000 construction jobs

**FIGURE 1. CCAS IN CALIFORNIA**

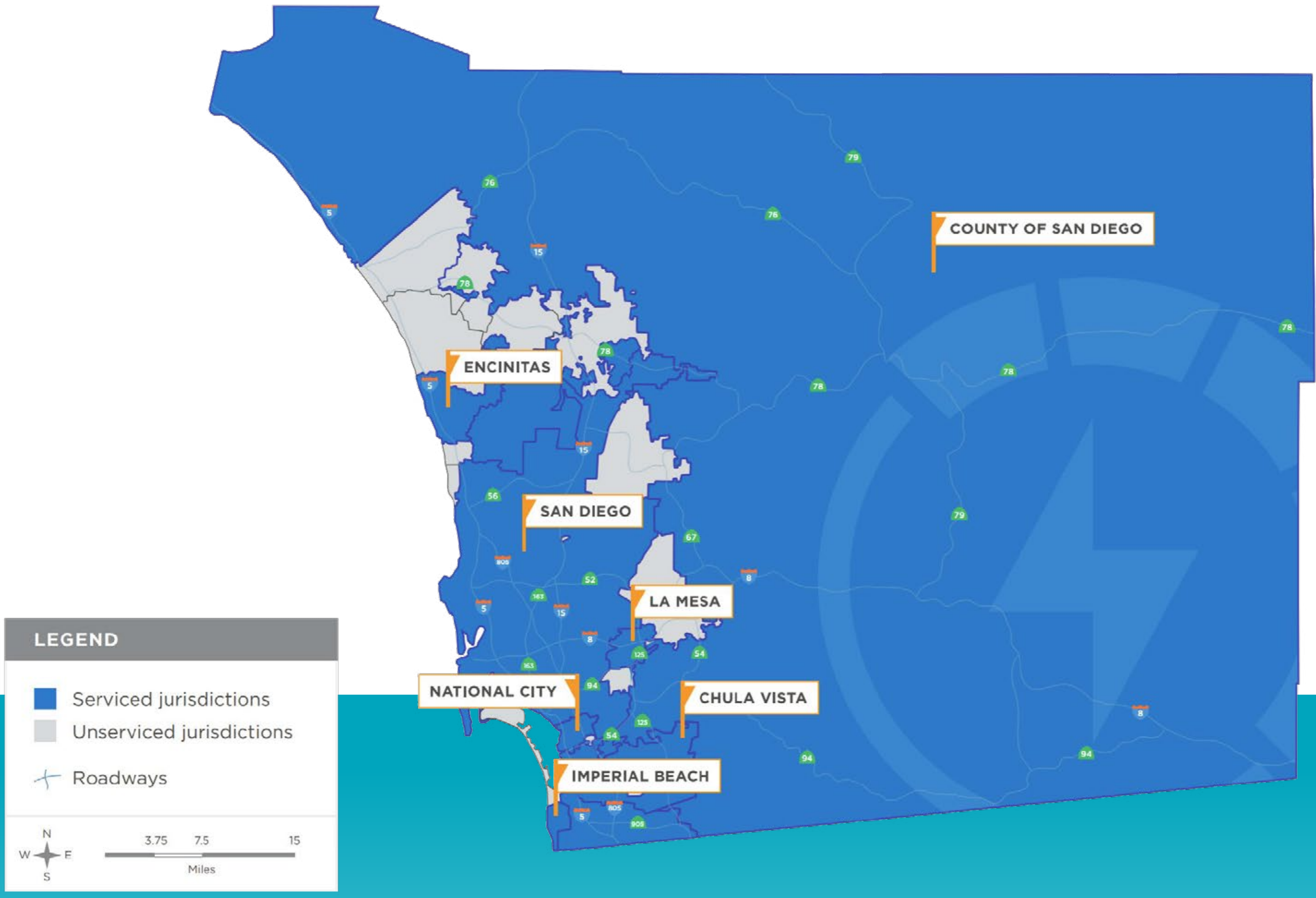
02

# Serviced Communities

# Serviced Communities

FIGURE 2. SAN DIEGO MAP IN SAN DIEGO COUNTY

## SERVICE AREA MAP




## County Population

San Diego County is the southernmost major metropolitan area in California and boasts a diverse and vibrant population. According to the State of California Department of Finance, as of May 2022, San Diego County's estimated population on January 1, 2022, stood at 3.29 million. This figure represents a decline of 0.85% (approximately 28,000 individuals) from the January 1, 2021, estimates reported in May 2021. San Diego County ranks as the second-largest California county by population and the fifth-largest county nationwide. These rankings are based on data from the U.S. Census Bureau, which relies on the 2021 population estimate. Looking ahead, population estimates from the San Diego Association of Governments (SANDAG) project significant growth. By the year 2035, the San Diego regional population is expected to reach approximately 3.62 million, reflecting a substantial 28.7% increase compared to the year 2000, or a 10.1% increase compared to the year 2022.

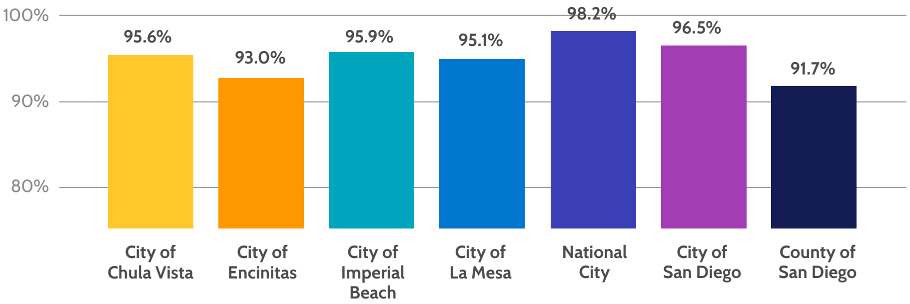
FIGURE 3. SAN DIEGO COUNTY POPULATION

| San Diego County Population | | | | | |
|---|---|---|---|---|---|
| **COUNTY/CITY** | **4/1/2020** | **1/1/2021** | **1/1/2022** | **1/1/2023** | **1/1/2024** |
| San Diego County | | | | | |
| Carlsbad | 115,029 | 115,373 | 115,033 | 115,045 | 114,319 |
| Chula Vista | 275,127 | 275,498 | 275,427 | 276,813 | 278,247 |
| Coronado | 23,504 | 22,415 | 22,082 | 22,272 | 21,589 |
| Del Mar | 3,951 | 3,927 | 3,909 | 3,918 | 3,919 |
| El Cajon | 106,321 | 106,112 | 105,171 | 104,804 | 104,180 |
| Encinitas | 61,506 | 61,593 | 61,283 | 61,254 | 61,028 |
| Escondido | 151,289 | 151,371 | 150,419 | 150,571 | 150,002 |
| Imperial Beach | 26,577 | 26,336 | 26,163 | 26,109 | 26,096 |
| La Mesa | 60,637 | 60,620 | 60,412 | 60,753 | 60,620 |
| Lemon Grove | 27,386 | 27,333 | 27,109 | 27,517 | 27,568 |
| National City | 58,643 | 58,524 | 58,545 | 58,374 | 58,555 |
| Oceanside | 173,283 | 173,354 | 172,463 | 172,186 | 171,483 |
| Poway | 48,781 | 48,637 | 48,515 | 48,620 | 49,273 |
| San Diego | 1,383,020 | 1,377,960 | 1,375,687 | 1,383,623 | 1,385,379 |
| San Marcos | 94,287 | 93,456 | 93,851 | 94,823 | 95,998 |
| Santee | 59,654 | 59,140 | 58,886 | 59,574 | 59,195 |
| Solana Beach | 12,931 | 12,890 | 12,792 | 12,831 | 12,887 |
| Vista | 98,690 | 99,320 | 99,997 | 100,113 | 99,723 |
| Balance of County | 518,018 | 513,021 | 510,986 | 511,223 | 511,040 |
| Incorporated | 2,780,616 | 2,773.859 | 2,767,744 | 2,779,200 | 2,780,061 |
| County Total | 3,298,634 | 3,286,880 | 3,278,730 | 3,290,423 | 3,291,101 |

*Source: U.S. Census, 2010 data; California Department of Finance 2021 estimates as of May 2, 2021, and May 2, 2024.*

## Participation by Jurisdiction

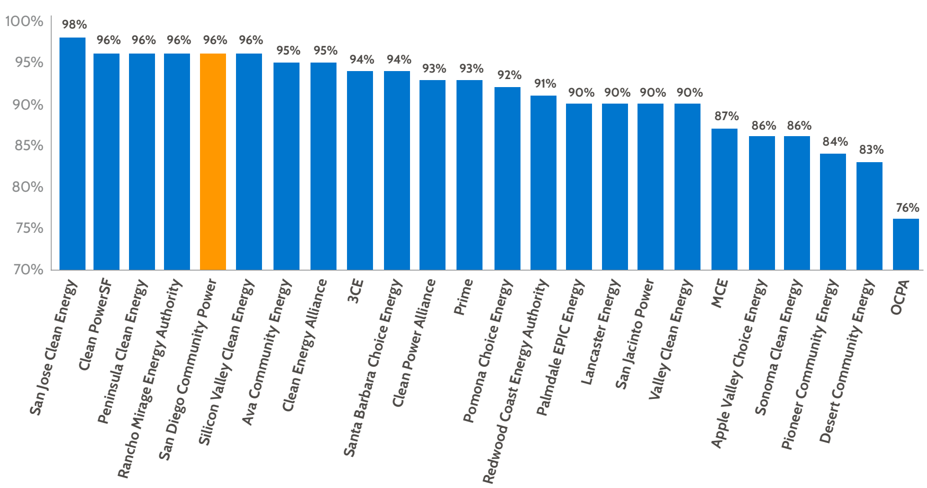
FIGURE 4. PARTICIPATION BY JURISDICTION




| JURISDICTION | SERVICE OPTION DEFAULT | ELIGIBLE ACCOUNTS | ENROLLED ACCOUNTS | PARTICIPATION RATE |
|---|---|---|---|---|
| City of Chula Vista | PowerOn | 98,635 | 94,255 | 95.6% |
| City of Encinitas | Power100 | 28,804 | 26,792 | 93% |
| City of Imperial Beach | PowerOn | 10,852 | 10,403 | 95.9% |
| City of La Mesa | PowerOn | 29,514 | 28,066 | 95.1% |
| National City | PowerOn | 19,431 | 19,085 | 98.2% |
| City of San Diego | PowerOn | 624,704 | 603,071 | 96.5% |
| County of San Diego | PowerOn | 190,214 | 174,419 | 91.7% |
| **Total** | | **1,002,154** | **956,091** | **95.4%** |

## Participation Rates Across CCAs

FIGURE 5. PARTICIPATION RATES ACROSS CCAS




*Source: https://cal-cca.org/. Current as of December 2023.*

FIGURE 6. COMMUNITY POWER MEMBER AGENCIES

## Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, Imperial Beach and La Mesa adopted an ordinance and resolution to form San Diego Community Power, a California Joint Powers Authority (JPA). In 2021, National City and the County of San Diego voted to join Community Power.

Community Power's Board of Directors is composed of an elected representative from each member jurisdiction, with each member having an alternate from the agency they represent. The Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it establishes policy, sets rates, determines power purchase options and maintains fiscal oversight.

As a public agency, Community Power is designed to be fully transparent with all official meetings and information open or available to the public.

# Organizational Structure

FIGURE 7. ORGANIZATIONAL STRUCTURE

**BOARD OF DIRECTORS**

Paloma Aguirres
*Chair*

Terra Lawson-Remer
*Vice Chair*

Sean Elo-Rivera
*Councilmember*

Marco San Antonio
*Councilmember*

Michael Inzunza
*Councilmember*

Genevieve Suzuki
*Councilmember*

Ditas Yamane
*Councilmember*

Finance & Risk Management Committee

Community Advisory Committee

**LEGAL**

General Counsel

**CHIEF EXECUTIVE OFFICER**

Karin Burns

Clerk of the Board

**OPERATIONS**

Chief Operating Officer

- Data Analytics & Account Services
- Public Affairs
- Programs
- Regulatory & Legislative Affairs

**POWER SERVICES**

Chief Commercial Officer

**FINANCE**

Chief Financial Officer/ Treasurer

**HUMAN RESOURES & ADMINISTRATION**

Senior Director of People Operations & Administration

# Executive Team

FIGURE 8. EXECUTIVE TEAM

**Karin Burns**
Chief Executive Officer

**Eric Washington**
Chief Financial Officer and Deputy Chief Executive Officer/ Treasurer

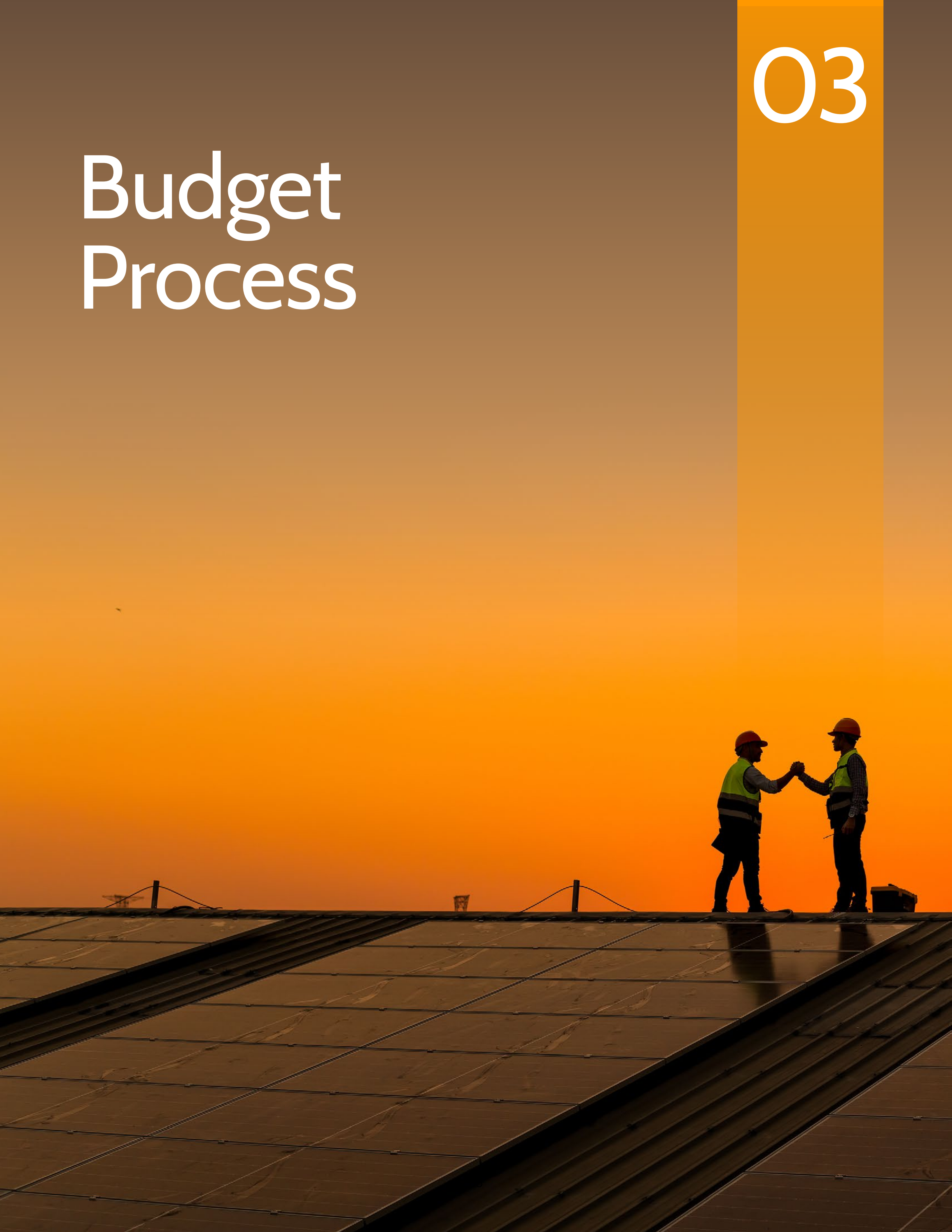
**Jack Clark**
Chief Operating Officer

**Veera Tyagi**
General Counsel

**Vacant**
Chief Commercial Officer

# 03

# Budget Process



# Budget Process

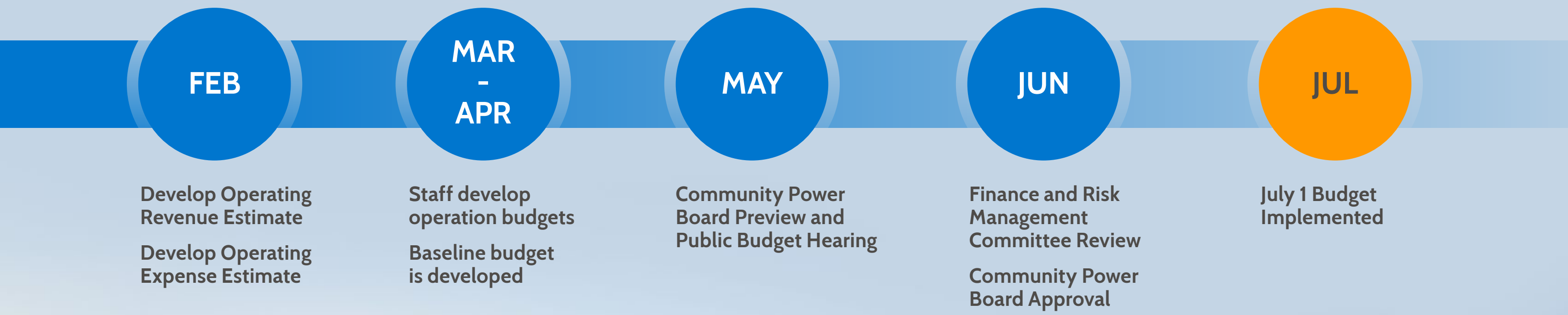
## Annual Budget Cycle

On October 1, 2019, the Founding Members of San Diego Community Power adopted the Joint Powers Agreement (JPA), which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the Community Power Board of Directors (Board) shall adopt an annual budget prior to the commencement of the fiscal year. The JPA further provides that Community Power's fiscal year runs from July 1 to June 30, unless changed by the Board. Section 7.3.1 of the JPA additionally specifies that the Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The Community Power Boards adopted the [Community Power Budget Policy] on July 28, 2022, which formally outlined the agency's budget preparation steps and timeline. The chief financial officer (CFO) begins the annual budget process in February of each year. The Finance Department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, Community Power staff develops and refines budget proposals in order to develop an initial budget baseline for the Agency's upcoming budget year. The budget is further refined through strategic planning sessions and through the Community Power Finance and Risk Management Committee (FRMC).

The CFO is then required to prepare and submit to the Board a draft proposed budget for the next following fiscal year in May or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues and expenditures. The budget shall be approved by the Board at a public meeting in June or no later than the month immediately preceding the start of the respective fiscal year.

FIGURE 9. TYPICAL ANNUAL BUDGET PROCESS




## Budget Calendar

**FIGURE 10. BUDGET CALENDAR**

| DATE | MILESTONE |
|---|---|
| January 2025 | Finance Department prepares for February launch of the annual budget cycle. |
| February 2025 | Budget process begins. Initial revenue and expense estimates are developed. |
| March to April 2025 | Departments propose unconstrained expense requests for review. |
| April 2025 | Staff sets initial budget baseline. |
| May 22, 2025 | FY 2025–2026 budget is reviewed by the Board of Directors as an information item. |
| June 12, 2025 | Community Advisory Committee reviews the FY 2025–2026 budget and provides feedback. |
| June 12, 2025 | Finance and Risk Management Committee reviews the FY 2025–2026 budget and provides final feedback. |
| June 26, 2025 | FY 2025–2026 budget is potentially adopted by the Board of Directors as an action item. |
| July 1, 2025 | FY 2025–2026 budget is implemented. |

## Strategic Planning

San Diego Community Power's budgeting process is directly informed by its Strategic Plan — a document co-created by our Board, our CAC, our executives and our team — that translates community priorities into actionable goals. The Strategic Plan is a critical management tool, helping to align resources, guide operational decisions and drive long-term organizational focus across every department and initiative.

Now three years into our first strategic planning cycle, Community Power has reached a pivotal inflection point. Since the adoption of our 2023–2027 Strategic Plan in June 2022 and its subsequent update in April 2023, we've achieved many of the ambitious goals we set, made meaningful progress on others and thoughtfully recalibrated where needed. From October 2024 to March of 2025 we embarked on a revision and update to our strategic plan, setting aggressive new goals while continuing to focus our efforts, build our organization and deliver on the promise of community choice.

What hasn't changed is our mission, vision and core values. These foundational statements continue to guide our work even as we refine our priorities and strategies to reflect new opportunities, challenges and lessons learned. With our team, customer base and clean energy infrastructure significantly expanded, we now turn toward a new two- to three-year horizon — one defined by sustained growth, increased financial responsibility and a deeper investment in the people and systems that power our organization.

As we evolve, we continue to ask a simple but powerful question: Does this activity serve our purpose? Every program, investment and initiative we pursue should answer "yes" to at least one of the following:

- Does it make energy more affordable for our customers?
- Does it make things easier for our customers?
- Does it make our energy more renewable?
- Does it maintain or improve the health of our organization?
- Does it build trust with our communities, stakeholders and local governments?

These questions — and the values underlying them — serve as a filter and a guidepost, helping to ensure that our Strategic Plan remains grounded in what matters most to our customers and communities.

FIGURE 11. SAN DIEGO COMMUNITY POWER MISSION STATEMENT

## Mission Statement

To provide affordable clean energy and invest in the community to create an equitable and sustainable future for the San Diego region.

As part of this new planning phase, Community Power has identified four overarching themes to guide our work:

### Fiscal Sustainability

We remain committed to building strong financial reserves, managing risk and pursuing strategies like clean energy prepay transactions that can reduce long-term costs for customers.

### Infrastructure Investment

This includes both internal infrastructure, such as IT, legal, data and policy capacity, and external infrastructure, including local battery storage, distributed energy resources and virtual power plant development.

### Customer Affordability

Affordability remains the top concern voiced by our community and is front of mind with every power purchase, financial hedge, compliance obligation or additional long-term power resource we contract with to support our short- and long-term procurement efforts. Our additional activities — ranging from the development of targeted rates like PowerBase to launching the San Diego Regional Energy Network — will continue to focus on reducing energy bills while meeting state policy goals.

### People

As we grow, so does our responsibility to ensure a resilient and inclusive workplace culture. We are investing in management training, professional development and succession planning to ensure strong continuity and a high level of staff retention.

Together, these priorities inform the structure of our proposed FY 2025–2026 budget and the evolution of our Strategic Plan. That work is organized around seven long-term Strategic Goals that anchor the agency's planning and performance management. These goals guide not only how we invest our resources but also how we measure our progress as a public agency accountable to the communities we serve.

# Core Strategic Goals

## 1. Fiscal Sustainability

Practice fiscal strategies to promote long-term organizational sustainability.

- Execute at least six clean prepayment transactions over the next three years to generate $30 million in annual power cost savings.
- Obtain a public investment-grade credit rating by November 2027.
- Grow reserves by $150 million to maintain 180 days' cash on hand by December 2027.
- Build a $70 million Rate Stabilization Reserve to mitigate cost volatility.
- Strengthen financial controls across contracting, risk management and procurement.

## 2. Energy Portfolio Development

Provide sufficient, affordable and clean electricity to our customers.

- Reach 100% renewable energy by 2035 with interim goals of 75% by 2027 and 85% by 2030.
- Support development of 1 gigawatt of new local clean energy capacity by 2035, including 300 MW of infill and distributed energy resources (DERs).
- Ensure reliable and cost-effective compliance with all regulatory requirements.
- Create good-paying local jobs in clean energy sectors.

## 3. Community Program Delivery

Implement programs that reduce greenhouse gas emissions, align energy supply and demand and benefit our diverse communities.

- Deliver 150 MW of local DER capacity (of the 300 MW total goal) by 2035 through programs like Solar Battery Savings.
- Launch all San Diego Regional Energy Network (SDREN) programs by FY 2026.
- Implement a robust program evaluation framework by FY 2026.
- Expand external funding for clean energy programs.

## 4. Legislative and Regulatory Advocacy

Advance policies that support Community Power's mission and customer goals.

- Educate policymakers and regulators to influence outcomes consistent with our policy platform.
- Support and sponsor legislation aligned with our values and needs.
- Remain an active participant in coalitions such as CalCCA to amplify our voice.
- Strategically pursue public funding aligned with agency goals.

## 5. Trusted Brand Building

Build a trusted brand that supports engagement, participation and program success.

- Position San Diego Community Power as a collaborative public agency rooted in transparency.
- Grow the Power Network of nonprofit and community-based partners to expand community reach.
- Elevate brand awareness through education and outreach.
- Empower customers to take advantage of savings and services through awareness, education and ongoing communication programs.

## 6. Customer Care

Ensure high customer satisfaction and retention.

- Refine rate structures to balance affordability, clean energy and fiscal prudence.
- Resolve SDG&E billing issues and improve customer experience.
- Explore options for a best-in-class customer service model.
- Address arrearages and connect customers to available resources.

## 7. Organizational Excellence

Foster an innovative, inclusive and resilient workplace.

- Transition into a learning organization by late 2026 with robust staff development.
- Maintain a high level of employee satisfaction through engagement and continuous feedback.
- Launch a new internship program for local college students by FY 2027.

FIGURE 12. SAN DIEGO COMMUNITY POWER VISION STATEMENT

## Vision Statement

A global leader inspiring innovative solutions to climate change by powering our communities with 100% clean energy while prioritizing equity, sustainability and high-quality jobs.

## Core Strategic Goals

1. Fiscal Sustainability
2. Energy Portfolio Development
3. Community Program Delivery
4. Trusted Brand Building
5. Legislative and Regulatory Advocacy
6. Customer Care
7. Organizational Excellence

# Community Outreach Strategy

As a public agency with a deep commitment to transparency and community accountability, San Diego Community Power approaches outreach not as a one-time event, but as a continuous, year-round effort. Our budget process is informed by this ongoing engagement with customers, stakeholders and local leaders, ensuring our financial planning reflects the needs and priorities of the people we serve.

## Public Meetings and Oversight

Core to our transparency is the public nature of our governance. Per our [Rate Development Policy], rate setting is done via a public process, developed by staff and ultimately approved by our Board of Directors (Board) — all through open meetings where the public is invited to participate. Our Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it not only sets rates, but also establishes policy, determines power options and maintains fiscal oversight. Similarly, our Board is informed by a subset of members on the Finance and Risk Management Committee (FRMC), and the Community Advisory Committee (CAC) advises the Board and provides a venue for ongoing citizen support and engagement in Community Power. These monthly public forums offer meaningful opportunities for community input and serve as a foundation for budget development and agency decision-making.

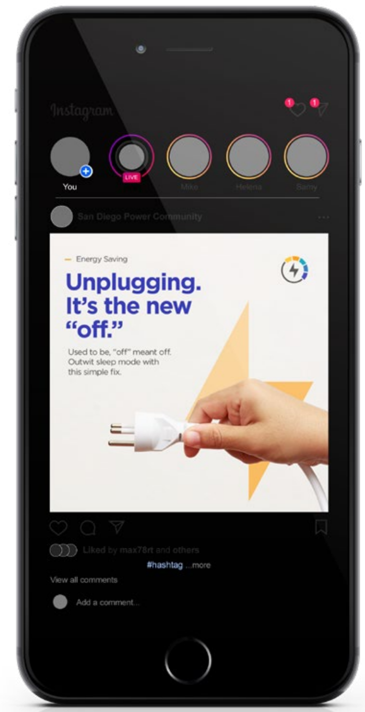
## Customer Notices and Transparency Tools

We also ensure customers have access to clear and timely information about their energy service. The annual Joint Rate Comparison — published in coordination with SDG&E — provides side-by-side rate and service comparisons to help customers make informed choices. Similarly, our Power Content Label offers a breakdown of the energy sources we procure on behalf of our customers, highlighting our commitment to cleaner energy and sustainability.

Our website is another key transparency tool, offering customers easy access to rate options, program details, meeting materials and more. Specifically, the bill comparison calculator offers customers an opportunity to evaluate Community Power rates alongside those of SDG&E. As part of our continued commitment to improving the customer experience, we are currently undertaking a website redesign to make resources easier to find, understand and apply.

## Targeted Outreach and Engagement

Beyond formal governance, Community Power regularly provides updates to our member agencies and their elected bodies, including 2025 updates, which are currently underway. These presentations offer a transparent look at our progress, priorities and evolving initiatives.





FIGURES 13 & 14. SOCIAL MEDIA OUTREACH

We also continue to expand and refine our outreach efforts across the service territory to engage more residents and businesses. In 2024 alone, Community Power participated in more than 151 community events, resulting in 18,539 unique interactions with the public through in-person engagement. These efforts are bolstered by strategic partnerships, sponsorships and targeted media outreach, including our ongoing partnership with CBS 8's "Working for Our Communities" campaign, which helps us reach new audiences and share critical information about our programs and services.

Our quarterly newsletter provides regular updates on new initiatives, energy-saving tips and agency milestones. One of our more impactful recent engagement efforts has been the launch of a comprehensive customer feedback survey as part of our brand refresh and website redesign. This survey invites customers to share their priorities, service expectations and clean energy goals — insights that will help shape future programs and guide long-term planning.

Together, these efforts create a strong feedback loop between our agency and the public, ensuring our budget reflects both fiscal responsibility and community values and that every customer has a voice in building a clean, affordable and equitable energy future for our region.

FIGURES 15, 16 & 17. COMMUNITY OUTREACH AND EDUCATION



04

# Budget Guidelines

# Budget Guidelines

## Joint Powers Agreement

On October 1, 2019, the Founding Members of Community Power adopted the Joint Powers Agreement (JPA), which was amended and restated on December 16, 2021. Several sections of the JPA guide the development and management of the budget.

Section 4.6 Specific Responsibilities of the Board. The specific responsibilities of the Board of Directors (Board) shall be as follows:

4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.

Section 7.2 Depository

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

Section 7.3 Budget and Recovery Costs

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of Community Power shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the Community Power Board shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

On July 28, 2022, the Community Power Board adopted the Community Power Budget Policy, which outlined the timeline for annual budget preparation and for discretionary budget adjustments. This Policy was adopted pursuant to Government Code Section 6508 *et seq*.

## Budget Policy

**Discretionary Budget Adjustments.** The CEO or CFO will have the discretion to authorize expense transfers from line items between and within Community Power's Budget Level 2 categories as established and approved in the annual budget process by the Community Power Board, provided that net transfers total $150,000 or less from the budget category.

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

A budget amendment is expected to occur in February of each calendar year to adjust the original appropriation as necessary and in alignment with Community Power's rate-setting policy in which Community Power's rates are expected to be adjusted in January, the month prior.

**Balanced Budget.** A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year-end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

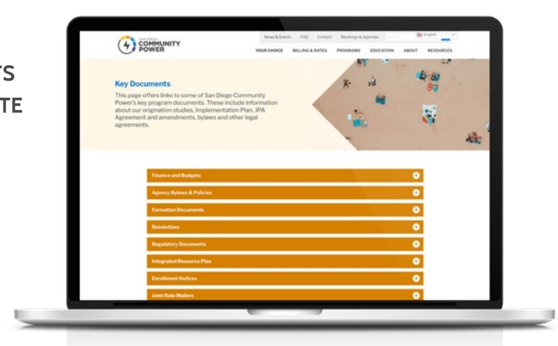
The Agency also maintains several policies posted to its Key Documents page on its website that provide further fiscal guidance.

- Budget Policy
- Financial Reserves Policy
- Procurement Policy
- Debt Policy
- Investment Policy
- Rate Development Policy

Other related policies that may directly affect Community Power's finances include:

- Energy Risk Management Policy
- Delegated Contract Authority
- Total Compensation Policy
- Board and Committee Compensation Reimbursement Policy
- Net Energy Metering (NEM) Program Policy
- Sponsorship Policy
- Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Tariff Terms and Conditions of Service+
- Net Billing Tariff (NBT)
- Collections and Delinquent Accounts Policy
- Member Agency Grant Program Policy

FIGURE 18.
KEY DOCUMENTS PAGE ON WEBSITE



# Budget Structure

Community Power's basis of budgeting is the accrual method. This method means planning that includes revenues and expenses in the budget of the year in which the underlying economic events are expected to occur, not necessarily in the year in which the related cash is expected to be received or paid.

Community Power's basis of accounting, similarly, in its financial statements is as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

# Department Hierarchy

Community Power's budget is developed as a line-item budget and is organized by department to indicate the agency's organizational responsibility.

FIGURE 19. BUDGET STRUCTURE — DEPARTMENT HIERARCHY

| DEPARTMENT |
|---|
| **Executive** |
| **Finance** |
| **Power Services** |
| **Legal** |
| **Human Resources and Administration** |
| **Operations** |
| Data Analytics & Customer Operations |
| Public Affairs |
| Programs |
| Regulatory & Legislative Affairs |

# Budget Level Hierarchy

Additionally and separately, the budget is also organized by budget levels to organize expenses into relevant, related categories.

## 1. Operating Revenues

For the first time since conception, Operating Revenues allow for revenues from sales of electricity to customers completed. Assumptions include an overall 5% opt-out rate.

## 2. Operating Expenses

Community Power's operating expenses fall into five categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

I. **Cost of Energy —** Includes all the various services purchased from the power market through our suppliers to supply energy to Community Power's customers.

II. **Personnel —** Includes salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately seven new staff members during the FY 2025–2026 budget cycle.

III. **Professional services and consultants —** Includes SDG&E billing service fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services. Funding is also included for a program consultant to guide future program investments in the community. Professional services and consultants are further broken down into these Budget Level 3 categories:
   a. Data Management
   b. SDG&E Fees
   c. Technical Support
   d. Legal/Regulatory
   e. Other Services
   f. Programs Consultants

IV. **Marketing and Outreach —** Includes expenses for mandatory enrollment notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of Community Power. Marketing and outreach are further broken down into these Budget Level 3 categories:
   a. Printing
   b. Sponsorships and Local Memberships
   c. Communications Consultants

V. **General and Administration —** Costs include leasing office space, industry fees or memberships (e.g., bank fees, CalCCA dues), equipment and software as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, logo gear, and team building.

VI. **Programs —** Includes funding to support initial pilot programs, grants to community organizations, investments that generate equitable energy-related benefits, education campaigns, opportunities for increased collaboration with member agencies and funding for a potential new CPUC energy-efficiency program.

## 3. Non-Operating Expenses

Community Power's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs comprise repayment of loan principal associated interest costs as well as potential renewal fees on debt or letters of credit.

## 4. Capital Investment Plan (CIP)

Community Power's budget also includes non-operating expenses related to a Capital Investment Plan. These expenses may be paid with internal or external fund sources and are considered one-time projects or programs. The first year of the CIP is the agency's capital budget.

FIGURE 20. BUDGET STRUCTURE — BUDGET LEVEL HIERARCHY

| BUDGET LEVEL 1 | BUDGET LEVEL2 | BUDGET LEVEL 3 |
|---|---|---|
| Revenue | Gross Ratepayer Revenues | Gross Ratepayer Revenues |
| Revenue | (Less 1.75% Uncollectible Customer Accounts) | (Less 1.75% Uncollectible Customer Accounts) |
| Operating Expenses | Cost of Energy | Cost of Energy |
| Operating Expenses | Personnel Costs | Salaries |
| Operating Expenses | Personnel Costs | Benefits (retirement/health) |
| Operating Expenses | Personnel Costs | Payroll Taxes |
| Operating Expenses | Personnel Costs | Accrued PTO |
| Operating Expenses | Professional Services and Consultants | Legal/Regulatory |
| Operating Expenses | Professional Services and Consultants | Technical Support |
| Operating Expenses | Professional Services and Consultants | Programs Consultant |
| Operating Expenses | Professional Services and Consultants | Other Services |
| Operating Expenses | Professional Services and Consultants | SDG&E Fees |
| Operating Expenses | Professional Services and Consultants | Data Management |
| Operating Expenses | Professional Services and Consultants | Contingency |
| Operating Expenses | Marketing and Outreach | Communications Consultants |
| Operating Expenses | Marketing and Outreach | Printing |
| Operating Expenses | Marketing and Outreach | Sponsorships/Local Memberships |
| Operating Expenses | General and Administration | CalCCA Dues |
| Operating Expenses | General and Administration | Insurance |
| Operating Expenses | General and Administration | Rent |
| Operating Expenses | General and Administration | Other G & A |
| Operating Expenses | Programs | Programs |
| Non-Operating Expenses | Debt Service | Interest and Related Expenses |
| CIP | CIP | CIP |

# Fund Structure

A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources together with related liabilities. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Community Power has two types of funds:

1. **Operating Fund** — Accounts for activities that are supported by ratepayer funds. All of Community Power's general operating activities are included in the Operating Fund, which functions very similarly to the enterprise fund of a city or county. The Operating Fund is the primary fund of Community Power and is considered an annual fund in which all unused funds at the end of a fiscal year revert to the agency's fund balance.

   The only source for the Operating Fund is from ratepayer funding. Community Power believes strongly in maintaining a structurally balanced budget in which all ongoing operating activities are supported only by stable, ongoing revenue such as ratepayer funding.

   Community Power offers four service levels to its customers that, taken together, ultimately comprise the source of ratepayer funds for the agency:

   1. **PowerOn**, our standard service offering that provides 55% renewable power (and 11.7% carbon free) and provides a 3% discount compared with SDG&E's rates
   2. **Power100**, our premium service that provides customers with 100% renewable and carbon-free energy and is currently priced at a $0.01/kWh added to the PowerOn service
   3. **Power100 Green+**, our stand-alone 100% renewable and carbon-free service that is Green-e® certified, available only to commercial and industrial customers and currently priced at a $0.02/kWh adder to the PowerOn service
   4. **PowerBase**, our most affordable service option with renewable content that is intended to meet or exceed that of SDG&E whenever possible and provides customers with a 5% discount compared with SDG&E's rates currently in effect as of February 1, 2025

2. **Continuing Fund** — Accounts for one-time activities in Community Power's Capital Investment Plan and that are supported by one-time funds. The Continuing Fund is considered a continuing fund in which all unused funds at the end of the fiscal year continue to the next fiscal year. This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for governmental capital assets or other one-time efforts.

   Community Power's Continuing Fund is composed of the following revenue sources:

   - **Community Power Operating Transfers —** Through the annual budget process, the Community Power Board may approve an appropriation of funds to be transferred out of the operating budget and transferred into the CIP. These funds will remain in a Community Power continuing fund to be used across multiple fiscal years given that CIP projects generally last longer than one year.
   - **California Public Utilities Commission (CPUC) DAC-GT —** The Disadvantaged Communities Green Tariff DAC-GT program enables income-qualified, residential customers in DACs who may be unable to install solar on their roof to benefit from utility-scale clean energy and receive a 20% bill discount. Funding originates from state Greenhouse Gas (GHG) Auction Proceeds and Public Purpose Program funds.
   - **CPUC Regional Energy Network (REN) —** Public Purpose Program Surcharge funds are available for RENs. On August 7, 2024, the CPUC issued Decision 24-08-003, which approved and authorized Community Power's San Diego Regional Energy Network (SDREN) as a new Energy Efficiency Portfolio Administrator. This decision approved Community Power's application in its entirety, including 2024–2027 energy savings goals and funding, as well as a 2024–2031 Strategic Business Plan. SDREN will offer 10 energy-efficiency programs across San Diego County. These programs will be available, regardless of service provider and will focus on achieving energy savings, reducing emissions, enhancing grid reliability and educating customers on how to reduce energy usage.
   - **California Department of Food and Agriculture (CDFA) Healthy Refrigeration Grant —** The CDFA notified Community Power that it was awarded partial funding in the amount of $710,000 to support Community Power in providing technical assistance and refrigeration units to stock healthy foods at stores throughout Community Power's service territory.

FIGURE 21.
COMMUNITY POWER FUND STRUCTURE

| FUND STRUCTURE |
|---|
| Operating Fund |
| Continuing Fund |

FIGURE 22.
COMMUNITY POWER FUND AND BUDGET LEVEL HIERARCHY RELATIONSHIP

| FUND STRUCTURE | BUDGET LEVEL 1 |
|---|---|
| Operating Fund | Operating Revenue |
| Operating Fund | Operating Expenses |
| Operating Fund | Non-Operating Expenses |
| Continuing Fund | CIP Revenue |
| Continuing Fund | CIP Expenses |

# FY 2025-2026 Budget Principles

FIGURE 23. BUDGET PRINCIPLES

## Fiscal Responsibility

Maintain a **fiscally responsible budget** in accordance with Community Power Budget Policy.

## Sufficient Funding

Ensure **sufficient funding** to meet procurement needs, sustain operational needs and support sustained growth while delivering clean energy to the communities we serve.

## Build Community Power Reserves

**Build Community Power reserves** and develop policies that **consider future economic conditions**.

## Understandable and Transparent

Provide an **understandable** and **transparent** operating budget for internal and external users.

## People and Community

Develop a budget that will ultimately **prioritize people** and our **communities**.

## Informed

Keep the Community Power Board of Directors and staff informed of Community Power's fiscal condition.

05

# Budget Overview

# Budget Overview

## Budget in Brief

The proposed FY 2025–2026 Operating Budget is the second full fiscal year of full enrollment from Community Power's member jurisdictions, inclusive of net-energy metering customers, within the San Diego region. This budget therefore provides the second year of representation in anticipated full revenues and expenses, moving forward.

As Community Power has scaled to full enrollment, the agency has thoughtfully grown to 87 staff in the current fiscal year. Total staffing for the FY 2025–2026 period includes eight positions that are externally funded and in the Capital Investment Plan (CIP), and 86 positions supporting core operations. By the end of FY 2025–2026, Community Power is expected to have a similar operating budget and staffing levels compared to its peer CCAs of similar customer and load size. Additionally, by the end of FY 2025–2026, Community Power is likely to achieve its strategic goal of having 180 days' cash on hand, which will equip Community Power to earn and maintain a credit rating. This can translate to Community Power being better positioned to negotiate and secure better and more favorable terms in our Power Purchase Agreements that can help reduce electricity rates for customers in the long term while also protecting the long-term solvency of Community Power. Given the positive financial landscape, Community Power expects to maintain minimal, if any, debt during the fiscal year and does not anticipate needing to use its credit facility to finance operations in FY 2025–2026.

The Proposed FY 2025–2026 Operating Budget furthermore includes continued outreach through community events, sponsorships and advertising to inform customers about Community Power.

Lastly, this budget continues to include a CIP that shifts one-time revenue and one-time expenses from programs and projects over multi-year periods from the operating budget to the CIP.

## Proposed Operating Budget

The Community Power FY 2025–2026 Proposed Operating Budget is presented in further detail in the following pages. The table below summarizes the revenue and expense budgets proposed for FY26 in comparison to the FY25 and FY24 Amended Budgets.

**TABLE 1. OPERATING BUDGET OVERVIEW***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Gross Revenue | 1,365.7 | 1,233.4 | 1,221.0 |
| Less Uncollectible Accounts | (61.4) | (54.5) | (21.4) |
| Net Operating Revenues | 1,304.3 | 1,177.9 | 1,199.6 |
| | | | |
| Cost of Energy | 1,020.8 | 1,073.7 | 956.7 |
| Non-Energy Costs | 43.8 | 53.8 | 54.3 |
| Subtotal Operating Expense | 1,064.6 | 1,127.5 | 1,010.9 |
| | | | |
| Debt Service | 2.4 | 1.3 | 1.9 |
| Capital Investment Program (Transfer Out) | 4.7 | 15.2 | ~~21.4~~ 22.2 |
| Total Expenses | 1,071.0 | 1,143.9 | ~~1,034.2~~ 1,035.0 |
| | | | |
| Net Position | 233.3 | 34.0 | ~~165.4~~ 164.6 |

**Amounts displayed in millions of dollars*

# Operating Revenue

San Diego Community Power operates as a Joint Powers Authority (JPA), providing clean energy to residents and businesses within its service area. Revenue is generated primarily through electricity sales, with a core financial principle of maintaining a balanced budget. This requires electricity sales revenue to cover power generation costs — especially from renewable sources — and operational expenses. Financial sustainability is also pursued through strategies like building reserves.

Generally, operating revenue through electricity sales is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying the Board-approved generation rates to the energy load; and 3) applying a 1.75% uncollectible rate based on revenue that Community Power does not expect to collect — the result is Community Power's operating revenue for the fiscal year.

As a JPA, Community Power functions under distinct governing principles, unlike investor-owned utilities. Its primary goal is to deliver affordable, renewable power to diverse customers, ranging from large commercial and industrial entities to individual residential customers, including those with financial constraints. Affordability for our communities is highly valued, significantly shaping operational and rate-setting decisions.

The latest financial projections, through January 2025, informed Community Power's rate-setting process. The staff-recommended rates were developed to reasonably and appropriately cover operational expenses and projected revenues for fiscal years 2024–2025 and 2025–2026. These rates aim to balance customer affordability with the need to generate sufficient revenue to cover annual power supply and operating costs, debt service and a planned reserve margin contribution, ultimately achieving a balanced budget. The rate recommendations also allow Community Power to balance affordability for customers while maintaining reserves and progressing toward its 180-day cash-on-hand and reserve stabilization goals. Achieving these reserve targets is not feasible with additional rate discounts beyond the proposed rates. Furthermore, the proposed rates and reserve targets enable Community Power to meet key metrics for achieving an investment-grade credit rating, which is crucial for rate competitiveness by securing favorable terms for power procurement and credit activities. Finally, the adopted rates ensure compliance with financial covenants in agreements with JP Morgan Chase Bank (Revolving Credit Agreement), River City Bank (Security Agreement) and various power purchase agreements.

Community Power's retail sales of electricity are composed of four rate products.

**FIGURE 24. COMMUNITY POWER'S RATE PRODUCTS***

| Power100 Green+ | Power100 | PowerOn | PowerBase |
|---|---|---|---|
| PowerOn + $0.02 per kWh | PowerOn + $0.01 per kWh | $0.163 per kWh** | $0.160 per kWh** |
| 100% renewable, carbon-free, Green-e certified for businesses looking to meet LEED standards | 100% renewable and carbon-free for residents and businesses who want to minimize their carbon footprint and support a clean energy future | 55% renewable content at a competitive price compared with SDG&E's service that is the default rate for most Community Power customers | 45% renewable and 5% less expensive than SDG&E's default service |

**Prices valid as of February 1, 2025*
***Average rate across all Community Power rate schedules*

**FIGURE 25. COMMUNITY POWER REVENUE TREND**

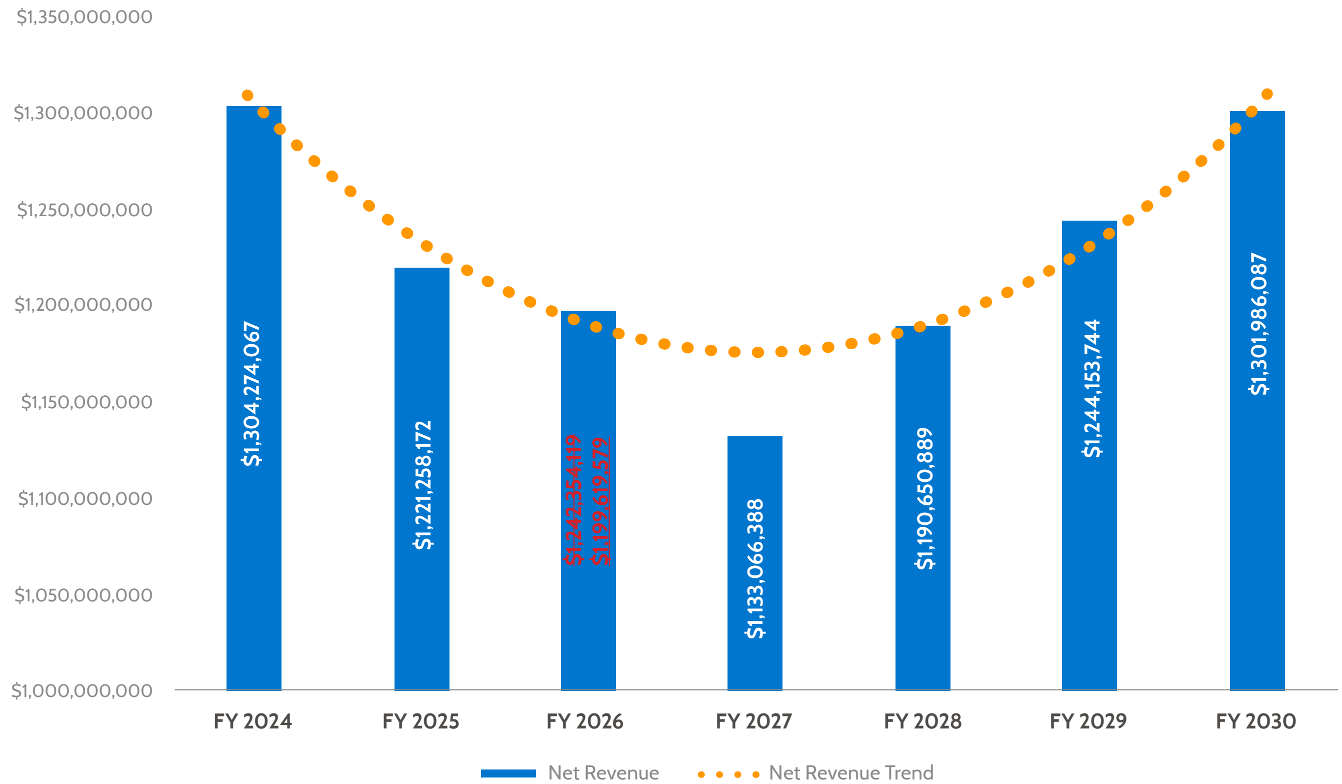



Table 2 summarizes the revenues for the FY24 Amended Budget, FY25 Amended Budget and FY26 Proposed Operating Budget.

**TABLE 2. OPERATING REVENUE BY BUDGET LEVEL 2***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Gross Ratepayer Revenues | 1,365.7 | 1,243.0 | 1,221.0 |
| (FY24 Less 4.5% Uncollectible Customer Accounts; FY25 & FY26 Less 1.75%) | (61.4) | (21.8) | (21.4) |
| **Net Operating Revenues** | **1,304.3** | **1,221.2** | **1,199.6** |

**Amounts displayed in millions of dollars*

# Operating Expenses

Expenses in the Community Power Operating Budget fall into five budget level 2 categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

Table 3, below, summarizes the expenses for the FY24 Amended Budget, FY25 Amended Operating Budget and FY26 Proposed Operating Budget.

**TABLE 3. OPERATING EXPENSES BY BUDGET LEVEL 2***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Cost of Energy | 1,020.8 | 1,116.8 | 956.7 |
| Professional Services and Consultants | 22.3 | 24.3 | 24.6 |
| Personnel Costs | 11.7 | 18.6 | 21.1 |
| Marketing and Outreach | 2.9 | 3.0 | 2.6 |
| General and Administration | 6.8 | 4.9 | 5.9 |
| Programs | 0.1 | 0.0 | 0.0 |
| **Subtotal Operating Expenses** | **1,064.7** | **1,167.6** | **1,010.9** |
| Interest and Related Expenses | 2.4 | 1.3 | 1.9 |
| Capital Investment Program (Transfer Out) | 4.6 | 18.2 | ~~21.4~~ 22.2 |
| **Total Expenses** | **1,071.7** | **1,147.1** | **~~1,034.2~~ 1,035.0** |

**Amounts displayed in millions of dollars*

# Operating Expenses by Department

Table 4, below, summarizes the FY26 Proposed Operating Budget expenses by department. Several new departments were established as part of the development of the FY26 Proposed Operating Budget and therefore a comparison is not shown for the prior year.

**TABLE 4. OPERATING EXPENSES BY DEPARTMENT**

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Power Services | 1,022.4 | 1,118.9 | 958.6 |
| Operations | 16.3 | 20.6 | 22.6 |
| Customer Operations | 18.1 | 19.3 | 19.8 |
| Finance | 3.3 | 2.1 | 3.4 |
| Public Affairs | 1.5 | 1.8 | 1.9 |
| IT and Data Analytics | 1.0 | 1.4 | 1.6 |
| Regulatory and Legislative Affairs | 1.1 | 0.7 | 0.7 |
| Human Resources and Administration | 0.9 | 0.7 | 0.7 |
| Legal | 0.0 | 1.8 | 1.4 |
| Programs | 0.1 | 0.0 | 0.0 |
| Executive Team | 0.0 | 0.2 | 0.2 |
| **Total Expenses** | **1,064.7** | **1,167.6** | **1,010.9** |

*Amounts displayed in millions of dollars*

# Personnel by Department

Table 5, below, summarizes the actual personnel at the end of FY25 and the full-time equivalent (FTE) personnel in the FY26 Proposed Operating Budget. While personnel may be authorized, they may not yet be filled. Detailed information showing filled and proposed FTE transfers by department is included in the following Section. All of the Personnel budget is included within the Operations department.

**TABLE 5. PERSONNEL BY DEPARTMENT**

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| **Operating Fund** | | | |
| Power Services | 17.0 | 16.0 | 17.0 |
| Executive | 1.0 | 5.0 | 5.0 |
| Public Affairs | 11.0 | 12.0 | 13.0 |
| Programs | 6.0 | 12.0 | 14.0 |
| Finance | 7.0 | 9.0 | 10.0 |
| Customer Operations | 6.0 | 8.0 | 5.0 |
| Operations | 6.0 | 5.0 | 4.0 |
| IT and Data Analytics | 6.0 | 9.0 | 12.0 |
| Regulatory and Legislative Affairs | 5.0 | 5.0 | 5.0 |
| Human Resources and Administration | 3.0 | 4.0 | 6.0 |
| Legal | 1.0 | 2.0 | 3.0 |
| Subtotal Operating FTEs | 70.0 | 87.0 | 94.0 |
| | | | |
| **External Funding (CIP)** | | | |
| Programs | 1.0 | 3.8 | 5.0 |
| Regulatory Affairs | - | 0.5 | 0.7 |
| Finance | - | 1.0 | 1.0 |
| Public Affairs | - | 1.0 | 1.0 |
| Power Services | - | - | 0.3 |
| Subtotal External Funding FTEs | 1.0 | 6.3 | 8.0 |
| | | | |
| **Total FTEs** | **70.0**[1] | ~~80.7~~ 87.0 | ~~86.0~~ 94.0 |

[1] *14 FTEs were approved but not hired in FY24 and need to be reapproved in FY25.*

FIGURE 26. COMMUNITY POWER'S DEPARTMENTS

Executive Team
Operations
Human Resources and Administration
Finance
Power Services
Programs
Regulatory and Legislative
Public Affairs
Legal
IT and Data Analytics
Customer Operations

# Proposed Capital Budget

Continuing in FY 2025–2026 is the Community Power Capital Investment Plan (CIP) for FY ~~2025–2029~~ 2026–2030 that will contain all the individual capital projects, major equipment purchases and major programs for the agency that are intended to span multiple years and that are considered one-time projects rather than recurring projects.

The first year of the FY ~~2025–2029~~ 2026–2030 CIP represents the amended FY 2025–2026 capital budget.

The FY 2025–2026 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The proposed FY 2025–2026 capital budget totals ~~$54.4~~ $54.7 million and the FY ~~2025–2029~~ 2026–2030 CIP total ~~$304.3~~ $344.3 million. Additionally, ~~$10.3~~ $11.2 million in unspent continuing funds was appropriated by the Board in prior fiscal years and is represented as Carry Forward revenue. The FY 2025–2026 proposed capital budget includes funding for 21 projects in all program areas in various geographic areas of San Diego County.

TABLE 6. FY 2025–2026 CAPITAL BUDGET OVERVIEW*

| | Carry Forward[1] | FY26 Authorized Budget | FY26 Proposed Budget |
|---|---:|---:|---:|
| Operating Transfer Out | ~~7.5~~ 9.2 | - | ~~21.4~~ 22.2 |
| | | | |
| Regional Energy Network[2] | ~~0.3~~ - | ~~31.8~~ 31.9 | ~~31.8~~ - |
| DAC-GT | ~~0.5~~ (0.1) | ~~0.3~~ 0.6 | ~~0.3~~ - |
| CDFA | ~~0.5~~ 0.7 | - | - |
| Equitable Building Decarbonization | ~~1.5~~ 1.4 | - | - |
| Other | - | - | ~~0.9~~ - |
| | | | |
| CIP Revenue | ~~10.3~~ 11.2 | ~~32.1~~ 32.5 | ~~54.4~~ 22.2 |

*Amounts displayed in millions of dollars*

[1] *The carry forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024-2025*

[2] *The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Year 2024–2027, and funded programs will be available across SDG&E service territory.*

TABLE 6.1. FY 2026–2030 CIP PROGRAMS AND PROJECTS

| | Beginning Bal. | Expenses | Carry Forward [1] | 5-Year Budget | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25 | FY25 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | Total |
| | | | | | | | | | |
| **External Funding** | | | | | | | | | |
| Regional Energy Network[2] | 2.1 | ~~1.8~~ 2.1 | ~~0.3~~ - | ~~31.8~~ 31.9 | 59.5 | 51.4 | 42.0 | 43.7 | ~~228.7~~ 228.6 |
| DAC-GT | 0.9 | ~~0.4~~ 1.0 | ~~0.5~~ (0.1) | ~~0.3~~ 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | ~~2.7~~ 2.4 |
| CDFA | 0.7 | ~~0.2~~ - | ~~0.5~~ 0.7 | - | - | - | - | - | ~~0.5~~ 0.7 |
| Equitable Building Decarbonization | 1.5 | 0.1 | ~~1.5~~ 1.4 | - | - | - | - | - | ~~0.5~~ 1.4 |
| Other | - | - | - | ~~0.9~~ - | - | - | - | - | ~~0.9~~ - |
| **Subtotal** | **5.2** | **~~2.4~~ 3.2** | **~~2.8~~ 2.0** | **~~33.0~~ 32.5** | **60.0** | **51.9** | **42.5** | **44.2** | **~~234.4~~ 233.0** |
| | | | | | | | | | |
| **Internal Funding** | | | | | | | | | |
| Solar Battery Savings | 10.6 | ~~7.9~~ 7.4 | ~~2.7~~ 3.2 | 18.8 | 11.1 | 10.4 | 8.3 | 8.5 | ~~59.8~~ 60.3 |
| Energy Efficiency | 0.3 | 0.3 | 0.0 | - | - | - | - | - | 0.0 |
| Pilot Programs | 3.0 | ~~1.3~~ 0.5 | ~~1.7~~ 2.5 | - | - | - | - | - | ~~1.7~~ 2.5 |
| Grants | 0.8 | ~~0.3~~ 0.6 | ~~0.7~~ 0.2 | ~~0.8~~ 1.3 | - | - | - | - | 1.5 |
| DER | 0.1 | ~~0.0~~ 0.1 | ~~0.1~~ 0.0 | - | - | - | - | - | ~~0.1~~ 0.0 |
| Flexible Load | 0.6 | ~~0.5~~ 0.3 | ~~0.2~~ 0.3 | 0.3 | 0.6 | 0.6 | 0.8 | 0.7 | ~~3.1~~ 3.3 |
| IT Projects | 2.6 | ~~0.6~~ 0.1 | ~~2.0~~ 2.5 | 1.5 | - | - | - | - | ~~3.5~~ 4.0 |
| Community Education | 0.1 | ~~0.0~~ 0.1 | ~~0.0~~ - | 0.0 | - | - | - | - | 0.0 |
| Program Evaluation | - | - | - | 0.3 | - | - | - | - | 0.3 |
| Application Assistance | 0.3 | - | 0.3 | - | - | - | - | - | 0.3 |
| Other | - | - | - | ~~0.2~~ - | 7.4 | 8.7 | 11.2 | 11.7 | ~~0.2~~ 39.1 |
| **Subtotal** | **~~15.4~~ 18.4** | **~~11.1~~ 9.2** | **~~7.5~~ 9.2** | **~~21.4~~ 22.2** | **~~11.7~~ 19.1** | **~~11.0~~ 19.7** | **~~9.1~~ 20.3** | **~~9.2~~ 20.9** | **~~69.9~~ 111.3** |
| | | | | | | | | | |
| **CIP Expense Total** | **~~20.6~~ 23.6** | **~~13.5~~ 12.5** | **~~10.3~~ 11.2** | **~~54.4~~ 54.7** | **~~71.7~~ 79.1** | **~~62.9~~ 71.6** | **~~51.6~~ 62.8** | **~~53.4~~ 65.1** | **~~304.3~~ 344.3** |

*[1] The carry forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024–2025*

*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027 , it is reflected in this table as anticipated spending by fiscal year.*

# Capital Investment Plan (CIP)

## About the CIP

The Community Power Fiscal Year ~~2025–2029~~ 2026–2030 Capital ~~Improvement~~ Investment Plan (CIP) includes 21 projects that will receive funding in the five-year period, totaling ~~$304.3~~ $344.3 million in investments across ~~Community Power member jurisdictions.~~ San Diego County. More detail can be found within the companion ~~FY 2025–2029~~ FY 2026–2030 Capital ~~Improvement~~ Investment Plan book. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows Community Power to thoughtfully plan and design its projects and programs — based on community and agency needs — to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

**5-Year** period | ~~$304.3M~~ **$344.3M** total investment | **21** projects to be funded

*~~Across Community Power member jurisdictions~~*
*Across San Diego County*

This plan continues Community Power's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects compose a list that provides Community Power with the confidence to target a core set of program types focused on community needs. It also gives Community Power the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

This plan is not a final or absolute list of funded projects, and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but this does not necessarily indicate that actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or drop out entirely.

Likewise, this list is not all inclusive. Unexpected requirements often cause unforeseen projects to be inserted into the design and execution process. Furthermore, funding sources identified in the CIP are potential funding sources that may not materialize. Projects, programs and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

# CIP Development Process

Community Power will update the CIP annually during its budget development process. Programs and projects are included in the CIP based on alignment with Community Power's strategic goals and based on community engagement.

The proposed capital budget and CIP undergo a public outreach process comprising a wide range of stakeholder groups. Additionally, the CIP is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the Community Power Board for approval.

**FIGURE 27. CIP DEVELOPMENT PROCESS**

# Operational Impact of Capital Projects

Projects outlined in Community Power's Capital Investment Plan and Budget are generally designed to address the needs of existing assets without significantly impacting operational costs. However, if a technology or any project was planned that had a significant operational impact, projected costs would be reflected in Community Power's Five-Year Financial Plan, issued annually. Additionally, staffing, building maintenance, equipment maintenance and utility costs associated with these facilities would be approved as part of the annual Budget Process. As a result, these costs would be specified within the Budget document and categorized under the "Budget by Department" section and attributed to the relevant department sponsoring the project.

Capital improvements are strategic investments made by Community Power to enhance its physical assets, technology and infrastructure. These improvements are not just about upgrading facilities or equipment but are also aimed at driving efficiency within our organization's operations over the long term. By investing in capital improvements, the organization seeks to optimize its processes, reduce costs and improve overall productivity.

Several projects driven by our IT and Data Analytics Department are at the forefront of these efforts. These projects are prioritized to leverage data and enable advanced data analytics techniques. The goal is to better understand the organization's operations and discover operational efficiencies. Here's how these projects contribute to long-term efficiency:

**Data Collection and Integration —** IT and Data Analytics focuses on collecting data from various sources within the organization. This includes data from production processes, supply chain activities, customer interactions and more. By integrating this data into a centralized system, the organization can gain a comprehensive view of its operations.

**Advanced Data Analytics —** With a robust data infrastructure in place, the IT and Data Analytics Department employs advanced data analytics techniques such as machine learning, predictive analytics and big data analysis. These techniques help in identifying patterns, trends and anomalies in the data that might not be apparent through traditional analysis methods.

**Operational Insights —** The insights gained from data analytics are used to understand the efficiency of current operations. For example, analytics can reveal bottlenecks in production, inefficiencies in supply chain management or areas where customer service can be improved. These insights are crucial for making informed decisions about where to focus improvement efforts.

**Process Optimization —** Based on the operational insights, the organization can implement changes to optimize processes. This might involve automating certain tasks, reallocating resources or redesigning workflows to eliminate inefficiencies. The goal is to streamline operations and enhance productivity.

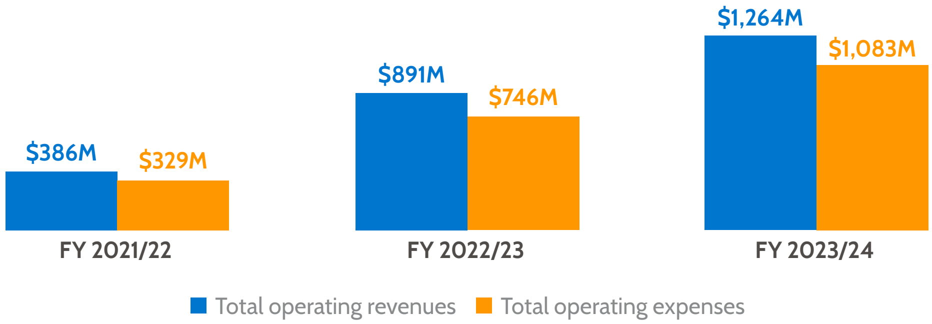
**Continuous Improvement —** Capital improvements driven by data analytics are not one-time efforts. The organization continuously monitors its operations and uses data to identify new opportunities for improvement. This ongoing process ensures that the organization remains agile and can adapt to changing market conditions and technological advancements.

# Multiyear Trends

This section presents a multi-year financial trend report for Community Power, reviewing the actuals from Fiscal Years 2022, 2023 and 2024 and the Fiscal Year 2025 Amended Budget. The report includes visualizations that illustrate key financial trends and variances, providing a clear and comprehensive picture of the organization's fiscal trajectory over the past three years. By examining these figures, Community Power can gain insights into revenue patterns, expenditure changes and overall financial stability. This analysis is essential for understanding how past financial outcomes align with future budgetary goals, ensuring effective financial planning and management.

Community Power has experienced substantial growth in both operating revenues and expenditures from FY22 to FY24. In FY22, Community Power's operating revenues were $386 million, increasing to $891 million in FY23, and further rising to $1.1 billion in FY24. This growth is primarily driven by expanding electricity sales and an increased customer base. Concurrently, operating expenses have also escalated, from $329 million in FY22 to $746 million in FY23, and reaching $1.083 billion in FY24, reflecting higher costs associated with electricity procurement and use of contract services. Despite these rising costs, Community Power has consistently maintained a positive operating income, indicating effective financial management and strategic planning. The FY25 Amended Budget continued growth and stability, ensuring Community Power's ability to meet its operational goals and effectively serve the community.

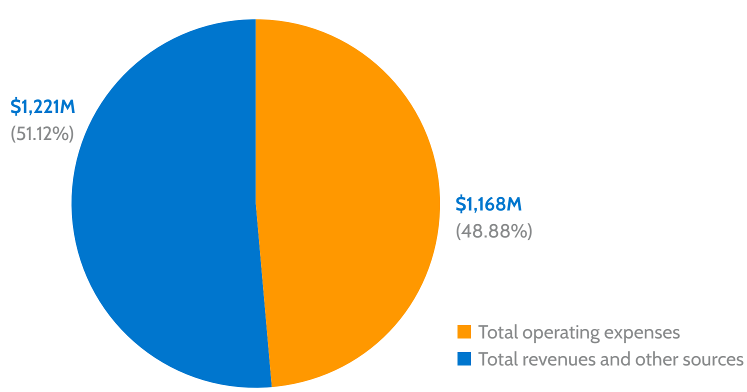
**FIGURE 28. OPERATING REVENUES VS. EXPENDITURES**




| | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Electricity sales, net | $383,800,198 | $891,178,064 | $1,252,787,768 |
| Grant revenue | $0 | $0 | $983,500 |
| Liquidated damages | $2,437,500 | $0 | $0 |
| Other income | $0 | $0 | $10,598,252 |
| **Total operating revenues** | **$386,237,698** | **$891,178,064** | **$1,264,369,520** |
| | | | |
| **OPERATING EXPENSES** | | | |
| Cost of electricity | $319,686,027 | $720,327,704 | $1,047,553,476 |
| Contract services | $3,520,098 | $15,957,376 | $19,750,534 |
| Staff compensation | $3,662,441 | $6,726,270 | $11,399,388 |
| Other operating expense | $2,098,031 | $2,866,222 | $3,261,424 |
| Depreciation and amortization | $0 | $253,553 | $727,567 |
| **Total operating expenses** | **$328,966,597** | **$746,131,125** | **$1,082,692,389** |
| | | | |
| ~~**TOTAL OPERATING INCOME**~~ **NET POSITION** | **$57,271,101** | **$145,046,939** | **$181,677,131** |

Community Power's FY25 amended budget reflects the organization's strong financial growth and stability observed in past fiscal years. The budget included total operating revenues of $1.22 billion and total expenses of $1.17 billion, maintaining a balanced approach similar to previous years. Revenue growth, driven by expanding electricity sales and an increasing customer base, aligns with the upward trend seen from FY22 to FY24. Increased costs in FY25 are primarily due to higher electricity procurement expenses and investments in the CIP. Despite these rising costs, the positive net operating income highlights effective financial management and strategic planning.

**FIGURE 29. OPERATING BUDGET**



# Five-Year Financial Plan

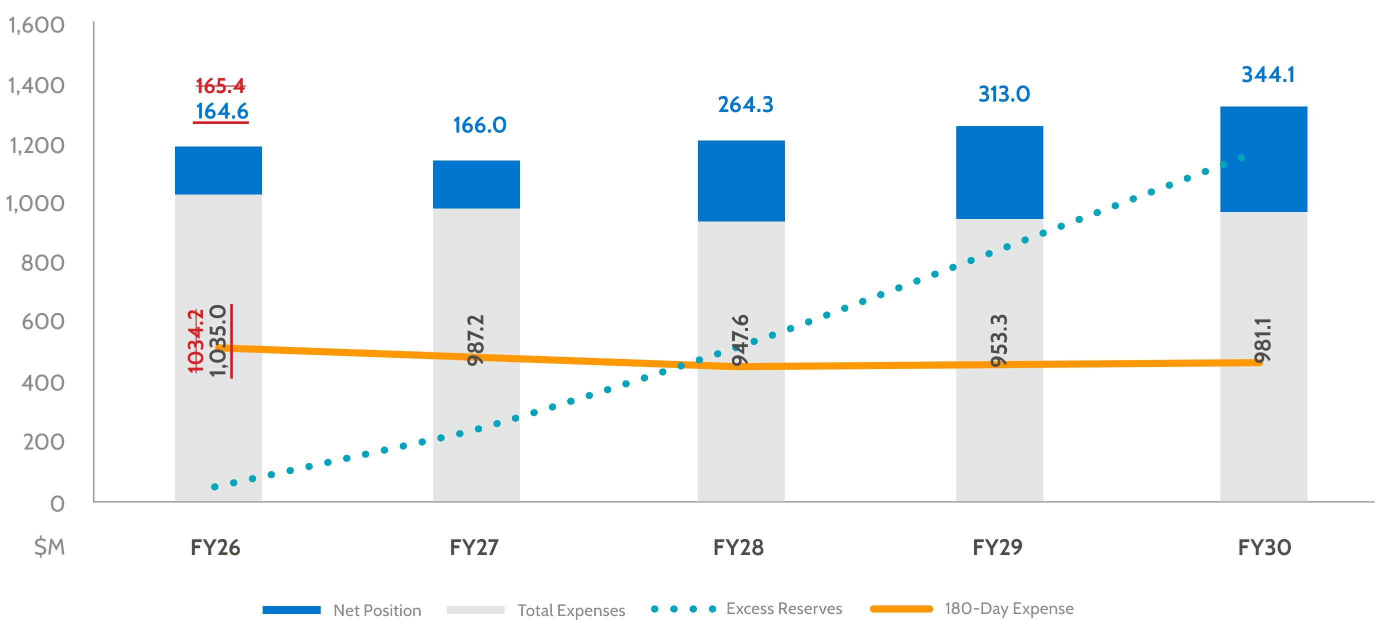
Community Power's five-year financial plan projects that the agency will meet its 180-days cash-on-hand reserve target in its Reserve Policy by October 2025. The current reserve policy supports the distribution of excess reserves for specific purposes, including funding a rate stabilization reserve. Additionally, the plan projects that Community Power will achieve its Strategic Plan goal of funding a Rate Stabilization Reserve by FY 2026–2027. The plan assumes that rates remain at the same level adopted by the Board on February 7, 2025, and are subject to change based on Community Power's rate-setting cycle.

The Community Power Board reassesses its projections, five-year financial plan and reserve targets annually during its rate-setting process in January and during its budget development process ending in June.

Key assumptions in Community Power's projections and five-year financial plan include:

- Full enrollment of customers is complete from all member jurisdictions
- A 95% participation rate across all jurisdictions
    - A 1.75% uncollectible rate, which maintains the same uncollectible rate from the fiscal year 2024–2025 amended budget approved by the board February 27, 2025
- Trifurcation of rates continues to ensure a fair, equitable and balanced rate structure across customers with differing vintage years
    - Rates in FY26 and beyond remain at the levels adopted by the Board on February 7, 2025. Further rate changes are subject to Board approval.

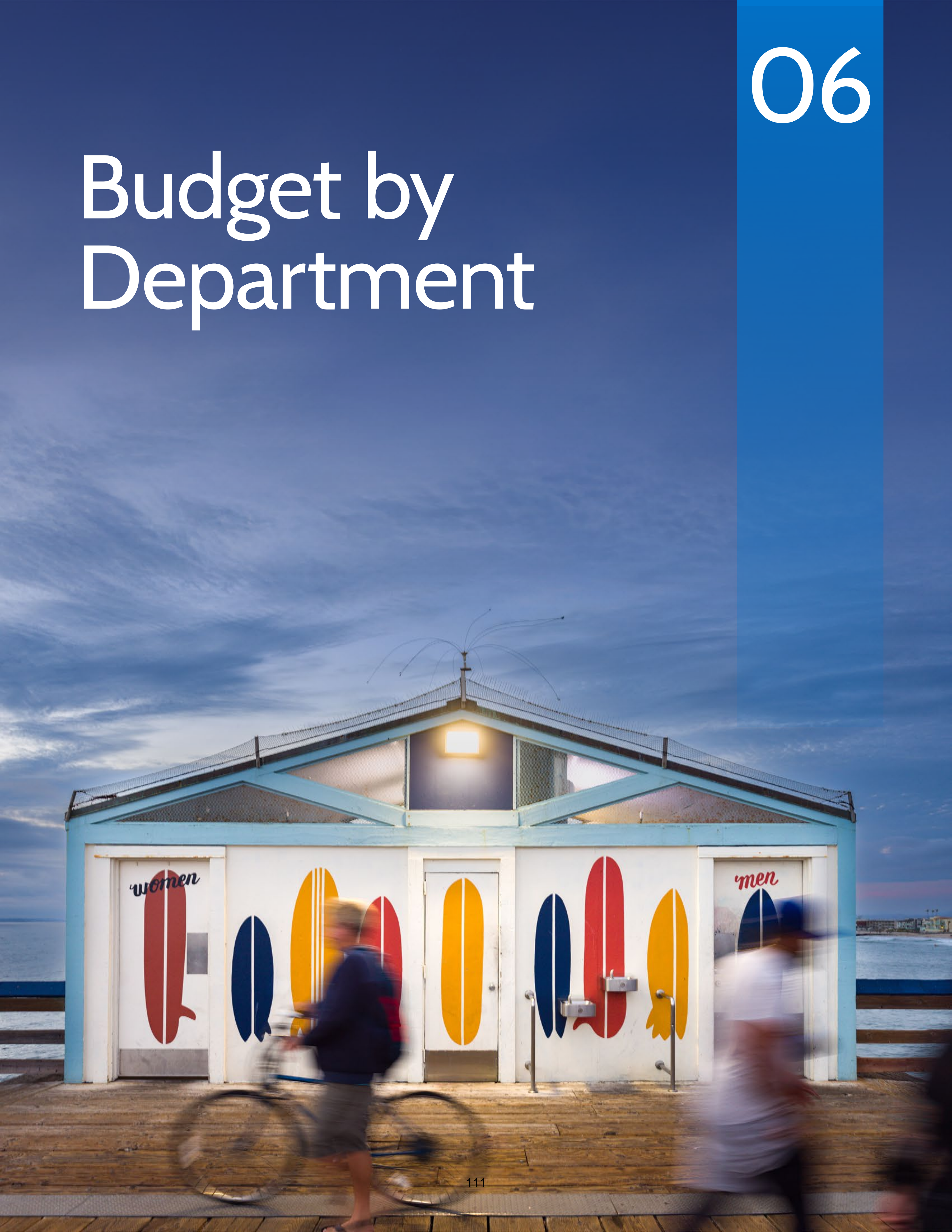
**FIGURE 30. SAN DIEGO COMMUNITY POWER RESERVES**




| OPERATING BUDGET, $M | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Net Revenue | 1,119.6 | 1,133.1 | 1,190.7 | 1,244.2 | 1,302.0 |
| Total Expense | ~~1,034.2~~ 1,035.0 | 967.0 | 926.4 | 931.1 | 957.9 |
| Annual Reserve (Net Position) | ~~165.4~~ 164.6 | 166.0 | 264.3 | 313.0 | 344.1 |
| | | | | | |
| Cumulative Net Position | ~~574.9~~ 574.1 | ~~741.0~~ 740.1 | ~~1,005.3~~ 1,004.4 | ~~1,318.3~~ 1,317.5 | ~~1,662.40~~ 1,661.6 |
| 180-Day Expense | ~~510.0~~ 510.4 | 486.8 | 467.3 | 470.1 | 483.8 |
| Projected Excess Reserves | ~~64.9~~ 63.7 | ~~254.1~~ 253.3 | ~~538.0~~ 537.1 | ~~848.2~~ 847.4 | ~~1,178.6~~ 1,177.7 |

06

# Budget by Department



# Budget by Department

## Executive

*Providing strategic leadership to guide the agency and deliver on its mission*

### Mission and Services

The Executive team provides agency-wide leadership and strategic direction for Community Power. Led by the chief executive officer and supported by the executive team, the department ensures alignment across departments, cultivates an inclusive and accountable culture and oversees implementation of the strategic plan.

The Executive team represents Community Power in public forums, guides internal systems development and advances partnerships with local governments, stakeholders and industry peers. Through consistent engagement with member agencies, the Board of Directors and Community Advisory Committee, and regional coalitions, the team builds trust and helps position Community Power as a leading voice in California's clean energy transition.

### Department Highlights

- Led development and rollout of the FY 2025–2026 strategic plan
- Continued engagement with CalCCA and participation in key state policy forums
- Oversaw internal management systems and staff training initiatives
- Supported cross-functional alignment through quarterly strategy check-ins
- Advanced initiatives to promote equity, transparency and operational integrity

### Key Performance Indicators (KPIs)

- Strategic goals aligned across departments (target: seven)
- Annual rate setting via public process (target: effective Feb. 1)
- Reserve balance and days cash on hand (target: 180 days by FY 2027)
- Number of external events attended by executive staff (target: 60)

### Department Organizational Structure

**FIGURE 31. EXECUTIVE ORGANIZATIONAL STRUCTURE**

**Chief Executive Officer**
KARIN BURNS

**Chief Financial Officer and Deputy Chief Executive Officer/Treasurer**
ERIC WASHINGTON

**Chief Operating Officer**
JACK CLARK

**Chief Commercial Officer**[1]
VACANT

**General Counsel**
VEERA TYAGI

[1] *Formerly titled Managing Director Power Services*

# Operations

*Improving internal operations and alignment to support strategic execution*

## Department Description: Mission and Services

Operations ensures that Community Power functions effectively and efficiently across all departments. Led by the chief operating officer and supported by senior directors and project management staff, Operations drives internal coordination, facilitates collaboration and operationalizes the agency's strategic objectives.

The team oversees internal governance, agencywide administrative systems and policy development. Operations is also responsible for engagement with the Community Advisory Committee (CAC), ensuring transparency and accountability. The newly created Project Management Office (PMO), housed within Operations, leads efforts to align project execution with strategic priorities, standardize workflows, create efficiencies and improve internal delivery.

## Operations Highlights

- Supported growth to 80 full-time positions with strategic resource planning
- Launched agencywide project intake and documentation process through PMO
- Conducted internal process audits to identify operational bottlenecks
- Improved CAC and Board engagement through increased coordination and support
- Advanced internal efficiency through cross-departmental collaboration systems

## FY 2025–2026 Priorities

- Enhance internal systems and tools to support cross-functional execution
- Improve agency-wide project visibility, reporting and governance
- Develop the internal infrastruct ure needed to scale efficiently as Community Power grows
- Strengthen alignment between agency goals, departmental workplans and staff resources

## Key Performance Indicators (KPIs)

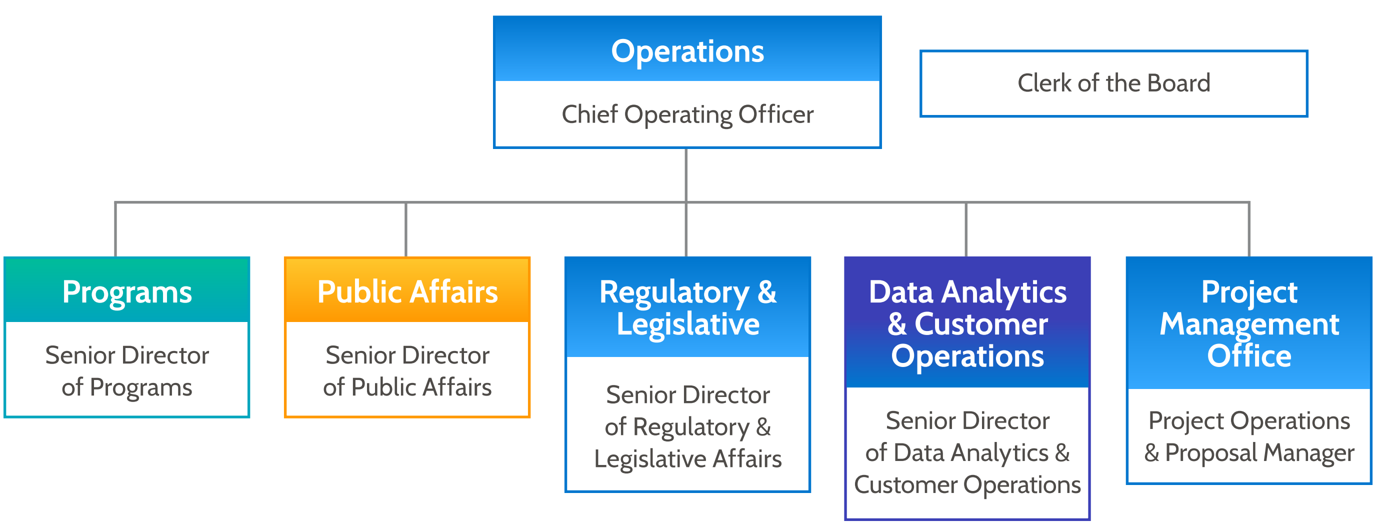
- Implement new project intake and tracking tools (target: Q2 FY 2025)
- Maintain a cross-functional project schedule (target: update quarterly)
- Implement a team utilization framework (target: Q3 FY 2025)
- Develop and launch a centralized internal dashboard for tracking project and policy updates (target: Q3 FY 2025)
- Conduct project reviews with the Executive team to ensure strategic alignment (target: review quarterly)

TABLE 7. OPERATIONS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Operations | ~~7.0~~ 5.0 | 4.0 |

## Department Organizational Structure

FIGURE 32. OPERATIONS ORGANIZATIONAL STRUCTURE



# Power Services

*Developing a clean energy portfolio that is reliable, affordable and increasingly renewable*

## Department Description: Mission and Services

The Power Services Department is responsible for managing Community Power's energy procurement and delivery portfolio, ensuring that customers receive clean, reliable and competitively priced electricity. This includes all long- and short-term energy contracting, load forecasting, power scheduling, wholesale market participation, energy risk management and compliance with state regulatory mandates.

Under the leadership of the chief commercial officer, Power Services oversees competitive solicitations and negotiation of power purchase agreements (PPAs) and Energy Storage Service Agreements (ESSAs), working to meet state mandates and voluntary goals related to the Renewable Portfolio Standard (RPS) and Resource Adequacy (RA). The department also plays a key role in diversifying supply, expanding clean energy development and accelerating the build-out of local energy infrastructure, including distributed energy resources (DERs).

## Department Highlights

- Expanded to 16 team members to manage procurement, forecasting and compliance functions
- Maintained energy hedging strategy to mitigate cost volatility and market exposure in FY 2026 and beyond
- Procured Energy Trading Risk Management (ETRM) system
- Worked with general counsel to bring transactional counsel in-house to support higher transaction volume and legal review of complex energy agreements
- Continued contracting for and managing developing long-term clean energy resources to meet Community Power's 100% renewable energy goals

## FY 2025–2026 Priorities

- Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing and staff training
- Advance toward a 100% renewable energy portfolio by 2035, with interim targets of 75% by 2027 and 85% by 2030
- Support development of 1 gigawatt of local clean energy capacity by 2035, including at least 300 megawatts from DERs enabled through programs, tariffs and procurement
- Ensure cost-effective compliance with RA and RPS requirements and all other state regulatory obligations
- Prioritize projects and partnerships that help create high-quality local jobs in the clean energy economy

## Key Performance Indicators (KPIs)

- Maintain alignment with Community Power's energy risk management policy
- Ensure timely filing of all resource adequacy month-ahead filings as well as the year-ahead filing due in October 2025
- Submit annual Integrated Resource Plan, Renewable Portfolio Standard Plan and Mid-Term Reliability updates
- Finalize and implement Feed-In Tariff 2.0 and secure additional local energy contracts
- Implement and integrate an ETRM system to improve energy risk management and internal analytics by Q3 2025
- Bring online the first Power Purchase Agreement where SDCP has full control of scheduling coordinator responsibilities

**TABLE 8: POWER SERVICES POSITIONS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Power Services | 16.0 | *17.0 |

**0.3 position will be externally funded in FY26*

## Department Organizational Structure

**FIGURE 33. POWER SERVICES ORGANIZATIONAL STRUCTURE**

**Power Services**

Chief Commercial Officer

Director of Power Contracts
Director of Portfolio Management
Director of Origination
Associate Director-Load Forecast & Optimization
Principal Portfolio Manager
Senior Settlements Manager
Senior Local Development Manager
Senior Portfolio Manager
Senior Portfolio Manager
Origination Manager
Senior Settlements Analyst
Senior Quantitative Energy Analyst
Senior Compliance Analyst
Contract Management Associate
Contract Associate
*Portfolio Analyst Energy
*Senior Market and Modeling Analyst

**Positions authorized in FY26*

# Finance

*Promoting long-term organizational sustainability through sound fiscal management and strategic investment*

## Department Description: Mission and Services

The Finance Department ensures the long-term fiscal health of Community Power through sound financial planning, risk management and transparency. The department manages budgeting, accounting, cash flow, reserves, audits, financial policy implementation, debt financing including clean prepayment financing, and fiscal compliance.

Finance supports the organization's mission by maintaining strong financial controls, enabling informed decision-making and positioning the agency to invest in programs, infrastructure and operations that advance clean energy access and community benefits.

## Department Highlights

- Continued focus on building reserves to meet the 180-day cash-on-hand goal
- Coordinated annual financial audit with no findings in FY 2023
- Developed internal financial controls and contracts tracking system
- Advanced implementation of the Capital Investment Plan
- Supported the execution of multiple clean energy prepay bond transactions

## FY 2025–2026 Priorities

- Execute 3–5 clean prepay bond transactions to reduce power costs by up to $30 million annually
- Contribute $80 million toward the reserve goal by the end of FY 2025–26
- Build a Rate Stabilization Reserve to mitigate power market volatility
- Launch a vendor and contracts tracking system to strengthen fiscal controls
- Establish a Middle Office to enhance energy risk monitoring and oversight
- Maintain fiscal transparency through regular public reporting and committee updates

## Key Performance Indicators (KPIs)

- Reserve balance and days cash on hand (target: 180 days by FY 2027)
- Number of clean energy prepay transactions executed and savings achieved
- Reviewing budget-to-actuals to identify financial efficiencies
- Achievement of investment-grade credit rating readiness benchmarks

TABLE 9. FINANCE POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Finance | ~~8.0~~ 9.0 | *10.0 |

*1.0 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 34. FINANCE ORGANIZATIONAL STRUCTURE

**Finance**

Chief Financial Officer/Treasurer

Director of Finance
Procurement Manager
Risk Manager
Finance Manager
Strategic Finance Manager
Senior Financial Analyst
Financial Analyst
Financial Analyst
Procurement Analyst
*Senior Risk Manager

**Position authorized in FY26*

# Customer Operations

*Ensuring high customer satisfaction and retention through responsive service, affordability and clear communication*

## Department Description: Mission and Services

The Customer Operations Department supports customer satisfaction and retention by ensuring clear, timely and accurate billing, analyzing usage trends and delivering exceptional account management. Under the guidance of the chief operating officer and leadership of the senior director of data analytics and customer operations, the team manages contact center operations, supports key accounts and provides analytical insights to guide rate setting, forecasting and customer service enhancements.

The department plays a central role in delivering Community Power's promise of clean, affordable energy through customer-focused strategies. It supports interagency coordination with SDG&E and Calpine to mitigate billing errors and maintains the tools and insights that drive high customer retention, satisfaction and service engagement.

## Department Highlights

- Lowered electricity generation rates for the second consecutive year for Community Power customers
- Launched two new rate offerings — PowerBase and Power100 Green+ — to meet customer needs
- Oversaw more than $19 million in vendor service contracts, including Calpine and SDG&E
- Partnered closely with SDG&E and Calpine to improve billing accuracy and address customer concerns
- Continued enhancements to internal data tools that track opt actions, revenues and customer engagement
- Played a pivotal role in maintaining customers' participation rate of 95%+ over the last 3 years

## FY 2025–2026 Priorities

- Evolve rate strategy to ensure competitiveness, affordability and fiscal sustainability
- Develop targeted strategies to increase customer retention and promote opt-ups to Power100
- Resolve outstanding billing and communication issues with SDG&E that affect customer satisfaction
- Identify and evaluate potential enhancements to customer service delivery, including a future Energy Advisor Center
- Implement measures to reduce customer arrearages and improve long-term account health
- Support contact center training and performance monitoring for consistent, high-quality service

## Key Performance Indicators (KPIs)

- Customer retention rate (target: 90%+)
- Number of opt-ups to Power100 (target: 10% of total load by 2027)
- Customer satisfaction score via surveys (target: score 9/10)
- Rate of issue resolution and billing accuracy (target: 99%+ first-contact resolution)
- Close collaboration with SDG&E and the agency's collection vendor to reduce arrearages year over year
- Number of service enhancements implemented or piloted (target: 2–3 new initiatives in FY26)

**TABLE 10. CUSTOMER OPERATIONS POSITIONS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Customer Operations | ~~7.0~~ 8.0 | 5.0 |

## Department Organizational Structure

**FIGURE 35. CUSTOMER OPERATIONS ORGANIZATIONAL STRUCTURE**

**Customer Operations**

Senior Director of Data Analytics and Customer Operations

Account Services Manager
Key Account Services Manager
Senior Account Services Analyst
Senior Key Account Analyst

# IT and Data Analytics

*Creating a secure and efficient environment that supports collaboration and innovation*

## Department Description: Mission and Services

The IT and Data Analytics Department empowers Community Power through secure, scalable and modern digital infrastructure. Reporting to the senior director of data analytics and customer operations and led by the associate director of IT and Data Analytics, the department manages enterprisewide systems, data and analytics platforms, and cybersecurity.

The team develops and maintains centralized, cloud-based tools that enable real-time, data-informed decisions across rate development, customer programs, marketing and operations. By implementing robust security protocols and IT governance, the department ensures business continuity, system resilience and a strong data-driven culture throughout the agency.

## Department Highlights

- Launched agencywide managed IT services with cybersecurity protections
- Completed enterprise assessment to align systems with strategic goals
- Advanced development of an enterprise data platform (EDP) to centralize analytics
- Supported implementation of improved forecasting models that account for solar generation
- Partnered with the Project Management Office (PMO) to assess project management platforms

## FY 2025–2026 Priorities

- Strengthen cybersecurity framework and conduct annual penetration testing
- Launch enterprise data platform with integration of critical data systems by Q4 FY 2025
- Finalize IT policies and governance procedures by Q2 FY 2025
- Select and implement a project management system with PMO support by Q2 FY 2025
- Expand in-house analytics support to additional Community Power departments by FY 2026

## Key Performance Indicators (KPIs)

- Number of cybersecurity incidents reported (target: 0)
- Percentage of critical retail operations data systems integrated into EDP (target: ≥ 98%)
- Project management system implemented and training completed (target: Q3 FY 2025)
- Number of departments supported with internal analytics (target: ≥ four)
- Number of reporting dashboards deployed (target: four to six)
- Percentage of IT incidents resolved within service level agreement (SLA) (target: ≥ 98%)
- Adoption of IT policy and governance framework (target: approved by Q2 FY 2025)

TABLE 11. IT AND DATA ANALYTICS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| IT and Data Analytics | ~~8.0~~ 9.0 | 12.0 |

## Department Organizational Structure

FIGURE 36. IT AND DATA ANALYTICS ORGANIZATIONAL STRUCTURE

**IT and Data Analytics**

Senior Director of Data Analytics
and Customer Operations

Associate Director of IT and Data Analytics
Data Analytics Manager
Rate and Strategy Manager
IT Manager
Senior Cybersecurity Analyst
Data Scientist
IT Systems Engineer
Data Engineer
IT Systems Analyst
Senior Rates Analyst
Data Analyst
Senior Integration System Ops Developer

# Public Affairs

*Building a trusted public agency through strategic outreach, education and engagement*

## Department Description: Mission and Services

The Public Affairs Department connects Community Power with the people and communities it serves. Through strategic communications, local partnerships and public engagement, the team builds awareness of Community Power's mission, programs and benefits. The department also supports customer education, agency branding and transparency in all public-facing materials.

Led by the senior director of public affairs and reporting to the chief operating officer, the department includes three core focus areas: strategic partnerships, community engagement, and marketing and communications. Together, these teams advance Community Power's brand identity, foster connections with key audiences and ensure transparency through outreach, media engagement and public education. The department also supports the Community Advisory Committee (CAC) and helps ensure local priorities are reflected in agency decision-making.

## Department Highlights

- Participated in 151 community outreach events in 2024, resulting in 18,539 unique interactions
- Achieved an estimated 1.2 million impressions through in-person outreach and strategic media and partner efforts, including CBS 8's "Working for Our Communities" partnership
- Supported the CAC and provided updates to member agency city councils
- Managed the agency's brand refresh and website redesign efforts
- Produced quarterly newsletters, social media content and other tools to increase customer understanding and transparency

## FY 2025–2026 Priorities

- Expand public understanding of Community Power's clean energy programs and rate options
- Strengthen brand awareness and build community trust across diverse audiences with the launch of Community Power's new website
- Partner with member agencies and community-based organizations to reach underserved populations
- Support program launches and other resources through clear, multilingual and accessible messaging
- Ensure ongoing transparency through coordinated media outreach, digital engagement and community events

## Key Performance Indicators (KPIs)

- Number of public events attended or hosted (target: 100 annually)
- Total impressions across digital and earned media (target: 1.2 million)
- Newsletter open rate and click-through metrics
- (target: 40% open, 10% click-through)
- Number of reinvestments in in member agencies through partnerships, sponsorships and engagements (target: partner, sponsor or fund at least four engagements in each member agency annually)
- Number of earned media opportunities (target: six annually)

TABLE 12. PUBLIC AFFAIRS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Public Affairs | 12.0 | *13.0 |

**1.0 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 37. PUBLIC AFFAIRS ORGANIZATIONAL STRUCTURE

**Public Affairs**

Senior Director of Public Affairs

Senior Manager Strategic Partnerships
Senior Manager Marketing & Communications
Senior Manager Community Engagement
Strategic Initiatives Manager
Local Government Affairs Manager
Marketing Manager
Marketing Manager
Community Engagement Associate
Communications Associate
Community Engagement Coordinator
Community Outreach Representative
*Communications Associate

**Position authorized in FY26*

# Programs

*Implementing energy projects and programs that reduce emissions, align supply and demand, and deliver community benefit*

## Department Description: Mission and Services

The Programs Department designs and implements initiatives that reduce customer bills, increase energy resilience and expand access to clean energy. Under the guidance of the chief operating officer and the leadership of the senior director of programs, the team manages incentive programs, pilots and partnerships that serve residential, commercial and public agency customers across the region.

Program area focus and design are guided by Community Power's Community Power Plan (CPP), Climate Action Plans from member agencies, and state and federal policy. From residential battery incentives to electric vehicle charging management, the department supports scalable, equitable decarbonization across sectors. The department works closely with community-based organizations, industry stakeholders and internal departments to ensure program design is equitable, cost-effective and scalable.

The department also leads the launch and administration of the San Diego Regional Energy Network (SDREN) in partnership with the County of San Diego, a transformative multi-year effort to deliver energy efficiency and demand-side management programs across San Diego County.

## Department Highlights

- Launched the Solar Battery Savings program, recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report*, to create a 7 MW Virtual Power Plant via customer-owned residential battery storage
- Received approval for the San Diego Regional Energy Network (SDREN) application, generating nearly $125 million in program funding for the region through 2027
- Initiated customer-facing pilots in building decarbonization, flexible load management, healthy and efficient refrigeration and transportation electrification
- Built new strategies for vehicle-grid integration, virtual net billing and distributed energy resource deployment
- Executed state and federal grants, including the CDFA Healthy Refrigeration Grant and support for SANDAG's Climate Pollution Reduction Grant proposal
- Partnered in strong cross-departmental collaboration to integrate customer, regulatory and operational inputs into program design

## FY 2025–2026 Priorities

- Deliver 150 megawatts of local capacity from distributed energy resources (DERs) and Community Power's Virtual Power Plant (VPP) portfolio by 2035, including expansion of the Solar Battery Savings program
- Launch all SDREN programs and make them available by the end of FY 2026
- Develop and implement a formal program evaluation framework for all programs and pilots by FY 2026
- Secure new program funding from external sources, including state, federal and philanthropic entities
- Integrate Distributed Energy Resources Management System (DERMS) software and flexible load strategies into program implementation
- Support electrification and resiliency through targeted customer offerings in solar + storage, demand response and energy efficiency

## Key Performance Indicators (KPIs)

- DER capacity added through program implementation (target: 20 MW in FY 2025–26, 150 MW by FY 29–30)
- Ten SDREN programs launched and available (target: all core programs by FY 2025–26)
- Program evaluation framework completion and deployment (target: Q4 FY 2025–26)
- Equity-focused program participation from priority communities (target: 50% of total incentive funding)

TABLE 13. PROGRAMS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---|---|
| Programs | ~~11.0~~ 12.0 | *14.0 |

**~~5.0~~ 6.0 positions will be externally funded in FY26*

## Department Organizational Structure

FIGURE 38. PROGRAMS ORGANIZATIONAL STRUCTURE

**Customer Programs**

Senior Director of Programs

~~Senior Director of Programs~~
Associate Director of Programs
Associate Director of Programs - Flex Load
Senior Program Manager
Senior Program Manager
Senior Program Manager
Senior Program Manager

Program Manager
Program Manager - Community Solar
Senior Program Associate
Senior Program Associate
Senior Program Associate
*Program Associate
*Senior Program Associate

**Positions authorized in FY26*

# Regulatory and Legislative Affairs

*Advocating for policies that advance Community Power's mission and protect local decision-making*

## Department Description/Mission and Services

The Legislative and Regulatory Affairs Department monitors, engages in and influences proceedings, proposed policies and legislation that directly or indirectly impact Community Power's operations and customers. Under the guidance of the chief operating officer and leadership of the senior director of Regulatory and Legislative Affairs, the department represents Community Power's interests before the California Public Utilities Commission (CPUC), California Energy Commission (CEC), California Air Resources Board (CARB), California Independent System Operator (CAISO), the state Legislature and Congress, as well as at the federal level with relevant federal agencies, including but not limited to the Department of Energy and Federal Energy Regulatory Commission (FERC).

The department also supports regulatory compliance across multiple state agencies, assists with agencywide understanding of policy impacts and develops strategies for securing external funding and favorable regulatory outcomes. Community Power participates in trade associations such as CalCCA and works collaboratively with member agencies, industry partners and stakeholders across the state to ensure community choice remains a resilient and effective tool for climate action and energy equity.

The department's work is guided by Community Power's Regulatory and Legislative Platform, which outlines the agency's values-based approach to policy and advocacy, anchored in accelerating deep decarbonization, promoting local development and stabilizing community choice energy. The platform provides clear guidance for consistent engagement at the local, state and federal levels and ensures that policy advocacy reflects Community Power's mission and customer priorities. View the platform here.

## Department Highlights

- Monitored and/or engaged in over 60 regulatory proceedings and associated policy working groups
- Provided analysis on approximately 150 pieces of legislation per year affecting Community Choice Aggregators and issued letters of support on approximately 10 pieces of legislation per year (all legislative letters issued by Community Power can be viewed here)
- Participated in CalCCA's regulatory and legislative committees and tiger teams to advocate for inclusion of Community Power policy priorities in trade association filings and letters
- Developed Community Power's federal funding strategy and assisted with competitive grant applications
- Updated Community Power's Regulatory and Legislative Platform, available on Community Power's website

## FY 2025–2026 Priorities

- Continually engage policymakers to ensure alignment with Community Power's strategic priorities
- Sponsor or support state and federal legislation that promotes affordability, equity and local clean energy
- Advance regulatory outcomes that uphold procurement and rate-making authority for Community Power
- Identify and pursue grant and funding opportunities that benefit customers and member agencies
- Actively participate in trade associations and multi-agency coalitions to shape the policy landscape
- Track and manage compliance obligations to ensure timely and accurate filings

## Key Performance Indicators (KPIs)

- Number of regulatory proceedings tracked (target: 40+)
- Number of bills analyzed (target: 100+)
- Legislative positions advanced in alignment with platform (target: 10+)
- Number of unique interactions with state and federal policymakers (target: 50+)
- Grant or funding applications supported in coordination with internal and external partners (target: three or more)

**TABLE 14. REGULATORY AND LEGISLATIVE AFFAIRS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Regulatory and Legislative Affairs | 5.0 | *5.0 |

**0.7 positions will be externally funded in FY26*

## Department Organizational Structure

**FIGURE 39. REGULATORY AND LEGISLATIVE AFFAIRS ORGANIZATIONAL STRUCTURE**

**Regulatory and Legislative Affairs**

Senior Director of Regulatory and Legislative Affairs

Associate Director of Legislative Affairs
Senior Policy Manager
Senior Strategic Policy Manager
Regulatory Manager

# Human Resources and Administration

*Fostering a high-performing, inclusive workplace through strategic talent development and operational excellence*

## Department Description: Mission and Services

The Human Resources and Administration Department serves as a strategic partner to leadership and staff, building the internal systems needed to support a high-performing, mission-aligned organization. The department combines two core functions — human resources and administrative operations — under a unified team that enables employee success and ensures internal consistency and support across all departments.

Human Resources (HR) leads efforts in recruitment, onboarding, benefits administration, compliance, professional development and performance management. These services are delivered in alignment with Community Power's values of integrity, innovation, servant leadership and collaboration.

The administrative team supports agencywide operations by managing internal documentation, scheduling, communications, executive support and coordination across departments. This function plays a vital role in maintaining day-to-day efficiency and ensuring smooth execution of internal processes.

FY 2025–26 marks the first full year of operations with a fully in-house HR team. With the addition of the administrative function, the department is well-positioned to drive internal excellence and provide responsive, effective support to employees, leadership and the Board of Directors.

## Department Highlights

- Brought the administrative team alongside the internal HR team
- Established internal HR systems for onboarding, hiring and staff support
- Partnered with Paychex and other vendors to streamline benefits administration
- Rolled out agencywide training programs and began design of a performance management framework
- Supported hiring and onboarding across the agency as Community Power reached 80 authorized FTEs

## FY 2025–2026 Priorities

- Evolve into a learning organization with robust professional development by Q4 2026
- Ensure that all staff receives annual safety and workplace training
- Refine and launch internship program to attract students from local colleges and underrepresented communities interested in the clean energy industry
- Finalize and implement a three-year staffing plan and internal job board
- Fully integrate administrative functions into the larger People Operations team
- Maintain employee satisfaction levels above 80% through annual surveys and onboarding feedback
- Develop a cadence for internal and external team events and activities that intentionally shapes our culture in alignment with our mission, vision, values and goals (MVVGs)

## Key Performance Indicators (KPIs)

- Headcount (78)
- Hired (22)
- Departed (four)
- Turnover Rate (target 5.6%)
- Time-to-fill for key positions (target: 78 days)

TABLE 15. HUMAN RESOURCES & ADMINISTRATION POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Human Resources and Administration | 4.0 | *6.0 |

**1 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 40. HUMAN RESOURCES AND ADMINISTRATION ORGANIZATIONAL STRUCTURE

**Human Resources and Administration**

Senior Director of People Operations & Administration

Human Resources Manager
Talent Acquisition and Learning Specialist
Human Resources Coordinator
Senior Executive Assistant
Office Manager
Administrative Assistant

# Legal

*Providing legal guidance, ensuring compliance, transparency and accountability to support organizational integrity*

## Department Description: Mission and Services

The Legal Department is led by Community Power's general counsel, who reports directly to the Board of Directors and serves as a member of the Executive team. Under the leadership of the general counsel, the department provides legal guidance across a range of areas including public agency governance, regulatory compliance, contract law, employment law and risk management.

The department plays a critical role in supporting internal policy development, mitigating organizational risk and maintaining transparency in all agency actions. As Community Power expands in scale and complexity, the department ensures the agency's decisions and operations remain aligned with local, state and federal legal requirements and uphold public trust.

## Department Highlights

- Established Community Power's first in-house Legal Department under general counsel leadership
- Hired two in-house attorneys to expand internal legal capacity
- Developed and implemented internal templates and review processes for contracting and risk mitigation
- Provided legal review and support for long-term power purchase agreements (PPAs) and clean energy prepay transactions
- Reviewed and updated internal policies and supported compliance with the Brown Act and other transparency laws

## FY 2025–2026 Priorities

- Support execution of three to five clean energy prepay transactions and associated legal review
- Provide legal guidance on long-term PPAs and related procurement efforts
- Review and update Board policies, bylaws and internal procedures
- Provide support for the launch of major customer programs, including Solar Battery Savings and the San Diego Regional Energy Network (SDREN)
- Expand legal training and education for agency staff and elected officials

TABLE 16. LEGAL POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Legal | 2.0 | 3.0 |

## Department Organizational Structure

FIGURE 41. LEGAL ORGANIZATIONAL STRUCTURE

**Legal**

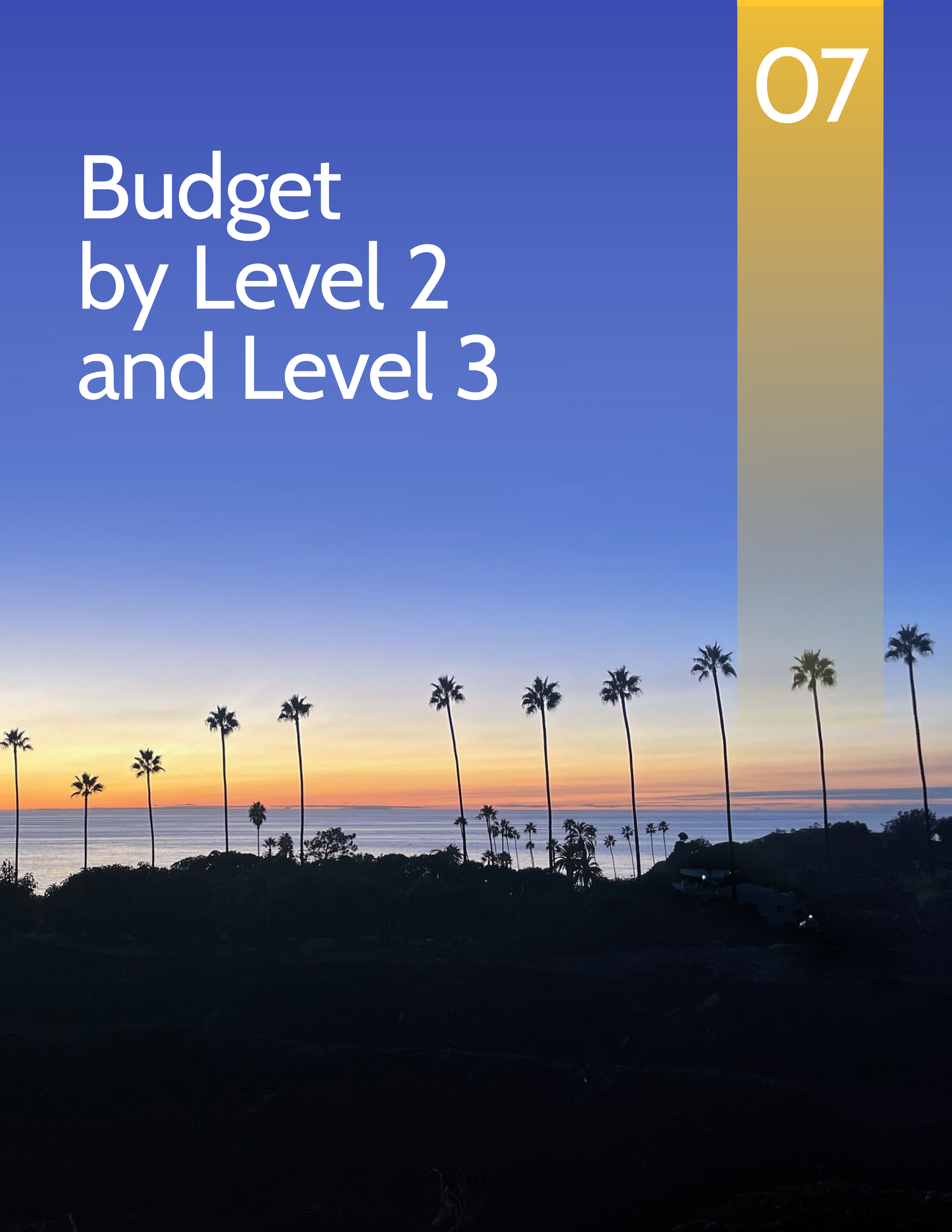
General Counsel

Assistant General Counsel
Senior Counsel
*Paralegal

*Position authorized in FY26*

07

# Budget by Level 2 and Level 3



# Budget by Level 2 and Level 3

## Operating Revenue

Community Power's sole source of revenue currently is the retail sale of electricity to its customers. Revenue budgeted for FY 2025–2026 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base as well as the majority of the residential customer base.

Generally, operating revenue through the retail sale of electricity is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying the Board-approved generation rates to the energy load; and 3) applying a 1.75% uncollectible rate based on revenue that Community Power does not expect to collect — the result is Community Power's operating revenue for the fiscal year.

Community Power offers four service levels to its customers which, taken together, ultimately comprise the source of ratepayer funds for the agency:

1. PowerOn, our standard service offering that provides 55% renewable power (and 11.7% carbon free) and provides a 3% discount compared with SDG&E's rates
2. Power100, our premium service that provides customers with 100% renewable and carbon-free energy and is currently priced at a $0.01/kWh added to the PowerOn service
3. Power100 Green+, our stand-alone 100% renewable and carbon-free service that is Green-e® certified, available only to commercial and industrial customers and currently priced at a $0.02/kWh adder to the PowerOn service
4. PowerBase, our most affordable service option with renewable content that is intended to meet or exceed that of SDG&E whenever possible and provides customers with a 5% discount compared with SDG&E's rates currently in effect as of February 1, 2025

Additional assumptions for net operating revenue include:

- Enrollment of customers is complete for all member jurisdictions
- A 95% participation rate across all jurisdictions
- A 1.75% uncollectible rate that is a decrease from the 4.5% uncollectible rate assumed in the prior year budget
- Trifurcation of rates continues to ensure a fair, equitable and balanced rate structure across customers with differing vintage years
- Rates remain at the levels adopted by the Board on February 7, 2025, retroactive to February 1, 2025. Any rate changes are subject to Board approval.

**TABLE 17. OPERATING REVENUE BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Gross Ratepayer Revenues | 1,365.7 | ~~1,233.4~~ 1,243.0 | ~~1,233.4~~ 1,221.0 |
| (Less ~~4.5%~~ 1.75% Uncollectible Customer Accounts) | (61.5) | ~~(55.5)~~ (21.8) | ~~(55.5)~~ (21.4) |
| Net Operating Revenues | 1,304.3 | ~~1,177.9~~ 1,221.3 | ~~1,177.9~~ 1,199.6 |

*Amounts displayed in millions of dollars*

# Cost of Energy

The cost of energy is Community Power's largest expense. Generally, the cost of energy is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying energy already contracted for to the projected energy load; and 3) applying forward market prices to the remaining energy load that Community Power has not yet contracted for — the result is Community Power's cost of energy for the fiscal year.

Community Power prioritizes purchasing electricity that is generated from renewable sources like solar or wind. The agency purchases enough electricity to cover the needs of our customers. SDG&E delivers this electricity through its existing power lines and continues to provide meter reading, billing and line maintenance to customers.

While Community Power emphasizes its commitment to clean energy, there are factors that can influence the cost of this energy for Community Power, impacting the overall cost of energy for the company. The following topics are key considerations:

- **Market Fluctuations —** Unlike traditional energy sources with more stable pricing, renewable energy sources like solar and wind are subject to fluctuations in the electricity market. This means that during periods of lower renewable energy production or higher demand, Community Power may need to purchase additional power from the market, potentially at a higher cost. These costs can then be passed on to customers.
- **Seasonal Variations —** San Diego could experience significant heat waves in the summer months. During these periods, peak electricity demand rises due to increased usage of air conditioning. This can put a strain on renewable energy sources, forcing Community Power to supplement with power from the market, potentially at a premium, similar to market fluctuations.
- **Increased Load —** Community Power's customer base is projected to remain steady; however, the overall demand for electricity (load) is projected to increase as California transitions to sourcing from more renewable energy. To maintain grid reliability, Community Power may need to secure additional power sources, potentially impacting the cost of energy.

Beyond market-driven factors, regulations such as resource adequacy (RA) requirements play a role in Community Power's energy costs. The California Public Utilities Commission (CPUC) mandates RA requirements. These require Community Power to procure a predetermined amount of electricity based on its projected load. This ensures a consistently reliable grid with sufficient energy available. Meeting these RA requirements might necessitate purchasing additional power, especially during peak demand periods, potentially at higher costs.

The potential for cost increases due to these factors is a trade-off inherent in pursuing renewable energy. While costs may fluctuate, Community Power's commitment to clean energy aligns with California's sustainability goals.

It's important to note Community Power strives to offer competitive rates compared with traditional energy providers. The agency achieves this through various strategies, including long-term power purchase agreements and a diverse renewable energy portfolio to mitigate market fluctuations.

**TABLE 18. COST OF ENERGY BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Cost of Energy | 1,020.8 | 1,116.8 | 956.7 |

**Amounts displayed in millions of dollars*

# Professional Services and Consultants

Professional Services and Consultants includes SDG&E fees, data management fees from Calpine, technical support, legal/regulatory services and other general contracts related to IT services, audits and accounting services.

- **SDG&E Service Fees –** Service fees paid to SDG&E consist of a charge of a fixed fee per account per month. The roll out of all enrollment phases adds significant costs compared to FY 2025–2026. The fees cover SDG&E's costs associated with meter reading, additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.
- **Data Management –** This is a broad scope of services that includes all "back office" billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move-in/move-out services, customer research for enrollment support, and many support functions related to data reporting. With full enrollment from all phases, the cost for data management will be higher compared to prior fiscal years.
- **Technical Support –** Community Power engages consultants to assist with load forecast and scheduling our energy purchases. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electricity consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements.
- **Legal/Regulatory Services –** Community Power retains legal counsel to assist with the complex aspects of the regulatory and compliance issues and power supply contract negotiations as well as its general legal needs. This line item will also allow for the retention of both a state and a federal lobbyist to support Community Power's legislative and regulatory efforts.
- **Other Services –** Community Power contracts or plans to contract for IT services, audit services (data and financial), accounting services and other services as needed. Community Power continues to examine if these services are more cost effective or efficient to bring in-house; in particular, Community Power is growing its internal IT function and expecting a reduction in its IT Services professional services agreement.

**TABLE 19. PROFESSIONAL SERVICES AND CONSULTANTS BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Data Management | 13.5 | 14.6 | 14.8 |
| SDG&E Fees | 3.4 | 3.4 | 4.0 |
| Legal/Regulatory | 1.5 | 2.1 | 1.7 |
| Other Services | 2.1 | 2.1 | 2.0 |
| Technical Support | 1.3 | 2.1 | 2.1 |
| Professional Services and Consultants | 22.3 | 24.3 | 24.6 |

**Amounts displayed in millions of dollars*

## Personnel Costs

Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. In addition, costs include assumptions from the Board-adopted compensation policy, including potential merit and cost-of-living increases.

The recruitment strategy includes the addition of approximately seven new staff members during the FY 2025–2026 budget cycle, growing the agency to 94 total staff.

TABLE 20. PERSONNEL COSTS BY BUDGET LEVEL 2 AND LEVEL 3*

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Salaries | 9.1 | 14.1 | 15.4 |
| Benefits (retirement/health) | 1.8 | 2.6 | 3.3 |
| Payroll Taxes | 0.6 | 1.0 | 1.2 |
| Accrued PTO | 0.1 | 0.9 | 1.2 |
| Personnel Costs | 11.7 | 18.6 | 21.1 |

**Amounts displayed in millions of dollars*

## Marketing and Outreach

Marketing and Outreach includes expenses for mandatory rate mailers, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of Community Power. Marketing and outreach are further broken down into the following Budget Level 3 categories:

**Printing —** The agency is periodically required to send mailers to its customers notifying the community about several aspects of rates including changes to rates through Joint Rate Comparisons.

**Marketing and Communications —** An important focus of Community Power is ensuring the community is informed about Community Power and that we build professional-level name recognition and trust and provide education. This also covers the design of all required notifications sent out to customers, including opt-out procedures and rate comparisons as well as other notices or educational or marketing information.

**Partnerships/Sponsorships/Local Memberships —** In addition to required noticing, Community Power performs outreach to educate the community of the benefits of community choice and to encourage awareness of our mission. This comes in the form of media advertising, sponsorships of community events and organizations, and mailers as well as targeted customer communications.

TABLE 21. MARKETING AND OUTREACH BY BUDGET LEVEL 2 AND LEVEL 3*

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Printing | 2.4 | 1.2 | 0.8 |
| Partnerships/Sponsorships/Local Memberships | 1.2 | 1.2 | 1.1 |
| Marketing and Communications | 0.6 | 0.7 | 0.8 |
| Marketing and Outreach | 4.1 | 3.0 | 2.6 |

**Amounts displayed in millions of dollars*

# General and Administration

General and Administration costs include leasing office space, industry fees or memberships (e.g., CalCCA dues), equipment and software as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel, professional development, etc.

TABLE 22. GENERAL AND ADMINISTRATION BY BUDGET LEVEL 2 AND LEVEL 3*

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Other G & A | 5.7 | 3.6 | 4.0 |
| Cal CCA Dues | 0.4 | 0.5 | 0.6 |
| Rent | 0.4 | 0.7 | 0.9 |
| Partnerships/Sponsorships/Memberships | 0.0 | 0.0 | 0.0 |
| Insurance | 0.1 | 0.1 | 0.3 |
| General and Administration | 6.6 | 4.9 | 5.9 |

**Amounts displayed in millions of dollars*

# Programs

Given the small size of the Budget Level 2 category for Programs, Community Power is removing this budget category in FY 2025–2026.

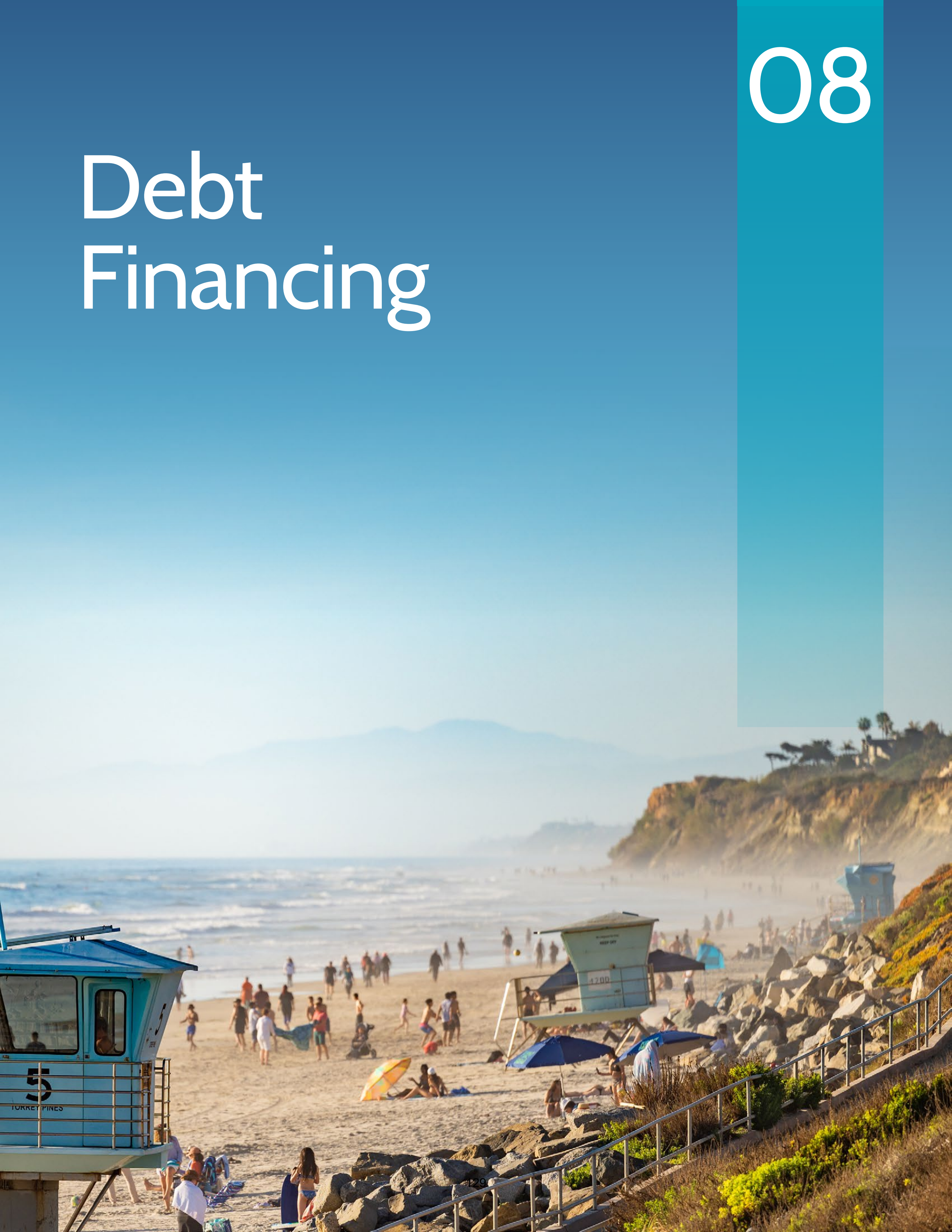
TABLE 23. PROGRAMS BY BUDGET LEVEL 2 AND LEVEL 3*

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Programs | 0.7 | 0 | 0 |
| Programs | 0.7 | 0 | 0 |

**Amounts displayed in millions of dollars*

# 08

# Debt Financing



# Debt Financing

## Credit Facility

On January 23, 2023, the Community Power Board approved a new credit agreement to implement a new line of credit of $150 million from a JP Morgan credit facility. Subsequently, on October 25, 2024, the Community Power Board approved an amendment to increase the credit facility to $250 million.

The Credit Agreement with JP Morgan provides for a $250 million multi-use revolving line of credit. This credit facility includes an up to 5-year term from the date of renewal. The funds are available for general corporate purposes including line-of-credit draws, collateral postings and postings for the provider of last resort collateral requirements.

Community Power does not anticipate needing to use its credit facility to finance operations in FY 2025–2026 but periodically may access the credit facility for one-time needs. In FY 2024–2025, Community Power accessed $47.0 million from the credit facility and satisfied the loan payment in December 2024. Currently, Community Power has zero debt. However, Community Power still pays debt service fees to maintain its $250 million credit facility and to satisfy fees related to standby letters of credit.

**TABLE 24. DEBT PAYMENTS***

| Year ended June 30, 2025 | Beginnings | Additions | Payments | Ending |
|---|---|---|---|---|
| Bank note payable | - | 47.0 | 47.0 | - |
| Loans payable | - | - | - | - |
| Total | - | 47.0 | 47.0 | - |

**Amounts displayed in millions of dollars*

## Debt Considerations

The Community Power Board has taken several important steps to potentially achieve an investment-grade credit rating that includes, among many items:

- Developing a Reserve Policy to increase liquidity
- Establishing and funding an Operating Reserve
- Adopting strategic goals that build to 180 days' cash on hand, ultimately leading to an investment-grade credit rating
- Approving rates effective February 1, 2025, that potentially allow Community Power to achieve 180 days' cash on hand in calendar year 2025

After an investment-grade credit rating is achieved, Community Power will have an enhanced ability to issue tax-exempt or taxable bonds to finance ownership in energy-generation or energy-storage assets. Direct asset ownership may provide the opportunity to control energy cost.

Community Power's ability to issue tax-exempt debt to finance an ownership interest in a generating or storage facility is a distinct advantage over investor-owned utilities and direct access providers. There are no specific asset purchases currently under consideration by staff.

The Debt Policy enables Community Power to issue bonds that will ultimately be subject to Board approval as a separate action. The Debt Policy will help Community Power take advantage of ownership opportunities that may arise, especially in conjunction with state or federal funding that might be available. To date, Community Power has not issued debt.

The Debt Policy articulates:

- The situations and steps necessary for the issuance of debt
- The types of debt that may be issued
- How the debt fits into Community Power's strategic plan and potential capital investment program

The Debt Policy also includes sections to:

- Facilitate decision making
- Establish basic parameters and principles
- Articulate and clarify other related aspects to guide future Boards, staff and consultants

FIGURE 42. COMMUNITY POWER'S DEBT 2020–2024

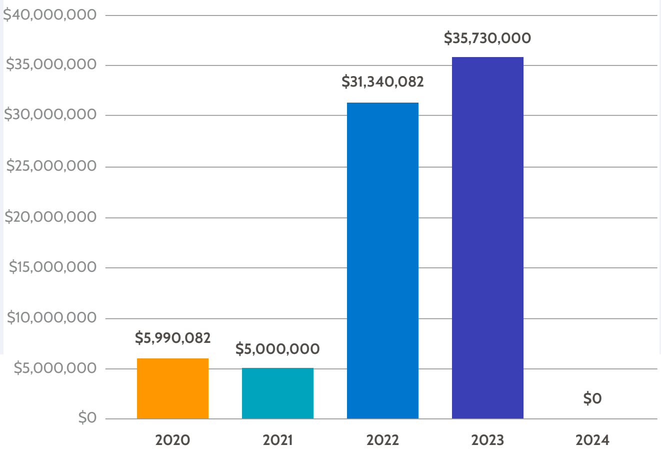
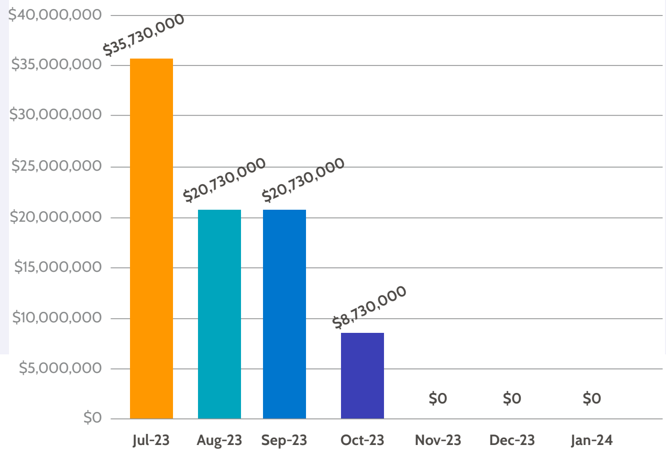



FIGURE 43. COMMUNITY POWER'S DEBT BY MONTH




The Community Power debt policy also includes additional requirements as follows:

- Green Bonds — To the extent possible, Community Power bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects.
- 1.5x Max Annual Debt Service — While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, Community Power will utilize an Additional Bonds Test that establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds, including the debt service for the new issuance.
- 5% Annual Debt Service Limit — Community Power will also seek to maintain aggregate annual debt service on long-term debt at a level not to exceed 5% of Community Power's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

09

# Financial Policies

# Financial Policies

## Budget Policy

### Purpose

This policy ("Policy") establishes San Diego Community Power's (SDCP's) timeline for annual budget preparation and for discretionary budget adjustments. This Policy is adopted pursuant to Government Code Section 6508 et seq. and must be adopted or amended by resolution.

### Budget Guidelines

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. There are several sections of the JPA that guide the development and management of the budget.

- Section 4.6 Specific Responsibilities of the Board. 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.
- Section 7.2 Depository. 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- Section 7.3 Budget and Recovery Costs. 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

### Budget Preparation

The Chief Financial Officer (CFO) begins the annual budget process in February of any given year. The Finance department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, SDCP staff develop and refine budget proposals to develop an initial budget baseline for the Agency for the upcoming budget year. The budget is further refined through strategic planning sessions and through the SDCP Finance and Risk Management Committee.

The CFO will then be required to prepare and submit to the SDCP Board of Directors (Board) a draft proposed budget for the next following fiscal year in May, or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting in June, or no later than the month immediately preceding the start of the respective fiscal year.

### CEO and CFO Authority

The Chief Executive Officer (CEO) or CFO will have the discretion to authorize expense transfers from line items between and within SDCP's budget level 2 categories as established and approved in the annual budget process by the SDCP Board, provided that net transfers total $150,000 or less from the budget category.

For example, within the Professional Services and Consultants budget level 2 category, the CFO may authorize that $150,000 move from the Data Management to the Technical Support budget level 2 categories, provided that the total Professional Services and Consultants budget level 2 category remains the same.

**TABLE 1. EXAMPLE: EXPENSE TRANSFERS WITHIN BUDGET LEVEL 2 CATEGORIES**

| Professional Services and Consultants | FY23 Original Budget | FY23 Amended Budget | Change |
|---|---|---|---|
| Data Management | $10,541,810 | $10,391,801 | $(150,000) |
| Legal/Regulatory | $1,330,000 | $1,330,000 | $ - |
| Other Services | $1,111,000 | $1,111,000 | $ - |
| SDG&E Fees | $2,563,226 | $2,563,226 | $ - |
| Technical Support | $1,335,000 | $1,485,000 | $150,000 |
| **Total Prof. Svcs. Expenses** | **$16,881,036** | **$16,881,036** | **$ -** |

Additionally, for example, the CEO may authorize that $150,000 move from the Professional Services and Consultants to the General Administration budget level 2 categories.

**TABLE 2. EXAMPLE: EXPENSE TRANSFERS BETWEEN BUDGET LEVEL 2 CATEGORIES**

| Budget Level 2 | FY23 Original Budget | FY23 Amended Budget | Change |
|---|---|---|---|
| Cost of Energy | $661,638,828 | $661,638,828 | $ - |
| General and Administration | $2,591,363 | $2,741,363 | $150,000 |
| Marketing and Outreach | $4,164,167 | $4,164,167 | $ - |
| Personnel Costs | $7,951,499 | $7,951,499 | $ - |
| Programs | $1,395,000 | $1,395,000 | $ - |
| Debt Service | $1,314,922 | $1,314,922 | $ - |
| **Total Prof. Svcs. Expenses** | **$695,936,815** | **$695,936,815** | **$ -** |

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

## Balanced Budget

A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year-end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

# Financial Reserves Policy

## Purpose

San Diego Community Power (SDCP) will maintain Financial Reserves (Reserves) as described in this policy to:

- Meet SDCP's strategic objectives
- Secure, maintain, and/or improve a standalone investment grade credit rating
- Secure favorable terms with vendors, including power producers
- Satisfy working capital requirements
- Adhere to contractual covenants
- Provide funds to cover unanticipated expenditures
- Support rate stability

# Policy Guidelines

SDCP's financial reserve goal is to secure 180-days of cash on hand.

The contribution to Reserves is determined through SDCP's annual budget process as defined in the agency's Budget Policy and/or SDCP's rate setting process as defined in the agency's Rate Development Policy. To the extent SDCP is ability to meet operational expenses and maintain competitive rates, SDCP will establish rates and adopt budgets with the goal of building and maintaining Reserves at or above the 180-days of cash on hand target level.

# Definitions

- **Days cash on hand:** unrestricted cash and cash equivalents x 365 / (operating expenses for the current fiscal year)
- **Reserves:** Net position
- **Use of Reserves:** A projected or estimated reduction in the amount of reserves by the end of a fiscal year below the sum of the balance of the reserves at the commencement of the fiscal year plus the projected addition to the Reserves in the budget for the current fiscal year.

## Reserve Review

Reserves and annual contributions will be reviewed on an annual basis as part of SDCP's budget process. Reserves will also be reviewed at the completion of SDCP's annual audit to reconcile the Reserve balance.

## Reserve Distribution

If reserves exceed the 180-days of cash on hand target level established in this policy, the Board may authorize reserve distributions as follows.

- **Strategic Uses:** Use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.
- **Stabilization Reserve:** Use excess funds to fund a Rate Stabilization Reserve. A Stability Reserve mitigates financial and cost of energy risk due to cyclical cost of energy fluctuations and rate shocks and may maintain compliance with financial covenants. The purpose of this reserve would be to provide budgetary stabilization and not to serve as an alternative funding source for new programs.
- **Programmatic Reserve:** Use excess funds to establish a contingency for programs and projects. Specifically, this Reserve could fund unforeseen and unexpected needs such as cost overruns, local leveraging or matching for external funds, or other programmatic needs as required.

# Conditions for Use of Reserves

- Temporary reductions in Reserves for cash flow purposes to even out the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do not constitute a use of reserves. Transfers to and from Reserves to account for such temporary cash flow fluctuations is within the discretion of the CFO.
- The CEO will have the discretion to authorize the use of reserves during the fiscal year up to the lesser of 10% of the year's total budgeted costs, or $100 million, for the following purposes:
    1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand;
    2. Meet any margin or collateral posting requirements under energy supply contracts; and
    3. Provide resources to meet emergency expenditures.
- Any further use of reserves as necessary or desirable, must be recommended by the CEO to the Board for approval of such use.
- Any use of the reserves under the CEO's authority shall be reported to the Board at the next regularly scheduled meeting

## Policy Review

SDCP staff will complete a periodic review of this Financial Reserve Policy to ensure that the policy meets the needs of the organization.

# Procurement Policy

## Purpose

It is in the interest of San Diego Community Power (SDCP) to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

## Policy

1. **Procurement of Professional Services**
   SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

2. **Procurement of General Services**
   SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

3. **Procurement of Supplies**
   SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP's Conflict of Interest Code as persons who must file an annual statement of economic interest.

4. **Procurement of Public Works Projects**
   SDCP shall comply with California Public Contract Code Section 20160 et seq. and other applicable laws and regulations when procuring public projects in excess of $5,000. For purposes of this section, a "public project" shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

5. **Competitive Procurement Requirements**

   - **Formal Bidding.** SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of $125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.

     a. **Informal Bidding Procedures.**

        i. For contracts valued between $50,000 and $124,999.99, staff shall solicit informal written proposals from at least three providers, if feasible. An informal written proposal consists of a written proposal that includes the provider's name, address, phone number, professional license number (if applicable), the work to be performed, and the amount of the proposal. A written proposal may be in an electronic format.

        ii. For contracts valued between $10,000 and $49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.

        iii. For contracts valued at less than $10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.

        iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under $125,000.

     b. **Informal Bidding Procedures.** The provisions below shall apply to all methods of procurement described above.

   - When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.

- SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.
- No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy
- No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.

c. **Exceptions to Competitive Procurement Requirements.**

i. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

- Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy. Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

ii. No competitive procurement shall be required for goods or services valued at less than $10,000 in any one contract term or contract year.

iii. No competitive procurement shall be required to rent or lease equipment.

- Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.

iv. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

**6. Signing Authority:**
SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

**7. RFP/RFQ Issuance and Proposal Evaluation**

- Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Inclusive and Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder. Proposers may only pursue two of the four preferences.

i. Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit written information relating to the location of its office(s) in San Diego County and the percentage of San Diego County residents under its employment.

- Businesses certified as disabled veteran business enterprises as by the Supplier Clearinghouse (thesupplierclearinghouse.com) shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.
- Businesses certified as a Persons with Disabilities business enterprise by the Supplier Clearinghouse or Disability:IN shall receive a bonus of up to 5% or 5 points out of a 100 point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse or Disability:IN. Such proof shall be subject to verification by SDCP.
- Businesses certified as small business by the Department of General Services shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Department of General Services. Such proof shall be subject to verification by SDCP.
- SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

**8. Nondiscrimination Contract Clause**

Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows: Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

**9. Information on Supplier Diversity**

Public Utilities Code Section 366.2(m) requires certain community choice aggregators, including SDCP, to annually submit to the CPUC: (1) a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises; and (2) a report regarding its procurement from women, minority, disabled veteran, and LGBT business enterprises.

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database (www.thesupplierclearinghouse.com).

To assist SDCP with its reporting obligations under Public Utilities Code Section 366.2(m) and with evaluating its supplier outreach and other activities, proposers that are awarded the contract will be asked to voluntarily disclose their certification status with the CPUC Clearinghouse, as well as their efforts to work with diverse business enterprises, including WBEs, MBEs, DVBEs, and LGBTBEs.

Except as otherwise expressly provided under this Policy and/or required by applicable state or federal law or funding requirements (including, without limitation, any grant or loan conditions), SDCP shall not use any demographic information received from potential vendors in any way as part of its decision-making or selection process. Rather, SDCP will use such information solely for compliance with its reporting obligations to the CPUC and evaluation of SDCP's outreach and other activities consistent with applicable law. Pursuant to Article I, Section 31 of the California Constitution, SDCP shall not discriminate against or give preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin except as otherwise allowed therein.

**10. Procurement of Power and Energy Attributes**

SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet Community Power's and its member agencies' goals. Community Power has adopted an Energy Risk Management Policy authorizing certain Community Power staff to enter into power purchase agreements and other agreements to secure power and energy attributes. This Procurement Policy shall not apply to the acquisition of power or energy attributes.

**11. Review and Approval as to Form by General Counsel**

All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.

# Debt Policy

## Subject

Debt Policy

## Policy Guidelines

This Debt Policy ("Policy") establishes San Diego Community Power's ("SDCP") Debt Policy. The Policy articulates: (1) the situations and steps necessary for the issuance of debt; (2) the types of debt that may be issued; and (3) how the debt fits into SDCP's capital investment program (CIP), Community Power Plan, integrated resource plan, or strategic policy goals.

This Policy is adopted pursuant to Senate Bill 1029 (Hertzberg, 2016) and Government Code Section 8855 et seq. and must be adopted or amended by resolution. The SDCP Board of Directors ("Board") is required to adopt a formal Debt policy before any debt can be used.

## Background

The SDCP Board adopts budgets and establishes and adjusts rates, as appropriate, each fiscal year to provide sufficient revenues to pay all operating expenses, make required payments and comply with commitments on all other debts or financial obligations of the Agency. SDCP is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The Community Power Board further adopted its Strategic Plan on June 23, 2022, which included the goal to adopt financial controls and policies to meet or exceed best practices and manage risk.

SDCP utilizes financial policies that foster financial stability, support fiscal discipline, and enable SDCP to maintain strong investment-grade credit ratings.

This Policy confirms the commitment of the SDCP Board, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of all borrowings, allowing continuing ready access to the capital markets to achieve the most effective cost of capital within prudent risk parameters. The goals and objectives of this Policy are as follows:

- Maintain cost-effective access to capital markets
- Maintain a prudent level of financial risk
- Preserve future financial flexibility
- Finance capital projects, acquisitions, or improvements in a timely and cost-effective manner
- Manage debt effectively within SDCP Board established objectives and parameters
- Maintain strong credit ratings and good investor relations
- Maintain compliance with all relevant laws, reporting, and and disclosure requirements
- Foster integrity in the debt management process

Further, this Policy is intended to comply with the regulatory requirements of California Government Code Section 8855 and Senate Bill 1029 which, among many things, requires debt issuers to adopt a local debt policy governing the issuance of debt and to enhance the management of government financial resources.

## Scope and Authority

This Policy shall govern the issuance and management of all bonds and other forms of indebtedness of SDCP, together with any credit, liquidity, or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness ("bonds" or "debt"). It also considers certain financial targets which SDCP and its Board may contemplate in the future in order to continue to implement its capital investment program and to support cost-effective borrowing.

While this Policy specifically governs debt issued directly by SDCP, SDCP may consider joint arrangements with other municipal issuers or private parties to finance a project when it serves SDCP's policy objectives. SDCP is authorized to join together with other municipal agencies to create a separate entity, such as a joint powers authority, to issue debt on behalf of SDCP or the project participants. Typically, joint venture debt is repaid through revenues generated by the project, and SDCP will be liable only for its share of debt service, as specified in a contract executed in connection with the joint venture debt. If the potential for a joint venture does exist, SDCP will examine and negotiate the financial arrangements, obligations, liabilities, tax issues and other factors that may arise in the context of impacts on SDCP and its direct debt obligations using this Policy and financial best practices as guidance. SDCP will comply with state law limitations and in general, avoid joint procurement situations if SDCP lends it credit or enhances the credit of another entity, unless doing so will result in other net tangible benefits to SDCP. Further, as with all SDCP debt, any joint venture debt would be subject to evaluation and authorization of the Board.

While adherence to this Policy is generally required, it is recognized that changes in the capital markets, SDCP programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to best achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the SDCP Board is obtained.

This Policy shall be reviewed at least annually as described below and presented to the SCDP Board for approval of any changes as appropriate. This Policy will remain in effect as amended or restated in the future by the Board.

Notwithstanding anything in this Policy to the contrary, the failure of SDCP to comply with any provisions of this Policy shall not affect the authorization, validity, or enforceability of any debt or other forms of indebtedness that are otherwise issued in accordance with law.

## Use of Debt

To achieve its objectives, SDCP may consider debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings, and improvements. Debt may also be issued for other Board-approved needs or for the refunding of prior outstanding debt.

For example, SDCP may consider the use of debt to finance ownership interest in generating or storage assets if it is determined to be a cost-effective alternative to a standard power purchase agreement or if asset ownership may afford synergies between SDCP'S other objectives (e.g., resiliency, GHG free energy, etc.) or additional measurable advantages in terms of operational efficiency.

SDCP, under the direction of the Board, will retain full flexibility in determining the best funding approach on a case-by-case basis.

## Types of Debt

Types of bond issuance, further described in the Appendix, include:

- **New Money:** Debt may be incurred to provide for capital financing for future capital expenditures or reimbursement of prior expenditures.
- **Refunding:** Refunding bonds may be issued to realize debt service savings, restructure outstanding debt, modify covenants, or for other debt management purposes. Absent significant non-economic factors, refunding transactions contemplated solely for debt service savings must produce a minimum aggregate net present value debt service savings of at least 3% of the par value of the refunded bonds, calculated using the refunding issue's true interest cost ("TIC") as the discount rate. SDCP will work with its Municipal Advisor ("MA") to assess potential refunding opportunities.

Bonds may be issued as taxable or federally tax-exempt:

- **Tax-Exempt:** Interest received by bondholders of SDCP's bonds issued on a federally tax- exempt basis is exempt from federal income tax, and so typically may be issued at lower interest rates, reducing SDCP's cost of borrowing. Additional interest rate advantages may be available for bank qualified bonds (where SDCP will issue less than $10 million of tax-exempt bonds in a year). However, SDCP is limited by federal tax law in the uses of tax-exempt bond proceeds and must comply with additional federal tax law requirements during the full term of any bond issue. Uses of proceeds typically require a governmental purpose and must be spent on capital improvements rather than operating expenses. Tax implications include having reasonable expectations for spending proceeds at the time of issuance, limiting private use of financed projects, and complying with arbitrage restrictions on the bond proceeds.
- **Taxable:** Taxable debt's interest is not exempt from federal income tax, and so is typically issued at higher interest rates than tax-exempt debt. However, the IRS restrictions described above do not apply, and so SDCP may wish to use taxable debt in situations where the project or purpose of borrowing may not meet federal tax law requirements. SDCP may also consider taxable tax credit or direct subsidy bonds, such as Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, etc., that offer lower costs of borrowing to SDCP through the issuance of taxable debt that is supported by federal subsidy payments on the interest expense to SDCP.

## Method of Sale

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is expected to result in cost savings or provide other advantages compared to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance. Please see the Appendix for a detailed description of the different methods of sale that SDCP may consider.

## Structure and Term

The repayment schedule of a bond issue can vary greatly from one sale to another. The same is true for other debt instruments. SDCP will consider which structures meet SDCP's strategic goals, are cost effective, minimize the new debt's impact on SDCP's overall debt service schedule, future debt capacity, and other factors when deciding how to structure new debt. In addition to debt amortization terms, structuring options may include the addition and procurement of credit enhancement, the establishment of reserves, the use of capitalized interest, and call or redemption options.

In structuring debt service, SDCP shall consider (1) current and forecasted revenues and any anticipated changes to rates, charges and operating expenses, (2) future borrowing plans, (3) meeting the Credit Considerations described in the next section, and (4) feedback from the Municipal Advisor and rating agencies on a structure's potential impacts to SDCP's credit worthiness. Generally, but not a requirement under this Policy, SDCP prefers level debt service over time. SDCP, consistent with tax law, will not structure debt with a maturity date that materially exceeds the average useful life of the assets or improvements being financed.

## Green Bonds

To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.

## Credit Considerations

When SDCP issues debt, the Agency will have to execute certain bond documentation and agreements (herein generally referred to as 'indentures') that will bind SDCP to specific terms or requirements. Generally speaking, SDCP will agree to abide by certain covenants written in the indenture which describes in detail the obligations and responsibilities of SDCP and the rights of the bondholders which are designed to protect bondholders by setting standards by which SDCP agrees to comply. These types of covenants may require SDCP to meet certain requirements or, conversely, may forbid SDCP from undertaking certain activities that would jeopardize SDCP's ability to repay its debt. An indenture defines SDCP's contractual obligations and determines the parameters of SDCP's permissible financial behavior.

The incorporation of effective bond covenants into SDCP's future bond issues and respective documentation signal a commitment to abide by stated financial and operating parameters over the long-term and contribute towards SDCP's ability to maintain strong financial health. Credit ratings are ultimately statements about the likelihood of full and timely debt repayment. Because bond covenants govern an issuer's ongoing financial behavior, the analysis of bond/indenture covenants and their impact on the risk profile of a bond is an integral part of the credit rating process.

Credit ratings are fundamentally forward-looking opinions on the relative default risk associated with a particular issuer and its debt obligations. Credit ratings have a significant impact on the interest rates for SDCP debt, and therefore SDCP will work to address the cost and benefits of obtaining and maintaining strong credit ratings. Depending on the lien structure of the debt, some, or all, of the following factors may be included in its bond documentation in order to obtain and maintain strong credit ratings that would broaden the appeal of and lower the cost of debt issued by SDCP.

- **Debt Service Coverage Ratio:** The ability of an agency to pay debt service (i.e. principal and interest on debt obligations) when due is often measured by how much cash flow is available, after payment of operating expenses, to cover debt service payments (Debt Service Coverage Ratio). Debt Service Coverage Ratio is a common financial metric used in the utility industry and is used by the rating agencies and investors to determine the ability of a utility to fulfill its debt obligations and ensure that the utility generates sufficient revenues to make its debt secure. SDCP's future indentures will likely require cash flow in excess of debt service, or a Debt Service Coverage Ratio greater than 1.0x. Many public agencies target a Debt Service Coverage Ratio in its financial and debt policies higher than the minimum required by its indenture to improve debt ratings and lower their costs of borrowing. Should SDCP establish a minimum Debt Service Coverage Ratio in its future indentures, the Board may consider establishing a target ratio in this Policy that is higher than the legal minimum. Note, that a failure by SDCP to meet a target ratio proposed in this Policy will not result in a default under the indenture so long as the minimum Debt Service Coverage Ratio is achieved.
- **Rate Covenant:** A rate covenant is a promise to set rates or fees at levels that are set to recover sufficient revenues at a designated threshold level to cover operating expenses and debt service payments. This designated threshold level is the same as the Debt Service Coverage Ratio discussed previously. SDCP may develop one or more rate covenants in order to measure and govern operating performance. As noted, future indentures may establish minimum levels of coverage and SDCP's Board-adopted financial policies may establish internal goals that exceed these minimum coverage requirements.

- **Additional Bonds Test:** If SDCP were to issue bonds or other debt obligations, the indentures governing those obligations may have covenants that stipulate whether SDCP may sell additional bonds in the future that share that same pledged revenue stream as security. SDCP may develop conditions or standards in its indentures that describe the parameters whereby SDCP could issue additional bonds (referred to as an "additional bonds test"). This test is intended to ensure that future bond issuance does not reduce bondholder security by placing too high a burden on the revenue stream. The additional bonds test may require that SDCP demonstrate that it has sufficient revenues to meet or exceed the designated Debt Service Coverage Ratio before additional bonds can be issued.

  While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.

  The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

- **Reserves:** SDCP may maintain reserves including those in compliance with GASB 62 such as the adopted Operating Reserve Fund to act as a rate stabilization fund that can help mitigate the impacts of revenue variability. Depending on whether or not SDCP incorporates a rate stabilization fund reserve into its indentures, this reserve may be used to help meet Debt Service Coverage Ratio requirements during times of revenue shortfalls. This fund can be a valuable tool to manage and mitigate the risk related to any Debt Service Coverage Ratio requirements included in future indentures and to address revenue and rate volatility. There are other reserves that the Board may consider adopting in the future that, for example, may be utilized for paying debt service, for funding specific capital projects, or for emergency purposes etc.

- **Additional Ratio Targets:** In the future the Board will continue to monitor this Policy and will establish enhancements to further strengthen the financial ratios and targets of SDCP. For example, while not a ratio included in Indenture covenants, another ratio that can help measure SDCP's financial health and position is the ratio of debt-funded capital to overall capital spending (i.e., debt to pay-go spending). Prudent use of debt financing rather than pay-go funding of capital projects can facilitate better allocation of resources over time and ensure payment equity across generations for the use of long-term assets.

## Financing Team and Professional Services

SDCP will assemble a financing team that will provide advice and support for the development and implementation of debt issuance as well as ongoing analysis and support. The financing team will include both SDCP staff and outside professional consultants. When required by SDCP's procurement policy, SDCP will use a competitive process through a Request for Proposal ("RFP") in the retention of professional consultants. Otherwise, SDCP will adhere to its best practices in contracting to procure such vendors. The professional consultants selected by SDCP could be engaged to help develop a credit strategy, issue debt and/or assist SDCP with its compliance with applicable federal and state statutes, and Internal Revenue Code at the time of issuance as well as on a continuing basis. Please see the Appendix for a detailed description of the outside professional consultants SDCP may include on its financing team.

## Debt Administration

The Chief Executive Officer ("CEO"), or designee shall make recommendations on budget, stabilization transfers and rate adjustments. The Chief Financial Officer shall be responsible for the administration and implementation of this Policy and will have day-to-day responsibility for structuring, implementing and managing SDCP's debt program.

## Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Policy, SDCP shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post- issuance compliance, and investment of bond proceeds. Please see the Appendix for a detailed description of SDCP's internal control procedures.

## Post-Issuance Administration

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, postissuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under Securities and Exchange Commission ("SEC") Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

Please see the Appendix for a detailed description of SDCP's Post-Issuance Compliance Policy and additional information on SDCP's post-compliance procedures.

## Training

The Chief Financial Officer shall provide training the members of SDCP staff involved in the tax compliance and the initial or continuing disclosure process in coordination with the CEO, and the SDCP Board regarding their respective responsibilities for disclosure and tax compliance.

The Chief Financial Officer, or designee, shall arrange for periodic disclosure and tax training sessions conducted by SDCP's disclosure counsel or other professionals (e.g., seminars) which shall include education regarding disclosure policies, SDCP's disclosure obligations under applicable federal and state securities and tax laws, and the tax compliance and disclosure responsibilities of SDCP.

## Policy Review

In coordination with the CEO, the Chief Financial Officer, or designee, will be responsible for regularly reviewing and updating this Policy, and shall present any recommended revisions to the Board for consideration and adoption.

## APPENDIX

### Permitted Types of Debt

SDCP may legally issue both short-term and long-term debt, through either a direct loan or through the public market, using the debt instruments described below. SDCP in consultation with its internal Counsel, Bond Counsel and Municipal Advisors, shall determine the most appropriate instrument for a proposed debt offering.

SDCP may issue the following types of tax-exempt or taxable Debt:

- **Long-Term Debt:** Long-term debt generally includes debt issued to finance capital expenditures with the objective of structuring repayment within the expected life of the financed asset. Debt may be used as a tool for rate stabilization as repayment of the debt is spread over the useful life of the financed project. Long-term bonds may bear interest at fixed or variable rates or structured with level debt service payments or otherwise with term maturities. Long-term revenue bonds are a type of debt that may be entered into by SDCP and which may be secured by a lien on the revenues of SDCP. SDCP may also enter into long-term loans with state or federal agencies. These loans typically have fixed interest rates. Government loan programs may offer favorable interest rates and terms, and should be considered as alternatives to market rate debt when available. The use of longterm debt will be evaluated with pay-as-you-go capital investment and would not be expected (absent extraordinary circumstances) to fund non-capital operational expenditures or operating deficits.
- **Short-Term Debt:** Short-term debt generally has a maturity of less than 7 years and may take several forms, including notes, commercial paper, direct bank loans and other short-term products with either fixed or variable rates. Short-term debt products are flexible cash management tools that are primarily used to meet interim funding (pending the issuance of long-term debt). When approving short-term debt products, the Board may limit SDCP's percentage of short-term debt when compared to its long-term debt portfolio taking into account future market access, term-out provisions and retail rate stability.
- **Variable-Rate Debt:** In addition to interim financing, which includes commercial paper and similar short-term borrowing programs, it may be appropriate to issue long-term variable rate debt that bears an interest rate that is reset periodically at predetermined intervals, including entering into revolving credit facilities, to diversify the debt portfolio, to reduce interest costs, and to improve the match of variable rate assets (such as short-term investments and reserves) to liabilities. The amount of variable rate debt will generally not exceed a net 20% after consideration of investments and cash equivalents of the outstanding debt portfolio of SDCP.

SDCP may consider the following types of fixed or variable rate debt:

- Revenue Bonds secured by general revenue or project revenues
- Commercial Paper or other Interim Funding Notes
- Capital Leases
- Certificates of Participation/Lease Revenue Bonds
- Installment Sale or Purchase Agreements Revenue Bonds
- Bond or Grant Anticipation Notes
- Tax and Revenue Anticipation Notes
- State and Federal Loans and Grants
- Direct Bank Loans or Lines of Credit
- Public Private Partnerships

This list is not meant to be inclusive of all options that may be available to SDCP as different circumstances may dictate. SDCP may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment to this Policy.

**Method of Sale**

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is demonstrated to result in cost savings or provide other advantages relative to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance.

- **Competitive Sale:** SDCP may elect to sell bonds in the public market on a competitive basis depending on market conditions, required size of issuance and relative complexity of structure. The Bonds are marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its bid for the securities. SDCP will award the sale of the competitively sold bonds on the basis of the lowest true interest cost basis. Pursuant to this policy, The Chief Financial Officer, or designee, is authorized to sign the bid form on behalf of the SDCP fixing the interest rates on bonds sold on a competitive basis.

- **Negotiated Sale:** SDCP may elect to sell bonds in the public market on a negotiated basis depending on market conditions, required size of issuance and relative complexity of structure. SDCP staff selects the underwriter, or team of underwriters, of its securities in advance of the bond sale on the basis of responses to a proposal review. With the assistance of the Municipal Advisor (MA), SDCP staff works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, SDCP staff will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the Chief Financial Officer or designee will be authorized to sign the bond purchase agreement on behalf of SDCP, fixing the interest rates on bonds sold on a negotiated basis.

- **Private placement:** SDCP may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and/or timing considerations require that a financing be completed more quickly than required for a competitive or negotiated sale.

**Financing Team and Professional Services**

SDCP will assemble a financing team that will provide advice and support for the best execution of each debt transaction. The financing team may consist of multiple parties with distinct responsibilities and is generally comprised of both SDCP staff and outside professional consultants. These outside professional consultants may include:

- **Municipal Advisors:** SDCP shall utilize the services of independent MAs in connection with debt-related issuances or projects. SDCP's MA will not serve as an underwriter on negotiated bond sales of SDCP.

- **Underwriters:** SDCP will utilize an underwriter in the sale of bonds on a competitive or negotiated basis. An underwriter is a financial services firm that acquires (by purchase) bonds for resale in the public bond markets. For a negotiated sale, SDCP will select an underwriter through a request for proposal process; basing the selection on value for SDCP including capital structure, underwriting capabilities, demonstrated expertise and experience as well as proposed fees. SDCP may also select an underwriting firm to act as placement agent in connection with a private placement of bonds. In a competitive sale, bonds are offered for sale at a designated date and time, and multiple underwriters may submit bids. The bonds are awarded to the underwriter (or group of underwriters) that submit the lowest bid.

- **Disclosure Counsel:** SDCP will endeavor to provide complete and appropriate disclosure of financial and legal condition in the issuance of debt. SDCP will also take steps and adopt policies in order to provide for compliance with continuing disclosure requirements.

Disclosure counsel, which may be Bond Counsel, shall be responsible for assisting SDCP in the preparation of the Preliminary and Final Official Statements and any other disclosure documents. SDCP will select, through a request for proposal process, and retain qualified and experienced counsel in achieving this objective of appropriate disclosure.

- **Bond Counsel:** SDCP will retain qualified and experienced legal counsel as representation of SDCP to provide the customary opinions required for the issuance of bonds and other financial obligations. Bond counsel shall be responsible for developing the legal documents required for each transaction and draft and review documentation sufficient to provide approving legal opinions. Bond counsel will render customary approving legal and tax opinions for each transaction.
- **Bond Counsel:** SDCP may select through a request for proposal process the services of a financial institution, acting through its trust division, to act as trustee. The trustee may hold, invest and disburse financing proceeds as directed by SDCP. The trustee will act as registrar as well as the paying agent for SDCP debt. The Chief Financial Officer or designee shall monitor the services rendered by the trustee.

### Internal Control Procedures

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made consistent with the following guidelines: (1) compliance with federal tax arbitrage requirements, as applicable; (2) safety of principal; (3) liquidity; (4) diversity; and (5) return on investment or yield, and may be held as cash. SDCP's Investment Policy guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Treasurer will oversee the investment of bond proceeds consistent with the foregoing guidelines.

Proceeds of debt will be held either by a third-party trustee or by SDCP. The trustee will disburse bond proceeds to SDCP upon submission of one or more written requisitions signed by an authorized SDCP officer. If the funds are held directly by SDCP, they must be held and accounted for in a separate fund or account, the expenditure of which will be documented by SDCP and subject to established internal controls consistent with SDCP's applicable policies and procedures. These procedures will include, in connection with each requisition or expenditure of proceeds held by SDCP, a written record of the particular capital project or program or other expense to which the funds drawn were applied or allocated.

For bond proceeds that are meant to reimburse SDCP for previous expenditures, SDCP staff will provide documentation that conform to tax requirements and other applicable regulations. To support this certification, staff will analyze capital expenditures and establish that requirements are met before the bond issuance takes place and maintain a written record of such analysis and the amount reimbursed to each particular capital project or program or other expense to which such reimbursed proceeds are to be allocated.

For bond proceeds intended to provide funding for ongoing or upcoming capital expenditures, SDCP staff will monitor the expenditure process. Staff will analyze the use of proceeds on an annual basis or more frequently, if deemed appropriate, until the proceeds are completely spent and will perform monitoring and record-keeping in accordance with SDCP's accounting guidelines and other applicable regulatory requirements. Refunding bond proceeds are generally held by a third-party trustee or fiscal agent to be applied in connection with written directions generally prepared by bond counsel. SDCP will maintain records of the directions to the trustee, and will review of fund statements and other records received from, the trustee.

### Post-Issuance Administration

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under SEC Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

- **Post-Issuance Compliance Policy:** SDCP will adopt a Post-Issuance Compliance Policy ("PICP") to provide for ongoing monitoring and reporting with respect to compliance with SEC requirements for publicly offered indebtedness and with tax regulations applicable to tax-exempt debt. The PICP will provide for the federal disclosure requirements, responsibility for reporting, training, and describe procedures for compliance with continuing disclosure agreements entered into for each such series of bonds from the date they are issued until the bonds are no longer outstanding. The PICP may be administratively adopted and amended without approval of the Board.
- **Financial Disclosure:** SDCP will comply with applicable deliverable obligations and financial disclosure

requirements, as specified in any and all bond and debt-related documents. Staff has developed and will maintain an updated schedule of the requirements in compliance with SDCP's internal record-keeping processes. SDCP will post required documents to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website as required on a timely basis. SDCP, at its discretion, may also post documents voluntarily to EMMA. SDCP will provide financial disclosure to rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, financial information using the appropriate channels/policies/procedures. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable disclosure requirements. SDCP also may contract with an outside service provider to monitor disclosure postings.

- **Tax Compliance:** SDCP will comply with applicable federal arbitrage and rebate regulations related to its bonds and other debt instruments. These responsibilities include monitoring the investment and expenditure of bond proceeds, maintaining a system of record-keeping and reporting and contracting for the services of outside arbitrage consultants as necessary. SDCP will establish and implement post-issuance procedures to guide its compliance with these requirements. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable tax requirements for debt issued on a tax-exempt basis.
- **Record Keeping:** A copy of all debt-related records shall be retained at SDCP's offices or otherwise electronically. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, indentures, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). The following documents shall be maintained for the term of each issue of bonds (including refunding bonds) plus at least three years:
    - A copy of the bond closing transcript(s) and other relevant documentation delivered to SDCP at or in connection with closing of the issue of bonds;
    - A copy of material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for bond proceeds and evidence as to the amount and date for each draw down of bond proceeds, as well as documents relating to costs paid or reimbursed with bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with bond proceeds, including a final allocation of bond proceeds;
    - A copy of all contracts and arrangements involving the use of bond-financed or refinanced assets; and
    - A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

# Investment Policy

## Subject

Investment Policy

## Policy Guidelines

The San Diego Community Power ("SDCP") Investment Policy ("Policy") establishes investment guidelines for protecting SDCP's cash reserves, deposits, and investments ("Funds") while producing a reasonable rate of return on investments.

The Policy articulates: (1) the objectives and priorities for SDCP investments; (2) the types of investments that are permitted and prohibited; and (3) the controls SDCP will implement to ensure assets are protected. This Policy is adopted pursuant to California Government Code Section ("Section") 53600-53608 and must be adopted or amended by resolution. The SDCP Board of Directors ("Board") is not required to adopt a formal Investment Policy by statute, however, it is in the best practice to ensure agency assets are protected.

## Background

On October 1, 2019, the Founding Members of San Diego Community Power (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 3.2.12 of the JPA specifies that the SDCP Board of Directors (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of SDCP.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA finally states one of the primary purposes of the Financial and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by Parties consistent with a recommendation for Board approval of the Investment Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of SDCP funds, and credit/depository matters.

## Investment Objectives

To the extent possible, investments will align with SDCP's mission, vision, value, and goals. When managing Funds, SDCP's primary objectives shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of SDCP, (3) achieve a return on funds invested, and (4) exercise a high standard of care on Funds within SDCP's control.

1. **Safety:** Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal.
2. **Liquidity:** The Funds of SDCP shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds in deposits or instruments that are available on demand is recommended.
3. **Return on Investments:** SDCP's deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while considering investment risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in Investment Objectives, Section A and Investment Objectives, Section B, above.
4. **Standard of Care:** SDCP will manage Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3[2] as follows:
"All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

[2] *All further statutory references are to the California Government Code unless otherwise stated.*

## Delegation of Authority

Pursuant to Section 53607, the Board has the authority to delegate the responsibility to manage SDCP's funds to the Treasurer. The Treasurer has authority to appoint Deputy Treasurer(s) as the Treasurer deems necessary to carry the duties in accordance with the Investment Policy. SDCP may engage the services from one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of SDCP's investment portfolio in a manner consistent with the SDCP's Policy. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with the investment objective set forth in this Policy.

## Scope

This Investment Policy applies to all funds and investment under the direct authority of SDCP. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents and any other funds specifically exempted by SDCP's Board of Directors.

**Acceptable Investment Types:** To the extent possible, investments will align with SDCP's mission, vision, value, and goals.

1. **Deposits at Bank(s):** Funds may be invested in non-interest-bearing depository accounts to meet SDCP's operating and collateral needs and grant requirements. Funds not needed for these purposes may be invested in interest-bearing depository accounts or Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit with maturities not to exceed five (5) years. Banks eligible to receive deposits will be federally or state chartered and will conform to Section 53635.2 which requires that banks "have received an overall rating of not less than 'satisfactory' in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code." As per Section 53652, banks must collateralize the deposits of public agencies in an amount equal to no less than 110% of as currently stated in the value of the deposits. The Treasurer will monitor the credit quality of eligible banks holding SDCP deposits that exceed FDIC insurance limits to ensure the safety of SDCP deposits.
2. **Local Agency Investment Fund (LAIF):** Funds may be invested in the Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies. LAIF's investments in instruments prohibited by or not specified in SDCP's policy do not exclude the investment in LAIF itself from SDCP list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.
3. **U.S. Treasury Obligations:** Funds may be invested in United States Treasury obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
4. **Federal Agency Securities:** Funds may be invested in Federal Agency Securities or Government-Sponsored Enterprise (GSE) obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. No more than 20% of the total portfolio may be invested in callable agency securities and no more than 30% of the total portfolio may be invested in any single Agency/GSE issuer.
5. **Bankers' Acceptances:** Funds may be invested in Banker's Acceptances provided that they are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent of better by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Not more than 40% of the portfolio may be invested in Bankers' Acceptances, and no more than 5% of the portfolio may be invested in any single issuer. The maximum maturity shall not exceed 180 days.
6. **Negotiable Certificates of Deposit:** Funds may be invested in negotiable certificates of deposit in accordance with the requirements of Section 53601 and 53601.8, and subject to the following limitations:
    a. Issued by an entity as defined in Section 53601(i); and
    b. No more than 30% of the total portfolio shall be invested in certificates of deposit, no more than 5% of the total portfolio may be invested in any single issuer, and the maximum maturity does not exceed 5 years.
7. **Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). The full amount of principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. The maximum portfolio exposure to the deposits placed pursuant to this section shall be limited by Section 53601.8.

8. **Money Market Funds:** Funds may be invested in money market funds pursuant to Section 53601(l)(2) and subject to Section 53601(l)(4). No more than 20% of the portfolio may be invested in the shares of any one Money Market Fund. No more than 20% of the total portfolio may be invested in these securities.

9. **Commercial Paper:** Of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B:

    a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

    b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

        - No more than 10% of the outstanding commercial paper of any single issuer.
        - No more than 25% of SDCP's investment assets under management may be invested in Commercial Paper. Under a provision sunsetting on January 1, 2026, no more than 40% of the total portfolio may be invested in Commercial Paper if SDCP's investment assets under management are greater than $100,000,000.
        - No more than 5% of the total portfolio may be invested in any single issuer. The maximum maturity does not exceed 270 days.

10. **Medium Term Notes (MTN):** The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. (Section 53601 et seq). The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. No more than 30% of the total portfolio may be invested in MTNs, no more than 5% of the total portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

11. **Pass-Through Securities:** Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (Section 53601 et seq) from issuers not defined in sections 3 and 4 of the Acceptable Investment Types section of this policy, provided that: The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO, no more than 20% of the total portfolio may be invested in these securities, no more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer and the maximum maturity does not exceed five (5) years.

12. **Municipal Securities:** include obligations of SDCP, the State of California and any local agency within the State of California,(Section 53601) provided that: The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO")., no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

13. **Municipal Securities:** (Registered treasury notes or bonds) of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California (Section 53601). The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

14. **Supranationals:** Issues are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. (Section 53601).The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO, no more than 30% of the total portfolio may be invested in these securities, no more than 10% of the total portfolio may be invested in any single issue and the maximum maturity does not exceed five (5) years.

**Prohibited Investment Types**

Pursuant to Section 53601.6, SDCP shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of foreign currency denominated securities is prohibited. The purchase of Crypto Asset Securities is prohibited. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. SDCP is prohibited from investing in any company or organization whose business do not align with SDCP's mission, vision, value and goals.

**Investment Portfolio Management**

The term to maturity of any Funds invested shall not exceed five (5) years pursuant to Section 53601. The Treasurer will allocate Funds among authorized investments consistent with the objectives and standards of care outlined in this Policy.

**Collateralization**

Certificates of Deposit (CDs). SDCP shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. SDCP shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

**Risk Management and Diversification**

SDCP's investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific security types, maturity segment, or in individual financial institutions. No more than 5% of the investment portfolio shall be in securities of any one issuer except for U.S. Treasuries, U.S. Government Agency issues, Supranationals and investment pools such as LAIF, and money market funds.

a. Credit Risk: Credit risk, defined as the risk of loss due to failure of the insurer of a security, shall be mitigated by investing in those securities with an "A" or above rating and approved in the Investment Policy and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm SDCP's cash flow.

b. Market Risk: Market risk or interest rate risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by implementing a short term and long-term investment strategies. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by SDCP based on SDCP's investment objectives, constraints and risk tolerances.

**Credit Rating**

This Investment Policy sets forth minimum credit ratings for each type of security. These credit ratings apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.

Minimum credit ratings:

a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "- ") by at least one nationally recognized statistical rating organization (the "NRSRO").

b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, SDCP's Finance Department or external investment adviser will analyze and evaluate the credit rating to determine whether to hold or sell the investment.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit rating requirement, SDCP's Treasurer will report the rating change to the Finance and Risk Management Committee in the monthly public report. In the same manner, the Finance and Risk Management Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Officials or authorized employees involved in the investment process and external investment advisers shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

### Brokers

The Treasurer shall endeavor to complete investment transactions in accordance with Section 53601.5, institutions eligible to transact investment business with SDCP include:

a. Institutions licensed by the state as a broker-dealer.

b. Institutions that are members of a federally regulated securities exchange.

c. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.

d. Nationally or state-chartered banks.

e. The Federal Reserve Bank.

f. Direct issuers of securities eligible for purchase.

Broker/dealers shall be approved by the Chief Executive Officer upon recommendation by the Treasurer. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Treasurer shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the SDCP Board, or any candidate who may join the SDCP Board in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, the Political Reform Act, including section 84308, or any applicable SDCP Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy.

### Losses

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of SDCP or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

### Delivery and Safekeeping

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Treasurer, or a duly appointed Deputy Treasurer, and in accordance with Section 53608.

The Treasurer shall review all transaction confirmations for conformity with the original transaction and monitor for excessive trading.

### Ethics and Conflict of Interest

The Investment Officials or authorized employees involved in the investment process, shall act as custodians of the public trust and will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Investment Officials and any external investment advisers acknowledge that all direct SDCP investments are subject to public review and evaluation.

SDCP Investment Officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SDCP Investment Officials shall disclose to General Counsel or designee i) any material interests in financial institutions with which they conduct business, and ii) disclose any personal investments with a direct, indirect or beneficial interest totaling $2,000 or more. Investment Officials shall refrain from undertaking any personal investment transactions with the same individual from the external investment adviser with whom business is conducted on behalf of SDCP.

Investment Officials, pursuant with all applicable laws, shall not accept honoraria, gifts, and gratuities from advisers, brokers, dealers, bankers, or other entity with whom SDCP conducts business.

Any external investment adviser contracted by SDCP will comply with Municipal Securities Rulemaking Board Rule G-37 and shall follow the Investment Adviser Fiduciary Standard established by the U.S. Securities and Exchange Commission.

#### Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

a. **Control of Collusion:** Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.

b. **Clear Delegation of Authority to Subordinate Staff Members:** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

c. **Delivery-Versus-Payment (DVP):** All investment transactions shall be conducted on a delivery-versus-payment basis.

d. **Safekeeping and Custody:** Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in SDCP's portfolio shall be held in safekeeping in SDCP's name by a third-party custodian, acting as agent for SDCP under the terms of a custody agreement executed by the bank and SDCP. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by SDCP from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (1) local government investment pools; (2) time certificates of deposit, (3) Local Agency Investment Fund, and (4) mutual funds and money market mutual funds, since these securities are not deliverable.

e. **Avoidance of Physical Delivered Bearer Securities**: Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.

f. **Written Confirmation of Telephone Wire Transfers:** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person. Development of a Wire Transfer Agreement with the Lead Bank or Third-Party.

g. **Audits:** SDCP's Funds shall be subject to a process of independent review by its external auditors. SDCP's external auditors shall review the investment portfolio in connection with SDCP's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Treasurer.

**Reports**

a. **Monthly:** The Treasurer will perform a monthly review of the investment function. Following the commencement of investment transactions, the Treasurer shall submit a monthly report of all investment transactions to the Finance and Risk Management Committee. Investment transactions are defined as the purchase, sale or exchange of securities.

b. **Annually:** The Treasurer will submit an annual report to the Finance and Risk Management Committee within 60 days of the end of a fiscal year providing the following:

    - A list of individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, the market value and source of the market value information;
    - A statement that the portfolio is in compliance with this Policy and in accordance with Section 53646 or the manner in which the portfolio is not in compliance; and
    - A statement of SDCP's ability to meet anticipated cash requirements for the upcoming 12 months.
    - The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's annual report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

c. **Annual Review:** This Policy will be reviewed annually by the Treasurer. The Board is authorized to approve changes to this Policy following the review of proposed changes by the Finance Risk Management Committee.

# Glossary of Investment Terms

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**BANKERS' ACCEPTANCES.** A short-term, negotiable, unconditional, and time draft drawn on and accepted by a bank. It is typically used in trade to finance the purchase and sale of goods.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COUPON.** The rate of return at which interest is paid on a bond.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**CRYPTO ASSET.** Digital assets that use public ledgers over the internet to prove ownership. They use cryptography, peer-to-peer networks and a distributed ledger technology (DLT) – such as blockchain – to create, verify and secure transactions.

**CUSIP.** Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds.

**DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**DELIVERY vs PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**FEDERAL FUNDS RATE.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**ISSUER.** The entity identified as the counterparty or obligator related to a security trade.

**INVERSE FLOATER.** A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate.

**INVESTMENT OFFICIALS.** This includes any applicable SDCP staff participating in the investment process; SDCP Treasurer; SDCP Deputy Treasurer(s); and SDCP Board of Directors.

**LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUID.** Term for securities that can be converted to cash quickly.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain nonprofit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARKET VALUE.** The price at which a security can be traded.

**MATURITY.** The final date upon which the principal of a security becomes due and payable.

**MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MORTGAGE BACK SECURITY.** Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

**MORTGAGE-DERIVED INTEREST-ONLY STRIPS.** A financial product created by separating the interest and principal payments of a mortgage-backed security.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**MUTUAL FUND.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).** A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**NEGOTIABLE CD.** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**PREMIUM.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**RANGE NOTES.** A structured investment where the coupon is linked to the performance of a reference index

**REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**TOTAL RATE OF RETURN.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. TREASURY OBLIGATIONS.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**TREASURY BILLS.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**TREASURY BONDS.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**VOLATILITY.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**YIELD TO MATURITY.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

# Rate Development Policy

Effective Date: November 17, 2022

## Background

San Diego Community Power (SDCP) advocates for ratepayers by providing a choice of electricity providers and shifting control of local energy decisions from profit-driven, incumbent utility into the hands of residents and businesses located in our service jurisdiction. This creates competition in rates that benefits customers, increased transparency and ensures a better overall customer experience.

## Purpose

This policy provides the framework for SDCP's Board of Directors and staff to ensure SDCP's rate design, development and implementation process remains transparent, fiscally responsible and centered on the customer.

As a public not-for-profit agency, SDCP must, at a minimum, set rates to recover costs associated with debt service and the purchase of power and operational costs. It is in the best interest of SDCP and its customers to design and implement rates that meet revenue requirements as well as targeted reserves, while maintaining rate competitiveness, stability and long-term financial viability.

## General Criteria

SDCP has established various objectives and priorities that shall be considered as part of SDCP's rate design process. SDCP's rate setting objectives are as follows:

1. **Cost Recovery:** rates must be sufficient to recover all expenses, debt service and other expenditure requirements.
    - **Reserves:** rates must be sufficient to build prudent reserves in line with SDCP's Reserve Policy, which will provide funds to cover unanticipated expenditures, secure favorable terms with vendors, secure a standalone investment-grade credit rating and meet strategic objectives.
    - **Rate Competitiveness and Customer Value:** rates must allow SDCP to successfully compete to retain and attract customers while offering superior electricity service offerings with higher renewable content compared to the incumbent investor-owned utility.
2. **Rate Stability:** rate changes should be minimized to reduce customer bill impacts with a preference for annual rate adjustments. Additionally, a Rate Stabilization Fund may be established and over time sufficiently funded to help mitigate significant swings in rates.
3. **Equity among customers:** rate difference among customers should be justified by differences in usage characteristics and/or cost of service. Additionally, to the extent possible, rates shall be equalized from a value proposition perspective among customers enrolled during different Power Charge Adjustment Indifference (PCIA) Vintage Years.
    - **Rate Structures:** as new rates are developed, emphasis shall be put on rate-design simplicity and comparability as well as overall customer experience. SDCP reserves the right to design pilot rates as reviewed and approved by the Board.
    - **Transparency:** SDCP's Board will review and approve rates at an open and public meeting held in accordance with the Ralph M. Brown Act. SDCP shall post a copy of the adopted rates in both English and Spanish on its website within 14 calendar days of approval or by the rates' effective date, whichever is sooner. SDCP shall also make any rate design documents promptly available upon request under the California Public Records Act.
    - **Cost Shifting:** SDCP shall avoid, to the best of its ability, cost shifting between customer classes.
    - **Cost of Service:** SDCP may explore a cost-of-service model for rate design. Cost-of-service studies are used to determine the total costs incurred by a utility in providing service to its customers and the allocation of those costs through rates back to customer classes. Revenue collected from each customer class then may be compared with that class's cost responsibility to determine the extent to which each class is reimbursing the utility for the costs it incurred in providing service.

## SDCP's Rate Setting Timeline

SDG&E's Energy Resource Recovery Account (ERRA) application is usually approved by the CPUC in December, which provides the trajectory of bundled service commodity rates including the above market costs and other fees that will be passed on from SDG&E to all customers. Once the ERRA is approved, SDCP staff shall present proposed rates for the year to the Board in January of each year for review, deliberation and approval to be effective no later than February 15. With ever-changing market developments and regulatory climate, there may be instances where SDCP staff also proposes intra-year changes to rates.

To the greatest extent possible, SDCP's rates will be competitive with SDG&E's rates. With each SDG&E and SDCP rate change, both entities are required to work collaboratively to co-publish and post a Joint Rate Comparison on their respective websites to allow customers to easily see how rates compare.

## Implementation of SDCP's Rates

SDCP's rate setting process is and will always be open and transparent to the public. SDCP's Board of Directors, which is composed of a representative from each of its member agencies, will set rates according to agreed-upon strategic goals of SDCP and the cost of service.

Prior to the implementation of new rates, the Board will review and deliberate the proposed rates in a public setting and take comments from the public.

Once the Board approves proposed rates, the rates will be published on SDCP's website in advance of their effective date, giving customers time to compare, budget and better understand what to expect on their bills going forward. For more information on SDCP's rates, visit **sdcommunitypower.org/billing-rates/residential-rates/** for residential rates or **sdcommunitypower.org/billing-rates/commercial-rates/** for commercial rates.

Fees passed on by SDG&E to "departing load" customers such as SDCP include the Power Charge Indifference Adjustment (PCIA) and Franchise Fees. The PCIA is a charge to ensure that both SDG&E customers and those who have left SDG&E service to purchase electricity from other providers pay for the above market costs for electric generation resources that were procured by SDG&E on their behalf. "Above market" refers to expenditures for generation resources that cannot be fully recovered through sales of these resources at current market prices.

The Franchise Fee is a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways. SDG&E collects the surcharge from customers and remits them to the appropriate municipality.

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# Glossary of Terms

# Glossary of Terms

**AB – Assembly Bill:** An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly (rather than the Senate) is the bill's house of origin in the Legislature. In California, it is common for legislation to be referred to by its house of origin number even after it becomes law. However, because bill numbers "reset" and start again from 1 in each legislative session, it is less confusing to include chapter and statute information when referring to a bill that has become law; for example, SB 350 (Chapter 547, Statutes of 2015).

**AL - Advice Letter:** An Advice Letter is a request by a California Public Utilities Commission (CPUC) jurisdictional entity for Commission approval, authorization or other relief.

**ALJ – Administrative Law Judge:** ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

**ARB – Air Resources Board:** The California Air Resources Board (CARB or ARB) is the "clean air agency" in the state government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

**AReM – Alliance for Retail Energy Markets:** A not-for-profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in select public policy forums at the state level. AReM represents direct access providers such as Constellation NewEnergy and Direct Energy.

**BayREN – Bay Area Regional Energy Network:** BayREN offers regionwide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

**CAISO – California Independent System Operator:** A nonprofit public benefit corporation that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (approximately 80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development." CAISO is regulated by the Federal Energy Regulatory Commission (FERC) and governed by a five-member governing board appointed by the governor.

**CalCCA – California Community Choice Association:** A statewide association, made up of Community Choice Aggregators (CCAs), that represents the interests of California's community choice electricity providers.

**CALSEIA – California Solar Energy Industries Association:** CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants and educators. Members' annual dues support professional staff and a lobbyist who represents the common interests of California's solar industry at the Legislature, Governor's Office and state and local agencies.

**CALSLA – California City-County Street Light Association:** A statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable streetlight electricity rates and facilities charges and disseminating streetlight-related information.

**CAM – Cost Allocation Mechanism:** The cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

**CARB – California Air Resources Board:** The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

**CARE – California Alternative Rates for Energy:** A state program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

**CBE – Communities for a Better Environment:** An environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

**CCA – Community Choice Aggregator:** A community choice aggregator, sometimes referred to as community choice aggregation, is an entity of local governments that procure power on behalf of their residents, businesses and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

**CCSF – City and County of San Francisco:** The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

**CEC – California Energy Commission:** The primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

**CEE – Coalition for Energy Efficiency:** A nonprofit composed of U.S. and Canadian energy-efficiency administrators working together to accelerate the development and availability of energy-efficient products and services.

**CLECA – California Large Energy Consumers Association:** An organization of large, high-load factor industrial customers located throughout the state; its members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging and mining industries and their electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

**CPUC – California Public Utility Commission:** A state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit and passenger transportation companies, in addition to authorizing video franchises.

**C&I – Commercial and Industrial:** Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

**CP – Compliance Period:** Time period to become Renewables Portfolio Standard (RPS) compliant, set by the California Public Utilities Commission (CPUC).

**DA – Direct Access:** An option that allows eligible customers to purchase their electricity directly from third-party providers known as Electric Service Providers (ESPs).

**DA Cap:** The maximum amount of electric usage that may be allocated to Direct Access customers in California or, more specifically, within an investor-owned utility service territory.

**DACC – Direct Access Customer Coalition:** A regulatory advocacy group composed of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

**DA Lottery:** A random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently applicable Direct Access Cap.

**DA Waitlist:** Customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

**DAC – Disadvantaged Community:** "Disadvantaged communities" refers to the areas throughout California that most suffer from a combination of economic, health and environmental burdens. These burdens include poverty, high unemployment, air and water pollution and the presence of hazardous wastes as well as high incidences of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities statewide. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

**DASR – Direct Access Service Request:** Request submitted by C&I customers to become direct access eligible.

**Demand:** The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW) or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

**DER – Distributed Energy Resource:** A small-scale physical or virtual asset (e.g., EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

**Distribution:** The delivery of electricity to the retail customer's home or business through low-voltage distribution lines.

**DLAP – Default Load Aggregation Point:** In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.

**DR – Demand Response:** An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

**DRP – Distributed Resource Plans:** Plans that are required by statute and intended to identify optimal locations for the deployment of distributed resources.

**DWR – Department of Water Resources:** DWR is the state agency charged with managing California's water resources, systems and infrastructure in a responsible, sustainable way.

**ECR – Enhanced Community Renewable:** An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a developer at a level that meets at least 25% and up to 100% of their monthly electricity demand. The customer pays the developer for the subscribed output and receives a credit on their utility bill that reflects their enrollment level.

**ED – Energy Division:** The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission and ensure compliance with Commission decisions and statutory mandates.

**EE – Energy Efficiency:** The use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat and cool and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

**ELCC – Effective Load Carrying Capacity:** The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources, the ELCC is the amount of capacity that can be counted for Resource Adequacy purposes.

**EPIC – Electric Program Investment Charge:** The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of Pacific Gas and Electric (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE).

**ERRA – Energy Resource Recovery Account:** ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates. The utilities do not earn a rate of return on these costs and recover only actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

**ES – Energy Storage:** The capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

**ESA – Energy Storage Agreement:** A battery services contract, a capacity contract, demand response contract or similar agreement.

**ESP – Energy Service Provider:** An energy entity that provides service to a retail or end-use customer.

**EV – Electric Vehicle:** A vehicle that uses one or more electric motors for propulsion.

**FCR – Flexible Capacity Requirements:** "Flexible capacity need" is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as "flexible capacity" if they can sustain or increase output or reduce ramping needs during the hours of "flexible need." FCR means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC decisions.

**GHG – Greenhouse gas:** Water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane and chlorofluorocarbons (CFCs), which are gases that cause the atmosphere to trap heat radiating from the earth. The most common GHG is carbon dioxide.

**GRC – General Rate Case:** Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible for and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocate's Office and interested parties and for approval by the CPUC.

**GTSR – Green Tariff Shared Renewables:** The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

**GWh – Gigawatt-hour:** The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

**ICA – Integration Capacity Analysis:** The enhanced integrated capacity and locational net benefit analysis quantify the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

**IDER – Integrated Distributed Energy Resources:** A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

**IDSM – Integrated Demand-Side Management:** An approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

**IEPA – Independent Energy Producers Association:** California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

**IMD – Independent Marketing Division:** Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

**IOU – Investor-Owned Utility:** A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.

**IRP – Integrated Resource Plan:** A plan that outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

**kW – Kilowatt:** A measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1,000 watts.

**kWh – Kilowatt-hour:** This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

**LCE – Lancaster Choice Energy:** The CCA that serves the City of Lancaster, California.

**LCFS – Low Carbon Fuel Standard:** A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels and, therefore, reduce greenhouse gas emissions.

**LCR – Local (RA) Capacity Requirements:** The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

**LMP – Locational Marginal Price:** Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real-time market as it balances the system using the least cost. The LMP is composed of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

**LNBA – Locational Net Benefits Analysis:** A cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

**Load:** An end-use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

**LSE – Load-serving Entity:** Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

**LTPP – Long-Term Procurement Rulemaking:** This is an "umbrella" proceeding to consider, in an integrated fashion, all of the CPUC's electric procurement policies and programs.

**MCE – Marin Clean Energy:** The first CCA in California, which began serving customers in 2010. It serves customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

**MEO – Marketing Education and Outreach:** A term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

**MW – Megawatt:** A megawatt hour (Mwh) is equal to 1,000 Kilowatt hours (Kwh) or 1,000 kilowatts of electricity used continuously for one hour.

**MWH – Megawatt-hour:** A measure of energy.

**NAESCO – National Association of Energy Service Companies:** An advocacy and accreditation organization for energy service companies (ESCOs). Energy service companies contract with private and public-sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

**NBC – Non-Bypassable Charge:** Fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

**NDA – Non-Disclosure Agreement:** A contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

**NEM – Net Energy Metering:** A program in which solar customers receive credit for excess electricity generated by solar panels.

**NRDC – Natural Resources Defense Council:** A nonprofit international environmental advocacy group.

**NP-15 – North Path 15:** NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in Northern California in PG&E's service territory.

**OIR – Order Instituting Rulemaking:** A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five commissioners of the CPUC.

**OSC – Order to Show Cause:** An order requiring an individual or entity to explain, justify or prove something.

**ORA – Office of Ratepayer Advocates:** The independent consumer advocate within the CPUC, now called the Public Advocates Office.

**PA – Program Administrator (for EE Business Plans):** IOUs and local government agencies authorized to implement CPUC-directed energy efficiency programs.

**PCE – Peninsula Clean Energy Authority:** A CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

**PCC1 – RPS Portfolio Content Category 1:** Bundled renewables where the energy and Renewable Energy Certificate (REC) are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO, also known as "in-state" renewables.

**PCC2 – RPS Portfolio Content Category 2:** Bundled renewables where the energy and Renewable Energy Certificate (REC) are from out of state and not dynamically scheduled to a CBA.

**PCC3 – RPS Portfolio Content Category 3:** Unbundled Renewable Energy Certificate (REC).

**PCIA or "exit fee":** The Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

**PCL – Power Content Label:** A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Chapter 313, Statutes of 2009) and SB 1305 (Chapter 796, Statutes of 1997).

**PD – Proposed Decision:** A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final decision voted on by the five commissioners of the CPUC.

**PG&E – Pacific Gas & Electric:** The IOU that serves 16 million people over a 70,000-square-mile service area in Northern California.

**PHC – Prehearing Conference:** A CPUC hearing to discuss the scope of a proceeding, among other matters. Interested stakeholders can request party status during these conferences.

**Pnode – Pricing Node:** In the CAISO optimization model, this is a point where a physical injection or withdrawal of energy is modeled and for which an LMP is calculated.

**PPA – Power Purchase Agreement:** A contract used to purchase the energy, capacity and attributes from a renewable resource project.

**PRP – Priority Review Project:** Transportation electrification pilot projects approved by the CPUC pursuant to SB 350 (Chapter 547, Statutes of 2015).

**PRRR – Progress on Residential Rate Reform:** Pursuant to a CPUC decision, the IOUs must submit to the CPUC and other parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

**PUC – Public Utilities Code:** A California statute that contains 33 divisions; the range of topics within this code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities; the primary statute for governance of utilities as well as CCAs in California.

**PURPA – Public Utilities Regulatory Policy Act:** A federal statute passed in 1978 by Congress in response to the 1973 energy crisis to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was intended to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply).

**RA – Resource Adequacy:** Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities — investor-owned utilities, electricity service providers and CCAs — to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

**RAM – Renewables Auction Mechanism:** A procurement program the investor-owned utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs and any need arising from commission or legislative mandates.

**RE – Renewable Energy:** Energy from a source that is not depleted when used, such as wind or solar power.

**REC - Renewable Energy Certificate:** A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every megawatt-hour of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

**RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer:** This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

**RFO – Request for Offers:** A competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

**RPS - Renewable Portfolio Standard:** A law that requires California utilities and other load-serving entities (including CCAs) to provide an escalating percentage of California qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

**SB – Senate Bill:** A piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the Legislature for the legislation.

**SCE – Southern California Edison:** The large IOU that serves the Los Angeles and Orange County area.

**SCP – Sonoma Clean Power Authority:** The CCA serving Sonoma County and surrounding areas in Northern California.

**SDG&E – San Diego Gas & Electric:** The IOU that serves San Diego County and owns the infrastructure that delivers Community Power energy to our customers.

**SGIP – Self-Generation Incentive Program:** A program that provides incentives to support existing, new and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.).

**SUE – Super User Electric:** An electric surcharge intended to penalize consumers for excessive energy use.

**SVCE – Silicon Valley Clean Energy:** The CCA serving the communities in Santa Clara County.

**TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol:** Online tools and resources provided by The Climate Registry to assist organizations to measure, report and reduce carbon emissions.

**TE – Transportation Electrification:** For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles and medium- and heavy-duty trucks and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

**Time-of-Use (TOU) Rates:** The pricing of delivered electricity based on the estimated cost of electricity during a particular time block. Time-of-use rates are usually divided into three or four time blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real-time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

**TM – Tree Mortality:** A term that refers to the death of forest trees and provides a measure of forest health. In the context of energy, as part of the Governor's Tree Mortality Emergency Proclamation, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

**TURN – The Utility Reform Network:** A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

**Unbundled RECs:** Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are "unbundled" and sold to different buyers.

**VPP – Virtual Power Plant:** A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

**VAMO – Voluntary Allocation, Market Offer:** The process for SDG&E to allocate a proportional share of its renewable portfolio to Community Power and other LSEs within the service territory.

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# Budget Resolution

# Budget Resolution *Pending*

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# Acknowledgments

# Acknowledgments

## Finance Department

San Diego Community Power's Finance Department works to maintain a fiscally responsible budget in accordance with Community Power's Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build Community Power's reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the Community Power Board, committees and staff informed of Community Power's fiscal condition and develops a budget that will ultimately prioritize people, transparency and our communities.

### Board of Directors

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Supervisor Terra Lawson-Remer, Vice Chair
Councilmember Sean Elo-Rivera, Director
Councilmember Marco San Antonio, Director
Councilmember Michael Inzunza, Director
Councilmember Genevieve Suzuki, Director
Councilmember Ditas Yamane, Director

### Finance and Risk Management Committee

Councilmember Ditas Yamane, Chair
Councilmember Genevieve Suzuki, Vice Chair
Councilmember Michael Inzunza, Director

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- (Vacant)

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### Community Power Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Jack Clark, Chief Operating Officer
Veera Tyagi, General Counsel
Byron Vosburg, Chief Commercial Officer*

### Finance Department

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Diana Gonzalez, Risk Manager
Mark Alfaro, Finance Manager
Jeb Spengler, Strategic Finance Manager
Christopher Do, Senior Financial Analyst
Julissa Mercedes, Financial Analyst
Kevin Bateman, Financial Analyst

**Formerly titled Managing Director Power Services*

# ITEM 8
# ATTACHMENT B


SAN DIEGO COMMUNITY POWER

# Capital Investment Plan (CIP)

## Fiscal Years 2026–2030

Resolution 2025-XX

Draft Revised June 12, 2025

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# How to Use This Book

The San Diego Community Power (Community Power) proposed Fiscal Years (FY) 2026–2030 Capital Investment Plan (CIP) contains agency budgetary and fiscal policy information as well as detailed agency capital investment plans. The proposed Capital Investment Plan is organized into the following sections.

## Executive Summary

Includes the Chief Executive Officer's Letter for the proposed CIP and provides a high-level overview of the agency's capital budget and other high-level details on specific projects and their benefits to the community.

## Capital Investment Plan Overview

Describes the CIP in brief, including summary tables that reflect the operating transfer into the CIP as well as the list of projects planned for the next five years.

## Overview

Provides a high-level overview of Community Power's governance, structure and agency values and priorities.

## Strategic Plan

Describes Community Power's strategic planning process and board-adopted strategic goals that provide the foundation for the creation of the CIP.

## Community Engagement

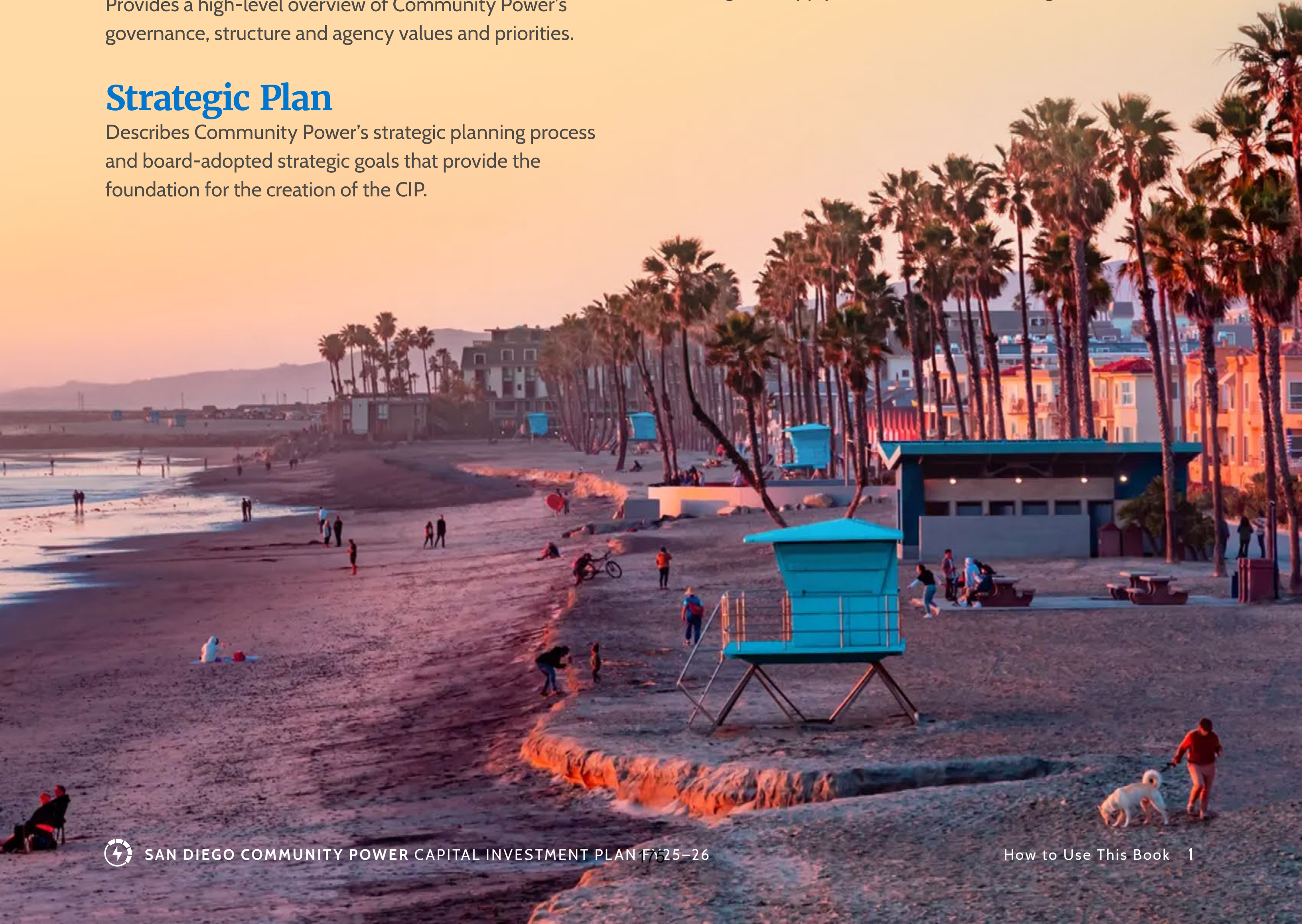
Outlines the outreach process to the community that provided feedback and significant input into project and program design.

## Program Types

Includes the 14 program types, projects and funding within these types falling into short-, medium- and long-term segments that will be delivered within the CIP.

## Funding Guide

Explains funding sources that fund the CIP as well as future potential funding sources that Community Power can leverage and apply for to bolster CIP funding amounts.



# A Letter from the Chief Executive Officer

At San Diego Community Power, we are shaping a future that is both sustainable and equitable. As a not-for-profit public agency and Community Choice Aggregator (CCA), we were created to bring competition to the local energy marketplace, offering cleaner energy at competitive rates and reinvesting revenues back into our communities.

Since launching in 2021, we've grown significantly in both reach and impact. In 2024, we remained focused on our mission: delivering reliable, clean power at competitive rates while advancing programs that make a tangible difference for our customers.

Affordability and long-term value remain central to our strategy. In February 2025, we reduced rates for the second year in a row — thanks to prudent financial planning and favorable market conditions — providing most customers with a discount compared with San Diego Gas & Electric's electricity generation rates.

Every decision we make, from lowering rates to expanding service options, is grounded in the needs of our customers and communities. Last summer, we introduced two new service options: **Power100 Green+**, for commercial customers seeking the highest level of renewable energy, and **PowerBase**, a more affordable option that still meets California's clean energy standards

Even as we deliver near-term savings, we continue to plan for long-term energy security and stability. The broader power market remains volatile, shaped by a constrained statewide resource supply and uncertain federal tax credit and trade policies. Our Power Services team is navigating these challenges through disciplined procurement and long-range planning.

To date, we've executed 17 long-term power purchase and energy storage agreements that will deliver reliable, renewable electricity to nearly 1 million homes and businesses across our region. These investments not only support our goal of 100% renewable energy by 2035, but also help insulate customers from future price spikes.

In 2024, we marked a major milestone with the ribbon cutting of the **Vikings Solar and Storage Project** in Imperial County. Developed by Arevon, with Community Power as the offtaker, Vikings is more than just a solar generation site. As one of the first utility-scale solar peaker plants in the United States, the project is designed to keep the lights on and costs down when demand is at its highest — powering the equivalent of 50,000 San Diego homes with clean, affordable energy. It exemplifies our broader procurement strategy: securing long-term renewable power while creating local and regional economic opportunity.

In addition to expanding customer choice and value, we've made progress on delivering innovative solutions that support customers across the region. Last summer, we launched our largest customer program to date, **Solar Battery Savings**, which offers upfront and performance-based incentives for home battery systems that boost resilience and reduce grid demand during peak hours. The program was recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report* as a model for customer-centered innovation in distributed energy.

We also secured approval from the California Public Utilities Commission to launch the **San Diego Regional Energy Network (SDREN)** in partnership with the County of San Diego. SDREN will generate nearly $125 million in energy efficiency resources for the region through 2027 and marks the final major population area in California to establish a Regional Energy Network.

As we grow, we're also investing in the internal systems and strategic planning necessary to scale effectively, operate efficiently and remain accountable to the public.

The proposed FY 2026–2030 Capital Investment Plan (CIP), alongside the proposed FY 2025–2026 budget, reflects these priorities as we transition toward our mid-term program strategy, which focuses on optimizing customer energy use around time-of-use rate schedules and individual preferences. These efforts reduce participants' bills while lowering major cost drivers like energy procurement and resource adequacy — creating system-wide savings that benefit all ratepayers. In the years ahead, we will continue building the tools and incentives that align customer behavior with grid needs, helping make our clean energy system smarter, more affordable and more resilient.

As we look ahead, our focus remains on driving measurable impact: accelerating the region's clean energy transition, supporting local climate goals and building a more just and resilient energy system. With the continued leadership of our Board of Directors, Community Advisory Committee and dedicated staff, San Diego Community Power is proud to power the path toward a cleaner, more resilient future — together.

Thank you for your continued trust and partnership.

Karin Burns
Chief Executive Officer
San Diego Community Power

01

# Capital Investment Plan Overview

# Capital Investment Plan Overview

San Diego Community Power developed its first Capital Investment Plan (CIP) for FY 2024–2028 and continues to grow it with the FY 2026–2030 CIP, which contains all the individual capital projects, major equipment purchases and major programs for the agency that are intended to span multiple years. The FY 2025–2026 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The CIP includes funding for local development feasibility studies, customer program pilot projects, community grants, a customer education platform and other areas as outlined in the short- and medium-term program areas. Given the number of planning and pilot projects, the Community Power CIP is largely funded by internal funding that allows maximum flexibility in the planning phase with designing programs and projects. This allows the agency to focus on designing based on community and agency needs rather than based on the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared with implementation or design and construction. As Community Power builds reserve funds and endeavors to maximize impact, Community Power will leverage the CIP to aggressively pursue external funding from sources such as state and federal agencies.

**TABLE 1. FY 2025–2026 CAPITAL BUDGET***

| | Carry Forward [1] | FY26 Authorized Budget | FY26 Proposed Budget |
|---|---:|---:|---:|
| Operating Transfer In | ~~7.5~~ 9.2 | - | ~~21.4~~ 22.2 |
| | | | |
| Regional Energy Network [2] | ~~0.3~~ - | ~~31.8~~ 31.9 | ~~31.8~~ - |
| DAC-GT | ~~0.5~~ (0.1) | ~~0.3~~ 0.6 | ~~0.3~~ - |
| CDFA | ~~0.5~~ 0.7 | - | - |
| Equitable Building Decarbonization | ~~1.5~~ 1.4 | - | - |
| Other | - | - | ~~0.9~~ - |
| | | | |
| **CIP Revenue** | **~~10.3~~ 11.2** | **~~32.1~~ 32.5** | **~~54.4~~ 22.2** |

**Amounts displayed in millions of dollars*

*[1] The Carry Forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024–2025.*

*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027 and funded programs will be available across SDG&E service territory*

The first year of the CIP is appropriated as part of Community Power's annual budget process and becomes the adopted capital budget for the fiscal year. The subsequent years of the CIP are planned expenses that are subject to Board approval during the annual budget process and are subject to change.

**TABLE 2. FY 2026–2030 CIP PROGRAMS AND PROJECTS**

| | Beginning Bal. | Expenses | Carry Forward [1] | 5-Year Budget | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25 | FY25 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | Total |
| | | | | | | | | | |
| **External Funding** | | | | | | | | | |
| Regional Energy Network[2] | 2.1 | ~~1.8~~ 2.1 | ~~0.3~~ - | ~~31.8~~ 31.9 | 59.5 | 51.4 | 42.0 | 43.7 | ~~228.7~~ 228.6 |
| DAC-GT | 0.9 | ~~0.4~~ 1.0 | ~~0.5~~ (0.1) | ~~0.3~~ 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | ~~2.7~~ 2.4 |
| CDFA | 0.7 | ~~0.2~~ - | ~~0.5~~ 0.7 | - | - | - | - | - | ~~0.5~~ 0.7 |
| Equitable Building Decarbonization | 1.5 | 0.1 | ~~1.5~~ 1.4 | - | - | - | - | - | ~~0.5~~ 1.4 |
| Other | - | - | - | ~~0.9~~ - | - | - | - | - | ~~0.9~~ - |
| **Subtotal** | **5.2** | **~~2.4~~ 3.2** | **~~2.8~~ 2.0** | **~~33.0~~ 32.5** | **60.0** | **51.9** | **42.5** | **44.2** | **~~234.4~~ 233.0** |
| | | | | | | | | | |
| **Internal Funding** | | | | | | | | | |
| Solar Battery Savings | 10.6 | ~~7.9~~ 7.4 | ~~2.7~~ 3.2 | 18.8 | 11.1 | 10.4 | 8.3 | 8.5 | ~~59.8~~ 60.3 |
| Energy Efficiency | 0.3 | 0.3 | 0.0 | - | - | - | - | - | 0.0 |
| Pilot Programs | 3.0 | ~~1.3~~ 0.5 | ~~1.7~~ 2.5 | - | - | - | - | - | ~~1.7~~ 2.5 |
| Grants | 0.8 | ~~0.3~~ 0.6 | ~~0.7~~ 0.2 | ~~0.8~~ 1.3 | - | - | - | - | 1.5 |
| DER | 0.1 | ~~0.0~~ 0.1 | ~~0.1~~ 0.0 | - | - | - | - | - | ~~0.1~~ 0.0 |
| Flexible Load | 0.6 | ~~0.5~~ 0.3 | ~~0.2~~ 0.3 | 0.3 | 0.6 | 0.6 | 0.8 | 0.7 | ~~3.1~~ 3.3 |
| IT Projects | 2.6 | ~~0.6~~ 0.1 | ~~2.0~~ 2.5 | 1.5 | - | - | - | - | ~~3.5~~ 4.0 |
| Community Education | 0.1 | ~~0.0~~ 0.1 | ~~0.0~~ - | 0.0 | - | - | - | - | 0.0 |
| Program Evaluation | - | - | - | 0.3 | - | - | - | - | 0.3 |
| Application Assistance | 0.3 | - | 0.3 | - | - | - | - | - | 0.3 |
| Other | - | - | - | ~~0.2~~ - | 7.4 | 8.7 | 11.2 | 11.7 | ~~0.2~~ 39.1 |
| **Subtotal** | **~~15.4~~ 18.4** | **~~11.1~~ 9.2** | **~~7.5~~ 9.2** | **~~21.4~~ 22.2** | **~~11.7~~ 19.1** | **~~11.0~~ 19.7** | **~~9.1~~ 20.3** | **~~9.2~~ 20.9** | **~~69.9~~ 111.3** |
| | | | | | | | | | |
| **CIP Expense Total** | **~~20.6~~ 23.6** | **~~13.5~~ 12.5** | **~~10.3~~ 11.2** | **~~54.4~~ 54.7** | **~~71.7~~ 79.1** | **~~62.9~~ 71.6** | **~~51.6~~ 62.8** | **~~53.4~~ 65.1** | **~~304.3~~ 344.3** |

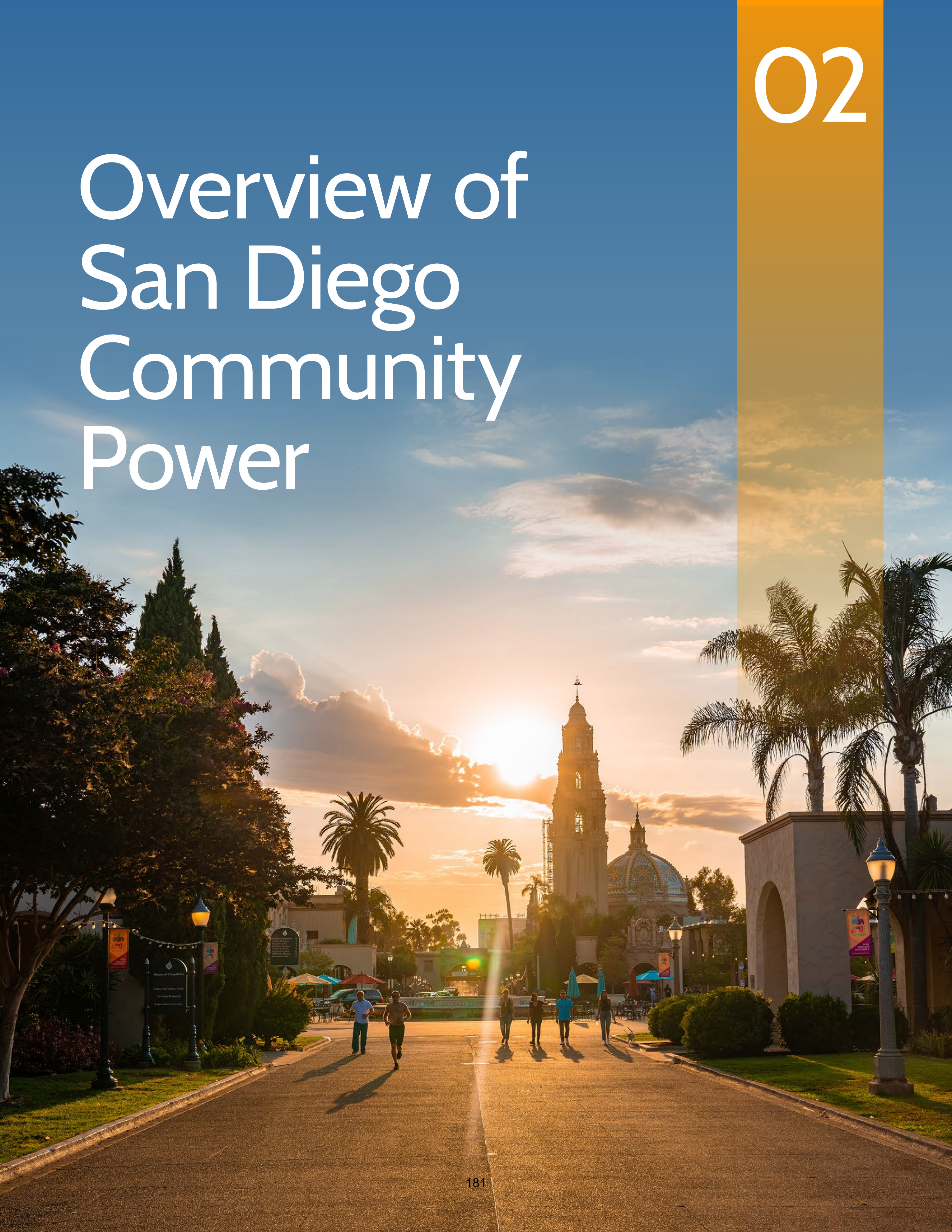
~~*[1] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027 but given the size of the program, it is reflected in this table as anticipated spending by fiscal year.*~~

*[1] The carry forward amount reviews actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024-2025.*

*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027, it is reflected in this table as anticipated spending by fiscal year.*

02

# Overview of San Diego Community Power



# Overview of San Diego Community Power

## Who We Are

San Diego Community Power is a Community Choice Aggregator (CCA) that gives customers an option to power their homes and businesses with significantly higher levels of renewable power at competitive rates. Since 2021, Community Power has grown to serve nearly 1 million residential, business and municipal power customers in the cities of San Diego, Chula Vista, Encinitas, Imperial Beach, La Mesa and National City as well as the unincorporated communities of San Diego County.

Community Power is a not-for-profit public agency that provides affordable clean energy and invests in its local communities to create an equitable and sustainable future for the San Diego region.

Learn more at [www.sdcommunitypower.org.](http://www.sdcommunitypower.org)

## Our Story

### FORMATION

With support from local communities, Community Power was established as a Joint Powers Authority by five cities within the San Diego region. Community Power submitted an implementation plan to the California Public Utilities Commission, outlining the intended organizational structure, operations and funding. Once approved, our Board of Directors began to meet regularly, and implementation activities began. In 2020, a sixth city and the County of San Diego elected to join Community Power.

### ENROLLMENT 2021–2023

Through phased enrollment from 2021 through 2023, Community Power gradually became the official clean energy provider for our member agencies. Customers were automatically enrolled in our service and received two notices before and two notices after enrollment.

### TODAY

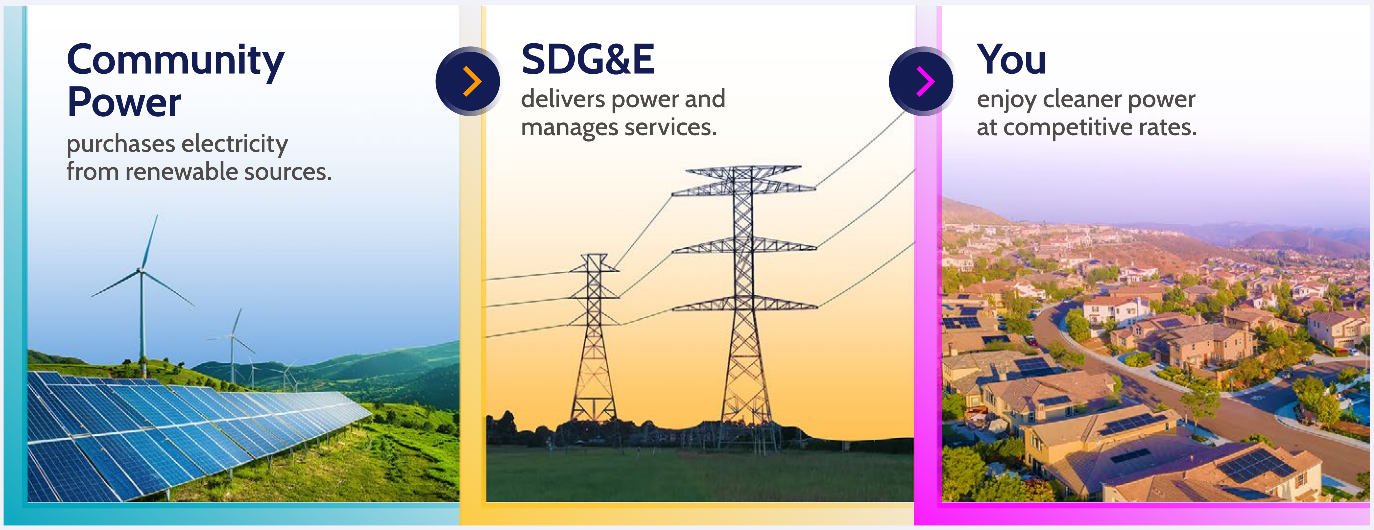
Community Power serves nearly 1 million customers with competitively priced clean energy; we are beginning to offer customer programs and rebates as well as supporting San Diego County's energy efficiency goals through the San Diego Regional Energy Network (SDREN).

## About Community Choice

San Diego Community Power is a Community Choice Aggregator (CCA) — one of dozens that have formed throughout California over the past 20 years. There are currently 25 CCAs serving over 14 million customers in California.

Through CCAs, communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local clean energy projects and programs on behalf of their residents and businesses. CCAs like Community Power work in partnership with the region's existing investor-owned utilities (SDG&E in our case), which continue to deliver power and maintain the grid.

## How It Works




CCAs are making good on their commitments to invest in new renewable energy facilities throughout California. To date, CCAs have contracted for more than 18,000 megawatts (MW) of new clean generation capacity through long-term power purchase agreements (PPAs) with terms of 10 years or more. CCA PPAs equate to:

- More than 18 gigawatts (GW) of new solar, wind, energy storage, geothermal and demand response resources
- Projects totaling more than 7,900 MW that are already operational and serving CCA customers
- More than $37 billion committed by CCAs to build and operate clean energy resources
- Support for more than 36,000 construction jobs

**FIGURE 1. CCAS IN CALIFORNIA**

# Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, Imperial Beach and La Mesa adopted an ordinance and resolution to form San Diego Community Power, a California Joint Powers Authority (JPA). In 2021, National City and the County of San Diego voted to join Community Power.

Community Power's Board of Directors is composed of an elected representative from each member jurisdiction, with each member having an alternate from the agency they represent. The Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it establishes policy, sets rates, determines power purchase options and maintains fiscal oversight.

As a public agency, Community Power is designed to be fully transparent with all official meetings and information open or available to the public.

FIGURE 2. COMMUNITY POWER MEMBER AGENCIES

# Organizational Structure

FIGURE 3. ORGANIZATIONAL CHART

**BOARD OF DIRECTORS**

Paloma Aguirres
*Chair*

Terra Lawson-Remer
*Vice Chair*

Sean Elo-Rivera
*Councilmember*

Marco San Antonio
*Councilmember*

Michael Inzunza
*Councilmember*

Genevieve Suzuki
*Councilmember*

Ditas Yamane
*Councilmember*

Finance & Risk Management Committee

Community Advisory Committee

**LEGAL**

General Counsel

**CHIEF EXECUTIVE OFFICER**

Karin Burns

Clerk of the Board

**OPERATIONS**

Chief Operating Officer

Data Analytics & Account Services

Public Affairs

Programs

Regulatory & Legislative Affairs

**POWER SERVICES**

Chief Commercial Officer

**FINANCE**

Chief Financial Officer/ Treasurer

**HUMAN RESOURES & ADMINISTRATION**

Senior Director of People Operations & Administration

03

# Capital Investment Plan

# Capital Investment Plan (CIP)

## About the CIP

The Community Power Fiscal Year 2026–2030 Capital ~~Improvement~~ Investment Plan (CIP) includes 21 projects that will receive funding in the five-year period, totaling ~~$304.3~~ $344.3 million in investments across ~~Community Power member jurisdictions~~ San Diego County. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows Community Power to thoughtfully plan and design its projects and programs — based on community and agency needs — to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

**5-Year** period | ~~$304.3~~ **$344.3** total investment | **21** projects to be funded

*Across ~~Community Power member jurisdictions~~ San Diego County*

This plan continues Community Power's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects compose a list that provides Community Power with the confidence to target a core set of program types focused on community needs. It also gives Community Power the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

This plan is not a final or absolute list of funded projects and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but this does not necessarily indicate that actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or drop out entirely.

Likewise, this list is not all inclusive. Unexpected requirements often cause unforeseen projects to be inserted into the design and execution process. Furthermore, funding sources identified in the CIP are potential funding sources that may not materialize. Projects, programs and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

## CIP Development Process

Community Power will update the CIP annually during its budget development process. Programs and projects are included in the CIP based on alignment with Community Power's strategic goals and based on community engagement.

The proposed capital budget and CIP undergo a public outreach process comprising a wide range of stakeholder groups. Additionally, the CIP is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the Board for approval.

**FIGURE 4. CIP DEVELOPMENT PROCESS**

04

# Strategic Planning

# Strategic Planning

San Diego Community Power's budgeting process, including its CIP, is directly informed by its Strategic Plan — a document co-created by our Board, our CAC, our executives and our team — that translates community priorities into actionable goals. The Strategic Plan is a critical management tool, helping to align resources, guide operational decisions and drive long-term organizational focus across every department and initiative.

Now three years into our first strategic planning cycle, Community Power has reached a pivotal inflection point. Since the adoption of our 2023–2027 Strategic Plan in June 2022 and its subsequent update in April 2023, we've achieved many of the ambitious goals we set, made meaningful progress on others and thoughtfully recalibrated where needed. From October 2024 to March 2025, we embarked on a process of revising and updating our strategic plan, setting aggressive new goals while continuing to focus our efforts, build our organization and deliver on the promise of community choice.

What hasn't changed is our mission, vision and core values. These foundational statements continue to guide our work even as we refine our priorities and strategies to reflect new opportunities, challenges and lessons learned. With our team, customer base and clean energy infrastructure significantly expanded, we now turn toward a new two- to three-year horizon — one defined by sustained growth, increased financial responsibility and a deeper investment in the people and systems that power our organization.

As we evolve, we continue to ask a simple but powerful question: **Does this activity serve our purpose?** Every program, investment and initiative we pursue should answer "yes" to at least one of the following:

- Does it make energy more affordable for our customers?
- Does it make things easier for our customers?
- Does it make our energy more renewable?
- Does it maintain or improve the health of our organization?
- Does it build trust with our communities, stakeholders and local governments?

These questions — and the values underlying them — serve as a filter and a guidepost, helping to ensure that our Strategic Plan remains grounded in what matters most to our customers and communities.

FIGURE 5. SAN DIEGO COMMUNITY POWER MISSION STATEMENT


FIGURE 6. SAN DIEGO COMMUNITY POWER VISION STATEMENT

As part of this new planning phase, Community Power has identified four overarching themes to guide our work:

### Fiscal Sustainability

We remain committed to building strong financial reserves, managing risk and pursuing strategies like clean energy prepay transactions that can reduce long-term costs for customers.

### Customer Affordability

Affordability remains the top concern voiced by our community and is front of mind with every power purchase, financial hedge, compliance obligation or additional long-term power resource we contract with to support our short- and long-term procurement efforts. Our additional activities — ranging from the development of targeted rates like PowerBase to launching the San Diego Regional Energy Network — will continue to focus on reducing energy bills while meeting state policy goals.

### Infrastructure Investment

This includes both internal infrastructure, such as IT, legal, data and policy capacity, and external infrastructure, including local battery storage, distributed energy resources and virtual power plant development.

### People

As we grow, so does our responsibility to ensure a resilient and inclusive workplace culture. We are investing in management training, professional development and succession planning to ensure strong continuity and a high level of staff retention.

Together, these priorities inform the structure of our proposed FY 2025–2026 budget and the evolution of our Strategic Plan. That work is organized around seven long-term Strategic Goals that anchor the agency's planning and performance management. These goals guide not only how we invest our resources but also how we measure our progress as a public agency accountable to the communities we serve.

## Core Strategic Goals

### 1. Fiscal Sustainability

Practice fiscal strategies to promote long-term organizational sustainability.

- Execute at least six clean prepayment transactions over the next three years to generate $30 million in annual power cost savings.
- Obtain a public investment-grade credit rating by November 2027.
- Grow reserves by $150 million to maintain 180 days' cash on hand by December 2027.
- Build a $70 million Rate Stabilization Reserve to mitigate cost volatility.
- Strengthen financial controls across contracting, risk management and procurement.

### 2. Energy Portfolio Development

Provide sufficient, affordable and clean electricity to our customers.

- Reach 100% renewable energy by 2035, with interim goals of 75% by 2027 and 85% by 2030.
- Support development of 1 gigawatt of new local clean energy capacity by 2035, including 300 MW of infill and distributed energy resources (DERs).
- Ensure reliable and cost-effective compliance with all regulatory requirements.
- Create good-paying local jobs in clean energy sectors.

## 3. Community Program Delivery

Implement programs that reduce greenhouse gas emissions, align energy supply and demand and benefit our diverse communities.

- Deliver 150 MW of local DER capacity (of the 300 MW total goal) by 2035 through programs like Solar Battery Savings.
- Launch all San Diego Regional Energy Network (SDREN) programs by FY 2026–2027.
- Implement a robust program evaluation framework by FY 2026–2027.
- Expand external funding for clean energy programs.

## 4. Legislative and Regulatory Advocacy

Advance policies that support Community Power's mission and customer goals.

- Educate policymakers and regulators to influence outcomes consistent with our policy platform.
- Support and sponsor legislation aligned with our values and needs.
- Remain an active participant in coalitions such as CalCCA to amplify our voice.
- Strategically pursue public funding aligned with agency goals.

## 5. Trusted Brand Building

Build a trusted brand that supports engagement, participation and program success.

- Position San Diego Community Power as a collaborative public agency rooted in transparency.
- Grow the Power Network of nonprofit and community-based partners to expand community reach.
- Elevate brand awareness through education and outreach.
- Empower customers to take advantage of savings and services through awareness, education and ongoing communication programs.

## 6. Customer Care

Ensure high customer satisfaction and retention.

- Refine rate structures to balance affordability, clean energy and fiscal prudence.
- Resolve SDG&E billing issues and improve customer experience.
- Explore options for a best-in-class customer service model.
- Address arrearages and connect customers with available resources.

## 7. Organizational Excellence

Foster an innovative, inclusive and resilient workplace.

- Transition into a learning organization by late 2026 with robust staff development.
- Maintain a high level of employee satisfaction through engagement and continuous feedback.
- Launch a new internship program for local college students by FY 2027

FIGURE 7. CORE STRATEGIC GOALS

05

# Community Engagement

# Community Engagement

## Community Engagement Process

As a public agency with a deep commitment to transparency and community accountability, Community Power approaches outreach not as a one-time event, but as a continuous, year-round effort. Our financial planning, including the development of the Capital Investment Plan (CIP), is directly informed by ongoing engagement with customers, stakeholders and local leaders, ensuring our investments reflect the needs and priorities of the people we serve.

### Community Power Plan (CPP)

A key milestone shaping Community Power's customer engagement and investment strategies is the Community Power Plan (CPP), adopted by the Board of Directors on May 25, 2023. The CPP provides strategic direction for customer energy program development over a five-year time frame and is instrumental in guiding CIP investments.

As a not-for-profit public agency, Community Power is committed to designing programs that are community-driven, with a particular focus on uplifting Communities of Concern. The CPP was built through extensive outreach and partnership building, helping Community Power strengthen ongoing relationships with residents, community-based organizations and stakeholders across the region. Between May and November 2022, Community Power engaged more than 3,450 community members through listening sessions, workshops, pop-up events and a customerwide survey — prioritizing equity and reaching harder-to-engage populations. The CPP's foundational community needs assessment shaped both short-term priorities and a longer-term framework for program evaluation and design.

Rather than treating outreach and partnership building as a one-time effort, the CPP established a foundation for ongoing dialogue and partnership between Community Power and the communities we serve — a commitment that continues through the CIP and program design. This community-centered approach informs all areas of our work, including public meetings, partnerships with local organizations and targeted outreach efforts to ensure clean energy opportunities are accessible, equitable and responsive to community needs.

### Public Meetings and Oversight

Core to our transparency is the public nature of our governance. Per our Rate Development Policy, rate setting is conducted via a public process, developed by staff and approved by our Board of Directors — all through open meetings where the public is encouraged to participate. Our Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings where it not only sets rates, but also establishes policy, determines power options and maintains fiscal oversight. Similarly, our Board is informed by a subset of members on the Finance and Risk Management Committee (FRMC), and the Community Advisory Committee (CAC) advises the Board and provides a venue for ongoing citizen support and engagement in Community Power. These monthly forums create meaningful opportunities for public input and serve as a foundation for budget and investment planning.

## Customer Notices and Transparency Tools

We also ensure customers have access to clear, timely information about their energy service. Our annual Joint Rate Comparison — published in coordination with SDG&E — provides a side-by-side rate and service overview. The Power Content Label offers transparency into the energy sources we procure, reinforcing our commitment to cleaner energy.

Our website is another key transparency tool, offering customers easy access to rate options, program details, meeting materials and more. Specifically, the bill comparison calculator offers customers an opportunity to evaluate Community Power rates alongside those of SDG&E. As part of our continued commitment to improving the customer experience, we are currently undertaking a website redesign to make resources easier to find, understand and apply.

## Targeted Outreach and Engagement

Beyond formal governance, Community Power engages directly with the communities we serve. We regularly present agency updates to our member cities' elected bodies — including updates in early 2025 — and actively participate in community events across the region.

In 2024 alone, Community Power participated in more than 151 community events, resulting in 18,539 unique public interactions through in-person engagement.

Our outreach efforts are bolstered by strategic partnerships and media initiatives, such as the ongoing "Working for Our Communities" campaign with CBS 8, helping extend our reach and impact.

Through quarterly newsletters, targeted sponsorships, social media campaigns and our new comprehensive customer survey launched alongside our brand refresh, we continue to invite customers to shape Community Power's path forward. These efforts help maintain a strong feedback loop, ensuring that our Capital Investment Plan and broader strategic initiatives reflect not only fiscal responsibility but also community vision, equity and shared clean energy goals.

**TABLE 3. COMMUNITY NEEDS ASSESSMENT**

| ENGAGEMENT METHOD | Estimated Number Engaged |
|---|---:|
| Community-Based Organization Co-hosted Listening Sessions (2 Rounds) | 325 |
| Business, Key Stakeholders and Public Listening Workshops | 325 |
| Unincorporated San Diego County Pop-up Events | 100 |
| Community Needs Survey | 2,980 |
| Total | 3,450 |

# Prioritizing Equity and Communities of Concern

Community Power is committed to making equity central to all outreach and investment planning. The Community Power Plan (CPP), adopted by the Board of Directors in 2023, was the foundation for many of the investments reflected in this Capital Investment Plan (CIP). As part of the CPP development process, Community Power prioritized meaningful and inclusive engagement with Communities of Concern to guide program and project priorities. This commitment continues to shape our work today.

To ensure authentic community participation, Community Power partnered with and compensated community-based organizations that work directly with underserved communities. The following engagement principles guided the development of the CPP and continue to inform our broader program and investment strategies.

## Minimizing obstacles

Community Power designed outreach activities that met people in their communities, building trust by minimizing barriers such as time commitments, technology access and transportation. Flexibility and adaptability remained priorities throughout the process.

## Valuing community input

Local and lived experiences were central focuses during the engagement process. Community Power gathered insights on community goals, priorities and challenges to inform future program design and investment decisions.

## Building partnerships

Community Power built strong relationships with community-based organizations across the region. These partnerships provided critical input on outreach strategies and deepened our understanding of the communities we serve.

## Recognizing real-world challenges

Community Power recognized that urgent issues like rising utility bill costs, economic pressures and service insecurity often take precedence for households. Engagement efforts were designed to respect and reflect these lived realities while still advancing clean energy and sustainability goals.

## Promoting accessibility

Outreach materials and activities were developed with accessibility in mind, including considerations for language, technology access, physical ability and subject matter familiarity. Materials were presented using clear, non-technical language.

## Upholding language access

Community Power employed a language justice approach to ensure participants could fully engage in the languages they felt most comfortable using. Multilingual engagement and culturally relevant materials fostered greater inclusivity and trust throughout the planning process.

# 06

# Capital Program Areas

# Capital Program Areas

## Program Type Overview

The Community Power Plan (CPP) is the foundational document that informs the Capital Program areas. Utilizing the input received during the CPP community needs assessment and the other efforts conducted during the CPP development, strategies were developed for short-term, medium-term and long-term programs.

Given the significant influence that timing of available funding imposes on program delivery, this five-year Plan approached programs using the following phases.

- **Short-term (FY 2023–2024 – FY 2024–2025):** Program types that can be launched quickly with available funding and/or with a manageable amount of Community Power's revenues to address immediate needs identified in the community needs assessment.
- **Medium-term (FY 2025–2026 – FY 2026–2027) (current):** Community Power has transitioned from the short-term program strategy to the medium-term program strategy as additional projects are funded by one-time operating contributions. An overarching tenet of the medium-term program strategy is the flexible load program — a strategy that can be implemented across a range of programs. The strategy outlines target end-use technologies, key points of integration with existing/planned programs and a proposed software architecture to drive device dispatch and control as well as a framework to guide dispatch and device operations.

  The strategy is being designed to optimize customer energy usage around time-of-use rate schedules and customer preferences, directly reducing participants' bills while decreasing major Community Power cost drivers, such as energy and resource adequacy procurement, which directly benefits all ratepayers. The strategy also incorporates advanced analytics to predict peak demand periods, allowing for proactive adjustments to energy consumption that further enhance cost savings for ratepayers. Additionally, by promoting the adoption of renewable energy sources, the strategy supports Community Power's broader goals of sustainability and reduced environmental impact.
- **Long-term (FY 2027–2028+):** Program types that require more complex program design and development, are dependent on Community Power being more established and/or that support emerging clean energy technologies.

### Short-Term Program Types (FY 2023–2024 – FY 2024–2025)

1. Energy Awareness and Education
2. Application Assistance
3. Disadvantaged Communities Green Tariff
4. Pilot Programs
5. Grant Programs

### Medium-Term Program Types (FY 2025–2026 – FY 2026–2027)

1. Building Electrification: Heat Pump Technology
2. Planning and Studies
3. Distributed Energy Resources: Energy Storage Systems
4. Distributed Energy Resources: Demand Response
5. Energy Efficiency
6. Transportation Electrification: Infrastructure
7. Transportation Electrification: Light-Duty Vehicles
8. Transportation Electrification: Medium- and Heavy-Duty Vehicles
9. Information Technology: Upgrades

The list of medium-term program types was selected due to their alignment with community and organizational goals. Implementation of programs will largely be determined by funding considerations and other market developments. Given that it is better to develop a small number of well-designed and impactful programs rather than trying to do everything, Community Power wants to be deliberate about which of the recommended program types to focus on, for which market sectors/customer types and in which order.

# Program Type 1. Energy Awareness and Education

TABLE 4. ENERGY AWARENESS AND EDUCATION PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Civic Spark Fellows | Partnership with San Diego State University professor-led student cohorts to expand outreach for key Community Power initiatives and programs while providing workforce development opportunities | - | $40,000 |
| Equitable Building Decarbonization | The Equitable Building Decarbonization Direct Install Program ("EBD Program") is a statewide initiative that offers no-cost installation of electric appliances, energy efficiency measures, basic health and safety improvements and electrical panel upgrades. | ~~-~~ $1,400,000 | ~~$466,667~~ - |
| Total | | ~~-~~ $1,400,000 | ~~$506,667~~ $40,000 |

## Description

Community Power offers energy awareness and education programs for its customers and workforce. Energy and bill education programs teach customers about how to understand their energy bill, how usage impacts costs, and the benefits of clean energy. Beyond energy bills and usage, educational efforts can provide customers with unbiased information about how to participate in the clean energy transition. For example, Community Power offers lists of qualified and vetted contractors and equipment installers from which to choose.

An educated workforce will be needed to support the development, installation and operation of many electrification technologies, especially with respect to building electrification programs. Providing education to contractors can ensure that workers are informed and knowledgeable about the latest electrification technology to support broad adoption and acceptance.

## Benefits

As a significant barrier cited in the CPP community engagement process, building awareness about energy can support behavioral changes to promote energy efficiency and lower bills — a key issue for many community members. Education can also lead to increased participation in rate-based programs (e.g., California Alternate Rates for Energy) that benefit Communities of Concern.

Many clean energy technologies face increased barriers to adoption due to the lack of qualified contractors and equipment installers or lack of awareness in Communities of Concern. Education and awareness programs for contractors can help overcome these barriers and benefit customers.

## Design Considerations

During the CPP community engagement process, many expressed a lack of awareness about energy and the need for education, especially among Communities of Concern. Because many communities have a high level of distrust for government and utilities, partnering with trusted community-based organizations on education programs can help increase access, build trust and deepen partnerships.

Education programs can also be paired with other program offerings to maximize awareness and participation.

Community Power may also consider contractor training opportunities to support greater adoption of clean energy technologies, such as electric heat pumps, as contractor participation will be required to bring newer technologies to a broader market at scale.

Lastly, Community Power should consider partnering with water agencies/authorities that offer water education programs to complement these programs and explain the water-energy nexus.

# Program Type 2. Application Assistance

TABLE 5. APPLICATION ASSISTANCE PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---:|---:|
| Commercial Application Assistance Program | Community Power's Commercial Application Assistance Program is an initiative that aims to support commercial customers in identifying ideal energy solutions and programs that can help meet the customer's needs and goals. The program aims to help customers become aware of and apply for publicly available and funded energy programs and, if needed, to provide project management and grant support. | - $250,000 | ~~$250,000~~ - |
| Total | | - $250,000 | ~~$250,000~~ - |

## Description

There are many existing energy programs that Community Power customers may have access to through other local, state and federal agencies (i.e., third-party programs). SDG&E alone offers more than 80 energy efficiency and demand response programs, though not all of them are relevant for each customer. The number of programs and the complexity of application processes can create barriers to access for many customers, including under-resourced community members and small businesses/organizations that serve Communities of Concern; therefore, an opportunity exists for Community Power to assist with application processes for third-party programs.

## Benefits

Funds are available from a variety of third-party programs that can currently help meet community needs. Since a lack of participation in existing programs was noted in the community needs survey, Community Power can help customers access the benefits of third-party programs to boost the success of the programs and help bring additional resources for a variety of energy measures to the San Diego region.

## Design Considerations

Because there are many existing programs that each have their own intricacies, Community Power may consider working with partners to select a targeted list of program types to provide application assistance for, rather than trying to support all application types. Recommendations for program types to provide application assistance include energy efficiency, heat pump technology, transportation electrification infrastructure for income-qualified individuals and Communities of Concern and onsite solar and energy storage for Communities of Concern. Examples of programs that align well with community needs could include SDG&E's energy efficiency programs, like the Residential Energy Solutions program and Energy Savings Assistance program, the TECH Clean California program, the Self-Generation Incentive Program and the Disadvantaged Communities Single-family Affordable Solar Homes (DAC-SASH) program.

Application assistance can be a strategy to build partnerships with trusted community-based organizations and partners or other public agencies. While application assistance may be offered to all, outreach can be conducted in partnership with community-based organizations to target support for Communities of Concern.

# Program Type 3. Disadvantaged Communities Green Tariff

TABLE 6. DISADVANTAGED COMMUNITIES GREEN TARIFF PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---:|---:|
| CPUC Green Tariff | To bring the benefits from local solar projects to those who may not be able to install solar on their roofs and offer a 20% bill discount to eligible residential customers in state-defined disadvantaged communities | ~~$166,747~~ ($112,692) | ~~$310,383~~ $589,822 |
| Total | | ~~$166,747*~~ ($112,692)* | ~~$310,383~~ $589,822 |

~~*$535,800 is the total carry forward amount through the agency but is subject to a true-up process with the CPUC in which the agency expects $166,747 in a resulting carry-forward amount.~~

*(112,692) is the total carry forward amount through the agency but is subject to a true-up process with the CPUC in which the agency expects $589,822 in a resulting carry-forward amount.

## Description

The Disadvantaged Communities Green Tariff (DAC-GT) program provides the benefits of solar and provides a bill discount to income-qualified residential customers in under-resourced communities who have barriers to installing or are unable to install solar on their roof. Eligible communities are determined by the California Public Utilities Commission (CPUC)using the CalEnviroScreen tool, which identifies "disadvantaged communities" as census tracts that are disproportionately burdened by and vulnerable to multiple sources of pollution.

## Benefits

The DAC-GT program is intended to further promote the installation of renewable energy generation among disadvantaged communities with a particular focus on low-income residents. The CPUC created the program to include a 20% bill discount so that low-income customers can affordably access local renewable energy resources that they would not otherwise be able to access.

## Design Considerations

As a CPUC program, many of the design elements of DAC-GT are already established and prescribed. Customers will be automatically enrolled in the program; therefore, some participants may be unaware of the program, its benefits or their enrollment status. Additionally, participants may be skeptical and view the combination of benefits and bill savings as "too good to be true." Partnering with trusted, local community-based organizations can help increase program awareness. Community Power has also named the program Solar Advantage in customer-facing materials and will work to remove jargon so that participants understand the program and do not unsubscribe.

# Program Type 4. Pilot Programs

TABLE 7. PILOT PROGRAMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Customer Pilot Programs | To test out program concepts and support implementation of high-impact projects that Community Power may be able to scale with more funding | ~~$1,652,690~~ $2,330,672 | - |
| Clean Energy Asset Feasibility Study | Community Power is undertaking a solar and storage feasibility study, which will assess the technical, economic and environmental viability of integrating solar generation and/or energy storage into Community Power's service territory. The project will involve data collection and review, technical analysis of potential solar locations and grid interconnection, economic modeling to assess costs and savings, environmental impact assessment and development of a preliminary implementation plan with project size, timeline and cost estimates. The final deliverables will include reports on technical feasibility, economic analysis, environmental impact and a preliminary implementation plan. | $200,300 | - |
| Total | | ~~$1,852,990~~ $2,530,702 | - |

## Description

Pilot programs are small-scale, short-duration projects (6–18 months) that can provide Community Power and stakeholders data on program design, technology acceptance and other information helpful for broader program delivery. Pilot programs support Community Power staff's ability to properly and efficiently design and implement programs. Additionally, pilot programs can cover all customer segments (e.g., commercial residential) and a variety of technologies or activities (e.g., managed charging for electric vehicles, energy efficiency).

## Benefits

Pilot programs broadly support the Program Department goal to create a 150 MW Virtual Power Plant (VPP). The VPP enables Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer devices. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per-unit energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

Pilot programs can provide a range of additional benefits, such as:

- Testing local acceptance of incentive projects that have successfully been implemented in other parts of the state or country
- Filling in gaps and facilitating bringing state funding into the region
- Demonstrating the efficacy of emerging technologies and/or business models in the real world
- Evaluating innovative incentive delivery methods and mechanisms
- Providing data on real-world scenarios, local project costs, barriers and opportunities
- Reducing risks of large-scale broad program delivery by providing lessons learned at a smaller scale

## Design Considerations

Pilot programs can give Community Power the opportunity to flexibly invest defined amounts of internal resources to quickly learn about elements of a particular program before seeking significantly more investments for scaled programs. When developing pilot programs, Community Power will integrate opportunities to capture lessons learned throughout the process, whether that be through data capture, performance evaluation or ongoing stakeholder dialogue. Pilot programs can also provide the opportunity for Community Power to partner with, support and learn from community-based organizations. Community Power will work with community-based organizations, where feasible, to design and implement pilot programs.

# Program Type 5. Grant Programs

TABLE 8. GRANT PROGRAMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Member Agency Grants | Grant programs to support both community organizations and its member agencies. Grants focus on addressing the key priorities heard during the community engagement process and provide member agency grants to support regional climate action goals. | $6,667 | - |
| Community Grants | To implement innovative program ideas from community-based organizations or specific clean energy projects that help Community Power's member agencies achieve their climate action goals | ~~$662,421~~ $248,380 | ~~$837,579~~ $1,275,600 |
| Total | | ~~$669,088~~ $255,047 | ~~$837,579~~ $1,275,600 |

## Description

Grant programs allow Community Power to provide financial assistance to community-based organizations and member agencies to implement clean energy projects or innovative program ideas. Grant programs require applicants to submit a proposal outlining their project or initiative and how it will meet the goals and objectives of the program.

## Benefits

Grant programs can provide numerous benefits for Community Power and the communities it serves, such as:

- Providing a source of funding to community-based organizations and member agencies that may not have the resources to implement innovative projects.
- Encouraging and supporting creative ideas that may not be possible through traditional funding sources.
- Creating strong trust and relationship-building opportunities among Community Power, its member agencies and community organizations.
- Increasing visibility of Community Power within the communities it serves.
- Helping to achieve Community Power and member agency sustainability goals by aligning grant programs with initiatives such as promoting clean energy, reducing carbon emissions and supporting local economic development.
- Exploring opportunities to develop the flex load strategy in areas of the community that may not otherwise have the opportunity, which can optimize customer energy usage around time-of-use rate schedules, and to directly reduce participant bills while decreasing costs for energy and resource adequacy procurement, which directly benefits all ratepayers.

## Design Considerations

Community Power should consider creating grant programs to support both community organizations and its member agencies. Community Power could provide community grants focused on addressing the key priorities identified during the community engagement process for this Plan and provide member agency grants to support regional climate action goals. Community Power should consider partnering with trusted and proven regional organizations to streamline grant program development and implementation while easing administrative burden on staff.

# Program Type 6. Building Electrification: Heat Pump Technology

TABLE 9. BUILDING ELECTRIFICATION HEAT PUMP TECHNOLOGY PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Heat pump technology programs encourage the installation of electric heat pumps for space heating, cooling and water heating in buildings.

## Benefits

Conversion to heat pump technology supports buildings that are more efficient, cleaner, healthier and safer. Heat pump technology is more efficient than its natural gas counterparts and avoids the onsite use of natural gas, which is responsible for most building emissions and can cause negative health impacts due to indoor air pollution. Unlike traditional heating systems, heat pump technology can provide space heating and cooling from the same system, which can lower costs compared with installing separate systems. Heat pump technology can especially benefit older homes because it can introduce incredibly efficient cooling capacity that has not typically existed previously in the home — a critical service for many residents in a changing and warmer climate. Switching to a heat pump water heater removes an additional source of pollution especially when it is located inside the home and can efficiently heat water.

To enable the installation of heat pump technology, electrical panel upgrades may be needed for buildings that have outdated or constrained electrical panels. While panel upgrades do not have direct environmental or health benefits, outdated panels are a barrier to electrification for many projects, as their cost can significantly increase project costs that may not be covered in other incentive programs.

## Design Considerations

Community Power should consider supporting electrical panel upgrades in addition to the installation of heat pump technology. Community Power, like other CCAs, should also consider smart control requirements to enable demand response functionality because heat pump technology can be controlled to optimize its usage to save energy and lower costs.

To support income-qualified customers and owners of multi-family affordable housing, who may have challenges accessing up-front capital and have limited capacity to research and implement projects, Community Power should consider direct installation programs. These customers often have limited cash flow and complex ownership structures that make it difficult to access capital through loans, which can result in maintenance backlogs that would need to be addressed before energy retrofits can be undertaken. As a result, they may not implement clean energy programs without significant financial support and technical assistance. Community Power should consider that residents of multi-family affordable housing may be overburdened by rent and utility costs and may be displaced if housing costs increase because of electrification.

Given the vulnerability of the occupants, programs should also include protections for renters. This may require Community Power to work closely with local housing departments or other agencies to ensure that Communities of Concern are supported in the transition.

One common barrier during program design is the lack of skilled labor and equipment being carried by contractors. When older systems fail and need to be replaced, residential building owners generally cannot wait for contractors to order new equipment. Direct installation programs targeting efficiency and weatherization have traditionally leveraged entry-level skills, whereas the installation of heat pump technology requires more skilled labor, including electricians, heating and ventilation technicians, and plumbers. Community Power should consider providing contractor training and mid-stream incentives to enable contractors to know how to install heat pumps correctly, have heat pumps on hand and offer competitive pricing.

# Program Type 7. Planning & Studies

TABLE 10. PLANNING & STUDIES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Building and Housing Stock Analysis | Develop resources on existing building stock to inform program design | ~~$52,000~~ $89,500 | - |
| Local Development Feasibility Study | Developing local infill planning, including receiving feedback and guidance from Community Power Board, Community Advisory Committee and other stakeholders to confirm needs and goals, visiting with member agencies to evaluate potential sites and opportunities, and reviewing scope and schedule | ~~$37,500~~ $24,778 | ~~$37,500~~ - |
| ~~Building and Housing Stock Analysis~~ | ~~Develop resources on existing building stock to inform program design~~ | ~~$52,000~~ | ~~-~~ |
| Program Evaluation | TBD | ~~$250,000~~ - | $250,000 |
| Total | | ~~$52,000~~ $114,278 | ~~$287,500~~ $250,000 |

## Description

Program Department Planning and Studies are research activities typically resulting in a report or study that will inform future Program Department activity.

## Benefits

Program Planning and Studies can provide a range of benefits, such as:

- Determining feasibility of future pilots and programs that could promote the agency's flexible load strategy and goals to reduce peak load consumption. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per unit energy costs are the highest and 2) reducing agency Resource Adequacy obligations and associated costs.
- Enabling Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer battery systems.
- Providing valuable data sets used to evaluate or design future pilots and programs.
- Evaluating Program Department pilots and projects.
- Generally informing future Program Department activities.

## Design Considerations

Program Department planning and studies should be done in consultation and collaboration with industry, community-based organizations, academia and other public agencies, as appropriate.

# Program Type 8. Distributed Energy Resources: Energy Storage Systems

TABLE 11. DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Residential Solar Battery Savings Program | Community Power's Residential Solar Battery Savings Program is designed to help single-family homeowners in Community Power's service territory invest in clean energy and support the grid by installing solar and battery storage in their homes or complement an existing solar system with a new battery system. The program provides two financial incentives for participating customers: an upfront incentive to minimize the initial cost of the battery system and a performance incentive for a daily discharge of the battery (during a specified dispatch window during on-peak periods) to maximize benefits for the customer and the grid. | ~~$2,697,382~~ $3,209,422 | $18,750,000 |
| Total | | ~~$2,697,382~~ $3,209,422 | $18,750,000 |

## Description

Energy storage system programs support the installation of onsite energy storage systems to be paired with renewable energy resources (e.g., onsite solar).

## Benefits

While the amount of solar-generated electricity available on the grid has increased dramatically in California, it is not being sufficiently captured during times of high production so that it can be used to meet needs when renewable energy resources are not available. This causes an imbalance — too much energy on the grid at some times and not enough at others, requiring fossil fuel-based sources of electricity to make up the difference. Increasing the amount of energy storage that is paired with renewable energy generation helps make the electric grid cleaner.

Energy storage can help to increase the resilience of the grid by balancing supply and demand and can also be used for backup power during outages or emergencies. This can be especially beneficial for critical facilities, community resilience hubs and customers who need to have power permanently available for medical devices, safety or emergency response.

The Solar Battery Savings program enables Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer battery systems. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

## Design Considerations

Multiple program pathways exist to support energy storage market development, depending on the level of resources available. For example, Community Power could work with local governments or others to implement energy storage systems at scale in critical facilities or community resilience hubs in ways that enable bulk purchasing of batteries and controls, including microgrids. Community Power may also provide technical support to customers to enable comprehensive energy retrofits, including energy storage systems.

# Program Type 9. Distributed Energy Resources: Demand Response

TABLE 12. DISTRIBUTED ENERGY RESOURCES: DEMAND RESPONSE PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Distributed Energy Resources Management Systems Software Platform | Central to Community Power's Flexible Load Strategy is the selection and implementation of a Distributed Energy Resource Management System (DERMS). A DERMS is a software platform that incorporates various data points, such as weather, market/price data and customer preferences, to optimize the operation of distributed energy resources (DERs) in support of various grid services. Once operational, this system will allow Community Power to help customers reduce usage during high-cost on-peak periods, while managing portfolio-wide power procurement and resource adequacy costs and risk. | ~~$158,321~~ $348,414 | $300,000 |
| Total | | ~~$158,321~~ $348,414 | $300,000 |

## Description

Demand response programs incentivize customers to reduce their electricity use when energy demand on the grid is at its peak. These types of programs can encourage behavioral changes to shift or reduce usage or can leverage smart devices to automatically take the desired action.

## Benefits

Decarbonizing buildings requires more than just reducing the amount of energy used; it also requires changing the time when energy is used to maximize the use of renewable energy and minimize peak demand when the grid requires larger fossil-fuel generation to come online. Demand response technologies enable this shift in energy use timing, helping customers control costs and making the best use of renewable energy when it is available. Additionally, demand response technologies can enable buildings to help increase overall grid resiliency by helping operators shift loads during peak times, reducing the likelihood of power outages during extreme heat events.

The DERMS platform enables Community Power staff to reduce peak load consumption via aggregated management of enrolled customer devices. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per unit energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

## Design Considerations

A gap exists around support for installation of smart controls on other systems, such as heat pump technology, electric vehicle chargers and energy storage systems. Many CCAs require or encourage the equipment they incentivize to have demand response capabilities. Community Power should require that incentivized equipment be grid interactive. By establishing technology requirements across other programs, Community Power could provide the most future-proofing and flexibility to enable customers to participate in demand response programs.

# Program Type 10. Energy Efficiency

**TABLE 13. ENERGY EFFICIENCY PROJECTS**

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Regional Energy Network | The San Diego Regional Energy Network (SDREN) is an initiative of Community Power, in partnership with the County of San Diego, to offer a portfolio of energy efficiency programs to residents, businesses and public agencies throughout San Diego County. The 10 SDREN programs will be managed by Community Power staff and all activities will be cost recoverable through CPUC funds. SDREN is approved by the CPUC. Program implementation for Phase 1 and Phase 2 is set to begin in Q4 2025. | ~~$357,250~~ - | ~~$31,845,256~~ $31,868,547 |
| CDFA Healthy Refrigeration Grant | The program funds energy efficient refrigeration units in corner stores, small businesses and food donation programs in low-income or low-access areas in the state to stock California-grown fresh produce, nuts, dairy, meat, eggs and minimally processed and culturally appropriate foods. The purpose of the program is to improve access to healthy foods in underserved communities, while promoting California-grown agriculture. | ~~$532,499~~ $690,845 | - |
| Total | | ~~$889,749~~ $690,845 | ~~$31,845,256~~ $31,868,547 |

## Description

Energy efficiency programs promote a wide range of strategies that can reduce the amount of energy buildings use.

## Benefits

Energy efficiency is a critical decarbonization strategy with multiple co-benefits: reduced energy demand, reduced customer energy bills, increased indoor air quality and increased indoor comfort. Weatherization efforts, including insulation, improved windows and doors and cool roofs can help keep indoor environments safe and comfortable longer when power outages occur — and less energy demand means customers can install smaller renewable energy generating systems (e.g., onsite solar), which leads to lower installation costs.

## Design Considerations

With SDG&E offering a multi-year energy efficiency program portfolio, Community Power should develop complementary programs that fill gaps and avoid duplication. Community Power should consider opportunities to provide free or low-cost energy efficiency upgrades for income-qualified customers and residents in Communities of Concern to be responsive to community priorities. Energy efficiency programs for multi-family buildings can help fill a gap, as these buildings often have complex ownership structures and other barriers that make it difficult to access traditional programs; this is especially notable for affordable multi-family housing.

Community Power should consider that residents of inefficient buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of energy efficiency upgrades.

Given the vulnerability of the occupants and the importance of keeping people housed, energy efficiency programs should include protections for renters. This may require Community Power to work closely with local housing departments or other agencies. While challenging, these considerations can help support Communities of Concern.

# Program Type 11. Transportation Electrification: Infrastructure

TABLE 14. TRANSPORTATION ELECTRIFICATION: INFRASTRUCTURE PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Transportation electrification infrastructure programs support the deployment of electric vehicle (EV) charging stations and related technologies (e.g., Vehicle-to-Grid) to enable light-, medium- and heavy-duty vehicle transportation electrification.

## Benefits

Expansion of the EV charging network is needed to support customers switching from fossil fuel-powered cars, which are associated with both carbon emissions and local air pollution. Increasing access to charging infrastructure can increase customer confidence to make the transition to EVs, especially for residents of multi-family buildings and in rural areas, as noted during the community needs assessment.

## Design Considerations

Community Power should focus transportation electrification infrastructure programs on locations where the private sector is not currently prioritizing development (i.e., geographical areas or market sectors). Gaps in access to EV charging infrastructure could be filled through strategies such as direct installation of equipment for multi-family buildings located in Communities of Concern. In some cases, Community Power should provide additional funding to residents to stack on existing funding from incentive programs for all applicants or some sectors (e.g., Communities of Concern). In light of significant funding becoming available for public charging infrastructure, Community Power should partner with member agencies to expand public access to charging infrastructure in locations underserved by public charging and/or that could serve residents of multi-family buildings. Creative approaches for deploying charging infrastructure on member agency-owned land could create benefits (e.g., lower charging costs and more charging locations) relative to charging infrastructure on commercial properties. Community Power also should consider offering technical assistance and incentives for commercial charging infrastructure to support the transition of medium- and heavy-duty vehicles to electric.

## Funding Considerations

Significant focus has been placed on transportation electrification by state and federal agencies, creating many opportunities for Community Power to seek external infrastructure incentive programs. The California Public Utilities Commission's Locally Invested Transportation Equity funding offers a chance to test innovative program designs with a focus on community partnerships. The California Energy Commission is expected to provide additional opportunities for creative incentive design and delivery through future Vehicle-to-Grid funding and the Electric Program Investment Charge program.

Community Power should continue to collaborate with the San Diego Association of Governments and San Diego County Air Pollution Control District through the regional Accelerate to Zero Emissions Collaboration and in their efforts to incentivize charging infrastructure. Lastly, Community Power can support member agencies in their efforts to seek funding through opportunities such as the Clean Mobility Options program.

# Program Type 12. Transportation Electrification: Light-Duty Vehicles

TABLE 15. TRANSPORTATION ELECTRIFICATION: LIGHT-DUTY VEHICLES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Light-duty vehicle electrification programs support customers in the transition from fossil fuel-powered cars to EVs. Examples of light-duty vehicles include sedans, sport utility vehicles and pickup trucks.

## Benefits

The switch from fossil-fuel powered cars toward EVs has the dual benefit of locally reducing carbon emissions and air pollution. Compared to light-duty fossil-fuel cars, light-duty EVs are easier to maintain and have an overall lower lifetime cost of operation. With the right rate structures and technology, EVs also present the opportunity to serve as energy storage systems and help with grid resiliency.

## Design Considerations

Community Power should prioritize expanding access to EVs for income-qualified customers, such as offering incentives for used EVs to increase affordability. Previously leased EVs can be good options for used EVs if they are in good condition. Community Power should consider partnering with car dealerships to offer point-of-sale incentives on used EVs. Community Power should avoid providing after-sale rebates because these require customers to have the upfront capital and ability to wait for a rebate. It should be noted that point-of-sale incentives can be more challenging to implement and Community Power will need to do additional work to support this type of delivery mechanism.

In addition, Community Power should focus on ways to reduce other barriers to EV adoption, such as providing favorable financing options. EV programs can be paired with support for charging infrastructure in Communities of Concern. Lastly, Community Power should consider designing programs that reduce other barriers to EV adoption by providing point-of-sale incentives or other types of up-front assistance instead of after-sale rebates. Community Power should also consider how best to fill in the gap of financing options for income-qualified customers.

## Funding Considerations

Internal revenues may be required to create incentives to supplement available State funding for EV adoption (i.e., Clean Vehicle Rebate Project and Clean Vehicle Assistance Program) or the future regional vehicle-scrap program (i.e., Clean Cars 4 All). As with transportation electrification infrastructure programs, the regional Accelerate to Zero Emissions Collaboration initiative will be involved in all aspects of bringing funding to the region — both for Community Power to potentially access for self-administered programs and for its customers to access via third-party programs.

# Program Type 13. Transportation Electrification: Medium- and Heavy-Duty Vehicles

TABLE 16. TRANSPORTATION ELECTRIFICATION: MEDIUM- AND HEAVY-DUTY VEHICLES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Medium- and heavy-duty vehicle electrification programs encourage the transition away from fossil fuel-powered commercial vehicles and toward electric alternatives. Examples of medium- and heavy-duty vehicles include delivery and shuttle vans (Class 2–6), diesel shipping trucks (Class 7–8), school and transit buses, transport refrigeration trucks, drayage trucks and forklifts.

## Benefits

The electrification of medium- and heavy-duty vehicles reduces carbon emissions and local air pollution. Air pollution tends to be high around ports and logistics corridors, where heavy commercial vehicles regularly travel and often spend time idling. These places are also where large portions of Communities of Concern can be found, leading to disproportionate impacts on the health of these communities. Transitioning these vehicles has the added benefit of reducing noise pollution.

## Design Considerations

Community Power should analyze which fleets of medium- and heavy-duty vehicles have the highest impact on Communities of Concern. The Port of San Diego is a clear partner given its location, business operations and recent policy direction in the Maritime Clean Air Strategy. Working with transit agencies, school districts and public agencies, SDCP can support the transition of fleets that serve the public to create the co-benefit of exposing more of the public to electric transportation.

Community Power should also create medium- and heavy-duty vehicle electrification programs targeting businesses that operate their fleets primarily in Communities of Concern. While some medium-duty EV types are now cost competitive, others are far more expensive and will require more support and resources to transition. In addition, because medium- and heavy-duty vehicles vary in the distance they can travel on each charge, Community Power should work with commercial customers to determine which vehicle options would work well based on their specific need, travel patterns and markets served. Community Power also needs to consider the need for appropriate charging infrastructure to support the conversion.

## Funding Considerations

Community Power should consider working with customers to implement innovative business models that lower the cost of EVs. It should also consider leveraging internal funding to capture new funding opportunities and maximize impact.

# Program Type 14. Information Technology: Upgrades

TABLE 17. INFORMATION TECHNOLOGY UPGRADES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Customer Relationship Management Setup | The Customer Relationship Management project will establish a centralized system to enhance service delivery and community engagement, with a focus on energy management and customer support. This initiative, excluding confidential security work, will streamline operations across Community Power's service area and reduce long-term costs. | $750,000 | - |
| Contact Center Enhancements | Community Power is exploring initiatives to enhance customer service operations to improve services responsiveness and increase customer satisfaction. | $200,000 | - |
| Enterprise Data Platform | Community Power is set to establish a centralized data infrastructure to improve data access and analytics for staff, aiming to enhance control and reduce costs. The project encompasses capital investment, staff training, data migration and cybersecurity enhancements. Deliverables include a functional data platform, trained personnel and detailed progress reports. The initiative will proceed through planning and implementation phases, excluding confidential security-sensitive details. | $850,000 | $500,000 |
| Amazon Web Services Infrastructure and Security Layer | Community Power will develop an Amazon Web Services Infrastructure and Security Layer to ensure robust, scalable cloud services with enhanced security for customer data. This project will provide a reliable and secure foundation for all Community Power digital services, improving customer trust and service efficiency. | $250,000 | - |
| Energy Trading Risk Management and Portfolio Analytics Implementation | Community Power has licensed and will be deploying an Energy Trading Risk Management (ETRM) system to help manage its power portfolio and financial and budget processes. This system will support various activities such as recording trades, monitoring positions, assessing value, generating reports, managing risks, processing settlements and integrating with the budget. The system is designed to manage diverse power agreements and contracts, ensuring comprehensive coverage of Community Power's energy dealings. | ~~$162,843~~ $391,467 | ~~$567,157~~ $55,000 |

| | | | |
|---|---|---|---|
| Enterprise Resource Planning (ERP) | The Enterprise Resource Planning (ERP) project aims to implement an ERP system for Community Power to streamline budgeting, enhance reporting, manage procurement and contracts and improve overall operational efficiency. The major deliverables of the ERP project include a fully implemented and functional ERP system; system documentation including configuration details, user manuals and training materials; trained staff capable of effectively using the ERP system; and a post-implementation review report. | $83,333 | $916,667 |
| Total | | ~~$2,296,177~~ $2,524,800 | ~~$1,483,823~~ $1,471,667 |

## Description

Information Technology Upgrades programs are designed to modernize and enhance the digital infrastructure of organizations, improving efficiency, security and the ability to adapt to new technological advancements.

## Benefits

The advancement of Information Technology (IT) Upgrades significantly enhances operational efficiency and cybersecurity. In areas with high concentrations of technological activity, outdated systems can lead to increased vulnerabilities and inefficiencies. Upgrading these systems not only fortifies the security and enhances the performance of various sectors, but also promotes a more dependable and sophisticated technological framework. Moreover, the transition to modern IT infrastructure aids in minimizing electronic waste through the adoption of energy-efficient and long-lasting equipment, contributing to environmental sustainability and public health benefits.

## Design Considerations

Our organization is committed to creating a world-class IT and data ecosystem with the mission of harnessing the power of data to drive sustainable energy solutions that benefit local communities while making a global impact. By ensuring the integrity, accessibility and security of our data, we empower decision-makers with actionable insights. Projects are selected to construct and manage robust data repositories, interactive dashboards and comprehensive visualizations to monitor objective key results.

Community Power receives a vast amount of data from its vendors and partners, including SDG&E and Calpine (our back-office provider). To best utilize this data to effectively run our operations, make data-driven decisions and optimize the customer experience, the Information Technology: Upgrades program type develops and expands the data analytics platform comprising a set of analytical tools built on a cloud-based platform that helps with customer management, load forecasting, rate design, program marketing and accounting.

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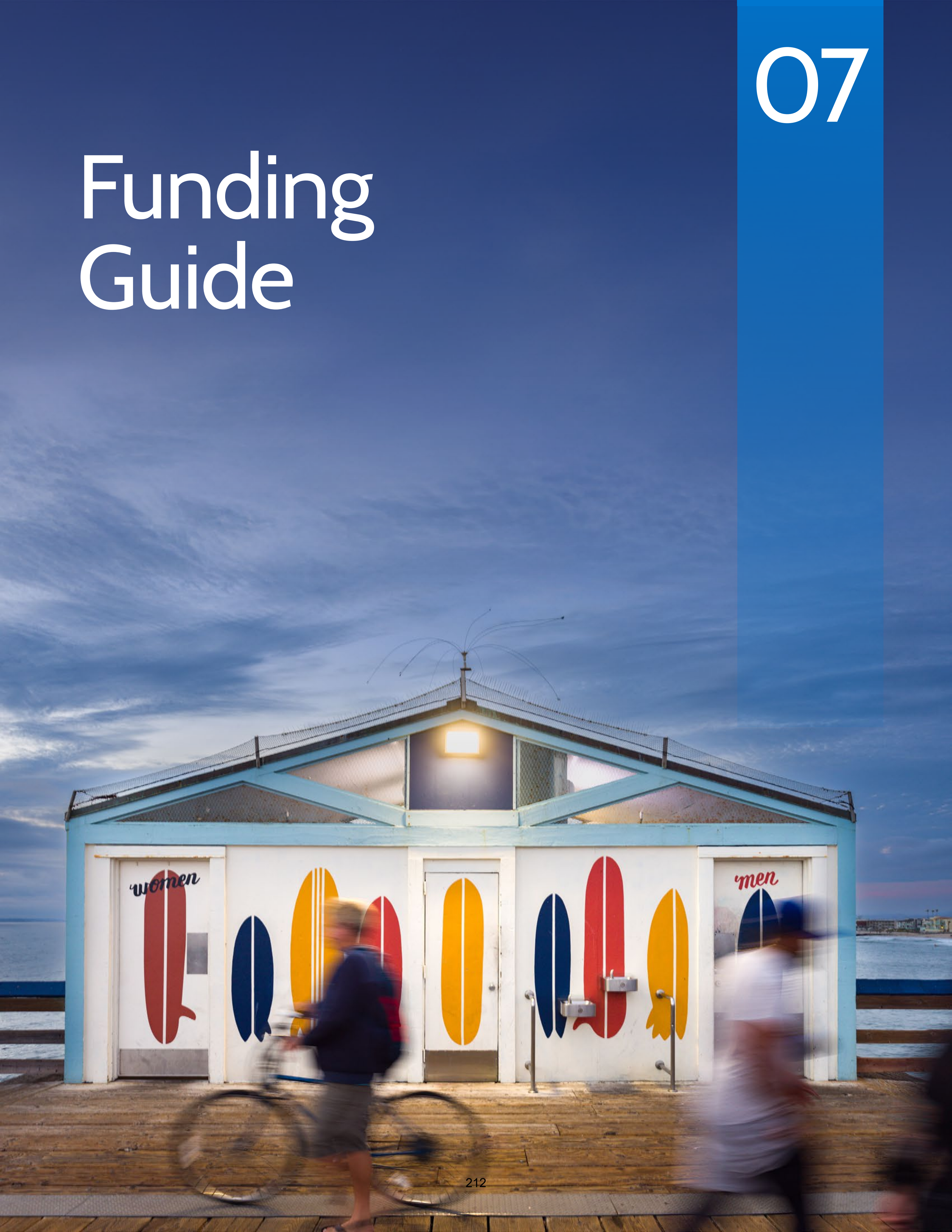
# Funding Guide



# Funding Guide

San Diego Community Power can fund programs in two main ways — through its own internal revenues or by applying for external funding. Funding programs with internal revenues would provide the greatest amount of flexibility for Community Power to design programs in ways that specifically meet community needs; however, as a newer organization, Community Power must also balance building a strong financial foundation, meeting reserve targets, customer affordability and other organizational priorities. In the short term, the amount of revenue that Community Power can direct to customers in the form of programs will be limited, but this amount is expected to grow over time.

Furthermore, internal funding allows maximum flexibility in the planning phase of designing programs and projects, whereby the agency can focus on designing based on community and agency needs rather than the requirements of a funding agency. The planning phase of a program or project also requires less funding when compared with implementation or design and construction.

To maximize impact while building reserve funds, Community Power will need to pursue external funding from sources such as state and federal agencies. External funding takes more work to apply for and administer and is less flexible than internal revenues, but the total dollar amounts from external sources can be much higher. The main sources of external funding include the California Public Utilities Commission and California Energy Commission as well as other state and federal agencies.

## Internal versus External Funding

When considering funding for administering programs, Community Power must evaluate using internal revenues and applying for external funding, which both have impacts that need to be thoroughly considered. Investing internal revenues into programs would be done over other potential organizational priorities. That said, investing revenues back into the community through programs provides arguably the most equitable distribution of revenues to customers and undoubtedly provides the highest level of certainty and flexibility for Community Power to administer programs.

External funding typically uses a competitive bid process, requiring additional resources for application writing and grant tracking and creating risk for long-term program planning due to the uncertainty of grant awards.

Additionally, many of the potentially cumbersome administrative elements of external funding (e.g., reporting, program design and timelines) can be less burdensome when funding programs with internal revenues. This flexibility is particularly important when considering Community Power's equity commitments because external funding sources may have requirements that can make it difficult to effectively deliver programs to customers in Communities of Concern.

Research across the CCA landscape shows a variety of different approaches when considering program funding sources. Some CCAs aggressively spend their own revenues on programs with little use of outside funds due to the administrative burden and complexity associated with external funds, among other reasons. Others spend a relatively limited amount of revenues on programs, instead relying almost solely on external funding sources. As a young organization, Community Power should prioritize finding a middle ground between these two options and adjust its strategy as the organization matures.

In the short term, Community Power has committed to building financial reserves of $575.8 million (180-days cash on hand based on its FY 2024-2025 amended budget), because one of the organization's strategic goals is to obtain a credit rating. This attention to building a strong financial position is important to enable Community Power to effectively meet the long-term needs of the community. As reserve targets are met, the ability of Community Power to invest revenues back into communities through programs will increase.

Meeting financial reserve targets will give Community Power the ability to offer programs with larger budgets and provide financial incentives using internal revenues. Additionally, internal revenues can support increased external funding; for example, by developing pilot programs that can be expanded with external resources, or by supplementing external funding with additional funds to support full project needs. Doing so can make Community Power's internal dollars go farther.

# External Sources

Community Power can apply for funds from a variety of sources to supplement its own investments in programs. These external sources vary in the level of funding resources they provide, the complexity of the application process and the flexibility they offer in how funds are distributed.

New funding opportunities will become available as the budget is allocated through state legislation. Community Power will monitor funding opportunities that are a good fit to pursue, based on community and organizational priorities, and apply for them in the short term, while understanding that funding may not become available until beyond the short term. For some external funding opportunities, Community Power may be able to partner with other regional agencies and partners to share the administrative burden.

Community Power should explore the viability of capturing funding from the sources below.

# Funding Guide

**TABLE 18. COMMUNITY POWER FUNDING GUIDE**

| Funding Source | Description |
|---|---|
| Community Power Operating Transfers | Through the annual budget process, the Community Power Board may approve an appropriation of funds to be out of the operating budget and transferred into the CIP. These funds will remain in a Community Power continuing fund to be used across multiple fiscal years, given that CIP projects generally last longer than one year. |
| CPUC Apply to Administer (ATA) | Community Power could offer energy efficiency programs that do not duplicate SDG&E's current offerings with all programs required to meet strict cost-effectiveness tests. Cost-effectiveness requirements can limit program offerings to residential customers and especially to customers in Communities of Concern. |
| CPUC DAC-GT | The Disadvantaged Communities Green Tariff (DAC-GT) program enables income-qualified residential customers in DACs who may be unable to install solar panels on their roof to benefit from utility-scale clean energy and receive a 20% bill discount. Funding originates from state Greenhouse Gas (GHG) Auction Proceeds and Public Purpose Program funds. |
| CPUC Regional Energy Network (REN) | Public Purpose Program Surcharge funds are available for Regional Energy Networks (RENs). The San Diego Regional Energy Network (SDREN) is an initiative of Community Power, in partnership with the County of San Diego, to offer a portfolio of energy efficiency programs to residents, businesses and public agencies throughout San Diego County. The 10 SDREN programs will be managed by Community Power staff and all activities will be cost recoverable through CPUC funds. SDREN is approved by the CPUC. Program implementation for Phase 1 and Phase 2 is set to begin in Q4 2025. |
| CEC Demand Side Grid Support Program | The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electricity customers who provide load reduction and back-up power generation to support the state's electric grid during extreme heat events. |
| Community Power Revenue Bond | Section 3.2.8 of the JPA states that Community Power at the discretion of the Board may issue revenue bonds and other forms of indebtedness. Upon receipt of an investment-grade credit rating, Community Power may have the ability to issue debt, such as a revenue bond, given that Community Power can demonstrate the ability to meet potential debt payment obligations through the credit rating. Under the Community Power Debt Policy, Community Power may issue a revenue bond in the next five years up to approximately $700 million that will be guided by planning and pilot projects and programs and that will require Board authorization. |

| | |
|---|---|
| CEC Electric Program Investment Charge (EPIC) | The CEC's Electric Program Investment Charge (EPIC) program is a consistent funding opportunity to advance new and innovative clean energy solutions. The EPIC program invests $130 million annually in a variety of technology research. The CEC has awarded EPIC funding to CCAs for various projects. Most notably, Sonoma Clean Power received a $5 million EPIC grant in 2018 to support its Advanced Energy Center and associated energy-efficiency programs. |
| CEC Vehicle-to-Building/ Grid Integration (V2B or V2G) | The CEC is a potential source of funding for Vehicle-to-Building/Grid Integration (V2B or V2G) pilots that will become more valuable to Community Power in the future, from both a customer program perspective and potentially from an energy procurement perspective. |
| CDFA Healthy Refrigeration Grant | The California Department of Food and Agriculture (CDFA) awarded Community Power funding to support Community Power in providing technical assistance and refrigeration units to stock healthy foods in stores throughout Community Power's service territory. |
| Equitable Decarbonization Program | The Equitable Building Decarbonization ("EBD") Direct Install ("DI") Program is a Statewide initiative to accelerate large-scale residential building decarbonization efforts in a just and equitable transition for single-family homes, multifamily properties, manufactured housing and public housing in under-resourced communities in Community Focus Areas. |
| EPA Greenhouse Gas Reduction Fund | The Inflation Reduction Act (IRA) established the federal Environmental Protection Agency's Greenhouse Gas Reduction Fund to provide competitive grants for mobilizing financing and private capital for clean energy projects. The Greenhouse Gas Reduction Fund emphasizes projects that benefit low-income and disadvantaged communities. In 2024, the EPA announced $27 billion awarded in competitive grants and financial and technical assistance to enable communities to deploy or benefit from zero-emission technologies. |
| Other Federal Funds | Community Power is eligible to pursue forms of funding not available to for-profit entities such as traditional investor-owned utilities. Several funding opportunities are now clear to Community Power, and more may arise as details continue to emerge during program development. |
| CEC Demand Side Grid Support Program | The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electric customers that provide load reduction and back-up power generation to support the State's electrical grid during extreme heat events. |
| Distributed Energy Backup Assets (CEC) | The Distributed Electricity Backup Assets (DEBA) Program incentivizes the construction of cleaner and more efficient distributed energy assets that serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. Projects that may be eligible for incentives include efficiency upgrades, maintenance, and capacity additions to existing power generators, as well as new zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities. All funding recipients under the program shall participate as an on-call emergency resource for the state during extreme events. |
| Self-Generation Incentive Program—Residential Solar & Storage Equity (CPUC) | To support customer resiliency and grid reliability, the CPUC has authorized funding of $280 million for SGIP's Residential Solar and Storage Equity budget. This funding includes prioritization of low-income customers to provide bill savings. Paired with the IRA tax credit, the incentive is intended to cover the full system installation cost. |
| Enabling Electric Vehicles as Distributed Energy Resources (CEC) | The purpose of this solicitation is to fund studies and applied research and development (R&D) projects that support the approved Electric Program Investment Charge 2021–2025 (EPIC 4) Investment Plan's strategic objective to increase the value proposition of distributed energy resources to customers and the grid. This solicitation's research topics fall under the EPIC 4 Transportation Electrification Initiative. |

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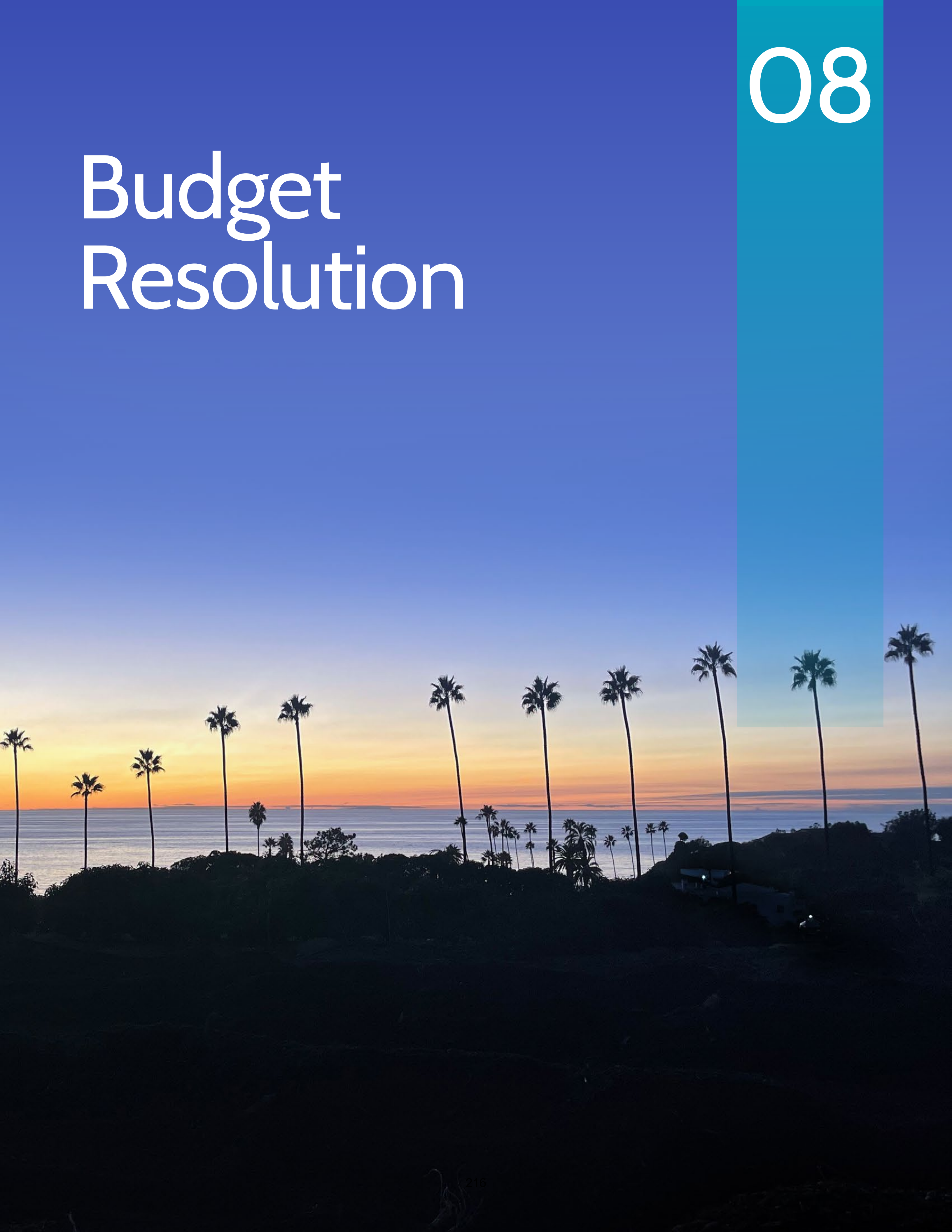
# Budget Resolution



# Budget Resolution *Pending*

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# Acknowledgments

# Acknowledgments

## Finance Department

The San Diego Community Power (Community Power) Finance Department works to maintain a fiscally responsible budget in accordance with Community Power Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build Community Power reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the Community Power Board and staff informed of Community Power's fiscal condition and develops a budget that will ultimately prioritize people, transparency and our communities.

### Board of Directors

Mayor Paloma Aguirre, Chair
Supervisor Terra Lawson-Remer, Vice Chair
Councilmember Sean Elo-Rivera, Director
Councilmember Marco San Antonio, Director
Councilmember Michael Inzunza, Director
Councilmember Genevieve Suzuki, Director
Councilmember Ditas Yamane, Director

### Finance and Risk Management Committee

Councilmember Ditas Yamane, Chair
Councilmember Genevieve Suzuki, Vice Chair
Councilmember Michael Inzunza, Director

### Community Advisory Committee

**CHULA VISTA**
- Anthony Sclafani
- (Vacant)

**COUNTY OF SAN DIEGO**
- Peter Andersen
- Ross Pike

**ENCINITAS**
- Gary L. Jahns
- Tara Hammond

**IMPERIAL BEACH**
- Ilian Sandoval
- Kenneth Hoyt

**LA MESA**
- David Harris
- Shaun Sumner

**NATIONAL CITY**
- Aida Castañeda, Secretary
- Larry Emerson, Vice Chair

**SAN DIEGO**
- Luis Montero-Adams
- Matthew Vasilakis, Chair

### Community Power Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Jack Clark, Chief Operating Officer
Veera Tyagi, General Counsel
Byron Vosburg, Chief Commercial Officer

### Finance Department

Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Tim Manglicmot, Director of Finance
Christopher Stephens, Procurement Manager
Diana Gonzalez, Risk Manager
Mark Alfaro, Finance Manager
Jeb Spengler, Strategic Finance Manager
Christopher Do, Senior Financial Analyst
Julissa Mercedes, Financial Analyst
Kevin Bateman, Financial Analyst

# ITEM 8
# ATTACHMENT 1

**RESOLUTION NO. 2025-06**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER ADOPTING THE FISCAL YEAR 2025-2026 OPERATING BUDGET, THE FISCAL YEAR 2025-2026 CAPITAL BUDGET, AND THE FISCAL YEAR 2026-2030 CAPITAL INVESTMENT PLAN.**

A. San Diego Community Power ("Community Power") is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019, and amended on December 16, 2021, ("JPA Agreement").

B. The JPA Agreement provides that Community Power's fiscal year ("FY") shall be 12 months commencing each year on July 1 and ending on June 30 the following year.

C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

D. The Community Power Board proposes to adopt the FY 2025-2026 Operating Budget and the FY 2025-2026 Capital Budget, attached hereto as Attachment A.

E. The SDCP Board further proposes to adopt the FY 2026-2030 Capital Investment Plan that provides comprehensive five-year plan for Community Power's capital investment expenditures, attached hereto as Attachment B.

F. The FY 2025-2026 Operating Budget, FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan, are based on the reasonable and necessary costs incurred by Community Power to operate and provide electric services, programs, and other offerings to Community Power customers; that the services, programs, and other offerings are reasonable and necessary; and that the costs have a fair and reasonable relationship to the benefit, privilege, service or product provided to the customer.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby adopts the FY 2025-2026 Operating Budget.

Section 2. The Board of Directors hereby adopts the FY 2025-2026 Capital Budget.

Section 3. The Board of Directors hereby adopts the FY 2026-2030 Capital Investment Plan.

Section 4. The Board of Directors finds that the FY 2025-2026 Operating Budget, FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan, are based on the reasonable and necessary costs incurred by Community Power to operate and provide electric services, programs, and other offerings to Community Power customers; that the services, programs, and other offerings are reasonable and necessary; and that the costs have a fair and reasonable relationship to the benefit, privilege, service or product provided to the customer.

Section 5. This resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** at a meeting of the Board of Directors of San Diego Community Power held on ___________________.

AYES:
NOES:
ABSTAINED:
ABSENT:

______________________________
Paloma Aguirre, Chair
Board of Directors
San Diego Community Power

ATTEST:

______________________________
Maricela Hernandez, MMC, CPMC
Secretary, Board of Directors
San Diego Community Power

APPROVED AS TO FORM:

______________________________
Veera Tyagi, General Counsel
San Diego Community Power

# EXHIBIT A

FISCAL YEAR
2025
2026

SAN DIEGO COMMUNITY POWER

# Operating Budget

## Fiscal Year 2025–2026

Resolution 2025-XX

Final Proposed June 26, 2025

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# How to Use This Book

The San Diego Community Power (Community Power) Fiscal Year (FY) 2025–2026 operating budget contains agency budgetary and fiscal policy information as well as detailed operating budgets for agency divisions. The proposed operating budget is organized into the following sections:

## Executive Summary

Includes the Chief Executive Officer's Letter and the Executive Summary of the proposed operating budget and provides a high-level overview of the agency's budget, the changes from the prior year and other high-level details on specific highlights and changes in the proposed operating budget.

## Overview

Provides a high-level overview of Community Power's governance, structure and agency values and priorities.

## Budget Process

Describes the various financial planning and budgeting processes and reports that inform the budget process.

## Budget Overview

Describes the budget in brief, financial data summarizing Community Power's proposed budget, the Capital Investment Plan and the agency's five-year financial plan.

## Budget Information and Summary Tables

Provides technical information on the structure, policies and processes that govern Community Power's budget development and implementation as well as high-level financial data summarizing Community Power's proposed budget. The tables detail changes over a two-year period: FY 2024–2025 Amended Budget and the proposed FY 2025–2026 Operational Budget. The variance column measures the dollar and position differences between fiscal years.

## Operational Budgets

Provides budgetary information and operational priorities for each of Community Power's departments. Department information is organized alphabetically by division name and includes the following information:

- Mission and Services
- Department Highlights
- Professional Services Agreement
- Objective Key Results
- Department Positions
- Organizational Chart — depicts the department's organizational structure
- Budget Data Summary — shows a summary of total expenditures and funded positions

## Additional Resources

Provides additional information, including applicable Community Power policies as well as a glossary of commonly used terms.

# A Letter from the Chief Executive Officer

At San Diego Community Power, we are shaping a future that is both sustainable and equitable. As a not-for-profit public agency and Community Choice Aggregator (CCA), we were created to bring competition to the local energy marketplace, offering cleaner energy at competitive rates and reinvesting revenues back into our communities.

Since launching in 2021, we've grown significantly in both reach and impact. In 2024, we remained focused on our mission: delivering reliable, clean power at competitive rates while advancing programs that make a tangible difference for our customers.

Affordability and long-term value remain central to our strategy. In February 2025, we reduced rates for the second year in a row — thanks to prudent financial planning and favorable market conditions — providing most customers with a discount compared with San Diego Gas & Electric's electricity generation rates.

Every decision we make, from lowering rates to expanding service options, is grounded in the needs of our customers and communities. Last summer, we introduced two new service options: **Power100 Green+**, for commercial customers seeking the highest level of renewable energy, and **PowerBase**, a more affordable option that still meets California's clean energy standards

Even as we deliver near-term savings, we continue to plan for long-term energy security and stability. The broader power market remains volatile, shaped by a constrained statewide resource supply and uncertain federal tax credit and trade policies. Our Power Services team is navigating these challenges through disciplined procurement and long-range planning.

To date, we've executed 17 long-term power purchase and energy storage agreements that will deliver reliable, renewable electricity to nearly 1 million homes and businesses across our region. These investments not only support our goal of 100% renewable energy by 2035, but also help insulate customers from future price spikes.

In 2024, we marked a major milestone with the ribbon cutting of the **Vikings Solar and Storage Project** in Imperial County. Developed by Arevon, with Community Power as the offtaker, Vikings is more than just a solar generation site. As one of the first utility-scale solar peaker plants in the United States, the project is designed to keep the lights on and costs down when demand is at its highest — powering the equivalent of 50,000 San Diego homes with clean, affordable energy. It exemplifies our broader procurement strategy: securing long-term renewable power while creating local and regional economic opportunity.

In addition to expanding customer choice and value, we've made progress on delivering innovative solutions that support customers across the region. Last summer, we launched our largest customer program to date, **Solar Battery Savings**, which offers upfront and performance-based incentives for home battery systems that boost resilience and reduce grid demand during peak hours. The program was recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report* as a model for customer-centered innovation in distributed energy.

We also secured approval from the California Public Utilities Commission to launch the **San Diego Regional Energy Network (SDREN)** in partnership with the County of San Diego. SDREN will generate nearly $125 million in energy efficiency resources for the region through 2027 and marks the final major population area in California to establish a Regional Energy Network.

As we grow, we're also investing in the internal systems and strategic planning necessary to scale effectively, operate efficiently and remain accountable to the public.

The FY 2025–2026 proposed budget reflects these priorities, with a focus on smart investment and sustainable growth:

1. **Expanding Programs and Incentives** — Scaling Solar Battery Savings and launching the SDREN portfolio to support clean energy adoption, equity and resilience
2. **Capital Investment Planning** — Advancing our Capital Investment Plan to guide infrastructure development and ensure transparency
3. **Stable, Competitive Rates** — Maintaining affordability through disciplined operations, long-term procurement and financial foresight
4. **Customer-Centered Services** — Deepening engagement, broadening access and tailoring offerings to meet diverse community needs
5. **Organizational Sustainability** — Strengthening our internal capacity to support long-term strategy and service delivery
6. **Fiscal Sustainability** — Continuing to work toward our reserves goals to ensure long-term financial strength

As we look ahead, our focus remains on driving measurable impact: accelerating the region's clean energy transition, supporting local climate goals and building a more just and resilient energy system. With the continued leadership of our Board of Directors, Community Advisory Committee and dedicated staff, San Diego Community Power is proud to power the path toward a cleaner, more resilient future — together.

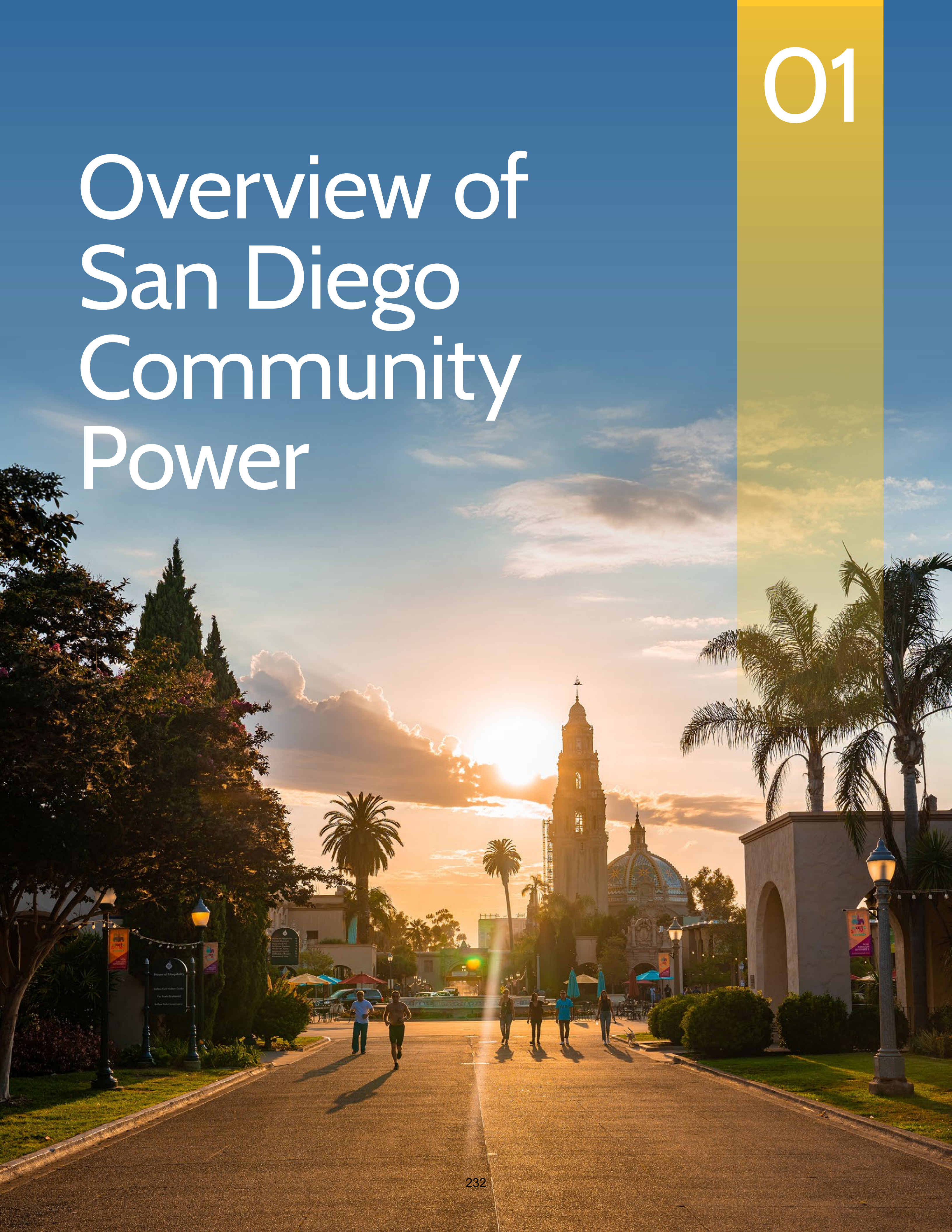
Thank you for your continued trust and partnership.

Karin Burns

Chief Executive Officer
San Diego Community Power

01

# Overview of San Diego Community Power



# Overview of San Diego Community Power

## Who We Are

San Diego Community Power is a Community Choice Aggregator (CCA) that gives customers an option to power their homes and businesses with significantly higher levels of renewable power at competitive rates. Since 2021, Community Power has grown to serve nearly 1 million residential, business and municipal power customers in the cities of San Diego, Chula Vista, Encinitas, Imperial Beach, La Mesa and National City as well as the unincorporated communities of San Diego County.

Community Power is a not-for-profit public agency that provides affordable clean energy and invests in its local communities to create an equitable and sustainable future for the San Diego region.

Learn more at [www.sdcommunitypower.org.](http://www.sdcommunitypower.org)

## Our Story

### FORMATION

With support from local communities, Community Power was established as a Joint Powers Authority by five cities within the San Diego region. Community Power submitted an implementation plan to the California Public Utilities Commission, outlining the intended organizational structure, operations and funding. Once approved, our Board of Directors began to meet regularly, and implementation activities began. In 2020, a sixth city and the County of San Diego elected to join Community Power.

### ENROLLMENT 2021–2023

Through phased enrollment from 2021 through 2023, Community Power gradually became the official clean energy provider for our member agencies. Customers were automatically enrolled in our service and received two notices before and two notices after enrollment.

### TODAY

Community Power serves nearly 1 million customers with competitively priced clean energy; we are beginning to offer customer programs and rebates as well as supporting San Diego County's energy efficiency goals through the San Diego Regional Energy Network (SDREN).

## About Community Choice

San Diego Community Power is a Community Choice Aggregator (CCA) — one of dozens that have formed throughout California over the past 20 years. There are currently 25 CCAs serving over 14 million customers in California.

Through CCAs, communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local clean energy projects and programs on behalf of their residents and businesses. CCAs like Community Power work in partnership with the region's existing investor-owned utilities (SDG&E in our case), which continue to deliver power and maintain the grid.

## How It Works

### Community Power
purchases electricity from renewable sources.

### SDG&E
delivers power and manages services.

### You
enjoy cleaner power at competitive rates.

CCAs are making good on their commitments to invest in new renewable energy facilities throughout California. To date, CCAs have contracted for more than 18,000 megawatts (MW) of new clean generation capacity through long-term power purchase agreements (PPAs) with terms of 10 years or more. CCA PPAs equate to:

- More than 18 gigawatts (GW) of new solar, wind, energy storage, geothermal and demand response resources
- Projects totaling more than 7,900 MW that are already operational and serving CCA customers
- More than $37 billion committed by CCAs to build and operate clean energy resources
- Support for more than 36,000 construction jobs

**FIGURE 1. CCAS IN CALIFORNIA**

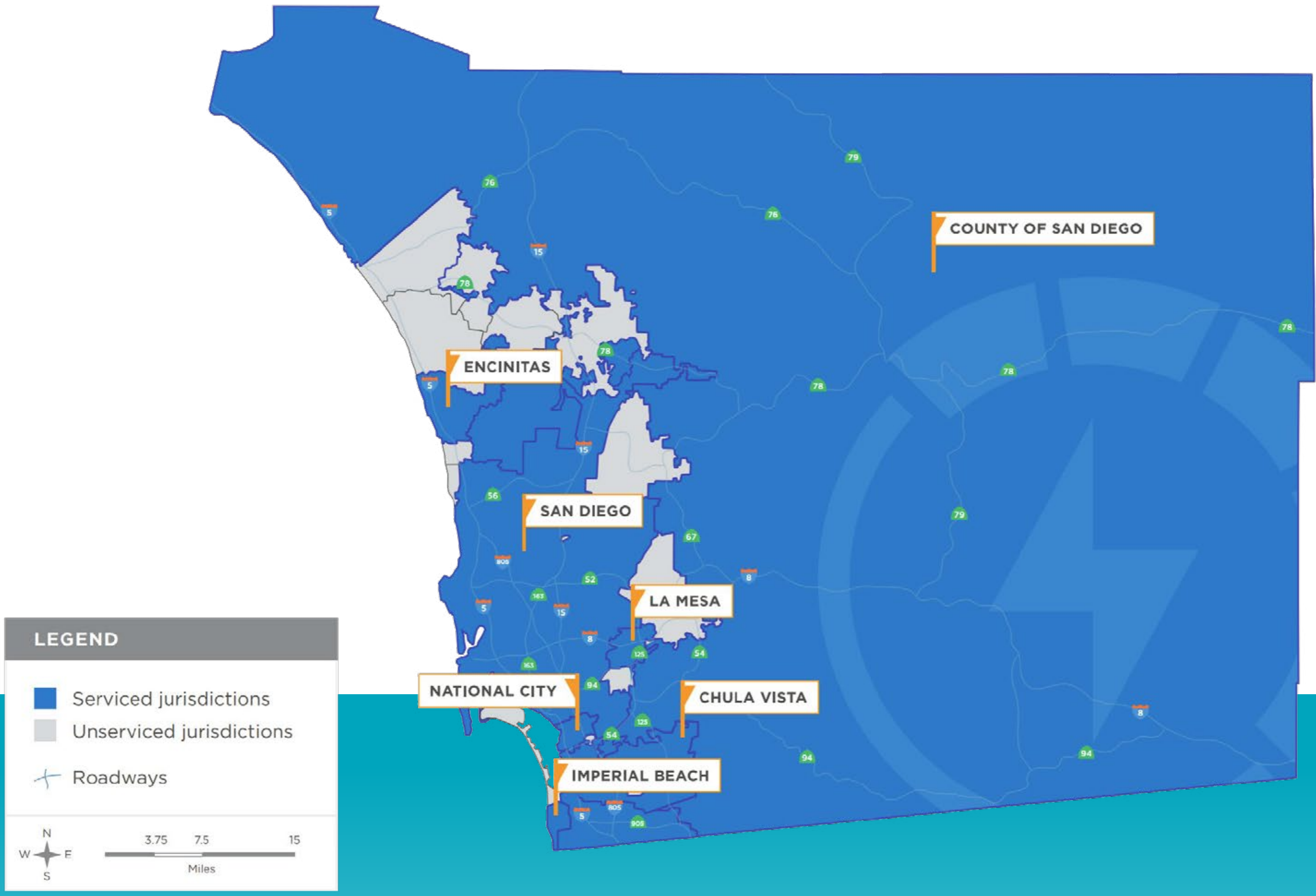
# 02

# Serviced Communities

# Serviced Communities

FIGURE 2. SAN DIEGO MAP IN SAN DIEGO COUNTY

## SERVICE AREA MAP




## County Population

San Diego County is the southernmost major metropolitan area in California and boasts a diverse and vibrant population. According to the State of California Department of Finance, as of May 2022, San Diego County's estimated population on January 1, 2022, stood at 3.29 million. This figure represents a decline of 0.85% (approximately 28,000 individuals) from the January 1, 2021, estimates reported in May 2021. San Diego County ranks as the second-largest California county by population and the fifth-largest county nationwide. These rankings are based on data from the U.S. Census Bureau, which relies on the 2021 population estimate. Looking ahead, population estimates from the San Diego Association of Governments (SANDAG) project significant growth. By the year 2035, the San Diego regional population is expected to reach approximately 3.62 million, reflecting a substantial 28.7% increase compared to the year 2000, or a 10.1% increase compared to the year 2022.

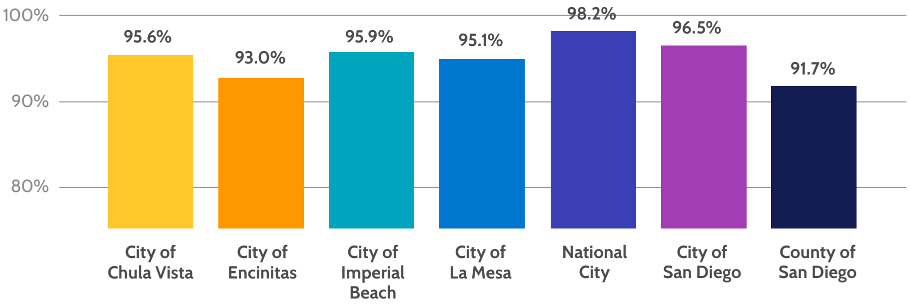
FIGURE 3. SAN DIEGO COUNTY POPULATION

| San Diego County Population | | | | | |
|---|---|---|---|---|---|
| **COUNTY/CITY** | **4/1/2020** | **1/1/2021** | **1/1/2022** | **1/1/2023** | **1/1/2024** |
| San Diego County | | | | | |
| Carlsbad | 115,029 | 115,373 | 115,033 | 115,045 | 114,319 |
| Chula Vista | 275,127 | 275,498 | 275,427 | 276,813 | 278,247 |
| Coronado | 23,504 | 22,415 | 22,082 | 22,272 | 21,589 |
| Del Mar | 3,951 | 3,927 | 3,909 | 3,918 | 3,919 |
| El Cajon | 106,321 | 106,112 | 105,171 | 104,804 | 104,180 |
| Encinitas | 61,506 | 61,593 | 61,283 | 61,254 | 61,028 |
| Escondido | 151,289 | 151,371 | 150,419 | 150,571 | 150,002 |
| Imperial Beach | 26,577 | 26,336 | 26,163 | 26,109 | 26,096 |
| La Mesa | 60,637 | 60,620 | 60,412 | 60,753 | 60,620 |
| Lemon Grove | 27,386 | 27,333 | 27,109 | 27,517 | 27,568 |
| National City | 58,643 | 58,524 | 58,545 | 58,374 | 58,555 |
| Oceanside | 173,283 | 173,354 | 172,463 | 172,186 | 171,483 |
| Poway | 48,781 | 48,637 | 48,515 | 48,620 | 49,273 |
| San Diego | 1,383,020 | 1,377,960 | 1,375,687 | 1,383,623 | 1,385,379 |
| San Marcos | 94,287 | 93,456 | 93,851 | 94,823 | 95,998 |
| Santee | 59,654 | 59,140 | 58,886 | 59,574 | 59,195 |
| Solana Beach | 12,931 | 12,890 | 12,792 | 12,831 | 12,887 |
| Vista | 98,690 | 99,320 | 99,997 | 100,113 | 99,723 |
| Balance of County | 518,018 | 513,021 | 510,986 | 511,223 | 511,040 |
| Incorporated | 2,780,616 | 2,773.859 | 2,767,744 | 2,779,200 | 2,780,061 |
| County Total | 3,298,634 | 3,286,880 | 3,278,730 | 3,290,423 | 3,291,101 |

*Source: U.S. Census, 2010 data; California Department of Finance 2021 estimates as of May 2, 2021, and May 2, 2024.*

## Participation by Jurisdiction

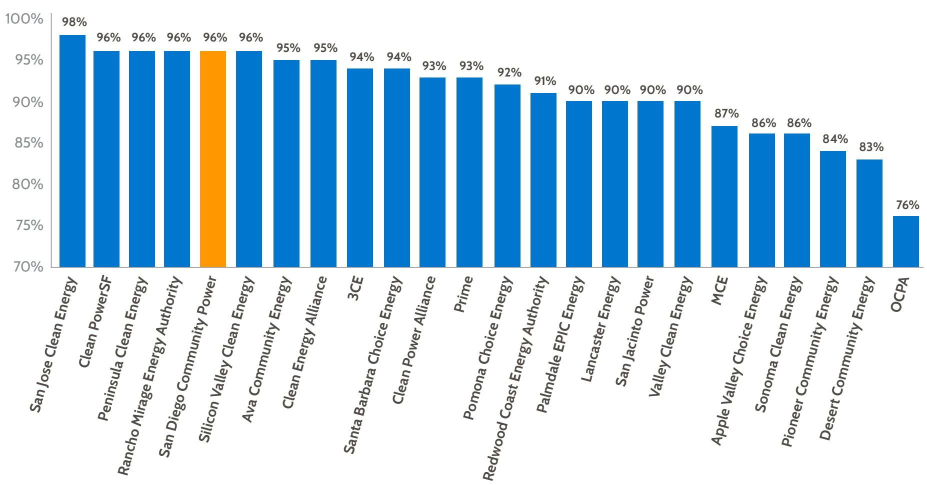
FIGURE 4. PARTICIPATION BY JURISDICTION




| JURISDICTION | SERVICE OPTION DEFAULT | ELIGIBLE ACCOUNTS | ENROLLED ACCOUNTS | PARTICIPATION RATE |
|---|---|---|---|---|
| City of Chula Vista | PowerOn | 98,635 | 94,255 | 95.6% |
| City of Encinitas | Power100 | 28,804 | 26,792 | 93% |
| City of Imperial Beach | PowerOn | 10,852 | 10,403 | 95.9% |
| City of La Mesa | PowerOn | 29,514 | 28,066 | 95.1% |
| National City | PowerOn | 19,431 | 19,085 | 98.2% |
| City of San Diego | PowerOn | 624,704 | 603,071 | 96.5% |
| County of San Diego | PowerOn | 190,214 | 174,419 | 91.7% |
| **Total** | | **1,002,154** | **956,091** | **95.4%** |

## Participation Rates Across CCAs

FIGURE 5. PARTICIPATION RATES ACROSS CCAS




*Source: https://cal-cca.org/. Current as of December 2023.*

FIGURE 6. COMMUNITY POWER MEMBER AGENCIES

The City of SAN DIEGO · CITY OF LA MESA JEWEL of the HILLS · CITY OF Encinitas · CITY OF CHULA VISTA · IMPERIAL BEACH classic southern california · COUNTY OF SAN DIEGO · CALIFORNIA NATIONAL CITY 1887 INCORPORATED

# Governance and Structure

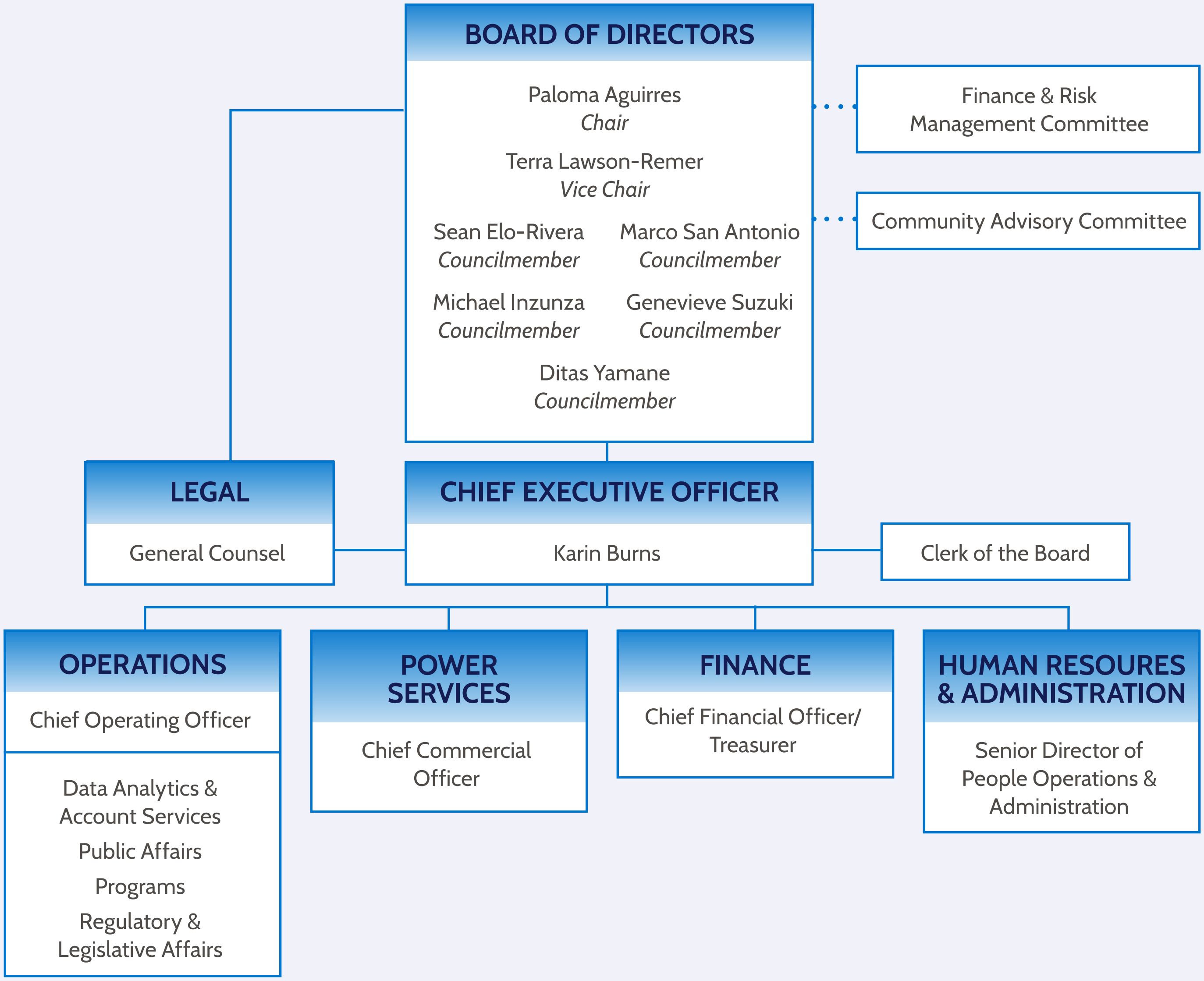
In September 2019, the cities of San Diego, Chula Vista, Encinitas, Imperial Beach and La Mesa adopted an ordinance and resolution to form San Diego Community Power, a California Joint Powers Authority (JPA). In 2021, National City and the County of San Diego voted to join Community Power.

Community Power's Board of Directors is composed of an elected representative from each member jurisdiction, with each member having an alternate from the agency they represent. The Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it establishes policy, sets rates, determines power purchase options and maintains fiscal oversight.

As a public agency, Community Power is designed to be fully transparent with all official meetings and information open or available to the public.

# Organizational Structure

FIGURE 7. ORGANIZATIONAL STRUCTURE




# Executive Team

FIGURE 8. EXECUTIVE TEAM

**Karin Burns**
Chief Executive Officer

**Eric Washington**
Chief Financial Officer and Deputy Chief Executive Officer/ Treasurer

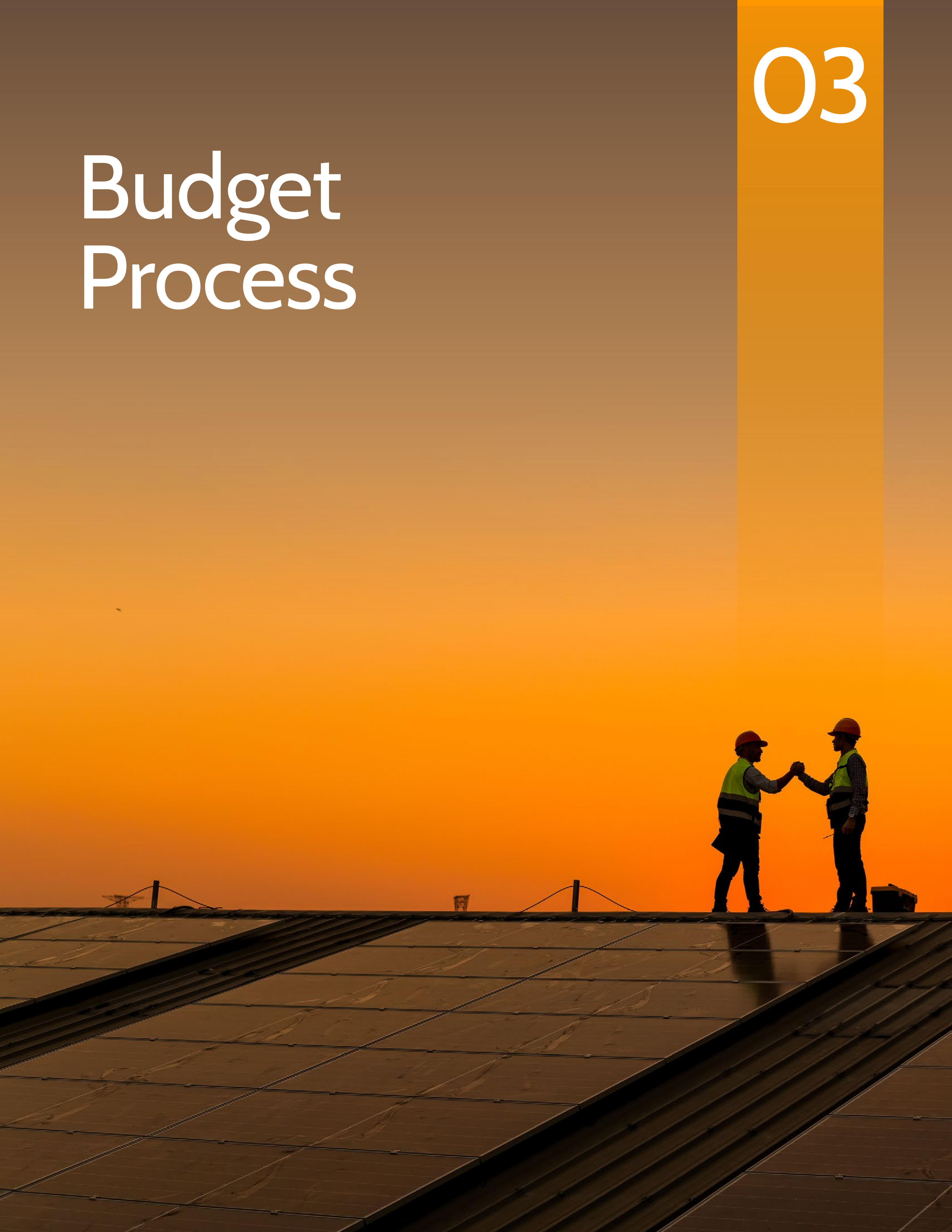
**Jack Clark**
Chief Operating Officer

**Veera Tyagi**
General Counsel

**Vacant**
Chief Commercial Officer

03

# Budget Process



# Budget Process

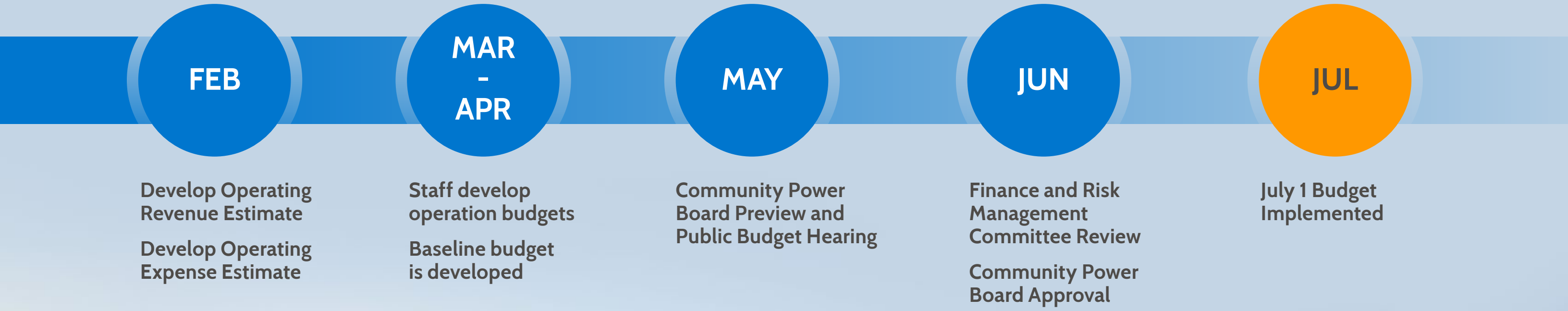
## Annual Budget Cycle

On October 1, 2019, the Founding Members of San Diego Community Power adopted the Joint Powers Agreement (JPA), which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the Community Power Board of Directors (Board) shall adopt an annual budget prior to the commencement of the fiscal year. The JPA further provides that Community Power's fiscal year runs from July 1 to June 30, unless changed by the Board. Section 7.3.1 of the JPA additionally specifies that the Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses.

The Community Power Boards adopted the Community Power Budget Policy on July 28, 2022, which formally outlined the agency's budget preparation steps and timeline. The chief financial officer (CFO) begins the annual budget process in February of each year. The Finance Department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, Community Power staff develops and refines budget proposals in order to develop an initial budget baseline for the Agency's upcoming budget year. The budget is further refined through strategic planning sessions and through the Community Power Finance and Risk Management Committee (FRMC).

The CFO is then required to prepare and submit to the Board a draft proposed budget for the next following fiscal year in May or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues and expenditures. The budget shall be approved by the Board at a public meeting in June or no later than the month immediately preceding the start of the respective fiscal year.

FIGURE 9. TYPICAL ANNUAL BUDGET PROCESS




# Budget Calendar

FIGURE 10. BUDGET CALENDAR

| DATE | MILESTONE |
|---|---|
| January 2025 | Finance Department prepares for February launch of the annual budget cycle. |
| February 2025 | Budget process begins. Initial revenue and expense estimates are developed. |
| March to April 2025 | Departments propose unconstrained expense requests for review. |
| April 2025 | Staff sets initial budget baseline. |
| May 22, 2025 | FY 2025–2026 budget is reviewed by the Board of Directors as an information item. |
| June 12, 2025 | Community Advisory Committee reviews the FY 2025–2026 budget and provides feedback. |
| June 12, 2025 | Finance and Risk Management Committee reviews the FY 2025–2026 budget and provides final feedback. |
| June 26, 2025 | FY 2025–2026 budget is potentially adopted by the Board of Directors as an action item. |
| July 1, 2025 | FY 2025–2026 budget is implemented. |

# Strategic Planning

San Diego Community Power's budgeting process is directly informed by its Strategic Plan — a document co-created by our Board, our CAC, our executives and our team — that translates community priorities into actionable goals. The Strategic Plan is a critical management tool, helping to align resources, guide operational decisions and drive long-term organizational focus across every department and initiative.

Now three years into our first strategic planning cycle, Community Power has reached a pivotal inflection point. Since the adoption of our 2023–2027 Strategic Plan in June 2022 and its subsequent update in April 2023, we've achieved many of the ambitious goals we set, made meaningful progress on others and thoughtfully recalibrated where needed. From October 2024 to March of 2025 we embarked on a revision and update to our strategic plan, setting aggressive new goals while continuing to focus our efforts, build our organization and deliver on the promise of community choice.

What hasn't changed is our mission, vision and core values. These foundational statements continue to guide our work even as we refine our priorities and strategies to reflect new opportunities, challenges and lessons learned. With our team, customer base and clean energy infrastructure significantly expanded, we now turn toward a new two- to three-year horizon — one defined by sustained growth, increased financial responsibility and a deeper investment in the people and systems that power our organization.

As we evolve, we continue to ask a simple but powerful question: Does this activity serve our purpose? Every program, investment and initiative we pursue should answer "yes" to at least one of the following:

- Does it make energy more affordable for our customers?
- Does it make things easier for our customers?
- Does it make our energy more renewable?
- Does it maintain or improve the health of our organization?
- Does it build trust with our communities, stakeholders and local governments?

These questions — and the values underlying them — serve as a filter and a guidepost, helping to ensure that our Strategic Plan remains grounded in what matters most to our customers and communities.

FIGURE 11. SAN DIEGO COMMUNITY POWER MISSION STATEMENT

## Mission Statement

To provide affordable clean energy and invest in the community to create an equitable and sustainable future for the San Diego region.

As part of this new planning phase, Community Power has identified four overarching themes to guide our work:

### Fiscal Sustainability

We remain committed to building strong financial reserves, managing risk and pursuing strategies like clean energy prepay transactions that can reduce long-term costs for customers.

### Infrastructure Investment

This includes both internal infrastructure, such as IT, legal, data and policy capacity, and external infrastructure, including local battery storage, distributed energy resources and virtual power plant development.

### Customer Affordability

Affordability remains the top concern voiced by our community and is front of mind with every power purchase, financial hedge, compliance obligation or additional long-term power resource we contract with to support our short- and long-term procurement efforts. Our additional activities — ranging from the development of targeted rates like PowerBase to launching the San Diego Regional Energy Network — will continue to focus on reducing energy bills while meeting state policy goals.

### People

As we grow, so does our responsibility to ensure a resilient and inclusive workplace culture. We are investing in management training, professional development and succession planning to ensure strong continuity and a high level of staff retention.

Together, these priorities inform the structure of our proposed FY 2025–2026 budget and the evolution of our Strategic Plan. That work is organized around seven long-term Strategic Goals that anchor the agency's planning and performance management. These goals guide not only how we invest our resources but also how we measure our progress as a public agency accountable to the communities we serve.

# Core Strategic Goals

## 1. Fiscal Sustainability

Practice fiscal strategies to promote long-term organizational sustainability.

- Execute at least six clean prepayment transactions over the next three years to generate $30 million in annual power cost savings.
- Obtain a public investment-grade credit rating by November 2027.
- Grow reserves by $150 million to maintain 180 days' cash on hand by December 2027.
- Build a $70 million Rate Stabilization Reserve to mitigate cost volatility.
- Strengthen financial controls across contracting, risk management and procurement.

## 2. Energy Portfolio Development

Provide sufficient, affordable and clean electricity to our customers.

- Reach 100% renewable energy by 2035 with interim goals of 75% by 2027 and 85% by 2030.
- Support development of 1 gigawatt of new local clean energy capacity by 2035, including 300 MW of infill and distributed energy resources (DERs).
- Ensure reliable and cost-effective compliance with all regulatory requirements.
- Create good-paying local jobs in clean energy sectors.

## 3. Community Program Delivery

Implement programs that reduce greenhouse gas emissions, align energy supply and demand and benefit our diverse communities.

- Deliver 150 MW of local DER capacity (of the 300 MW total goal) by 2035 through programs like Solar Battery Savings.
- Launch all San Diego Regional Energy Network (SDREN) programs by FY 2026.
- Implement a robust program evaluation framework by FY 2026.
- Expand external funding for clean energy programs.

## 4. Legislative and Regulatory Advocacy

Advance policies that support Community Power's mission and customer goals.

- Educate policymakers and regulators to influence outcomes consistent with our policy platform.
- Support and sponsor legislation aligned with our values and needs.
- Remain an active participant in coalitions such as CalCCA to amplify our voice.
- Strategically pursue public funding aligned with agency goals.

## 5. Trusted Brand Building

Build a trusted brand that supports engagement, participation and program success.

- Position San Diego Community Power as a collaborative public agency rooted in transparency.
- Grow the Power Network of nonprofit and community-based partners to expand community reach.
- Elevate brand awareness through education and outreach.
- Empower customers to take advantage of savings and services through awareness, education and ongoing communication programs.

## 6. Customer Care

Ensure high customer satisfaction and retention.

- Refine rate structures to balance affordability, clean energy and fiscal prudence.
- Resolve SDG&E billing issues and improve customer experience.
- Explore options for a best-in-class customer service model.
- Address arrearages and connect customers to available resources.

## 7. Organizational Excellence

Foster an innovative, inclusive and resilient workplace.

- Transition into a learning organization by late 2026 with robust staff development.
- Maintain a high level of employee satisfaction through engagement and continuous feedback.
- Launch a new internship program for local college students by FY 2027.

FIGURE 12. SAN DIEGO COMMUNITY POWER VISION STATEMENT

## Vision Statement

A global leader inspiring innovative solutions to climate change by powering our communities with 100% clean energy while prioritizing equity, sustainability and high-quality jobs.

## Core Strategic Goals

1. Fiscal Sustainability
2. Energy Portfolio Development
3. Community Program Delivery
4. Trusted Brand Building
5. Legislative and Regulatory Advocacy
6. Customer Care
7. Organizational Excellence

# Community Outreach Strategy

As a public agency with a deep commitment to transparency and community accountability, San Diego Community Power approaches outreach not as a one-time event, but as a continuous, year-round effort. Our budget process is informed by this ongoing engagement with customers, stakeholders and local leaders, ensuring our financial planning reflects the needs and priorities of the people we serve.

## Public Meetings and Oversight

Core to our transparency is the public nature of our governance. Per our [Rate Development Policy], rate setting is done via a public process, developed by staff and ultimately approved by our Board of Directors (Board) — all through open meetings where the public is invited to participate. Our Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it not only sets rates, but also establishes policy, determines power options and maintains fiscal oversight. Similarly, our Board is informed by a subset of members on the Finance and Risk Management Committee (FRMC), and the Community Advisory Committee (CAC) advises the Board and provides a venue for ongoing citizen support and engagement in Community Power. These monthly public forums offer meaningful opportunities for community input and serve as a foundation for budget development and agency decision-making.

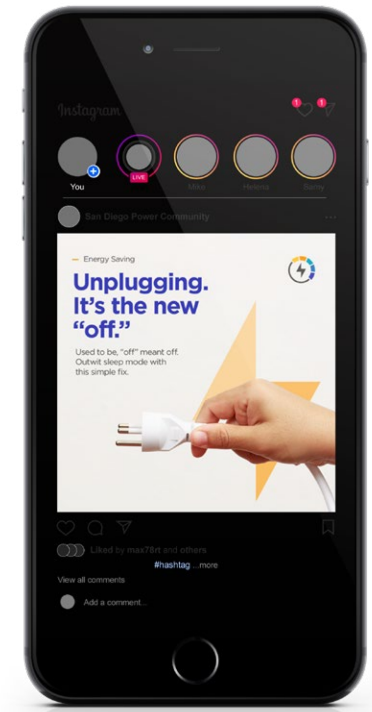
## Customer Notices and Transparency Tools

We also ensure customers have access to clear and timely information about their energy service. The annual Joint Rate Comparison — published in coordination with SDG&E — provides side-by-side rate and service comparisons to help customers make informed choices. Similarly, our Power Content Label offers a breakdown of the energy sources we procure on behalf of our customers, highlighting our commitment to cleaner energy and sustainability.

Our website is another key transparency tool, offering customers easy access to rate options, program details, meeting materials and more. Specifically, the bill comparison calculator offers customers an opportunity to evaluate Community Power rates alongside those of SDG&E. As part of our continued commitment to improving the customer experience, we are currently undertaking a website redesign to make resources easier to find, understand and apply.

## Targeted Outreach and Engagement

Beyond formal governance, Community Power regularly provides updates to our member agencies and their elected





FIGURES 13 & 14. SOCIAL MEDIA OUTREACH

bodies, including 2025 updates, which are currently underway. These presentations offer a transparent look at our progress, priorities and evolving initiatives.

We also continue to expand and refine our outreach efforts across the service territory to engage more residents and businesses. In 2024 alone, Community Power participated in more than 151 community events, resulting in 18,539 unique interactions with the public through in-person engagement. These efforts are bolstered by strategic partnerships, sponsorships and targeted media outreach, including our ongoing partnership with CBS 8's "Working for Our Communities" campaign, which helps us reach new audiences and share critical information about our programs and services.

Our quarterly newsletter provides regular updates on new initiatives, energy-saving tips and agency milestones. One of our more impactful recent engagement efforts has been the launch of a comprehensive customer feedback survey as part of our brand refresh and website redesign. This survey invites customers to share their priorities, service expectations and clean energy goals — insights that will help shape future programs and guide long-term planning.

Together, these efforts create a strong feedback loop between our agency and the public, ensuring our budget reflects both fiscal responsibility and community values and that every customer has a voice in building a clean, affordable and equitable energy future for our region.

FIGURES 15, 16 & 17. COMMUNITY OUTREACH AND EDUCATION



04

# Budget Guidelines

# Budget Guidelines

## Joint Powers Agreement

On October 1, 2019, the Founding Members of Community Power adopted the Joint Powers Agreement (JPA), which was amended and restated on December 16, 2021. Several sections of the JPA guide the development and management of the budget.

Section 4.6 Specific Responsibilities of the Board. The specific responsibilities of the Board of Directors (Board) shall be as follows:

4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.

Section 7.2 Depository

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

Section 7.3 Budget and Recovery Costs

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of Community Power shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the Community Power Board shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

On July 28, 2022, the Community Power Board adopted the Community Power Budget Policy, which outlined the timeline for annual budget preparation and for discretionary budget adjustments. This Policy was adopted pursuant to Government Code Section 6508 *et seq*.

## Budget Policy

**Discretionary Budget Adjustments.** The CEO or CFO will have the discretion to authorize expense transfers from line items between and within Community Power's Budget Level 2 categories as established and approved in the annual budget process by the Community Power Board, provided that net transfers total $150,000 or less from the budget category.

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

A budget amendment is expected to occur in February of each calendar year to adjust the original appropriation as necessary and in alignment with Community Power's rate-setting policy in which Community Power's rates are expected to be adjusted in January, the month prior.

**Balanced Budget.** A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year-end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

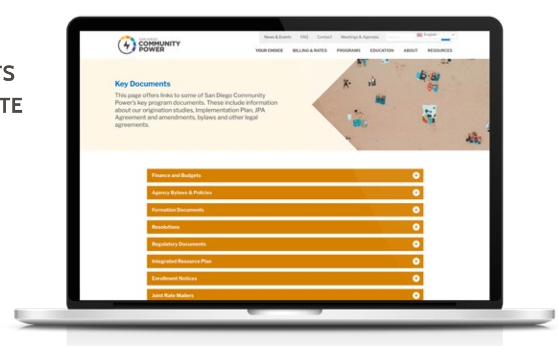
The Agency also maintains several policies posted to its Key Documents page on its website that provide further fiscal guidance.

- Budget Policy
- Financial Reserves Policy
- Procurement Policy
- Debt Policy
- Investment Policy
- Rate Development Policy

Other related policies that may directly affect Community Power's finances include:

- Energy Risk Management Policy
- Delegated Contract Authority
- Total Compensation Policy
- Board and Committee Compensation Reimbursement Policy
- Net Energy Metering (NEM) Program Policy
- Sponsorship Policy
- Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) Tariff Terms and Conditions of Service+
- Net Billing Tariff (NBT)
- Collections and Delinquent Accounts Policy
- Member Agency Grant Program Policy

FIGURE 18.
KEY DOCUMENTS
PAGE ON WEBSITE



# Budget Structure

Community Power's basis of budgeting is the accrual method. This method means planning that includes revenues and expenses in the budget of the year in which the underlying economic events are expected to occur, not necessarily in the year in which the related cash is expected to be received or paid.

Community Power's basis of accounting, similarly, in its financial statements is as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

# Department Hierarchy

Community Power's budget is developed as a line-item budget and is organized by department to indicate the agency's organizational responsibility.

FIGURE 19. BUDGET STRUCTURE — DEPARTMENT HIERARCHY

| DEPARTMENT |
|---|
| **Executive** |
| **Finance** |
| **Power Services** |
| **Legal** |
| **Human Resources and Administration** |
| **Operations** |
| Data Analytics & Customer Operations |
| Public Affairs |
| Programs |
| Regulatory & Legislative Affairs |

# Budget Level Hierarchy

Additionally and separately, the budget is also organized by budget levels to organize expenses into relevant, related categories.

## 1. Operating Revenues

For the first time since conception, Operating Revenues allow for revenues from sales of electricity to customers completed. Assumptions include an overall 5% opt-out rate.

## 2. Operating Expenses

Community Power's operating expenses fall into five categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

I. **Cost of Energy —** Includes all the various services purchased from the power market through our suppliers to supply energy to Community Power's customers.

II. **Personnel —** Includes salaries, payroll taxes, benefits, and excused absence and paid time off for staff. The recruitment strategy includes the addition of approximately seven new staff members during the FY 2025–2026 budget cycle.

III. **Professional services and consultants —** Includes SDG&E billing service fees, data management fees from Calpine, technical support (for rate setting, load analysis, energy scheduling, etc.), legal/regulatory services and other general contracts related to IT services, audits and accounting services. Funding is also included for a program consultant to guide future program investments in the community. Professional services and consultants are further broken down into these Budget Level 3 categories:

   a. Data Management
   b. SDG&E Fees
   c. Technical Support
   d. Legal/Regulatory
   e. Other Services
   f. Programs Consultants

IV. **Marketing and Outreach —** Includes expenses for mandatory enrollment notices, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of Community Power. Marketing and outreach are further broken down into these Budget Level 3 categories:

   a. Printing
   b. Sponsorships and Local Memberships
   c. Communications Consultants

V. **General and Administration —** Costs include leasing office space, industry fees or memberships (e.g., bank fees, CalCCA dues), equipment and software as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, logo gear, and team building.

VI. **Programs —** Includes funding to support initial pilot programs, grants to community organizations, investments that generate equitable energy-related benefits, education campaigns, opportunities for increased collaboration with member agencies and funding for a potential new CPUC energy-efficiency program.

## 3. Non-Operating Expenses

Community Power's budget also includes non-operating expenses related to interest and related expenses used to finance its operations. These costs comprise repayment of loan principal associated interest costs as well as potential renewal fees on debt or letters of credit.

## 4. Capital Investment Plan (CIP)

Community Power's budget also includes non-operating expenses related to a Capital Investment Plan. These expenses may be paid with internal or external fund sources and are considered one-time projects or programs. The first year of the CIP is the agency's capital budget.

**FIGURE 20. BUDGET STRUCTURE — BUDGET LEVEL HIERARCHY**

| BUDGET LEVEL 1 | BUDGET LEVEL2 | BUDGET LEVEL 3 |
|---|---|---|
| Revenue | Gross Ratepayer Revenues | Gross Ratepayer Revenues |
| Revenue | (Less 1.75% Uncollectible Customer Accounts) | (Less 1.75% Uncollectible Customer Accounts) |
| Operating Expenses | Cost of Energy | Cost of Energy |
| Operating Expenses | Personnel Costs | Salaries |
| Operating Expenses | Personnel Costs | Benefits (retirement/health) |
| Operating Expenses | Personnel Costs | Payroll Taxes |
| Operating Expenses | Personnel Costs | Accrued PTO |
| Operating Expenses | Professional Services and Consultants | Legal/Regulatory |
| Operating Expenses | Professional Services and Consultants | Technical Support |
| Operating Expenses | Professional Services and Consultants | Programs Consultant |
| Operating Expenses | Professional Services and Consultants | Other Services |
| Operating Expenses | Professional Services and Consultants | SDG&E Fees |
| Operating Expenses | Professional Services and Consultants | Data Management |
| Operating Expenses | Professional Services and Consultants | Contingency |
| Operating Expenses | Marketing and Outreach | Communications Consultants |
| Operating Expenses | Marketing and Outreach | Printing |
| Operating Expenses | Marketing and Outreach | Sponsorships/Local Memberships |
| Operating Expenses | General and Administration | CalCCA Dues |
| Operating Expenses | General and Administration | Insurance |
| Operating Expenses | General and Administration | Rent |
| Operating Expenses | General and Administration | Other G & A |
| Operating Expenses | Programs | Programs |
| Non-Operating Expenses | Debt Service | Interest and Related Expenses |
| CIP | CIP | CIP |

# Fund Structure

A fund is defined as a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources together with related liabilities. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Community Power has two types of funds:

1. **Operating Fund** — Accounts for activities that are supported by ratepayer funds. All of Community Power's general operating activities are included in the Operating Fund, which functions very similarly to the enterprise fund of a city or county. The Operating Fund is the primary fund of Community Power and is considered an annual fund in which all unused funds at the end of a fiscal year revert to the agency's fund balance.

   The only source for the Operating Fund is from ratepayer funding. Community Power believes strongly in maintaining a structurally balanced budget in which all ongoing operating activities are supported only by stable, ongoing revenue such as ratepayer funding.

   Community Power offers four service levels to its customers that, taken together, ultimately comprise the source of ratepayer funds for the agency:

   1. **PowerOn**, our standard service offering that provides 55% renewable power (and 11.7% carbon free) and provides a 3% discount compared with SDG&E's rates
   2. **Power100**, our premium service that provides customers with 100% renewable and carbon-free energy and is currently priced at a $0.01/kWh added to the PowerOn service
   3. **Power100 Green+**, our stand-alone 100% renewable and carbon-free service that is Green-e® certified, available only to commercial and industrial customers and currently priced at a $0.02/kWh adder to the PowerOn service
   4. **PowerBase**, our most affordable service option with renewable content that is intended to meet or exceed that of SDG&E whenever possible and provides customers with a 5% discount compared with SDG&E's rates currently in effect as of February 1, 2025

2. **Continuing Fund** — Accounts for one-time activities in Community Power's Capital Investment Plan and that are supported by one-time funds. The Continuing Fund is considered a continuing fund in which all unused funds at the end of the fiscal year continue to the next fiscal year. This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for governmental capital assets or other one-time efforts.

   Community Power's Continuing Fund is composed of the following revenue sources:

   - **Community Power Operating Transfers —** Through the annual budget process, the Community Power Board may approve an appropriation of funds to be transferred out of the operating budget and transferred into the CIP. These funds will remain in a Community Power continuing fund to be used across multiple fiscal years given that CIP projects generally last longer than one year.
   - **California Public Utilities Commission (CPUC) DAC-GT —** The Disadvantaged Communities Green Tariff DAC-GT program enables income-qualified, residential customers in DACs who may be unable to install solar on their roof to benefit from utility-scale clean energy and receive a 20% bill discount. Funding originates from state Greenhouse Gas (GHG) Auction Proceeds and Public Purpose Program funds.
   - **CPUC Regional Energy Network (REN) —** Public Purpose Program Surcharge funds are available for RENs. On August 7, 2024, the CPUC issued Decision 24-08-003, which approved and authorized Community Power's San Diego Regional Energy Network (SDREN) as a new Energy Efficiency Portfolio Administrator. This decision approved Community Power's application in its entirety, including 2024–2027 energy savings goals and funding, as well as a 2024–2031 Strategic Business Plan. SDREN will offer 10 energy-efficiency programs across San Diego County. These programs will be available, regardless of service provider and will focus on achieving energy savings, reducing emissions, enhancing grid reliability and educating customers on how to reduce energy usage.
   - **California Department of Food and Agriculture (CDFA) Healthy Refrigeration Grant —** The CDFA notified Community Power that it was awarded partial funding in the amount of $710,000 to support Community Power in providing technical assistance and refrigeration units to stock healthy foods at stores throughout Community Power's service territory.

FIGURE 21.
COMMUNITY POWER FUND STRUCTURE

| FUND STRUCTURE |
| --- |
| Operating Fund |
| Continuing Fund |

FIGURE 22.
COMMUNITY POWER FUND AND BUDGET LEVEL HIERARCHY RELATIONSHIP

| FUND STRUCTURE | BUDGET LEVEL 1 |
| --- | --- |
| Operating Fund | Operating Revenue |
| Operating Fund | Operating Expenses |
| Operating Fund | Non-Operating Expenses |
| Continuing Fund | CIP Revenue |
| Continuing Fund | CIP Expenses |

# FY 2025-2026 Budget Principles

FIGURE 23. BUDGET PRINCIPLES

### Fiscal Responsibility
Maintain a **fiscally responsible budget** in accordance with Community Power Budget Policy.

### Sufficient Funding
Ensure **sufficient funding** to meet procurement needs, sustain operational needs and support sustained growth while delivering clean energy to the communities we serve.

### Build Community Power Reserves
**Build Community Power reserves** and develop policies that **consider future economic conditions**.

### Understandable and Transparent
Provide an **understandable** and **transparent** operating budget for internal and external users.

### People and Community
Develop a budget that will ultimately **prioritize people** and our **communities**.

### Informed
Keep the Community Power Board of Directors and staff informed of Community Power's fiscal condition.

05

# Budget Overview

# Budget Overview

## Budget in Brief

The proposed FY 2025–2026 Operating Budget is the second full fiscal year of full enrollment from Community Power's member jurisdictions, inclusive of net-energy metering customers, within the San Diego region. This budget therefore provides the second year of representation in anticipated full revenues and expenses, moving forward.

As Community Power has scaled to full enrollment, the agency has thoughtfully grown to 87 staff in the current fiscal year. Total staffing for the FY 2025–2026 period includes eight positions that are externally funded and in the Capital Investment Plan (CIP), and 86 positions supporting core operations. By the end of FY 2025–2026, Community Power is expected to have a similar operating budget and staffing levels compared to its peer CCAs of similar customer and load size. Additionally, by the end of FY 2025–2026, Community Power is likely to achieve its strategic goal of having 180 days' cash on hand, which will equip Community Power to earn and maintain a credit rating. This can translate to Community Power being better positioned to negotiate and secure better and more favorable terms in our Power Purchase Agreements that can help reduce electricity rates for customers in the long term while also protecting the long-term solvency of Community Power. Given the positive financial landscape, Community Power expects to maintain minimal, if any, debt during the fiscal year and does not anticipate needing to use its credit facility to finance operations in FY 2025–2026.

The Proposed FY 2025–2026 Operating Budget furthermore includes continued outreach through community events, sponsorships and advertising to inform customers about Community Power.

Lastly, this budget continues to include a CIP that shifts one-time revenue and one-time expenses from programs and projects over multi-year periods from the operating budget to the CIP.

## Proposed Operating Budget

The Community Power FY 2025–2026 Proposed Operating Budget is presented in further detail in the following pages. The table below summarizes the revenue and expense budgets proposed for FY26 in comparison to the FY25 and FY24 Amended Budgets.

**TABLE 1. OPERATING BUDGET OVERVIEW***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Gross Revenue | 1,365.7 | 1,233.4 | 1,221.0 |
| Less Uncollectible Accounts | (61.4) | (54.5) | (21.4) |
| Net Operating Revenues | 1,304.3 | 1,177.9 | 1,199.6 |
| | | | |
| Cost of Energy | 1,020.8 | 1,073.7 | 956.7 |
| Non-Energy Costs | 43.8 | 53.8 | 54.3 |
| Subtotal Operating Expense | 1,064.6 | 1,127.5 | 1,010.9 |
| | | | |
| Debt Service | 2.4 | 1.3 | 1.9 |
| Capital Investment Program (Transfer Out) | 4.7 | 15.2 | 22.2 |
| Total Expenses | 1,071.0 | 1,143.9 | 1,035.0 |
| | | | |
| Net Position | 233.3 | 34.0 | 164.6 |

**Amounts displayed in millions of dollars*

# Operating Revenue

San Diego Community Power operates as a Joint Powers Authority (JPA), providing clean energy to residents and businesses within its service area. Revenue is generated primarily through electricity sales, with a core financial principle of maintaining a balanced budget. This requires electricity sales revenue to cover power generation costs — especially from renewable sources — and operational expenses. Financial sustainability is also pursued through strategies like building reserves.

Generally, operating revenue through electricity sales is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying the Board-approved generation rates to the energy load; and 3) applying a 1.75% uncollectible rate based on revenue that Community Power does not expect to collect — the result is Community Power's operating revenue for the fiscal year.

As a JPA, Community Power functions under distinct governing principles, unlike investor-owned utilities. Its primary goal is to deliver affordable, renewable power to diverse customers, ranging from large commercial and industrial entities to individual residential customers, including those with financial constraints. Affordability for our communities is highly valued, significantly shaping operational and rate-setting decisions.

The latest financial projections, through January 2025, informed Community Power's rate-setting process. The staff-recommended rates were developed to reasonably and appropriately cover operational expenses and projected revenues for fiscal years 2024–2025 and 2025–2026. These rates aim to balance customer affordability with the need to generate sufficient revenue to cover annual power supply and operating costs, debt service and a planned reserve margin contribution, ultimately achieving a balanced budget. The rate recommendations also allow Community Power to balance affordability for customers while maintaining reserves and progressing toward its 180-day cash-on-hand and reserve stabilization goals. Achieving these reserve targets is not feasible with additional rate discounts beyond the proposed rates. Furthermore, the proposed rates and reserve targets enable Community Power to meet key metrics for achieving an investment-grade credit rating, which is crucial for rate competitiveness by securing favorable terms for power procurement and credit activities. Finally, the adopted rates ensure compliance with financial covenants in agreements with JP Morgan Chase Bank (Revolving Credit Agreement), River City Bank (Security Agreement) and various power purchase agreements.

Community Power's retail sales of electricity are composed of four rate products.

**FIGURE 24. COMMUNITY POWER'S RATE PRODUCTS***

| Power100 Green+ | Power100 | PowerOn | PowerBase |
|---|---|---|---|
| PowerOn + $0.02 per kWh | PowerOn + $0.01 per kWh | $0.163 per kWh** | $0.160 per kWh** |
| 100% renewable, carbon-free, Green-e certified for businesses looking to meet LEED standards | 100% renewable and carbon-free for residents and businesses who want to minimize their carbon footprint and support a clean energy future | 55% renewable content at a competitive price compared with SDG&E's service that is the default rate for most Community Power customers | 45% renewable and 5% less expensive than SDG&E's default service |

**Prices valid as of February 1, 2025*

***Average rate across all Community Power rate schedules*

**FIGURE 25. COMMUNITY POWER REVENUE TREND**

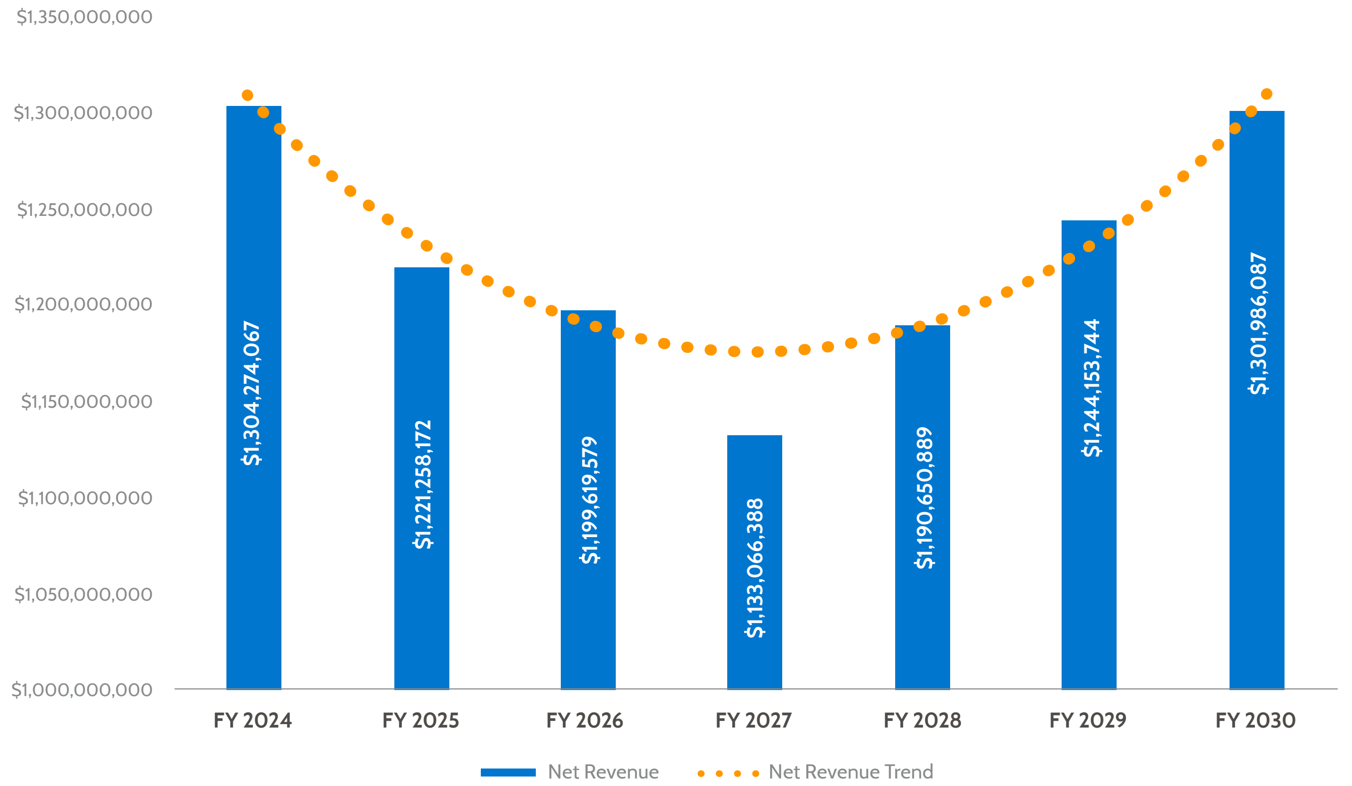



Table 2 summarizes the revenues for the FY24 Amended Budget, FY25 Amended Budget and FY26 Proposed Operating Budget.

**TABLE 2. OPERATING REVENUE BY BUDGET LEVEL 2***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Gross Ratepayer Revenues | 1,365.7 | 1,243.0 | 1,221.0 |
| (FY24 Less 4.5% Uncollectible Customer Accounts; FY25 & FY26 Less 1.75%) | (61.4) | (21.8) | (21.4) |
| **Net Operating Revenues** | **1,304.3** | **1,221.2** | **1,199.6** |

**Amounts displayed in millions of dollars*

# Operating Expenses

Expenses in the Community Power Operating Budget fall into five budget level 2 categories: cost of energy, personnel costs, professional services and consultants, marketing and outreach, and general and administration.

Table 3, below, summarizes the expenses for the FY24 Amended Budget, FY25 Amended Operating Budget and FY26 Proposed Operating Budget.

**TABLE 3. OPERATING EXPENSES BY BUDGET LEVEL 2***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Cost of Energy | 1,020.8 | 1,116.8 | 956.7 |
| Professional Services and Consultants | 22.3 | 24.3 | 24.6 |
| Personnel Costs | 11.7 | 18.6 | 21.1 |
| Marketing and Outreach | 2.9 | 3.0 | 2.6 |
| General and Administration | 6.8 | 4.9 | 5.9 |
| Programs | 0.1 | 0.0 | 0.0 |
| **Subtotal Operating Expenses** | **1,064.7** | **1,167.6** | **1,010.9** |
| Interest and Related Expenses | 2.4 | 1.3 | 1.9 |
| Capital Investment Program (Transfer Out) | 4.6 | 18.2 | 22.2 |
| **Total Expenses** | **1,071.7** | **1,147.1** | **1,035.0** |

**Amounts displayed in millions of dollars*

# Operating Expenses by Department

Table 4, below, summarizes the FY26 Proposed Operating Budget expenses by department. Several new departments were established as part of the development of the FY26 Proposed Operating Budget and therefore a comparison is not shown for the prior year.

**TABLE 4. OPERATING EXPENSES BY DEPARTMENT**

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Power Services | 1,022.4 | 1,118.9 | 958.6 |
| Operations | 16.3 | 20.6 | 22.6 |
| Customer Operations | 18.1 | 19.3 | 19.8 |
| Finance | 3.3 | 2.1 | 3.4 |
| Public Affairs | 1.5 | 1.8 | 1.9 |
| IT and Data Analytics | 1.0 | 1.4 | 1.6 |
| Regulatory and Legislative Affairs | 1.1 | 0.7 | 0.7 |
| Human Resources and Administration | 0.9 | 0.7 | 0.7 |
| Legal | 0.0 | 1.8 | 1.4 |
| Programs | 0.1 | 0.0 | 0.0 |
| Executive Team | 0.0 | 0.2 | 0.2 |
| **Total Expenses** | **1,064.7** | **1,167.6** | **1,010.9** |

*Amounts displayed in millions of dollars*

# Personnel by Department

Table 5, below, summarizes the actual personnel at the end of FY25 and the full-time equivalent (FTE) personnel in the FY26 Proposed Operating Budget. While personnel may be authorized, they may not yet be filled. Detailed information showing filled and proposed FTE transfers by department is included in the following Section. All of the Personnel budget is included within the Operations department.

**TABLE 5. PERSONNEL BY DEPARTMENT**

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| **Operating Fund** | | | |
| Power Services | 17.0 | 16.0 | 17.0 |
| Executive | 1.0 | 5.0 | 5.0 |
| Public Affairs | 11.0 | 12.0 | 13.0 |
| Programs | 6.0 | 12.0 | 14.0 |
| Finance | 7.0 | 9.0 | 10.0 |
| Customer Operations | 6.0 | 8.0 | 5.0 |
| Operations | 6.0 | 5.0 | 4.0 |
| IT and Data Analytics | 6.0 | 9.0 | 12.0 |
| Regulatory and Legislative Affairs | 5.0 | 5.0 | 5.0 |
| Human Resources and Administration | 3.0 | 4.0 | 6.0 |
| Legal | 1.0 | 2.0 | 3.0 |
| Subtotal Operating FTEs | 70.0 | 87.0 | 94.0 |
| | | | |
| **External Funding (CIP)** | | | |
| Programs | 1.0 | 3.8 | 5.0 |
| Regulatory Affairs | - | 0.5 | 0.7 |
| Finance | - | 1.0 | 1.0 |
| Public Affairs | - | 1.0 | 1.0 |
| Power Services | - | - | 0.3 |
| Subtotal External Funding FTEs | 1.0 | 6.3 | 8.0 |
| | | | |
| **Total FTEs** | **70.0[1]** | **87.0** | **94.0** |

*[1]14 FTEs were approved but not hired in FY24 and need to be reapproved in FY25.*

FIGURE 26. COMMUNITY POWER'S DEPARTMENTS


# Proposed Capital Budget

Continuing in FY 2025–2026 is the Community Power Capital Investment Plan (CIP) for FY 2026–2030 that will contain all the individual capital projects, major equipment purchases and major programs for the agency that are intended to span multiple years and that are considered one-time projects rather than recurring projects.

The first year of the FY 2026–2030 CIP represents the amended FY 2025–2026 capital budget.

The FY 2025–2026 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The proposed FY 2025–2026 capital budget totals $54.7 million and the FY 2026–2030 CIP total $344.3 million. Additionally, $11.2 million in unspent continuing funds was appropriated by the Board in prior fiscal years and is represented as Carry Forward revenue. The FY 2025–2026 proposed capital budget includes funding for 21 projects in all program areas in various geographic areas of San Diego County.

TABLE 6. FY 2025–2026 CAPITAL BUDGET OVERVIEW*

| | Carry Forward[1] | FY26 Authorized Budget | FY26 Proposed Budget |
|---|---:|---:|---:|
| Operating Transfer Out | 9.2 | - | 22.2 |
| | | | |
| Regional Energy Network[2] | - | 31.9 | - |
| DAC-GT | (0.1) | 0.6 | - |
| CDFA | 0.7 | - | - |
| Equitable Building Decarbonization | 1.4 | - | - |
| Other | - | - | - |
| | | | |
| CIP Revenue | 11.2 | 32.5 | 22.2 |

**Amounts displayed in millions of dollars*

*[1] The carry forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024-2025*

*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Year 2024–2027, and funded programs will be available across SDG&E service territory.*

TABLE 6.1. FY 2026–2030 CIP PROGRAMS AND PROJECTS

| | Beginning Bal. | Expenses | Carry Forward [1] | 5-Year Budget | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25 | FY25 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | Total |
| | | | | | | | | | |
| **External Funding** | | | | | | | | | |
| Regional Energy Network[2] | 2.1 | 2.1 | - | 31.9 | 59.5 | 51.4 | 42.0 | 43.7 | 228.6 |
| DAC-GT | 0.9 | 1.0 | (0.1) | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 2.4 |
| CDFA | 0.7 | - | 0.7 | - | - | - | - | - | 0.7 |
| Equitable Building Decarbonization | 1.5 | 0.1 | 1.4 | - | - | - | - | - | 1.4 |
| Other | - | - | - | - | - | - | - | - | - |
| **Subtotal** | **5.2** | **3.2** | **2.0** | **32.5** | **60.0** | **51.9** | **42.5** | **44.2** | **233.0** |
| | | | | | | | | | |
| **Internal Funding** | | | | | | | | | |
| Solar Battery Savings | 10.6 | 7.4 | 3.2 | 18.8 | 11.1 | 10.4 | 8.3 | 8.5 | 60.3 |
| Energy Efficiency | 0.3 | 0.3 | 0.0 | - | - | - | - | - | 0.0 |
| Pilot Programs | 3.0 | 0.5 | 2.5 | - | - | - | - | - | 2.5 |
| Grants | 0.8 | 0.6 | 0.2 | 1.3 | - | - | - | - | 1.5 |
| DER | 0.1 | 0.1 | 0.0 | - | - | - | - | - | 0.0 |
| Flexible Load | 0.6 | 0.3 | 0.3 | 0.3 | 0.6 | 0.6 | 0.8 | 0.7 | 3.3 |
| IT Projects | 2.6 | 0.1 | 2.5 | 1.5 | - | - | - | - | 4.0 |
| Community Education | 0.1 | 0.1 | - | 0.0 | - | - | - | - | 0.0 |
| Program Evaluation | - | - | - | 0.3 | - | - | - | - | 0.3 |
| Application Assistance | 0.3 | - | 0.3 | - | - | - | - | - | 0.3 |
| Other | - | - | - | - | 7.4 | 8.7 | 11.2 | 11.7 | 39.1 |
| **Subtotal** | 18.4 | 9.2 | 9.2 | 22.2 | 19.1 | 19.7 | 20.3 | 20.9 | 111.3 |
| | | | | | | | | | |
| **CIP Expense Total** | **23.6** | **12.5** | **11.2** | **54.7** | **79.1** | **71.6** | **62.8** | **65.1** | **344.3** |

*[1] The carry forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024–2025*

*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027, it is reflected in this table as anticipated spending by fiscal year.*

# Capital Investment Plan (CIP)

## About the CIP

The Community Power Fiscal Year 2026–2030 Capital Investment Plan (CIP) includes 21 projects that will receive funding in the five-year period, totaling $344.3 million in investments across San Diego County. More detail can be found within the companion FY 2026–2030 Capital Investment Plan book. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows Community Power to thoughtfully plan and design its projects and programs — based on community and agency needs — to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

This plan continues Community Power's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects compose a list that provides Community Power with the confidence to target a core set of program types focused on community needs. It also gives Community Power the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

This plan is not a final or absolute list of funded projects, and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but this does not necessarily indicate that actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or drop out entirely.

Likewise, this list is not all inclusive. Unexpected requirements often cause unforeseen projects to be inserted into the design and execution process. Furthermore, funding sources identified in the CIP are potential funding sources that may not materialize. Projects, programs and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

**5-Year** period | **$344.3M** total investment | **21** projects to be funded

*Across San Diego County*

# CIP Development Process

Community Power will update the CIP annually during its budget development process. Programs and projects are included in the CIP based on alignment with Community Power's strategic goals and based on community engagement.

The proposed capital budget and CIP undergo a public outreach process comprising a wide range of stakeholder groups. Additionally, the CIP is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the Community Power Board for approval.

**FIGURE 27. CIP DEVELOPMENT PROCESS**

# Operational Impact of Capital Projects

Projects outlined in Community Power's Capital Investment Plan and Budget are generally designed to address the needs of existing assets without significantly impacting operational costs. However, if a technology or any project was planned that had a significant operational impact, projected costs would be reflected in Community Power's Five-Year Financial Plan, issued annually. Additionally, staffing, building maintenance, equipment maintenance and utility costs associated with these facilities would be approved as part of the annual Budget Process. As a result, these costs would be specified within the Budget document and categorized under the "Budget by Department" section and attributed to the relevant department sponsoring the project.

Capital improvements are strategic investments made by Community Power to enhance its physical assets, technology and infrastructure. These improvements are not just about upgrading facilities or equipment but are also aimed at driving efficiency within our organization's operations over the long term. By investing in capital improvements, the organization seeks to optimize its processes, reduce costs and improve overall productivity.

Several projects driven by our IT and Data Analytics Department are at the forefront of these efforts. These projects are prioritized to leverage data and enable advanced data analytics techniques. The goal is to better understand the organization's operations and discover operational efficiencies. Here's how these projects contribute to long-term efficiency:

**Data Collection and Integration** — IT and Data Analytics focuses on collecting data from various sources within the organization. This includes data from production processes, supply chain activities, customer interactions and more. By integrating this data into a centralized system, the organization can gain a comprehensive view of its operations.

**Advanced Data Analytics** — With a robust data infrastructure in place, the IT and Data Analytics Department employs advanced data analytics techniques such as machine learning, predictive analytics and big data analysis. These techniques help in identifying patterns, trends and anomalies in the data that might not be apparent through traditional analysis methods.

**Operational Insights** — The insights gained from data analytics are used to understand the efficiency of current operations. For example, analytics can reveal bottlenecks in production, inefficiencies in supply chain management or areas where customer service can be improved. These insights are crucial for making informed decisions about where to focus improvement efforts.

**Process Optimization** — Based on the operational insights, the organization can implement changes to optimize processes. This might involve automating certain tasks, reallocating resources or redesigning workflows to eliminate inefficiencies. The goal is to streamline operations and enhance productivity.

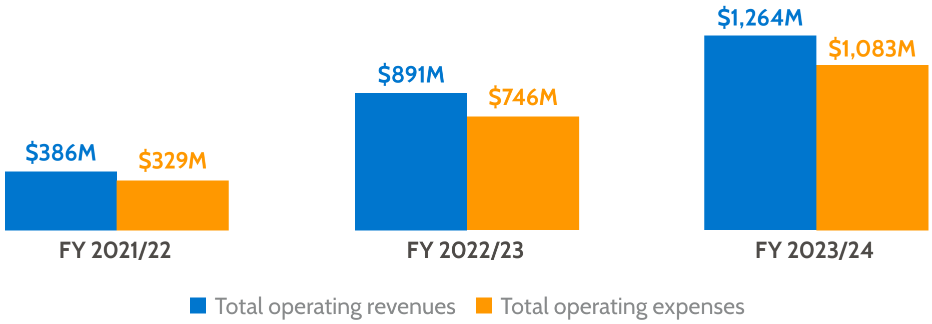
**Continuous Improvement** — Capital improvements driven by data analytics are not one-time efforts. The organization continuously monitors its operations and uses data to identify new opportunities for improvement. This ongoing process ensures that the organization remains agile and can adapt to changing market conditions and technological advancements.

# Multiyear Trends

This section presents a multi-year financial trend report for Community Power, reviewing the actuals from Fiscal Years 2022, 2023 and 2024 and the Fiscal Year 2025 Amended Budget. The report includes visualizations that illustrate key financial trends and variances, providing a clear and comprehensive picture of the organization's fiscal trajectory over the past three years. By examining these figures, Community Power can gain insights into revenue patterns, expenditure changes and overall financial stability. This analysis is essential for understanding how past financial outcomes align with future budgetary goals, ensuring effective financial planning and management.

Community Power has experienced substantial growth in both operating revenues and expenditures from FY22 to FY24. In FY22, Community Power's operating revenues were $386 million, increasing to $891 million in FY23, and further rising to $1.1 billion in FY24. This growth is primarily driven by expanding electricity sales and an increased customer base. Concurrently, operating expenses have also escalated, from $329 million in FY22 to $746 million in FY23, and reaching $1.083 billion in FY24, reflecting higher costs associated with electricity procurement and use of contract services. Despite these rising costs, Community Power has consistently maintained a positive operating income, indicating effective financial management and strategic planning. The FY25 Amended Budget continued growth and stability, ensuring Community Power's ability to meet its operational goals and effectively serve the community.

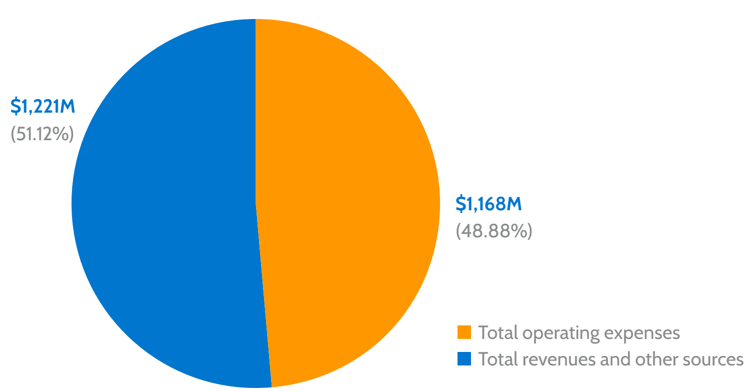
**FIGURE 28. OPERATING REVENUES VS. EXPENDITURES**




| | FY 2021/22 | FY 2022/23 | FY 2023/24 |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Electricity sales, net | $383,800,198 | $891,178,064 | $1,252,787,768 |
| Grant revenue | $0 | $0 | $983,500 |
| Liquidated damages | $2,437,500 | $0 | $0 |
| Other income | $0 | $0 | $10,598,252 |
| **Total operating revenues** | **$386,237,698** | **$891,178,064** | **$1,264,369,520** |
| | | | |
| **OPERATING EXPENSES** | | | |
| Cost of electricity | $319,686,027 | $720,327,704 | $1,047,553,476 |
| Contract services | $3,520,098 | $15,957,376 | $19,750,534 |
| Staff compensation | $3,662,441 | $6,726,270 | $11,399,388 |
| Other operating expense | $2,098,031 | $2,866,222 | $3,261,424 |
| Depreciation and amortization | $0 | $253,553 | $727,567 |
| **Total operating expenses** | **$328,966,597** | **$746,131,125** | **$1,082,692,389** |
| | | | |
| **NET POSITION** | **$57,271,101** | **$145,046,939** | **$181,677,131** |

Community Power's FY25 amended budget reflects the organization's strong financial growth and stability observed in past fiscal years. The budget included total operating revenues of $1.22 billion and total expenses of $1.17 billion, maintaining a balanced approach similar to previous years. Revenue growth, driven by expanding electricity sales and an increasing customer base, aligns with the upward trend seen from FY22 to FY24. Increased costs in FY25 are primarily due to higher electricity procurement expenses and investments in the CIP. Despite these rising costs, the positive net operating income highlights effective financial management and strategic planning.

**FIGURE 29. OPERATING BUDGET**



# Five-Year Financial Plan

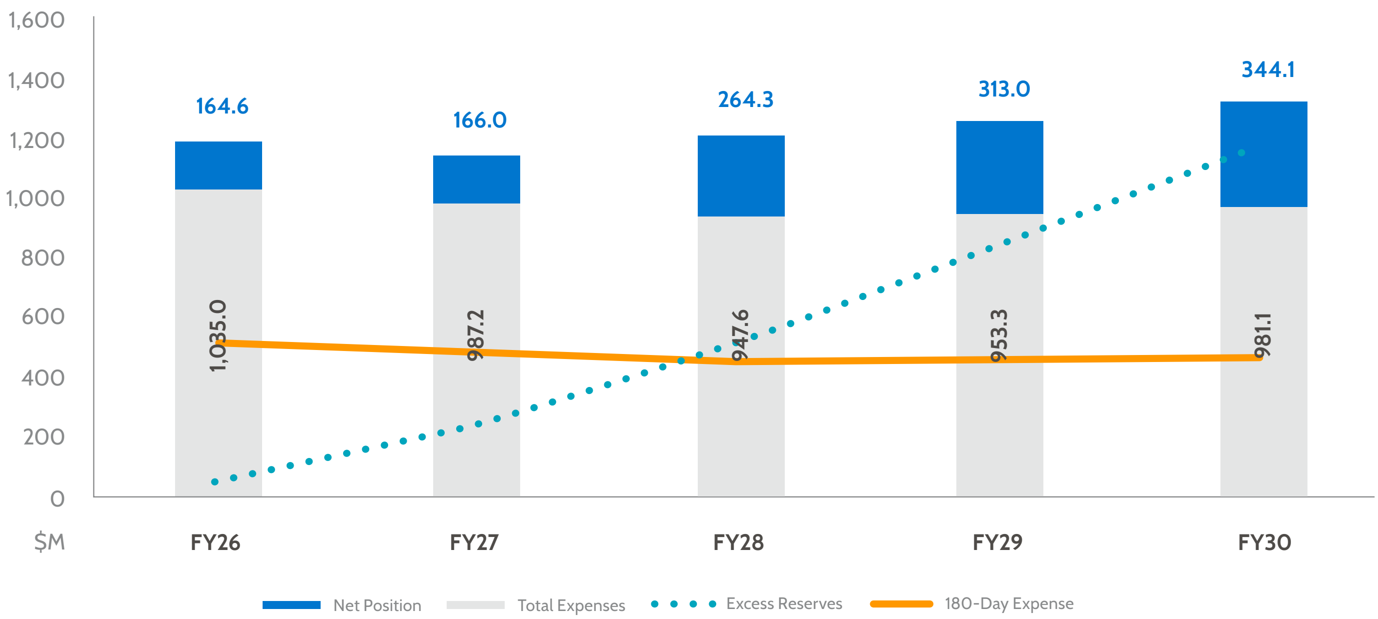
Community Power's five-year financial plan projects that the agency will meet its 180-days cash-on-hand reserve target in its Reserve Policy by October 2025. The current reserve policy supports the distribution of excess reserves for specific purposes, including funding a rate stabilization reserve. Additionally, the plan projects that Community Power will achieve its Strategic Plan goal of funding a Rate Stabilization Reserve by FY 2026–2027. The plan assumes that rates remain at the same level adopted by the Board on February 7, 2025, and are subject to change based on Community Power's rate-setting cycle.

The Community Power Board reassesses its projections, five-year financial plan and reserve targets annually during its rate-setting process in January and during its budget development process ending in June.

Key assumptions in Community Power's projections and five-year financial plan include:

- Full enrollment of customers is complete from all member jurisdictions
- A 95% participation rate across all jurisdictions
    - A 1.75% uncollectible rate, which maintains the same uncollectible rate from the fiscal year 2024–2025 amended budget approved by the board February 27, 2025
- Trifurcation of rates continues to ensure a fair, equitable and balanced rate structure across customers with differing vintage years
    - Rates in FY26 and beyond remain at the levels adopted by the Board on February 7, 2025. Further rate changes are subject to Board approval.

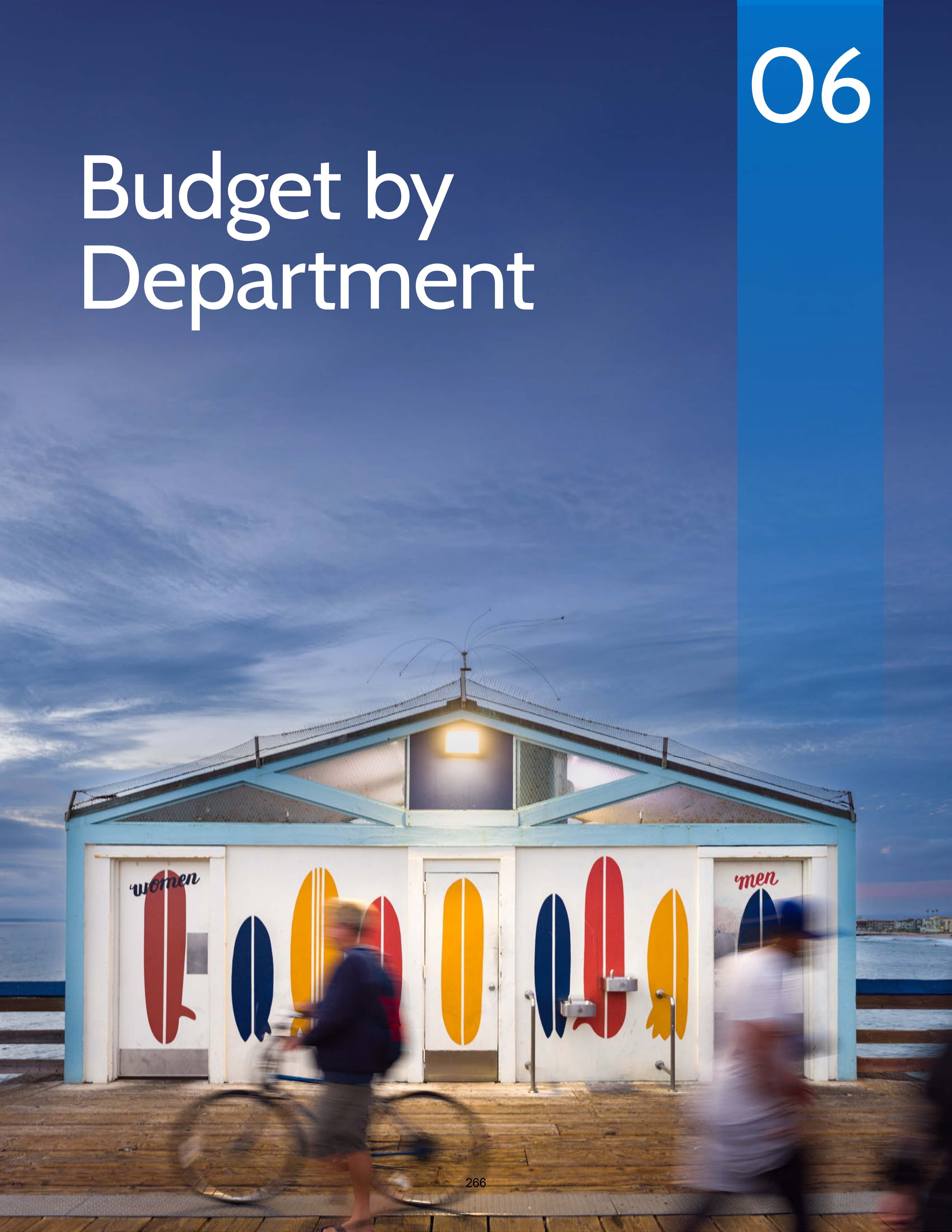
**FIGURE 30. SAN DIEGO COMMUNITY POWER RESERVES**




| OPERATING BUDGET, $M | FY26 | FY27 | FY28 | FY29 | FY30 |
|---|---|---|---|---|---|
| Net Revenue | 1,119.6 | 1,133.1 | 1,190.7 | 1,244.2 | 1,302.0 |
| Total Expense | 1,035.0 | 967.0 | 926.4 | 931.1 | 957.9 |
| Annual Reserve (Net Position) | 164.6 | 166.0 | 264.3 | 313.0 | 344.1 |
| | | | | | |
| Cumulative Net Position | 574.1 | 740.1 | 1,004.4 | 1,317.5 | 1,661.6 |
| 180-Day Expense | 510.4 | 486.8 | 467.3 | 470.1 | 483.8 |
| Projected Excess Reserves | 63.7 | 253.3 | 537.1 | 847.4 | 1,177.7 |

06

# Budget by Department



# Budget by Department

## Executive

*Providing strategic leadership to guide the agency and deliver on its mission*

### Mission and Services

The Executive team provides agency-wide leadership and strategic direction for Community Power. Led by the chief executive officer and supported by the executive team, the department ensures alignment across departments, cultivates an inclusive and accountable culture and oversees implementation of the strategic plan.

The Executive team represents Community Power in public forums, guides internal systems development and advances partnerships with local governments, stakeholders and industry peers. Through consistent engagement with member agencies, the Board of Directors and Community Advisory Committee, and regional coalitions, the team builds trust and helps position Community Power as a leading voice in California's clean energy transition.

### Department Highlights

- Led development and rollout of the FY 2025–2026 strategic plan
- Continued engagement with CalCCA and participation in key state policy forums
- Oversaw internal management systems and staff training initiatives
- Supported cross-functional alignment through quarterly strategy check-ins
- Advanced initiatives to promote equity, transparency and operational integrity

### Key Performance Indicators (KPIs)

- Strategic goals aligned across departments (target: seven)
- Annual rate setting via public process (target: effective Feb. 1)
- Reserve balance and days cash on hand (target: 180 days by FY 2027)
- Number of external events attended by executive staff (target: 60)

### Department Organizational Structure

**FIGURE 31. EXECUTIVE ORGANIZATIONAL STRUCTURE**

| | |
|---|---|
| Chief Executive Officer | KARIN BURNS |
| Chief Financial Officer and Deputy Chief Executive Officer/Treasurer | ERIC WASHINGTON |
| Chief Operating Officer | JACK CLARK |
| Chief Commercial Officer[1] | VACANT |
| General Counsel | VEERA TYAGI |

*[1] Formerly titled Managing Director Power Services*

# Operations

*Improving internal operations and alignment to support strategic execution*

## Department Description: Mission and Services

Operations ensures that Community Power functions effectively and efficiently across all departments. Led by the chief operating officer and supported by senior directors and project management staff, Operations drives internal coordination, facilitates collaboration and operationalizes the agency's strategic objectives.

The team oversees internal governance, agencywide administrative systems and policy development. Operations is also responsible for engagement with the Community Advisory Committee (CAC), ensuring transparency and accountability. The newly created Project Management Office (PMO), housed within Operations, leads efforts to align project execution with strategic priorities, standardize workflows, create efficiencies and improve internal delivery.

## Operations Highlights

- Supported growth to 80 full-time positions with strategic resource planning
- Launched agencywide project intake and documentation process through PMO
- Conducted internal process audits to identify operational bottlenecks
- Improved CAC and Board engagement through increased coordination and support
- Advanced internal efficiency through cross-departmental collaboration systems

## FY 2025–2026 Priorities

- Enhance internal systems and tools to support cross-functional execution
- Improve agency-wide project visibility, reporting and governance
- Develop the internal infrastruct ure needed to scale efficiently as Community Power grows
- Strengthen alignment between agency goals, departmental workplans and staff resources

## Key Performance Indicators (KPIs)

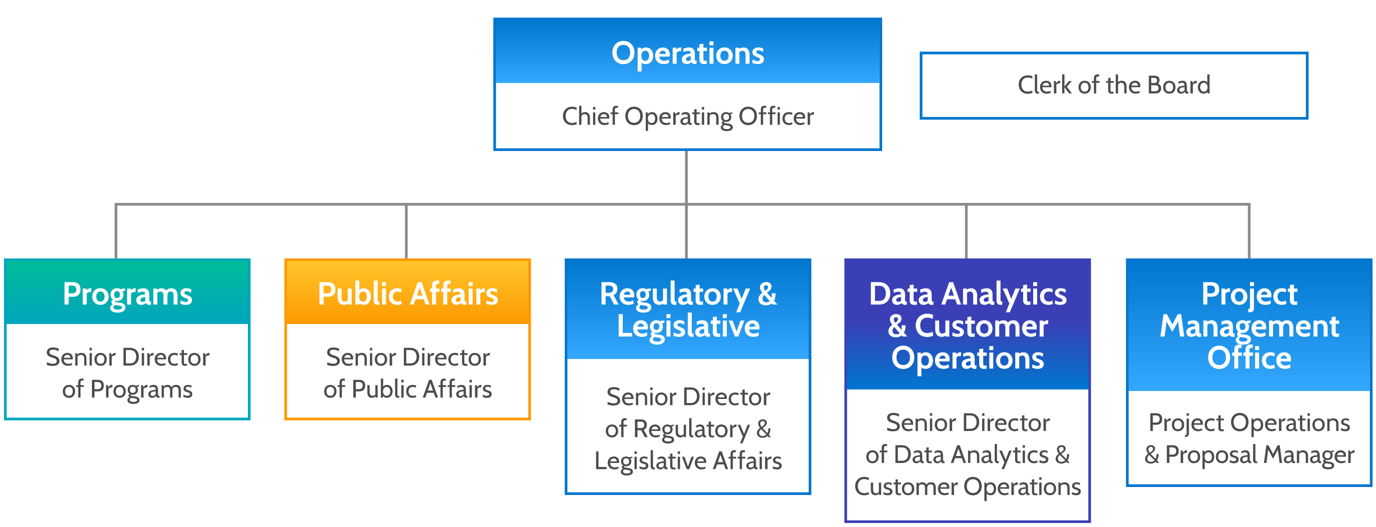
- Implement new project intake and tracking tools (target: Q2 FY 2025)
- Maintain a cross-functional project schedule (target: update quarterly)
- Implement a team utilization framework (target: Q3 FY 2025)
- Develop and launch a centralized internal dashboard for tracking project and policy updates (target: Q3 FY 2025)
- Conduct project reviews with the Executive team to ensure strategic alignment (target: review quarterly)

TABLE 7. OPERATIONS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Operations | 5.0 | 4.0 |

## Department Organizational Structure

FIGURE 32. OPERATIONS ORGANIZATIONAL STRUCTURE



# Power Services

*Developing a clean energy portfolio that is reliable, affordable and increasingly renewable*

## Department Description: Mission and Services

The Power Services Department is responsible for managing Community Power's energy procurement and delivery portfolio, ensuring that customers receive clean, reliable and competitively priced electricity. This includes all long- and short-term energy contracting, load forecasting, power scheduling, wholesale market participation, energy risk management and compliance with state regulatory mandates.

Under the leadership of the chief commercial officer, Power Services oversees competitive solicitations and negotiation of power purchase agreements (PPAs) and Energy Storage Service Agreements (ESSAs), working to meet state mandates and voluntary goals related to the Renewable Portfolio Standard (RPS) and Resource Adequacy (RA). The department also plays a key role in diversifying supply, expanding clean energy development and accelerating the build-out of local energy infrastructure, including distributed energy resources (DERs).

## Department Highlights

- Expanded to 16 team members to manage procurement, forecasting and compliance functions
- Maintained energy hedging strategy to mitigate cost volatility and market exposure in FY 2026 and beyond
- Procured Energy Trading Risk Management (ETRM) system
- Worked with general counsel to bring transactional counsel in-house to support higher transaction volume and legal review of complex energy agreements
- Continued contracting for and managing developing long-term clean energy resources to meet Community Power's 100% renewable energy goals

## FY 2025–2026 Priorities

- Manage portfolio to manage risk, cost and reliability objectives through risk management tools, sufficient staffing and staff training
- Advance toward a 100% renewable energy portfolio by 2035, with interim targets of 75% by 2027 and 85% by 2030
- Support development of 1 gigawatt of local clean energy capacity by 2035, including at least 300 megawatts from DERs enabled through programs, tariffs and procurement
- Ensure cost-effective compliance with RA and RPS requirements and all other state regulatory obligations
- Prioritize projects and partnerships that help create high-quality local jobs in the clean energy economy

## Key Performance Indicators (KPIs)

- Maintain alignment with Community Power's energy risk management policy
- Ensure timely filing of all resource adequacy month-ahead filings as well as the year-ahead filing due in October 2025
- Submit annual Integrated Resource Plan, Renewable Portfolio Standard Plan and Mid-Term Reliability updates
- Finalize and implement Feed-In Tariff 2.0 and secure additional local energy contracts
- Implement and integrate an ETRM system to improve energy risk management and internal analytics by Q3 2025
- Bring online the first Power Purchase Agreement where SDCP has full control of scheduling coordinator responsibilities

**TABLE 8: POWER SERVICES POSITIONS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---|---|
| Power Services | 16.0 | *17.0 |

**0.3 position will be externally funded in FY26*

## Department Organizational Structure

**FIGURE 33. POWER SERVICES ORGANIZATIONAL STRUCTURE**

**Power Services**

Chief Commercial Officer

Director of Power Contracts
Director of Portfolio Management
Director of Origination
Associate Director-Load Forecast & Optimization
Principal Portfolio Manager
Senior Settlements Manager
Senior Local Development Manager
Senior Portfolio Manager
Senior Portfolio Manager
Origination Manager
Senior Settlements Analyst
Senior Quantitative Energy Analyst
Senior Compliance Analyst
Contract Management Associate
Contract Associate
*Portfolio Analyst Energy
*Senior Market and Modeling Analyst

**Positions authorized in FY26*

# Finance

*Promoting long-term organizational sustainability through sound fiscal management and strategic investment*

## Department Description: Mission and Services

The Finance Department ensures the long-term fiscal health of Community Power through sound financial planning, risk management and transparency. The department manages budgeting, accounting, cash flow, reserves, audits, financial policy implementation, debt financing including clean prepayment financing, and fiscal compliance.

Finance supports the organization's mission by maintaining strong financial controls, enabling informed decision-making and positioning the agency to invest in programs, infrastructure and operations that advance clean energy access and community benefits.

## Department Highlights

- Continued focus on building reserves to meet the 180-day cash-on-hand goal
- Coordinated annual financial audit with no findings in FY 2023
- Developed internal financial controls and contracts tracking system
- Advanced implementation of the Capital Investment Plan
- Supported the execution of multiple clean energy prepay bond transactions

## FY 2025–2026 Priorities

- Execute 3–5 clean prepay bond transactions to reduce power costs by up to $30 million annually
- Contribute $80 million toward the reserve goal by the end of FY 2025–26
- Build a Rate Stabilization Reserve to mitigate power market volatility
- Launch a vendor and contracts tracking system to strengthen fiscal controls
- Establish a Middle Office to enhance energy risk monitoring and oversight
- Maintain fiscal transparency through regular public reporting and committee updates

## Key Performance Indicators (KPIs)

- Reserve balance and days cash on hand (target: 180 days by FY 2027)
- Number of clean energy prepay transactions executed and savings achieved
- Reviewing budget-to-actuals to identify financial efficiencies
- Achievement of investment-grade credit rating readiness benchmarks

TABLE 9. FINANCE POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---|---|
| Finance | 9.0 | *10.0 |

**1.0 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 34. FINANCE ORGANIZATIONAL STRUCTURE

**Finance**

Chief Financial Officer/Treasurer

Director of Finance
Procurement Manager
Risk Manager
Finance Manager
Strategic Finance Manager
Senior Financial Analyst
Financial Analyst
Financial Analyst
Procurement Analyst
*Senior Risk Manager

**Position authorized in FY26*

# Customer Operations

*Ensuring high customer satisfaction and retention through responsive service, affordability and clear communication*

## Department Description: Mission and Services

The Customer Operations Department supports customer satisfaction and retention by ensuring clear, timely and accurate billing, analyzing usage trends and delivering exceptional account management. Under the guidance of the chief operating officer and leadership of the senior director of data analytics and customer operations, the team manages contact center operations, supports key accounts and provides analytical insights to guide rate setting, forecasting and customer service enhancements.

The department plays a central role in delivering Community Power's promise of clean, affordable energy through customer-focused strategies. It supports interagency coordination with SDG&E and Calpine to mitigate billing errors and maintains the tools and insights that drive high customer retention, satisfaction and service engagement.

## Department Highlights

- Lowered electricity generation rates for the second consecutive year for Community Power customers
- Launched two new rate offerings — PowerBase and Power100 Green+ — to meet customer needs
- Oversaw more than $19 million in vendor service contracts, including Calpine and SDG&E
- Partnered closely with SDG&E and Calpine to improve billing accuracy and address customer concerns
- Continued enhancements to internal data tools that track opt actions, revenues and customer engagement
- Played a pivotal role in maintaining customers' participation rate of 95%+ over the last 3 years

## FY 2025–2026 Priorities

- Evolve rate strategy to ensure competitiveness, affordability and fiscal sustainability
- Develop targeted strategies to increase customer retention and promote opt-ups to Power100
- Resolve outstanding billing and communication issues with SDG&E that affect customer satisfaction
- Identify and evaluate potential enhancements to customer service delivery, including a future Energy Advisor Center
- Implement measures to reduce customer arrearages and improve long-term account health
- Support contact center training and performance monitoring for consistent, high-quality service

## Key Performance Indicators (KPIs)

- Customer retention rate (target: 90%+)
- Number of opt-ups to Power100 (target: 10% of total load by 2027)
- Customer satisfaction score via surveys (target: score 9/10)
- Rate of issue resolution and billing accuracy (target: 99%+ first-contact resolution)
- Close collaboration with SDG&E and the agency's collection vendor to reduce arrearages year over year
- Number of service enhancements implemented or piloted (target: 2–3 new initiatives in FY26)

**TABLE 10. CUSTOMER OPERATIONS POSITIONS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Customer Operations | 8.0 | 5.0 |

## Department Organizational Structure

**FIGURE 35. CUSTOMER OPERATIONS ORGANIZATIONAL STRUCTURE**

**Customer Operations**

Senior Director of Data Analytics and Customer Operations

Account Services Manager
Key Account Services Manager
Senior Account Services Analyst
Senior Key Account Analyst

# IT and Data Analytics

*Creating a secure and efficient environment that supports collaboration and innovation*

## Department Description: Mission and Services

The IT and Data Analytics Department empowers Community Power through secure, scalable and modern digital infrastructure. Reporting to the senior director of data analytics and customer operations and led by the associate director of IT and Data Analytics, the department manages enterprisewide systems, data and analytics platforms, and cybersecurity.

The team develops and maintains centralized, cloud-based tools that enable real-time, data-informed decisions across rate development, customer programs, marketing and operations. By implementing robust security protocols and IT governance, the department ensures business continuity, system resilience and a strong data-driven culture throughout the agency.

## Department Highlights

- Launched agencywide managed IT services with cybersecurity protections
- Completed enterprise assessment to align systems with strategic goals
- Advanced development of an enterprise data platform (EDP) to centralize analytics
- Supported implementation of improved forecasting models that account for solar generation
- Partnered with the Project Management Office (PMO) to assess project management platforms

## FY 2025–2026 Priorities

- Strengthen cybersecurity framework and conduct annual penetration testing
- Launch enterprise data platform with integration of critical data systems by Q4 FY 2025
- Finalize IT policies and governance procedures by Q2 FY 2025
- Select and implement a project management system with PMO support by Q2 FY 2025
- Expand in-house analytics support to additional Community Power departments by FY 2026

## Key Performance Indicators (KPIs)

- Number of cybersecurity incidents reported (target: 0)
- Percentage of critical retail operations data systems integrated into EDP (target: ≥ 98%)
- Project management system implemented and training completed (target: Q3 FY 2025)
- Number of departments supported with internal analytics (target: ≥ four)
- Number of reporting dashboards deployed (target: four to six)
- Percentage of IT incidents resolved within service level agreement (SLA) (target: ≥ 98%)
- Adoption of IT policy and governance framework (target: approved by Q2 FY 2025)

TABLE 11. IT AND DATA ANALYTICS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| IT and Data Analytics | 9.0 | 12.0 |

## Department Organizational Structure

FIGURE 36. IT AND DATA ANALYTICS ORGANIZATIONAL STRUCTURE

| IT and Data Analytics |
|---|
| Senior Director of Data Analytics and Customer Operations |
| Associate Director of IT and Data Analytics<br>Data Analytics Manager<br>Rate and Strategy Manager<br>IT Manager<br>Senior Cybersecurity Analyst<br>Data Scientist<br>IT Systems Engineer<br>Data Engineer<br>IT Systems Analyst<br>Senior Rates Analyst<br>Data Analyst<br>Senior Integration System Ops Developer |

# Public Affairs

*Building a trusted public agency through strategic outreach, education and engagement*

## Department Description: Mission and Services

The Public Affairs Department connects Community Power with the people and communities it serves. Through strategic communications, local partnerships and public engagement, the team builds awareness of Community Power's mission, programs and benefits. The department also supports customer education, agency branding and transparency in all public-facing materials.

Led by the senior director of public affairs and reporting to the chief operating officer, the department includes three core focus areas: strategic partnerships, community engagement, and marketing and communications. Together, these teams advance Community Power's brand identity, foster connections with key audiences and ensure transparency through outreach, media engagement and public education. The department also supports the Community Advisory Committee (CAC) and helps ensure local priorities are reflected in agency decision-making.

## Department Highlights

- Participated in 151 community outreach events in 2024, resulting in 18,539 unique interactions
- Achieved an estimated 1.2 million impressions through in-person outreach and strategic media and partner efforts, including CBS 8's "Working for Our Communities" partnership
- Supported the CAC and provided updates to member agency city councils
- Managed the agency's brand refresh and website redesign efforts
- Produced quarterly newsletters, social media content and other tools to increase customer understanding and transparency

## FY 2025–2026 Priorities

- Expand public understanding of Community Power's clean energy programs and rate options
- Strengthen brand awareness and build community trust across diverse audiences with the launch of Community Power's new website
- Partner with member agencies and community-based organizations to reach underserved populations
- Support program launches and other resources through clear, multilingual and accessible messaging
- Ensure ongoing transparency through coordinated media outreach, digital engagement and community events

## Key Performance Indicators (KPIs)

- Number of public events attended or hosted (target: 100 annually)
- Total impressions across digital and earned media (target: 1.2 million)
- Newsletter open rate and click-through metrics
- (target: 40% open, 10% click-through)
- Number of reinvestments in in member agencies through partnerships, sponsorships and engagements (target: partner, sponsor or fund at least four engagements in each member agency annually)
- Number of earned media opportunities (target: six annually)

TABLE 12. PUBLIC AFFAIRS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Public Affairs | 12.0 | *13.0 |

**1.0 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 37. PUBLIC AFFAIRS ORGANIZATIONAL STRUCTURE

**Public Affairs**

Senior Director of Public Affairs

Senior Manager Strategic Partnerships
Senior Manager Marketing & Communications
Senior Manager Community Engagement
Strategic Initiatives Manager
Local Government Affairs Manager
Marketing Manager
Marketing Manager
Community Engagement Associate
Communications Associate
Community Engagement Coordinator
Community Outreach Representative
*Communications Associate

**Position authorized in FY26*

# Programs

*Implementing energy projects and programs that reduce emissions, align supply and demand, and deliver community benefit*

## Department Description: Mission and Services

The Programs Department designs and implements initiatives that reduce customer bills, increase energy resilience and expand access to clean energy. Under the guidance of the chief operating officer and the leadership of the senior director of programs, the team manages incentive programs, pilots and partnerships that serve residential, commercial and public agency customers across the region.

Program area focus and design are guided by Community Power's Community Power Plan (CPP), Climate Action Plans from member agencies, and state and federal policy. From residential battery incentives to electric vehicle charging management, the department supports scalable, equitable decarbonization across sectors. The department works closely with community-based organizations, industry stakeholders and internal departments to ensure program design is equitable, cost-effective and scalable.

The department also leads the launch and administration of the San Diego Regional Energy Network (SDREN) in partnership with the County of San Diego, a transformative multi-year effort to deliver energy efficiency and demand-side management programs across San Diego County.

## Department Highlights

- Launched the Solar Battery Savings program, recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report*, to create a 7 MW Virtual Power Plant via customer-owned residential battery storage
- Received approval for the San Diego Regional Energy Network (SDREN) application, generating nearly $125 million in program funding for the region through 2027
- Initiated customer-facing pilots in building decarbonization, flexible load management, healthy and efficient refrigeration and transportation electrification
- Built new strategies for vehicle-grid integration, virtual net billing and distributed energy resource deployment
- Executed state and federal grants, including the CDFA Healthy Refrigeration Grant and support for SANDAG's Climate Pollution Reduction Grant proposal
- Partnered in strong cross-departmental collaboration to integrate customer, regulatory and operational inputs into program design

## FY 2025–2026 Priorities

- Deliver 150 megawatts of local capacity from distributed energy resources (DERs) and Community Power's Virtual Power Plant (VPP) portfolio by 2035, including expansion of the Solar Battery Savings program
- Launch all SDREN programs and make them available by the end of FY 2026
- Develop and implement a formal program evaluation framework for all programs and pilots by FY 2026
- Secure new program funding from external sources, including state, federal and philanthropic entities
- Integrate Distributed Energy Resources Management System (DERMS) software and flexible load strategies into program implementation
- Support electrification and resiliency through targeted customer offerings in solar + storage, demand response and energy efficiency

## Key Performance Indicators (KPIs)

- DER capacity added through program implementation (target: 20 MW in FY 2025–26, 150 MW by FY 29–30)
- Ten SDREN programs launched and available (target: all core programs by FY 2025–26)
- Program evaluation framework completion and deployment (target: Q4 FY 2025–26)
- Equity-focused program participation from priority communities (target: 50% of total incentive funding)

TABLE 13. PROGRAMS POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---|---|
| Programs | 12.0 | *14.0 |

**6.0 positions will be externally funded in FY26*

## Department Organizational Structure

FIGURE 38. PROGRAMS ORGANIZATIONAL STRUCTURE

**Customer Programs**

Senior Director of Programs

Associate Director of Programs
Associate Director of Programs - Flex Load
Senior Program Manager
Senior Program Manager
Senior Program Manager
Senior Program Manager
Program Manager
Program Manager - Community Solar
Senior Program Associate
Senior Program Associate
Senior Program Associate
*Program Associate
*Senior Program Associate

**Positions authorized in FY26*

# Regulatory and Legislative Affairs

*Advocating for policies that advance Community Power's mission and protect local decision-making*

## Department Description/Mission and Services

The Legislative and Regulatory Affairs Department monitors, engages in and influences proceedings, proposed policies and legislation that directly or indirectly impact Community Power's operations and customers. Under the guidance of the chief operating officer and leadership of the senior director of Regulatory and Legislative Affairs, the department represents Community Power's interests before the California Public Utilities Commission (CPUC), California Energy Commission (CEC), California Air Resources Board (CARB), California Independent System Operator (CAISO), the state Legislature and Congress, as well as at the federal level with relevant federal agencies, including but not limited to the Department of Energy and Federal Energy Regulatory Commission (FERC).

The department also supports regulatory compliance across multiple state agencies, assists with agencywide understanding of policy impacts and develops strategies for securing external funding and favorable regulatory outcomes. Community Power participates in trade associations such as CalCCA and works collaboratively with member agencies, industry partners and stakeholders across the state to ensure community choice remains a resilient and effective tool for climate action and energy equity.

The department's work is guided by Community Power's Regulatory and Legislative Platform, which outlines the agency's values-based approach to policy and advocacy, anchored in accelerating deep decarbonization, promoting local development and stabilizing community choice energy. The platform provides clear guidance for consistent engagement at the local, state and federal levels and ensures that policy advocacy reflects Community Power's mission and customer priorities. View the platform here.

## Department Highlights

- Monitored and/or engaged in over 60 regulatory proceedings and associated policy working groups
- Provided analysis on approximately 150 pieces of legislation per year affecting Community Choice Aggregators and issued letters of support on approximately 10 pieces of legislation per year (all legislative letters issued by Community Power can be viewed here)
- Participated in CalCCA's regulatory and legislative committees and tiger teams to advocate for inclusion of Community Power policy priorities in trade association filings and letters
- Developed Community Power's federal funding strategy and assisted with competitive grant applications
- Updated Community Power's Regulatory and Legislative Platform, available on Community Power's website

## FY 2025–2026 Priorities

- Continually engage policymakers to ensure alignment with Community Power's strategic priorities
- Sponsor or support state and federal legislation that promotes affordability, equity and local clean energy
- Advance regulatory outcomes that uphold procurement and rate-making authority for Community Power
- Identify and pursue grant and funding opportunities that benefit customers and member agencies
- Actively participate in trade associations and multi-agency coalitions to shape the policy landscape
- Track and manage compliance obligations to ensure timely and accurate filings

## Key Performance Indicators (KPIs)

- Number of regulatory proceedings tracked (target: 40+)
- Number of bills analyzed (target: 100+)
- Legislative positions advanced in alignment with platform (target: 10+)
- Number of unique interactions with state and federal policymakers (target: 50+)
- Grant or funding applications supported in coordination with internal and external partners (target: three or more)

TABLE 14. REGULATORY AND LEGISLATIVE AFFAIRS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---|---|
| Regulatory and Legislative Affairs | 5.0 | *5.0 |

**0.7 positions will be externally funded in FY26*

## Department Organizational Structure

FIGURE 39. REGULATORY AND LEGISLATIVE AFFAIRS ORGANIZATIONAL STRUCTURE

**Regulatory and Legislative Affairs**

Senior Director of Regulatory and Legislative Affairs

Associate Director of Legislative Affairs
Senior Policy Manager
Senior Strategic Policy Manager
Regulatory Manager

# Human Resources and Administration

*Fostering a high-performing, inclusive workplace through strategic talent development and operational excellence*

## Department Description: Mission and Services

The Human Resources and Administration Department serves as a strategic partner to leadership and staff, building the internal systems needed to support a high-performing, mission-aligned organization. The department combines two core functions — human resources and administrative operations — under a unified team that enables employee success and ensures internal consistency and support across all departments.

Human Resources (HR) leads efforts in recruitment, onboarding, benefits administration, compliance, professional development and performance management. These services are delivered in alignment with Community Power's values of integrity, innovation, servant leadership and collaboration.

The administrative team supports agencywide operations by managing internal documentation, scheduling, communications, executive support and coordination across departments. This function plays a vital role in maintaining day-to-day efficiency and ensuring smooth execution of internal processes.

FY 2025–26 marks the first full year of operations with a fully in-house HR team. With the addition of the administrative function, the department is well-positioned to drive internal excellence and provide responsive, effective support to employees, leadership and the Board of Directors.

## Department Highlights

- Brought the administrative team alongside the internal HR team
- Established internal HR systems for onboarding, hiring and staff support
- Partnered with Paychex and other vendors to streamline benefits administration
- Rolled out agencywide training programs and began design of a performance management framework
- Supported hiring and onboarding across the agency as Community Power reached 80 authorized FTEs

## FY 2025–2026 Priorities

- Evolve into a learning organization with robust professional development by Q4 2026
- Ensure that all staff receives annual safety and workplace training
- Refine and launch internship program to attract students from local colleges and underrepresented communities interested in the clean energy industry
- Finalize and implement a three-year staffing plan and internal job board
- Fully integrate administrative functions into the larger People Operations team
- Maintain employee satisfaction levels above 80% through annual surveys and onboarding feedback
- Develop a cadence for internal and external team events and activities that intentionally shapes our culture in alignment with our mission, vision, values and goals (MVVGs)

## Key Performance Indicators (KPIs)

- Headcount (78)
- Hired (22)
- Departed (four)
- Turnover Rate (target 5.6%)
- Time-to-fill for key positions (target: 78 days)

TABLE 15. HUMAN RESOURCES & ADMINISTRATION POSITIONS

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Human Resources and Administration | 4.0 | *6.0 |

**1 position will be externally funded in FY26*

## Department Organizational Structure

FIGURE 40. HUMAN RESOURCES AND ADMINISTRATION ORGANIZATIONAL STRUCTURE

**Human Resources and Administration**

Senior Director of People Operations & Administration

Human Resources Manager
Talent Acquisition and Learning Specialist
Human Resources Coordinator
Senior Executive Assistant
Office Manager
Administrative Assistant

# Legal

*Providing legal guidance, ensuring compliance, transparency and accountability to support organizational integrity*

## Department Description: Mission and Services

The Legal Department is led by Community Power's general counsel, who reports directly to the Board of Directors and serves as a member of the Executive team. Under the leadership of the general counsel, the department provides legal guidance across a range of areas including public agency governance, regulatory compliance, contract law, employment law and risk management.

The department plays a critical role in supporting internal policy development, mitigating organizational risk and maintaining transparency in all agency actions. As Community Power expands in scale and complexity, the department ensures the agency's decisions and operations remain aligned with local, state and federal legal requirements and uphold public trust.

## Department Highlights

- Established Community Power's first in-house Legal Department under general counsel leadership
- Hired two in-house attorneys to expand internal legal capacity
- Developed and implemented internal templates and review processes for contracting and risk mitigation
- Provided legal review and support for long-term power purchase agreements (PPAs) and clean energy prepay transactions
- Reviewed and updated internal policies and supported compliance with the Brown Act and other transparency laws

## FY 2025–2026 Priorities

- Support execution of three to five clean energy prepay transactions and associated legal review
- Provide legal guidance on long-term PPAs and related procurement efforts
- Review and update Board policies, bylaws and internal procedures
- Provide support for the launch of major customer programs, including Solar Battery Savings and the San Diego Regional Energy Network (SDREN)
- Expand legal training and education for agency staff and elected officials

**TABLE 16. LEGAL POSITIONS**

| DEPARTMENT POSITIONS | FY25 Actual | FY26 Proposed |
|---|---:|---:|
| Legal | 2.0 | 3.0 |

## Department Organizational Structure

**FIGURE 41. LEGAL ORGANIZATIONAL STRUCTURE**

**Legal**

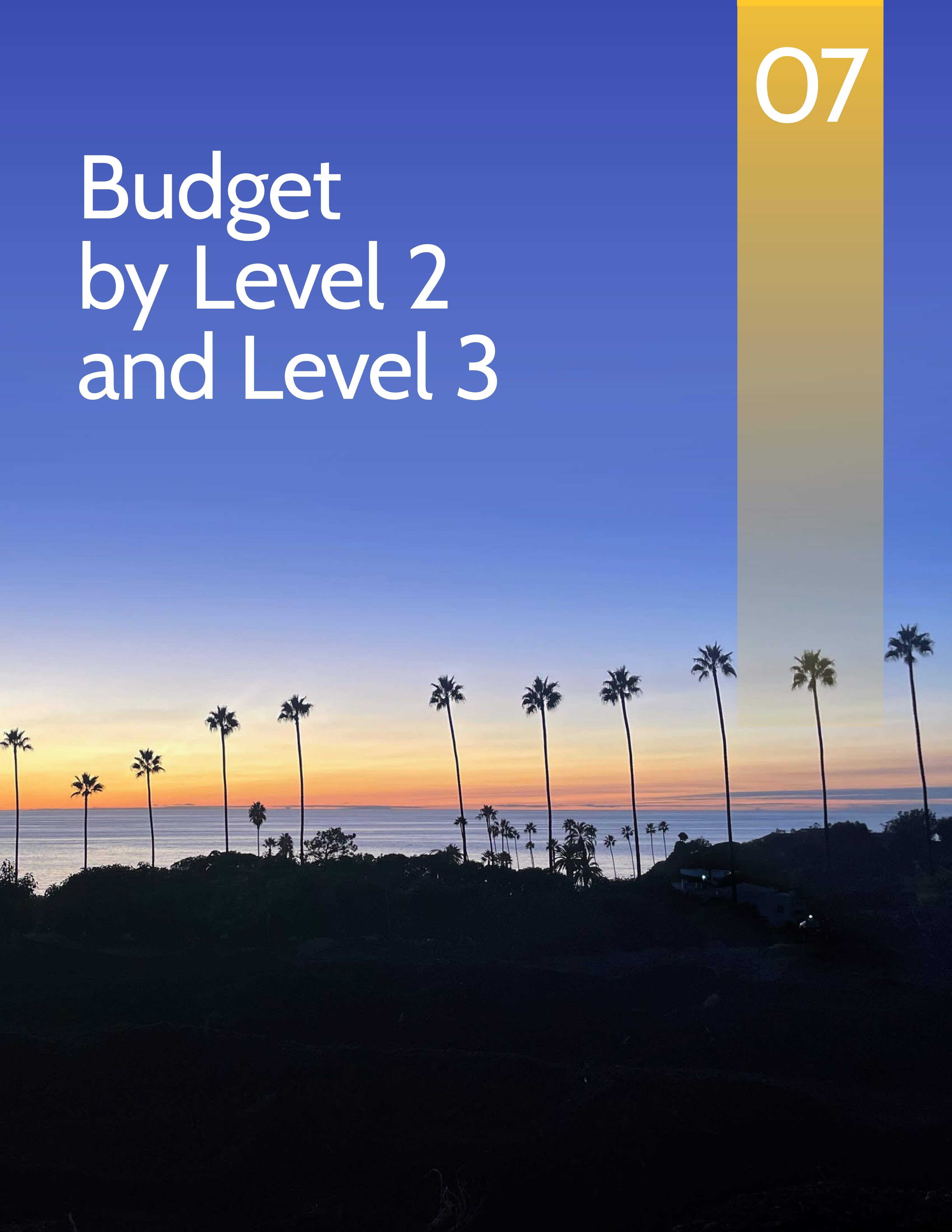
General Counsel

Assistant General Counsel
Senior Counsel
*Paralegal

**Position authorized in FY26*

07

# Budget by Level 2 and Level 3



# Budget by Level 2 and Level 3

## Operating Revenue

Community Power's sole source of revenue currently is the retail sale of electricity to its customers. Revenue budgeted for FY 2025–2026 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base as well as the majority of the residential customer base.

Generally, operating revenue through the retail sale of electricity is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying the Board-approved generation rates to the energy load; and 3) applying a 1.75% uncollectible rate based on revenue that Community Power does not expect to collect — the result is Community Power's operating revenue for the fiscal year.

Community Power offers four service levels to its customers which, taken together, ultimately comprise the source of ratepayer funds for the agency:

1. PowerOn, our standard service offering that provides 55% renewable power (and 11.7% carbon free) and provides a 3% discount compared with SDG&E's rates
2. Power100, our premium service that provides customers with 100% renewable and carbon-free energy and is currently priced at a $0.01/kWh added to the PowerOn service
3. Power100 Green+, our stand-alone 100% renewable and carbon-free service that is Green-e® certified, available only to commercial and industrial customers and currently priced at a $0.02/kWh adder to the PowerOn service
4. PowerBase, our most affordable service option with renewable content that is intended to meet or exceed that of SDG&E whenever possible and provides customers with a 5% discount compared with SDG&E's rates currently in effect as of February 1, 2025

Additional assumptions for net operating revenue include:

- Enrollment of customers is complete for all member jurisdictions
- A 95% participation rate across all jurisdictions
- A 1.75% uncollectible rate that is a decrease from the 4.5% uncollectible rate assumed in the prior year budget
- Trifurcation of rates continues to ensure a fair, equitable and balanced rate structure across customers with differing vintage years
- Rates remain at the levels adopted by the Board on February 7, 2025, retroactive to February 1, 2025. Any rate changes are subject to Board approval.

**TABLE 17. OPERATING REVENUE BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Gross Ratepayer Revenues | 1,365.7 | 1,243.0 | 1,221.0 |
| (Less 1.75% Uncollectible Customer Accounts) | (61.5) | (21.8) | (21.4) |
| Net Operating Revenues | 1,304.3 | 1,221.3 | 1,199.6 |

**Amounts displayed in millions of dollars*

# Cost of Energy

The cost of energy is Community Power's largest expense. Generally, the cost of energy is derived by: 1) estimating Community Power's energy load for the upcoming fiscal year; 2) applying energy already contracted for to the projected energy load; and 3) applying forward market prices to the remaining energy load that Community Power has not yet contracted for — the result is Community Power's cost of energy for the fiscal year.

Community Power prioritizes purchasing electricity that is generated from renewable sources like solar or wind. The agency purchases enough electricity to cover the needs of our customers. SDG&E delivers this electricity through its existing power lines and continues to provide meter reading, billing and line maintenance to customers.

While Community Power emphasizes its commitment to clean energy, there are factors that can influence the cost of this energy for Community Power, impacting the overall cost of energy for the company. The following topics are key considerations:

- **Market Fluctuations —** Unlike traditional energy sources with more stable pricing, renewable energy sources like solar and wind are subject to fluctuations in the electricity market. This means that during periods of lower renewable energy production or higher demand, Community Power may need to purchase additional power from the market, potentially at a higher cost. These costs can then be passed on to customers.
- **Seasonal Variations —** San Diego could experience significant heat waves in the summer months. During these periods, peak electricity demand rises due to increased usage of air conditioning. This can put a strain on renewable energy sources, forcing Community Power to supplement with power from the market, potentially at a premium, similar to market fluctuations.
- **Increased Load —** Community Power's customer base is projected to remain steady; however, the overall demand for electricity (load) is projected to increase as California transitions to sourcing from more renewable energy. To maintain grid reliability, Community Power may need to secure additional power sources, potentially impacting the cost of energy.

Beyond market-driven factors, regulations such as resource adequacy (RA) requirements play a role in Community Power's energy costs. The California Public Utilities Commission (CPUC) mandates RA requirements. These require Community Power to procure a predetermined amount of electricity based on its projected load. This ensures a consistently reliable grid with sufficient energy available. Meeting these RA requirements might necessitate purchasing additional power, especially during peak demand periods, potentially at higher costs.

The potential for cost increases due to these factors is a trade-off inherent in pursuing renewable energy. While costs may fluctuate, Community Power's commitment to clean energy aligns with California's sustainability goals.

It's important to note Community Power strives to offer competitive rates compared with traditional energy providers. The agency achieves this through various strategies, including long-term power purchase agreements and a diverse renewable energy portfolio to mitigate market fluctuations.

**TABLE 18. COST OF ENERGY BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Cost of Energy | 1,020.8 | 1,116.8 | 956.7 |

**Amounts displayed in millions of dollars*

# Professional Services and Consultants

Professional Services and Consultants includes SDG&E fees, data management fees from Calpine, technical support, legal/regulatory services and other general contracts related to IT services, audits and accounting services.

- **SDG&E Service Fees –** Service fees paid to SDG&E consist of a charge of a fixed fee per account per month. The roll out of all enrollment phases adds significant costs compared to FY 2025–2026. The fees cover SDG&E's costs associated with meter reading, additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.
- **Data Management –** This is a broad scope of services that includes all "back office" billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move-in/move-out services, customer research for enrollment support, and many support functions related to data reporting. With full enrollment from all phases, the cost for data management will be higher compared to prior fiscal years.
- **Technical Support –** Community Power engages consultants to assist with load forecast and scheduling our energy purchases. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electricity consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements.
- **Legal/Regulatory Services –** Community Power retains legal counsel to assist with the complex aspects of the regulatory and compliance issues and power supply contract negotiations as well as its general legal needs. This line item will also allow for the retention of both a state and a federal lobbyist to support Community Power's legislative and regulatory efforts.
- **Other Services –** Community Power contracts or plans to contract for IT services, audit services (data and financial), accounting services and other services as needed. Community Power continues to examine if these services are more cost effective or efficient to bring in-house; in particular, Community Power is growing its internal IT function and expecting a reduction in its IT Services professional services agreement.

**TABLE 19. PROFESSIONAL SERVICES AND CONSULTANTS BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Data Management | 13.5 | 14.6 | 14.8 |
| SDG&E Fees | 3.4 | 3.4 | 4.0 |
| Legal/Regulatory | 1.5 | 2.1 | 1.7 |
| Other Services | 2.1 | 2.1 | 2.0 |
| Technical Support | 1.3 | 2.1 | 2.1 |
| Professional Services and Consultants | 22.3 | 24.3 | 24.6 |

**Amounts displayed in millions of dollars*

# Personnel Costs

Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. In addition, costs include assumptions from the Board-adopted compensation policy, including potential merit and cost-of-living increases.

The recruitment strategy includes the addition of approximately seven new staff members during the FY 2025–2026 budget cycle, growing the agency to 94 total staff.

**TABLE 20. PERSONNEL COSTS BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Salaries | 9.1 | 14.1 | 15.4 |
| Benefits (retirement/health) | 1.8 | 2.6 | 3.3 |
| Payroll Taxes | 0.6 | 1.0 | 1.2 |
| Accrued PTO | 0.1 | 0.9 | 1.2 |
| Personnel Costs | 11.7 | 18.6 | 21.1 |

**Amounts displayed in millions of dollars*

# Marketing and Outreach

Marketing and Outreach includes expenses for mandatory rate mailers, communication consultants, mailers, printing, sponsorships, and partnerships to inform the community of Community Power. Marketing and outreach are further broken down into the following Budget Level 3 categories:

**Printing —** The agency is periodically required to send mailers to its customers notifying the community about several aspects of rates including changes to rates through Joint Rate Comparisons.

**Marketing and Communications —** An important focus of Community Power is ensuring the community is informed about Community Power and that we build professional-level name recognition and trust and provide education. This also covers the design of all required notifications sent out to customers, including opt-out procedures and rate comparisons as well as other notices or educational or marketing information.

**Partnerships/Sponsorships/Local Memberships —** In addition to required noticing, Community Power performs outreach to educate the community of the benefits of community choice and to encourage awareness of our mission. This comes in the form of media advertising, sponsorships of community events and organizations, and mailers as well as targeted customer communications.

**TABLE 21. MARKETING AND OUTREACH BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---:|---:|---:|
| Printing | 2.4 | 1.2 | 0.8 |
| Partnerships/Sponsorships/Local Memberships | 1.2 | 1.2 | 1.1 |
| Marketing and Communications | 0.6 | 0.7 | 0.8 |
| Marketing and Outreach | 4.1 | 3.0 | 2.6 |

**Amounts displayed in millions of dollars*

# General and Administration

General and Administration costs include leasing office space, industry fees or memberships (e.g., CalCCA dues), equipment and software as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel, professional development, etc.

**TABLE 22. GENERAL AND ADMINISTRATION BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Other G & A | 5.7 | 3.6 | 4.0 |
| Cal CCA Dues | 0.4 | 0.5 | 0.6 |
| Rent | 0.4 | 0.7 | 0.9 |
| Partnerships/Sponsorships/Memberships | 0.0 | 0.0 | 0.0 |
| Insurance | 0.1 | 0.1 | 0.3 |
| General and Administration | 6.6 | 4.9 | 5.9 |

**Amounts displayed in millions of dollars*

# Programs

Given the small size of the Budget Level 2 category for Programs, Community Power is removing this budget category in FY 2025–2026.

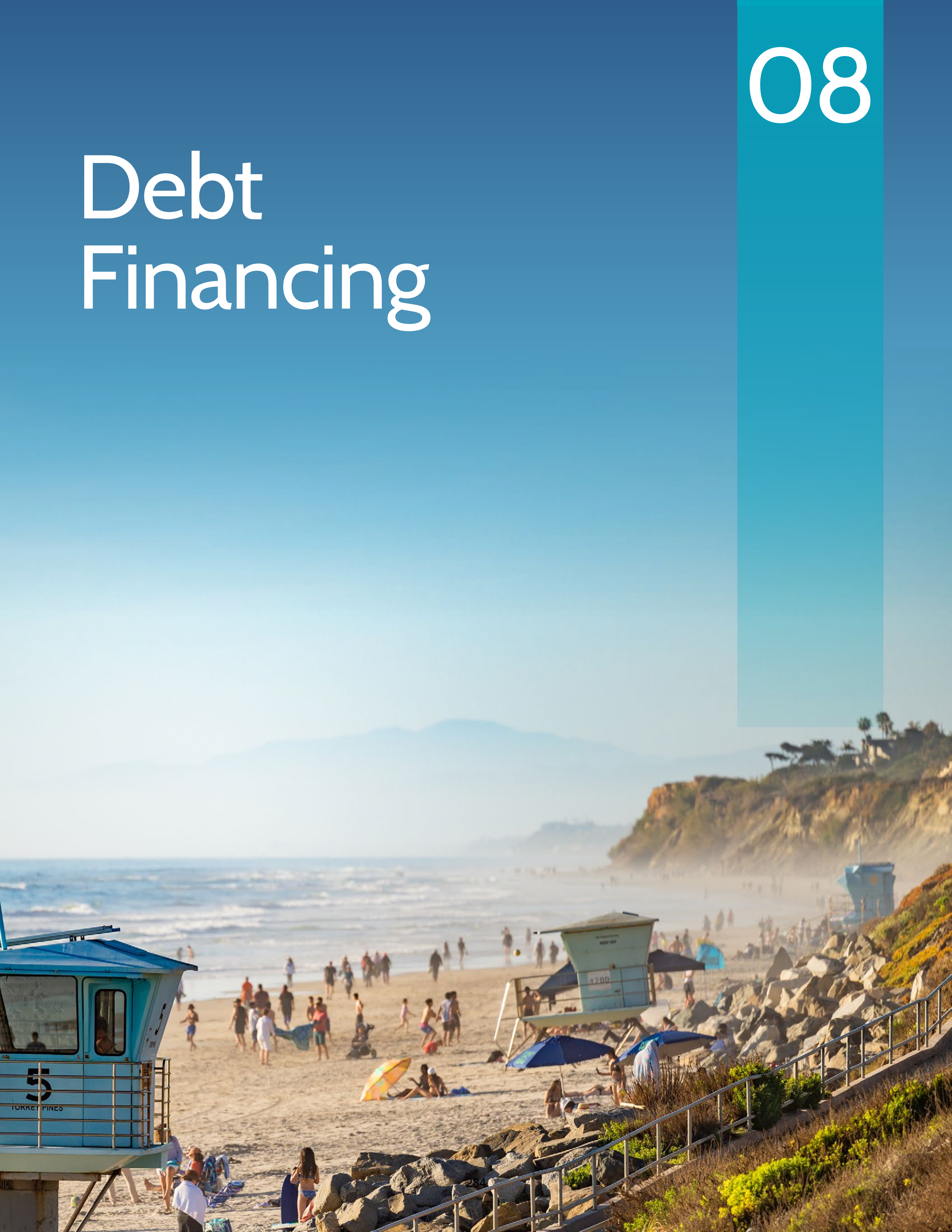
**TABLE 23. PROGRAMS BY BUDGET LEVEL 2 AND LEVEL 3***

| | FY24 Amended | FY25 Amended | FY26 Proposed |
|---|---|---|---|
| Programs | 0.7 | 0 | 0 |
| Programs | 0.7 | 0 | 0 |

**Amounts displayed in millions of dollars*

# 08

# Debt Financing



# Debt Financing

## Credit Facility

On January 23, 2023, the Community Power Board approved a new credit agreement to implement a new line of credit of $150 million from a JP Morgan credit facility. Subsequently, on October 25, 2024, the Community Power Board approved an amendment to increase the credit facility to $250 million.

The Credit Agreement with JP Morgan provides for a $250 million multi-use revolving line of credit. This credit facility includes an up to 5-year term from the date of renewal. The funds are available for general corporate purposes including line-of-credit draws, collateral postings and postings for the provider of last resort collateral requirements.

Community Power does not anticipate needing to use its credit facility to finance operations in FY 2025–2026 but periodically may access the credit facility for one-time needs. In FY 2024–2025, Community Power accessed $47.0 million from the credit facility and satisfied the loan payment in December 2024. Currently, Community Power has zero debt. However, Community Power still pays debt service fees to maintain its $250 million credit facility and to satisfy fees related to standby letters of credit.

**TABLE 24. DEBT PAYMENTS***

| Year ended June 30, 2025 | Beginnings | Additions | Payments | Ending |
|---|---|---|---|---|
| Bank note payable | - | 47.0 | 47.0 | - |
| Loans payable | - | - | - | - |
| Total | - | 47.0 | 47.0 | - |

**Amounts displayed in millions of dollars*

## Debt Considerations

The Community Power Board has taken several important steps to potentially achieve an investment-grade credit rating that includes, among many items:

- Developing a Reserve Policy to increase liquidity
- Establishing and funding an Operating Reserve
- Adopting strategic goals that build to 180 days' cash on hand, ultimately leading to an investment-grade credit rating
- Approving rates effective February 1, 2025, that potentially allow Community Power to achieve 180 days' cash on hand in calendar year 2025

After an investment-grade credit rating is achieved, Community Power will have an enhanced ability to issue tax-exempt or taxable bonds to finance ownership in energy-generation or energy-storage assets. Direct asset ownership may provide the opportunity to control energy cost.

Community Power's ability to issue tax-exempt debt to finance an ownership interest in a generating or storage facility is a distinct advantage over investor-owned utilities and direct access providers. There are no specific asset purchases currently under consideration by staff.

The Debt Policy enables Community Power to issue bonds that will ultimately be subject to Board approval as a separate action. The Debt Policy will help Community Power take advantage of ownership opportunities that may arise, especially in conjunction with state or federal funding that might be available. To date, Community Power has not issued debt.

The Debt Policy articulates:

- The situations and steps necessary for the issuance of debt
- The types of debt that may be issued
- How the debt fits into Community Power's strategic plan and potential capital investment program

The Debt Policy also includes sections to:

- Facilitate decision making
- Establish basic parameters and principles
- Articulate and clarify other related aspects to guide future Boards, staff and consultants

FIGURE 42. COMMUNITY POWER'S DEBT 2020–2024

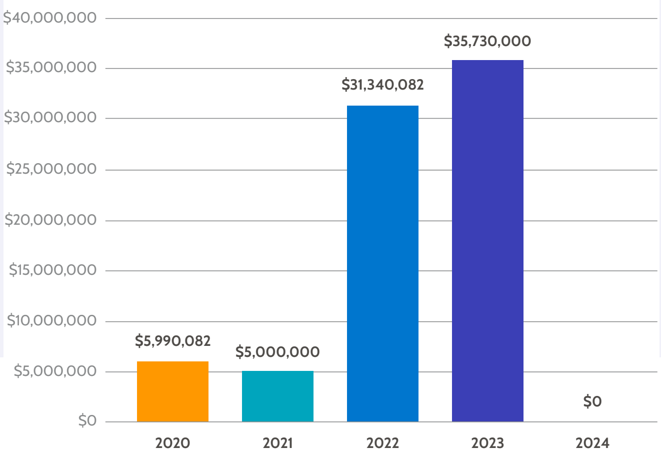
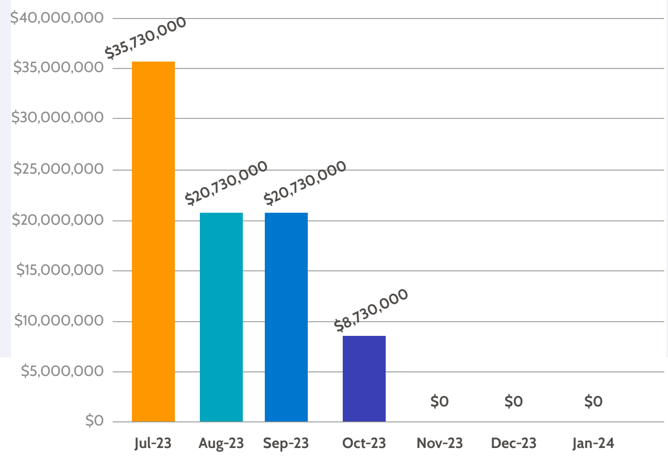



FIGURE 43. COMMUNITY POWER'S DEBT BY MONTH




The Community Power debt policy also includes additional requirements as follows:

- Green Bonds — To the extent possible, Community Power bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects.
- 1.5x Max Annual Debt Service — While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, Community Power will utilize an Additional Bonds Test that establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds, including the debt service for the new issuance.
- 5% Annual Debt Service Limit — Community Power will also seek to maintain aggregate annual debt service on long-term debt at a level not to exceed 5% of Community Power's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

09

# Financial Policies

# Financial Policies

## Budget Policy

### Purpose

This policy ("Policy") establishes San Diego Community Power's (SDCP's) timeline for annual budget preparation and for discretionary budget adjustments. This Policy is adopted pursuant to Government Code Section 6508 et seq. and must be adopted or amended by resolution.

### Budget Guidelines

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. There are several sections of the JPA that guide the development and management of the budget.

- Section 4.6 Specific Responsibilities of the Board. 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.
- Section 7.2 Depository. 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- Section 7.3 Budget and Recovery Costs. 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

### Budget Preparation

The Chief Financial Officer (CFO) begins the annual budget process in February of any given year. The Finance department develops initial revenue and expense estimates and updates its short-term financial plan. In March and April, SDCP staff develop and refine budget proposals to develop an initial budget baseline for the Agency for the upcoming budget year. The budget is further refined through strategic planning sessions and through the SDCP Finance and Risk Management Committee.

The CFO will then be required to prepare and submit to the SDCP Board of Directors (Board) a draft proposed budget for the next following fiscal year in May, or no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting in June, or no later than the month immediately preceding the start of the respective fiscal year.

### CEO and CFO Authority

The Chief Executive Officer (CEO) or CFO will have the discretion to authorize expense transfers from line items between and within SDCP's budget level 2 categories as established and approved in the annual budget process by the SDCP Board, provided that net transfers total $150,000 or less from the budget category.

For example, within the Professional Services and Consultants budget level 2 category, the CFO may authorize that $150,000 move from the Data Management to the Technical Support budget level 2 categories, provided that the total Professional Services and Consultants budget level 2 category remains the same.

**TABLE 1. EXAMPLE: EXPENSE TRANSFERS WITHIN BUDGET LEVEL 2 CATEGORIES**

| Professional Services and Consultants | FY23 Original Budget | FY23 Amended Budget | Change |
|---|---|---|---|
| Data Management | $10,541,810 | $10,391,801 | $(150,000) |
| Legal/Regulatory | $1,330,000 | $1,330,000 | $ - |
| Other Services | $1,111,000 | $1,111,000 | $ - |
| SDG&E Fees | $2,563,226 | $2,563,226 | $ - |
| Technical Support | $1,335,000 | $1,485,000 | $150,000 |
| **Total Prof. Svcs. Expenses** | **$16,881,036** | **$16,881,036** | **$ -** |

Additionally, for example, the CEO may authorize that $150,000 move from the Professional Services and Consultants to the General Administration budget level 2 categories.

**TABLE 2. EXAMPLE: EXPENSE TRANSFERS BETWEEN BUDGET LEVEL 2 CATEGORIES**

| Budget Level 2 | FY23 Original Budget | FY23 Amended Budget | Change |
|---|---|---|---|
| Cost of Energy | $661,638,828 | $661,638,828 | $ - |
| General and Administration | $2,591,363 | $2,741,363 | $150,000 |
| Marketing and Outreach | $4,164,167 | $4,164,167 | $ - |
| Personnel Costs | $7,951,499 | $7,951,499 | $ - |
| Programs | $1,395,000 | $1,395,000 | $ - |
| Debt Service | $1,314,922 | $1,314,922 | $ - |
| **Total Prof. Svcs. Expenses** | **$695,936,815** | **$695,936,815** | **$ -** |

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

## Balanced Budget

A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year-end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.

# Financial Reserves Policy

## Purpose

San Diego Community Power (SDCP) will maintain Financial Reserves (Reserves) as described in this policy to:

- Meet SDCP's strategic objectives
- Secure, maintain, and/or improve a standalone investment grade credit rating
- Secure favorable terms with vendors, including power producers
- Satisfy working capital requirements
- Adhere to contractual covenants
- Provide funds to cover unanticipated expenditures
- Support rate stability

# Policy Guidelines

SDCP's financial reserve goal is to secure 180-days of cash on hand.

The contribution to Reserves is determined through SDCP's annual budget process as defined in the agency's Budget Policy and/or SDCP's rate setting process as defined in the agency's Rate Development Policy. To the extent SDCP is ability to meet operational expenses and maintain competitive rates, SDCP will establish rates and adopt budgets with the goal of building and maintaining Reserves at or above the 180-days of cash on hand target level.

# Definitions

- **Days cash on hand:** unrestricted cash and cash equivalents x 365 / (operating expenses for the current fiscal year)
- **Reserves:** Net position
- **Use of Reserves:** A projected or estimated reduction in the amount of reserves by the end of a fiscal year below the sum of the balance of the reserves at the commencement of the fiscal year plus the projected addition to the Reserves in the budget for the current fiscal year.

## Reserve Review

Reserves and annual contributions will be reviewed on an annual basis as part of SDCP's budget process. Reserves will also be reviewed at the completion of SDCP's annual audit to reconcile the Reserve balance.

## Reserve Distribution

If reserves exceed the 180-days of cash on hand target level established in this policy, the Board may authorize reserve distributions as follows.

- **Strategic Uses:** Use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.
- **Stabilization Reserve:** Use excess funds to fund a Rate Stabilization Reserve. A Stability Reserve mitigates financial and cost of energy risk due to cyclical cost of energy fluctuations and rate shocks and may maintain compliance with financial covenants. The purpose of this reserve would be to provide budgetary stabilization and not to serve as an alternative funding source for new programs.
- **Programmatic Reserve:** Use excess funds to establish a contingency for programs and projects. Specifically, this Reserve could fund unforeseen and unexpected needs such as cost overruns, local leveraging or matching for external funds, or other programmatic needs as required.

# Conditions for Use of Reserves

- Temporary reductions in Reserves for cash flow purposes to even out the expected peaks or dips in revenues and expenditures are normal cyclical occurrences to be expected during the fiscal year, and do not constitute a use of reserves. Transfers to and from Reserves to account for such temporary cash flow fluctuations is within the discretion of the CFO.
- The CEO will have the discretion to authorize the use of reserves during the fiscal year up to the lesser of 10% of the year's total budgeted costs, or $100 million, for the following purposes:
  1. Cover increases in power supply expenses due to spikes in costs and/or due to higher customer demand;
  2. Meet any margin or collateral posting requirements under energy supply contracts; and
  3. Provide resources to meet emergency expenditures.
- Any further use of reserves as necessary or desirable, must be recommended by the CEO to the Board for approval of such use.
- Any use of the reserves under the CEO's authority shall be reported to the Board at the next regularly scheduled meeting

## Policy Review

SDCP staff will complete a periodic review of this Financial Reserve Policy to ensure that the policy meets the needs of the organization.

# Procurement Policy

## Purpose

It is in the interest of San Diego Community Power (SDCP) to establish administrative procurement practices that facilitate efficient business operations and provide fair compensation and local workforce opportunities whenever possible within a framework of high quality, competitive service offerings.

## Policy

**1. Procurement of Professional Services**

SDCP may contract for professional services, including but not limited to consultant, legal, or design services, in its sole discretion. SDCP shall procure professional services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. SDCP shall endeavor to secure the highest quality professional services available and is not required to award a contract for services to the lowest proposer.

**2. Procurement of General Services**

SDCP may contract for general services, including but not limited to cleaning or maintenance services, in its sole discretion. SDCP shall procure general services in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to procure general services at the lowest costs.

**3. Procurement of Supplies**

SDCP shall procure supplies in compliance with the Competitive Procurement Requirements in Section 5 of this Policy. Although SDCP shall not be required to award to the lowest proposer, SDCP staff shall seek to purchase supplies at the lowest costs. SDCP is encouraged to jointly procure supplies with other governmental agencies to obtain the lowest cost when possible. In the event one or more SDCP employees are designated as purchasing agents, those individuals shall be included in SDCP's Conflict of Interest Code as persons who must file an annual statement of economic interest.

**4. Procurement of Public Works Projects**

SDCP shall comply with California Public Contract Code Section 20160 et seq. and other applicable laws and regulations when procuring public projects in excess of $5,000. For purposes of this section, a "public project" shall have the same meaning as defined in Public Contract Code Section 20160, and includes, among other things, projects for the erection, improvement, painting, or repair of public buildings and works.

**5. Competitive Procurement Requirements**

- **Formal Bidding.** SDCP shall issue a request for proposals (RFP), a request for qualifications (RFQ), or similar competitive instrument for the purchase of goods or services in excess of $125,000 in any given contract year or term. Proposals shall be evaluated in accordance with Section 7 of this Policy. These contracts are subject to Board approval before final execution.
    - a. **Informal Bidding Procedures.**
        - i. For contracts valued between $50,000 and $124,999.99, staff shall solicit informal written proposals from at least three providers, if feasible. An informal written proposal consists of a written proposal that includes the provider's name, address, phone number, professional license number (if applicable), the work to be performed, and the amount of the proposal. A written proposal may be in an electronic format.
        - ii. For contracts valued between $10,000 and $49,999.99, staff shall solicit informal verbal proposals from at least three providers. Staff shall note the three verbal proposals by including the provider's name, address, phone number, and amount of the verbal proposal in SDCP's records.
        - iii. For contracts valued at less than $10,000, no formal or informal proposals shall be required, but SDCP staff is directed to seek the lowest cost supplies and the highest quality services available.
        - iv. The Chief Executive Officer ("CEO"), at his or her discretion, may direct that SDCP solicit competitive procurements through the formal bidding process for contracts under $125,000.
    - b. **Informal Bidding Procedures.** The provisions below shall apply to all methods of procurement described above.
- When procuring goods and services utilizing state or federal funds (e.g., grant or loan funds), SDCP shall comply with all state or federal project requirements in securing any goods or services necessary. If there is conflict between the foregoing, the more restrictive requirements shall apply.

- SDCP shall not be required to award a contract to purchase goods or services from the lowest responsible bidder, unless required by California law.
- No SDCP officer or employee shall split purchases into more than one purchase in order to avoid the Competitive Procurement Requirements in this Policy
- No SDCP officer or employee shall accept, directly or indirectly, any gift, rebate, money or anything else of value from any person or entity if such gift, rebate, money or anything of value is intended to reward or be an inducement for conducting business, placing orders with, or otherwise using the officer's or employee's position to secure a contract with SDCP.

c. **Exceptions to Competitive Procurement Requirements.**

i. Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy.

- Based on the unique facts or circumstances described below and a written justification retained in SDCP's records, the CEO, after consultation with the General Counsel, may waive one or more purchasing procedures in this Policy and/or use sole source procurement if the CEO determines that the best interests of SDCP are served; provided, however, that such method is not in violation of applicable law or policy. Sole source purchasing is authorized when the goods or services contemplated are capable of being supplied or performed by a sole provider, such as the holder of an exclusive patent or franchise, for purchase of unique or innovative goods or services including but not limited to computer software and technology, or for purchases of goods or services when there is a demonstrated need for compatibility with an existing item or service. Sole source procurement may also be utilized when it is apparent that a needed product or service is uniquely available from the source, or for all practical purposes, it is justifiably in the best interest of SDCP to utilize sole source procurement. The following factors shall not apply to sole source procurements and shall not be included in the sole source justification: personal preference for product or vendor; cost, vendor performance, or local service (this may be considered an award factor in competitive procurements); features that exceed the minimum requirements for the goods or services; explanation of the actual need and basic use for the equipment, unless the information relates to a request for unique factors.

ii. No competitive procurement shall be required for goods or services valued at less than $10,000 in any one contract term or contract year.

iii. No competitive procurement shall be required to rent or lease equipment.

- Competitive procurement shall not be required when the contract, goods or services will be provided by another governmental agency. SDCP can rely on the competitive procurement process provided by another governmental agency, provided that such agency's procurement is in compliance with California law.

iv. In the event of an emergency, the CEO may suspend the normal purchasing and procurement requirements for goods and services related to abatement of the impacts or effects of the emergency.

**6. Signing Authority:**

SDCP's CEO and designated staff are authorized to execute contracts and related documents in accordance with SDCP's Delegated Contract Authority Policy.

**7. RFP/RFQ Issuance and Proposal Evaluation**

- Proposals received through formal bidding procedures shall be subject to a set of criteria and a scoring system, reviewed and evaluated by relevant SDCP staff and an evaluation committee selected by the CEO or, at the discretion of the Board, members of a designated Board committee. Proposals received shall be evaluated based on competency to perform the scope of work, best fit, price competitiveness, compliance with subsections i (San Diego County Preference) and ii (Other Preferences) below, and other additional criteria added pursuant to SDCP's Inclusive and Sustainable Workforce Policy. The preferences below may not apply to procurements conducted jointly with other public agencies, and shall not apply when prohibited by state or federal statutes or regulations that require award to the lowest responsible bidder. Proposers may only pursue two of the four preferences.

i. Businesses with office(s) located in San Diego County and include at least 25% San Diego County residents under their employment shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit written information relating to the location of its office(s) in San Diego County and the percentage of San Diego County residents under its employment.

- Businesses certified as disabled veteran business enterprises as by the Supplier Clearinghouse (thesupplierclearinghouse.com) shall receive a bonus of up to 5 points or 5% out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse. Such proof shall be subject to verification by SDCP.
- Businesses certified as a Persons with Disabilities business enterprise by the Supplier Clearinghouse or Disability:IN shall receive a bonus of up to 5% or 5 points out of a 100 point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Supplier Clearinghouse or Disability:IN. Such proof shall be subject to verification by SDCP.
- Businesses certified as small business by the Department of General Services shall receive a bonus of up to 5% or 5 points out of a 100-point scoring system in competitive solicitations. To receive the preference, a proposer must submit proof of current, valid certification by the Department of General Services. Such proof shall be subject to verification by SDCP.
- SDCP is committed to the highest standards of responsible behavior and integrity in all of its business relationships. SDCP will consider a company's business practices, environmental record, and commitment to fair employment practices and compensation in its procurement decisions.

**8. Nondiscrimination Contract Clause**
Each SDCP contract and subcontract shall contain a nondiscrimination clause that reads substantially as follows: Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities.

**9. Information on Supplier Diversity**
Public Utilities Code Section 366.2(m) requires certain community choice aggregators, including SDCP, to annually submit to the CPUC: (1) a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises; and (2) a report regarding its procurement from women, minority, disabled veteran, and LGBT business enterprises.

General Order 156 (GO 156), adopted by the California Public Utilities Commission (CPUC), requires certain California public utilities to engage in outreach activities and meet specific procurement goals from women, minority, disabled veteran, persons with disabilities, and LGBT business enterprises. Qualified businesses become GO 156 certified through the CPUC and are then added to the GO 156 Supplier Clearinghouse database (www.thesupplierclearinghouse.com).

To assist SDCP with its reporting obligations under Public Utilities Code Section 366.2(m) and with evaluating its supplier outreach and other activities, proposers that are awarded the contract will be asked to voluntarily disclose their certification status with the CPUC Clearinghouse, as well as their efforts to work with diverse business enterprises, including WBEs, MBEs, DVBEs, and LGBTBEs.

Except as otherwise expressly provided under this Policy and/or required by applicable state or federal law or funding requirements (including, without limitation, any grant or loan conditions), SDCP shall not use any demographic information received from potential vendors in any way as part of its decision-making or selection process. Rather, SDCP will use such information solely for compliance with its reporting obligations to the CPUC and evaluation of SDCP's outreach and other activities consistent with applicable law. Pursuant to Article I, Section 31 of the California Constitution, SDCP shall not discriminate against or give preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin except as otherwise allowed therein.

**10. Procurement of Power and Energy Attributes**
SDCP must secure sufficient power resources and energy attributes to serve its customers, comply with State law, and meet Community Power's and its member agencies' goals. Community Power has adopted an Energy Risk Management Policy authorizing certain Community Power staff to enter into power purchase agreements and other agreements to secure power and energy attributes. This Procurement Policy shall not apply to the acquisition of power or energy attributes.

**11. Review and Approval as to Form by General Counsel**
All SDCP agreements must be approved as to the form and content by the General Counsel or his/her designee prior to signature by any authorized individual.

# Debt Policy

## Subject

Debt Policy

## Policy Guidelines

This Debt Policy ("Policy") establishes San Diego Community Power's ("SDCP") Debt Policy. The Policy articulates: (1) the situations and steps necessary for the issuance of debt; (2) the types of debt that may be issued; and (3) how the debt fits into SDCP's capital investment program (CIP), Community Power Plan, integrated resource plan, or strategic policy goals.

This Policy is adopted pursuant to Senate Bill 1029 (Hertzberg, 2016) and Government Code Section 8855 et seq. and must be adopted or amended by resolution. The SDCP Board of Directors ("Board") is required to adopt a formal Debt policy before any debt can be used.

## Background

The SDCP Board adopts budgets and establishes and adjusts rates, as appropriate, each fiscal year to provide sufficient revenues to pay all operating expenses, make required payments and comply with commitments on all other debts or financial obligations of the Agency. SDCP is committed to long-term financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. The Community Power Board further adopted its Strategic Plan on June 23, 2022, which included the goal to adopt financial controls and policies to meet or exceed best practices and manage risk.

SDCP utilizes financial policies that foster financial stability, support fiscal discipline, and enable SDCP to maintain strong investment-grade credit ratings.

This Policy confirms the commitment of the SDCP Board, management, staff, advisors and other decision makers to adhere to sound financial management practices, including full and timely repayment of all borrowings, allowing continuing ready access to the capital markets to achieve the most effective cost of capital within prudent risk parameters. The goals and objectives of this Policy are as follows:

- Maintain cost-effective access to capital markets
- Maintain a prudent level of financial risk
- Preserve future financial flexibility
- Finance capital projects, acquisitions, or improvements in a timely and cost-effective manner
- Manage debt effectively within SDCP Board established objectives and parameters
- Maintain strong credit ratings and good investor relations
- Maintain compliance with all relevant laws, reporting, and and disclosure requirements
- Foster integrity in the debt management process

Further, this Policy is intended to comply with the regulatory requirements of California Government Code Section 8855 and Senate Bill 1029 which, among many things, requires debt issuers to adopt a local debt policy governing the issuance of debt and to enhance the management of government financial resources.

## Scope and Authority

This Policy shall govern the issuance and management of all bonds and other forms of indebtedness of SDCP, together with any credit, liquidity, or other security instruments and agreements that may be executed in connection with the issuance of bonds and other forms of indebtedness ("bonds" or "debt"). It also considers certain financial targets which SDCP and its Board may contemplate in the future in order to continue to implement its capital investment program and to support cost-effective borrowing.

While this Policy specifically governs debt issued directly by SDCP, SDCP may consider joint arrangements with other municipal issuers or private parties to finance a project when it serves SDCP's policy objectives. SDCP is authorized to join together with other municipal agencies to create a separate entity, such as a joint powers authority, to issue debt on behalf of SDCP or the project participants. Typically, joint venture debt is repaid through revenues generated by the project, and SDCP will be liable only for its share of debt service, as specified in a contract executed in connection with the joint venture debt. If the potential for a joint venture does exist, SDCP will examine and negotiate the financial arrangements, obligations, liabilities, tax issues and other factors that may arise in the context of impacts on SDCP and its direct debt obligations using this Policy and financial best practices as guidance. SDCP will comply with state law limitations and in general, avoid joint procurement situations if SDCP lends it credit or enhances the credit of another entity, unless doing so will result in other net tangible benefits to SDCP. Further, as with all SDCP debt, any joint venture debt would be subject to evaluation and authorization of the Board.

While adherence to this Policy is generally required, it is recognized that changes in the capital markets, SDCP programs and other unforeseen circumstances may from time to time produce situations that are not covered by the Policy and will require modifications or exceptions to best achieve policy goals. In these cases, management flexibility is appropriate, provided specific authorization from the SDCP Board is obtained.

This Policy shall be reviewed at least annually as described below and presented to the SCDP Board for approval of any changes as appropriate. This Policy will remain in effect as amended or restated in the future by the Board.

Notwithstanding anything in this Policy to the contrary, the failure of SDCP to comply with any provisions of this Policy shall not affect the authorization, validity, or enforceability of any debt or other forms of indebtedness that are otherwise issued in accordance with law.

## Use of Debt

To achieve its objectives, SDCP may consider debt financing for the construction, acquisition, rehabilitation, replacement, or expansion of physical assets, including real and personal property, equipment, furnishings, and improvements. Debt may also be issued for other Board-approved needs or for the refunding of prior outstanding debt.

For example, SDCP may consider the use of debt to finance ownership interest in generating or storage assets if it is determined to be a cost-effective alternative to a standard power purchase agreement or if asset ownership may afford synergies between SDCP'S other objectives (e.g., resiliency, GHG free energy, etc.) or additional measurable advantages in terms of operational efficiency.

SDCP, under the direction of the Board, will retain full flexibility in determining the best funding approach on a case-by-case basis.

## Types of Debt

Types of bond issuance, further described in the Appendix, include:

- **New Money:** Debt may be incurred to provide for capital financing for future capital expenditures or reimbursement of prior expenditures.
- **Refunding:** Refunding bonds may be issued to realize debt service savings, restructure outstanding debt, modify covenants, or for other debt management purposes. Absent significant non-economic factors, refunding transactions contemplated solely for debt service savings must produce a minimum aggregate net present value debt service savings of at least 3% of the par value of the refunded bonds, calculated using the refunding issue's true interest cost ("TIC") as the discount rate. SDCP will work with its Municipal Advisor ("MA") to assess potential refunding opportunities.

Bonds may be issued as taxable or federally tax-exempt:

- **Tax-Exempt:** Interest received by bondholders of SDCP's bonds issued on a federally tax- exempt basis is exempt from federal income tax, and so typically may be issued at lower interest rates, reducing SDCP's cost of borrowing. Additional interest rate advantages may be available for bank qualified bonds (where SDCP will issue less than $10 million of tax-exempt bonds in a year). However, SDCP is limited by federal tax law in the uses of tax-exempt bond proceeds and must comply with additional federal tax law requirements during the full term of any bond issue. Uses of proceeds typically require a governmental purpose and must be spent on capital improvements rather than operating expenses. Tax implications include having reasonable expectations for spending proceeds at the time of issuance, limiting private use of financed projects, and complying with arbitrage restrictions on the bond proceeds.
- **Taxable:** Taxable debt's interest is not exempt from federal income tax, and so is typically issued at higher interest rates than tax-exempt debt. However, the IRS restrictions described above do not apply, and so SDCP may wish to use taxable debt in situations where the project or purpose of borrowing may not meet federal tax law requirements. SDCP may also consider taxable tax credit or direct subsidy bonds, such as Clean Renewable Energy Bonds, Qualified Energy Conservation Bonds, etc., that offer lower costs of borrowing to SDCP through the issuance of taxable debt that is supported by federal subsidy payments on the interest expense to SDCP.

## Method of Sale

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is expected to result in cost savings or provide other advantages compared to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance. Please see the Appendix for a detailed description of the different methods of sale that SDCP may consider.

## Structure and Term

The repayment schedule of a bond issue can vary greatly from one sale to another. The same is true for other debt instruments. SDCP will consider which structures meet SDCP's strategic goals, are cost effective, minimize the new debt's impact on SDCP's overall debt service schedule, future debt capacity, and other factors when deciding how to structure new debt. In addition to debt amortization terms, structuring options may include the addition and procurement of credit enhancement, the establishment of reserves, the use of capitalized interest, and call or redemption options.

In structuring debt service, SDCP shall consider (1) current and forecasted revenues and any anticipated changes to rates, charges and operating expenses, (2) future borrowing plans, (3) meeting the Credit Considerations described in the next section, and (4) feedback from the Municipal Advisor and rating agencies on a structure's potential impacts to SDCP's credit worthiness. Generally, but not a requirement under this Policy, SDCP prefers level debt service over time. SDCP, consistent with tax law, will not structure debt with a maturity date that materially exceeds the average useful life of the assets or improvements being financed.

## Green Bonds

To the extent possible, SDCP bond issuances shall be green bonds. A green bond is a type of fixed-income instrument that is specifically earmarked to raise money for climate and environmental projects. These bonds are typically asset linked and backed by the issuing entity's balance sheet, so they usually carry the same credit rating as their issuers' other debt obligations.

## Credit Considerations

When SDCP issues debt, the Agency will have to execute certain bond documentation and agreements (herein generally referred to as 'indentures') that will bind SDCP to specific terms or requirements. Generally speaking, SDCP will agree to abide by certain covenants written in the indenture which describes in detail the obligations and responsibilities of SDCP and the rights of the bondholders which are designed to protect bondholders by setting standards by which SDCP agrees to comply. These types of covenants may require SDCP to meet certain requirements or, conversely, may forbid SDCP from undertaking certain activities that would jeopardize SDCP's ability to repay its debt. An indenture defines SDCP's contractual obligations and determines the parameters of SDCP's permissible financial behavior.

The incorporation of effective bond covenants into SDCP's future bond issues and respective documentation signal a commitment to abide by stated financial and operating parameters over the long-term and contribute towards SDCP's ability to maintain strong financial health. Credit ratings are ultimately statements about the likelihood of full and timely debt repayment. Because bond covenants govern an issuer's ongoing financial behavior, the analysis of bond/indenture covenants and their impact on the risk profile of a bond is an integral part of the credit rating process.

Credit ratings are fundamentally forward-looking opinions on the relative default risk associated with a particular issuer and its debt obligations. Credit ratings have a significant impact on the interest rates for SDCP debt, and therefore SDCP will work to address the cost and benefits of obtaining and maintaining strong credit ratings. Depending on the lien structure of the debt, some, or all, of the following factors may be included in its bond documentation in order to obtain and maintain strong credit ratings that would broaden the appeal of and lower the cost of debt issued by SDCP.

- **Debt Service Coverage Ratio:** The ability of an agency to pay debt service (i.e. principal and interest on debt obligations) when due is often measured by how much cash flow is available, after payment of operating expenses, to cover debt service payments (Debt Service Coverage Ratio). Debt Service Coverage Ratio is a common financial metric used in the utility industry and is used by the rating agencies and investors to determine the ability of a utility to fulfill its debt obligations and ensure that the utility generates sufficient revenues to make its debt secure. SDCP's future indentures will likely require cash flow in excess of debt service, or a Debt Service Coverage Ratio greater than 1.0x. Many public agencies target a Debt Service Coverage Ratio in its financial and debt policies higher than the minimum required by its indenture to improve debt ratings and lower their costs of borrowing. Should SDCP establish a minimum Debt Service Coverage Ratio in its future indentures, the Board may consider establishing a target ratio in this Policy that is higher than the legal minimum. Note, that a failure by SDCP to meet a target ratio proposed in this Policy will not result in a default under the indenture so long as the minimum Debt Service Coverage Ratio is achieved.
- **Rate Covenant:** A rate covenant is a promise to set rates or fees at levels that are set to recover sufficient revenues at a designated threshold level to cover operating expenses and debt service payments. This designated threshold level is the same as the Debt Service Coverage Ratio discussed previously. SDCP may develop one or more rate covenants in order to measure and govern operating performance. As noted, future indentures may establish minimum levels of coverage and SDCP's Board-adopted financial policies may establish internal goals that exceed these minimum coverage requirements.

- **Additional Bonds Test:** If SDCP were to issue bonds or other debt obligations, the indentures governing those obligations may have covenants that stipulate whether SDCP may sell additional bonds in the future that share that same pledged revenue stream as security. SDCP may develop conditions or standards in its indentures that describe the parameters whereby SDCP could issue additional bonds (referred to as an "additional bonds test"). This test is intended to ensure that future bond issuance does not reduce bondholder security by placing too high a burden on the revenue stream. The additional bonds test may require that SDCP demonstrate that it has sufficient revenues to meet or exceed the designated Debt Service Coverage Ratio before additional bonds can be issued.

  While the specific formulation of the Additional Bonds Test may vary depending on the type of bonds being contemplated, the SDCP will utilize an Additional Bonds which establishes a limitation on new issuances such that the pledged revenues are no less than one and a half times (1.5x) the maximum annual principal and interest and debt service for the aggregate outstanding senior lien bonds including the debt service for the new issuance.

  The Agency will also seek to maintain aggregate annual debt service on long-term debt at a level not-to-exceed 5% of the Agency's annual total operating expenses. The actual terms and conditions specific to each debt issue will be controlled by the applicable documents.

- **Reserves:** SDCP may maintain reserves including those in compliance with GASB 62 such as the adopted Operating Reserve Fund to act as a rate stabilization fund that can help mitigate the impacts of revenue variability. Depending on whether or not SDCP incorporates a rate stabilization fund reserve into its indentures, this reserve may be used to help meet Debt Service Coverage Ratio requirements during times of revenue shortfalls. This fund can be a valuable tool to manage and mitigate the risk related to any Debt Service Coverage Ratio requirements included in future indentures and to address revenue and rate volatility. There are other reserves that the Board may consider adopting in the future that, for example, may be utilized for paying debt service, for funding specific capital projects, or for emergency purposes etc.

- **Additional Ratio Targets:** In the future the Board will continue to monitor this Policy and will establish enhancements to further strengthen the financial ratios and targets of SDCP. For example, while not a ratio included in Indenture covenants, another ratio that can help measure SDCP's financial health and position is the ratio of debt-funded capital to overall capital spending (i.e., debt to pay-go spending). Prudent use of debt financing rather than pay-go funding of capital projects can facilitate better allocation of resources over time and ensure payment equity across generations for the use of long-term assets.

## Financing Team and Professional Services

SDCP will assemble a financing team that will provide advice and support for the development and implementation of debt issuance as well as ongoing analysis and support. The financing team will include both SDCP staff and outside professional consultants. When required by SDCP's procurement policy, SDCP will use a competitive process through a Request for Proposal ("RFP") in the retention of professional consultants. Otherwise, SDCP will adhere to its best practices in contracting to procure such vendors. The professional consultants selected by SDCP could be engaged to help develop a credit strategy, issue debt and/or assist SDCP with its compliance with applicable federal and state statutes, and Internal Revenue Code at the time of issuance as well as on a continuing basis. Please see the Appendix for a detailed description of the outside professional consultants SDCP may include on its financing team.

## Debt Administration

The Chief Executive Officer ("CEO"), or designee shall make recommendations on budget, stabilization transfers and rate adjustments. The Chief Financial Officer shall be responsible for the administration and implementation of this Policy and will have day-to-day responsibility for structuring, implementing and managing SDCP's debt program.

## Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Policy, SDCP shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post- issuance compliance, and investment of bond proceeds. Please see the Appendix for a detailed description of SDCP's internal control procedures.

## Post-Issuance Administration

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, postissuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under Securities and Exchange Commission ("SEC") Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

Please see the Appendix for a detailed description of SDCP's Post-Issuance Compliance Policy and additional information on SDCP's post-compliance procedures.

## Training

The Chief Financial Officer shall provide training the members of SDCP staff involved in the tax compliance and the initial or continuing disclosure process in coordination with the CEO, and the SDCP Board regarding their respective responsibilities for disclosure and tax compliance.

The Chief Financial Officer, or designee, shall arrange for periodic disclosure and tax training sessions conducted by SDCP's disclosure counsel or other professionals (e.g., seminars) which shall include education regarding disclosure policies, SDCP's disclosure obligations under applicable federal and state securities and tax laws, and the tax compliance and disclosure responsibilities of SDCP.

## Policy Review

In coordination with the CEO, the Chief Financial Officer, or designee, will be responsible for regularly reviewing and updating this Policy, and shall present any recommended revisions to the Board for consideration and adoption.

## APPENDIX

### Permitted Types of Debt

SDCP may legally issue both short-term and long-term debt, through either a direct loan or through the public market, using the debt instruments described below. SDCP in consultation with its internal Counsel, Bond Counsel and Municipal Advisors, shall determine the most appropriate instrument for a proposed debt offering.

SDCP may issue the following types of tax-exempt or taxable Debt:

- **Long-Term Debt:** Long-term debt generally includes debt issued to finance capital expenditures with the objective of structuring repayment within the expected life of the financed asset. Debt may be used as a tool for rate stabilization as repayment of the debt is spread over the useful life of the financed project. Long-term bonds may bear interest at fixed or variable rates or structured with level debt service payments or otherwise with term maturities. Long-term revenue bonds are a type of debt that may be entered into by SDCP and which may be secured by a lien on the revenues of SDCP. SDCP may also enter into long-term loans with state or federal agencies. These loans typically have fixed interest rates. Government loan programs may offer favorable interest rates and terms, and should be considered as alternatives to market rate debt when available. The use of longterm debt will be evaluated with pay-as-you-go capital investment and would not be expected (absent extraordinary circumstances) to fund non-capital operational expenditures or operating deficits.
- **Short-Term Debt:** Short-term debt generally has a maturity of less than 7 years and may take several forms, including notes, commercial paper, direct bank loans and other short-term products with either fixed or variable rates. Short-term debt products are flexible cash management tools that are primarily used to meet interim funding (pending the issuance of long-term debt). When approving short-term debt products, the Board may limit SDCP's percentage of short-term debt when compared to its long-term debt portfolio taking into account future market access, term-out provisions and retail rate stability.
- **Variable-Rate Debt:** In addition to interim financing, which includes commercial paper and similar short-term borrowing programs, it may be appropriate to issue long-term variable rate debt that bears an interest rate that is reset periodically at predetermined intervals, including entering into revolving credit facilities, to diversify the debt portfolio, to reduce interest costs, and to improve the match of variable rate assets (such as short-term investments and reserves) to liabilities. The amount of variable rate debt will generally not exceed a net 20% after consideration of investments and cash equivalents of the outstanding debt portfolio of SDCP.

SDCP may consider the following types of fixed or variable rate debt:

- Revenue Bonds secured by general revenue or project revenues
- Commercial Paper or other Interim Funding Notes
- Capital Leases
- Certificates of Participation/Lease Revenue Bonds
- Installment Sale or Purchase Agreements Revenue Bonds
- Bond or Grant Anticipation Notes
- Tax and Revenue Anticipation Notes
- State and Federal Loans and Grants
- Direct Bank Loans or Lines of Credit
- Public Private Partnerships

This list is not meant to be inclusive of all options that may be available to SDCP as different circumstances may dictate. SDCP may from time to time find that other types of debt would be beneficial to further its purposes and may approve such debt without an amendment to this Policy.

**Method of Sale**

SDCP may choose to issue bonds using either a competitive or negotiated sale process. SDCP may also sell bonds by means of a private placement or direct sale with a financial institution or other accredited investor when this method is demonstrated to result in cost savings or provide other advantages relative to a traditional public offering. SDCP staff will work with its Municipal Advisor to determine the most appropriate method of sale for each issuance.

- **Competitive Sale:** SDCP may elect to sell bonds in the public market on a competitive basis depending on market conditions, required size of issuance and relative complexity of structure. The Bonds are marketed to a wide audience of investment banking (underwriting) firms. The underwriter is selected based on its bid for the securities. SDCP will award the sale of the competitively sold bonds on the basis of the lowest true interest cost basis. Pursuant to this policy, The Chief Financial Officer, or designee, is authorized to sign the bid form on behalf of the SDCP fixing the interest rates on bonds sold on a competitive basis.

- **Negotiated Sale:** SDCP may elect to sell bonds in the public market on a negotiated basis depending on market conditions, required size of issuance and relative complexity of structure. SDCP staff selects the underwriter, or team of underwriters, of its securities in advance of the bond sale on the basis of responses to a proposal review. With the assistance of the Municipal Advisor (MA), SDCP staff works with the underwriter to bring the issue to market and negotiates all rates and terms of the sale. In advance of the sale, SDCP staff will determine compensation for and liability of each underwriter employed and the designation rules and priority of orders under which the sale itself will be conducted. Pursuant to this policy, the Chief Financial Officer or designee will be authorized to sign the bond purchase agreement on behalf of SDCP, fixing the interest rates on bonds sold on a negotiated basis.

- **Private placement:** SDCP may elect to issue debt on a private placement basis. Such method shall be considered if it is demonstrated to result in cost savings or provide other advantages relative to other methods of debt issuance, or if it is determined that access to the public market is unavailable and/or timing considerations require that a financing be completed more quickly than required for a competitive or negotiated sale.

**Financing Team and Professional Services**

SDCP will assemble a financing team that will provide advice and support for the best execution of each debt transaction. The financing team may consist of multiple parties with distinct responsibilities and is generally comprised of both SDCP staff and outside professional consultants. These outside professional consultants may include:

- **Municipal Advisors:** SDCP shall utilize the services of independent MAs in connection with debt-related issuances or projects. SDCP's MA will not serve as an underwriter on negotiated bond sales of SDCP.

- **Underwriters:** SDCP will utilize an underwriter in the sale of bonds on a competitive or negotiated basis. An underwriter is a financial services firm that acquires (by purchase) bonds for resale in the public bond markets. For a negotiated sale, SDCP will select an underwriter through a request for proposal process; basing the selection on value for SDCP including capital structure, underwriting capabilities, demonstrated expertise and experience as well as proposed fees. SDCP may also select an underwriting firm to act as placement agent in connection with a private placement of bonds. In a competitive sale, bonds are offered for sale at a designated date and time, and multiple underwriters may submit bids. The bonds are awarded to the underwriter (or group of underwriters) that submit the lowest bid.

- **Disclosure Counsel:** SDCP will endeavor to provide complete and appropriate disclosure of financial and legal condition in the issuance of debt. SDCP will also take steps and adopt policies in order to provide for compliance with continuing disclosure requirements.

Disclosure counsel, which may be Bond Counsel, shall be responsible for assisting SDCP in the preparation of the Preliminary and Final Official Statements and any other disclosure documents. SDCP will select, through a request for proposal process, and retain qualified and experienced counsel in achieving this objective of appropriate disclosure.

- **Bond Counsel:** SDCP will retain qualified and experienced legal counsel as representation of SDCP to provide the customary opinions required for the issuance of bonds and other financial obligations. Bond counsel shall be responsible for developing the legal documents required for each transaction and draft and review documentation sufficient to provide approving legal opinions. Bond counsel will render customary approving legal and tax opinions for each transaction.
- **Bond Counsel:** SDCP may select through a request for proposal process the services of a financial institution, acting through its trust division, to act as trustee. The trustee may hold, invest and disburse financing proceeds as directed by SDCP. The trustee will act as registrar as well as the paying agent for SDCP debt. The Chief Financial Officer or designee shall monitor the services rendered by the trustee.

**Internal Control Procedures**

All debt transactions must be approved by the Board of Directors. The proceeds of bond sales will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investments will be made consistent with the following guidelines: (1) compliance with federal tax arbitrage requirements, as applicable; (2) safety of principal; (3) liquidity; (4) diversity; and (5) return on investment or yield, and may be held as cash. SDCP's Investment Policy guidelines and bond indentures will govern objectives and criteria for investment of bond proceeds. The Treasurer will oversee the investment of bond proceeds consistent with the foregoing guidelines.

Proceeds of debt will be held either by a third-party trustee or by SDCP. The trustee will disburse bond proceeds to SDCP upon submission of one or more written requisitions signed by an authorized SDCP officer. If the funds are held directly by SDCP, they must be held and accounted for in a separate fund or account, the expenditure of which will be documented by SDCP and subject to established internal controls consistent with SDCP's applicable policies and procedures. These procedures will include, in connection with each requisition or expenditure of proceeds held by SDCP, a written record of the particular capital project or program or other expense to which the funds drawn were applied or allocated.

For bond proceeds that are meant to reimburse SDCP for previous expenditures, SDCP staff will provide documentation that conform to tax requirements and other applicable regulations. To support this certification, staff will analyze capital expenditures and establish that requirements are met before the bond issuance takes place and maintain a written record of such analysis and the amount reimbursed to each particular capital project or program or other expense to which such reimbursed proceeds are to be allocated.

For bond proceeds intended to provide funding for ongoing or upcoming capital expenditures, SDCP staff will monitor the expenditure process. Staff will analyze the use of proceeds on an annual basis or more frequently, if deemed appropriate, until the proceeds are completely spent and will perform monitoring and record-keeping in accordance with SDCP's accounting guidelines and other applicable regulatory requirements. Refunding bond proceeds are generally held by a third-party trustee or fiscal agent to be applied in connection with written directions generally prepared by bond counsel. SDCP will maintain records of the directions to the trustee, and will review of fund statements and other records received from, the trustee.

**Post-Issuance Administration**

SDCP will comply with requirements pertaining to initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, and investment of bond proceeds. This includes any continuing disclosure undertakings under SEC Rule 15c2-12; tax covenants and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements; and all California State reporting requirements.

- **Post-Issuance Compliance Policy:** SDCP will adopt a Post-Issuance Compliance Policy ("PICP") to provide for ongoing monitoring and reporting with respect to compliance with SEC requirements for publicly offered indebtedness and with tax regulations applicable to tax-exempt debt. The PICP will provide for the federal disclosure requirements, responsibility for reporting, training, and describe procedures for compliance with continuing disclosure agreements entered into for each such series of bonds from the date they are issued until the bonds are no longer outstanding. The PICP may be administratively adopted and amended without approval of the Board.
- **Financial Disclosure:** SDCP will comply with applicable deliverable obligations and financial disclosure

requirements, as specified in any and all bond and debt-related documents. Staff has developed and will maintain an updated schedule of the requirements in compliance with SDCP's internal record-keeping processes. SDCP will post required documents to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access ("EMMA") website as required on a timely basis. SDCP, at its discretion, may also post documents voluntarily to EMMA. SDCP will provide financial disclosure to rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, financial information using the appropriate channels/policies/procedures. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable disclosure requirements. SDCP also may contract with an outside service provider to monitor disclosure postings.

- **Tax Compliance:** SDCP will comply with applicable federal arbitrage and rebate regulations related to its bonds and other debt instruments. These responsibilities include monitoring the investment and expenditure of bond proceeds, maintaining a system of record-keeping and reporting and contracting for the services of outside arbitrage consultants as necessary. SDCP will establish and implement post-issuance procedures to guide its compliance with these requirements. The Chief Financial Officer is responsible for monitoring the compliance by SDCP of applicable tax requirements for debt issued on a tax-exempt basis.

- **Record Keeping:** A copy of all debt-related records shall be retained at SDCP's offices or otherwise electronically. At a minimum, these records shall include all official statements, bid documents, bond documents/transcripts, indentures, resolutions, trustee statements, leases, and title reports for each financing (to the extent available). The following documents shall be maintained for the term of each issue of bonds (including refunding bonds) plus at least three years:

  - A copy of the bond closing transcript(s) and other relevant documentation delivered to SDCP at or in connection with closing of the issue of bonds;
  - A copy of material documents relating to capital expenditures financed or refinanced by bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, draw requests for bond proceeds and evidence as to the amount and date for each draw down of bond proceeds, as well as documents relating to costs paid or reimbursed with bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with bond proceeds, including a final allocation of bond proceeds;
  - A copy of all contracts and arrangements involving the use of bond-financed or refinanced assets; and
  - A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

# Investment Policy

## Subject

Investment Policy

## Policy Guidelines

The San Diego Community Power ("SDCP") Investment Policy ("Policy") establishes investment guidelines for protecting SDCP's cash reserves, deposits, and investments ("Funds") while producing a reasonable rate of return on investments.

The Policy articulates: (1) the objectives and priorities for SDCP investments; (2) the types of investments that are permitted and prohibited; and (3) the controls SDCP will implement to ensure assets are protected. This Policy is adopted pursuant to California Government Code Section ("Section") 53600-53608 and must be adopted or amended by resolution. The SDCP Board of Directors ("Board") is not required to adopt a formal Investment Policy by statute, however, it is in the best practice to ensure agency assets are protected.

## Background

On October 1, 2019, the Founding Members of San Diego Community Power (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 3.2.12 of the JPA specifies that the SDCP Board of Directors (Board) may at its discretion adopt rules, regulations, policies, bylaws and procedures governing the operation of SDCP.

Further, Section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Section 5.10.2(C) of the JPA finally states one of the primary purposes of the Financial and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure equitable contributions by Parties consistent with a recommendation for Board approval of the Investment Policy herein. Further, this section states the FRMC may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of SDCP funds, and credit/depository matters.

## Investment Objectives

To the extent possible, investments will align with SDCP's mission, vision, value, and goals. When managing Funds, SDCP's primary objectives shall be to (1) safeguard the principal of the Funds, (2) meet the liquidity needs of SDCP, (3) achieve a return on funds invested, and (4) exercise a high standard of care on Funds within SDCP's control.

1. **Safety:** Safety of principal is the foremost objective of cash and investment management activities. The investment of Funds shall be undertaken in a manner that seeks to ensure the preservation of principal.
2. **Liquidity:** The Funds of SDCP shall remain sufficiently liquid to meet all operating needs that may be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment of Funds in deposits or instruments that are available on demand is recommended.
3. **Return on Investments:** SDCP's deposit and investment portfolio shall be designed with the objective of attaining a market rate of return throughout the economic cycle while considering investment risk and liquidity constraints. The return on deposits and investments is of secondary importance compared to the safety and liquidity objectives described in Investment Objectives, Section A and Investment Objectives, Section B, above.
4. **Standard of Care:** SDCP will manage Funds in accordance with the "Prudent Investor Standard" pursuant to California Government Code Section 53600.3[2] as follows:
   "All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

[2] *All further statutory references are to the California Government Code unless otherwise stated.*

## Delegation of Authority

Pursuant to Section 53607, the Board has the authority to delegate the responsibility to manage SDCP's funds to the Treasurer. The Treasurer has authority to appoint Deputy Treasurer(s) as the Treasurer deems necessary to carry the duties in accordance with the Investment Policy. SDCP may engage the services from one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of SDCP's investment portfolio in a manner consistent with the SDCP's Policy. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with the investment objective set forth in this Policy.

## Scope

This Investment Policy applies to all funds and investment under the direct authority of SDCP. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents and any other funds specifically exempted by SDCP's Board of Directors.

**Acceptable Investment Types:** To the extent possible, investments will align with SDCP's mission, vision, value, and goals.

1. **Deposits at Bank(s):** Funds may be invested in non-interest-bearing depository accounts to meet SDCP's operating and collateral needs and grant requirements. Funds not needed for these purposes may be invested in interest-bearing depository accounts or Federal Deposit Insurance Corporation (FDIC) insured certificates of deposit with maturities not to exceed five (5) years. Banks eligible to receive deposits will be federally or state chartered and will conform to Section 53635.2 which requires that banks "have received an overall rating of not less than 'satisfactory' in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code." As per Section 53652, banks must collateralize the deposits of public agencies in an amount equal to no less than 110% of as currently stated in the value of the deposits. The Treasurer will monitor the credit quality of eligible banks holding SDCP deposits that exceed FDIC insurance limits to ensure the safety of SDCP deposits.
2. **Local Agency Investment Fund (LAIF):** Funds may be invested in the Local Agency Investment Fund established by the California State Treasurer for the benefit of local agencies. LAIF's investments in instruments prohibited by or not specified in SDCP's policy do not exclude the investment in LAIF itself from SDCP list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.
3. **U.S. Treasury Obligations:** Funds may be invested in United States Treasury obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq.
4. **Federal Agency Securities:** Funds may be invested in Federal Agency Securities or Government-Sponsored Enterprise (GSE) obligations with a term to maturity not exceeding five (5) years and subject to the limitations set forth in Sections 53601 et seq. and 53635 et seq. No more than 20% of the total portfolio may be invested in callable agency securities and no more than 30% of the total portfolio may be invested in any single Agency/GSE issuer.
5. **Bankers' Acceptances:** Funds may be invested in Banker's Acceptances provided that they are issued by institutions which have short-term debt obligations rated "A-1" or its equivalent of better by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Not more than 40% of the portfolio may be invested in Bankers' Acceptances, and no more than 5% of the portfolio may be invested in any single issuer. The maximum maturity shall not exceed 180 days.
6. **Negotiable Certificates of Deposit:** Funds may be invested in negotiable certificates of deposit in accordance with the requirements of Section 53601 and 53601.8, and subject to the following limitations:
    a. Issued by an entity as defined in Section 53601(i); and
    b. No more than 30% of the total portfolio shall be invested in certificates of deposit, no more than 5% of the total portfolio may be invested in any single issuer, and the maximum maturity does not exceed 5 years.
7. **Placement Service Deposits:** Funds may be invested in deposits placed with a private sector entity that assists in the placement of deposits with eligible financial institutions located in the United States (Section 53601.8). The full amount of principal and the interest that may be accrued during the maximum term of each deposit shall at all times be insured by federal deposit insurance. The maximum portfolio exposure to the deposits placed pursuant to this section shall be limited by Section 53601.8.

8. **Money Market Funds:** Funds may be invested in money market funds pursuant to Section 53601(l)(2) and subject to Section 53601(l)(4). No more than 20% of the portfolio may be invested in the shares of any one Money Market Fund. No more than 20% of the total portfolio may be invested in these securities.

9. **Commercial Paper:** Of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph A or paragraph B:

    a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars ($500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.

    b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

        - No more than 10% of the outstanding commercial paper of any single issuer.
        - No more than 25% of SDCP's investment assets under management may be invested in Commercial Paper. Under a provision sunsetting on January 1, 2026, no more than 40% of the total portfolio may be invested in Commercial Paper if SDCP's investment assets under management are greater than $100,000,000.
        - No more than 5% of the total portfolio may be invested in any single issuer. The maximum maturity does not exceed 270 days.

10. **Medium Term Notes (MTN):** The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. (Section 53601 et seq). The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. No more than 30% of the total portfolio may be invested in MTNs, no more than 5% of the total portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.

11. **Pass-Through Securities:** Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (Section 53601 et seq) from issuers not defined in sections 3 and 4 of the Acceptable Investment Types section of this policy, provided that: The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO, no more than 20% of the total portfolio may be invested in these securities, no more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer and the maximum maturity does not exceed five (5) years.

12. **Municipal Securities:** include obligations of SDCP, the State of California and any local agency within the State of California,(Section 53601) provided that: The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO")., no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

13. **Municipal Securities:** (Registered treasury notes or bonds) of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California (Section 53601). The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO, no more than 5% of the total portfolio may be invested in any single issuer, no more than 30% of the total portfolio may be in Municipal Securities and the maximum maturity does not exceed five (5) years.

14. **Supranationals:** Issues are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. (Section 53601).The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO, no more than 30% of the total portfolio may be invested in these securities, no more than 10% of the total portfolio may be invested in any single issue and the maximum maturity does not exceed five (5) years.

**Prohibited Investment Types**

Pursuant to Section 53601.6, SDCP shall not invest Funds in any security that could result in a zero-interest accrual, or less, if held to maturity. These prohibited investments include, but are not limited to, inverse floaters, range notes, or mortgage-derived interest-only strips. The purchase of foreign currency denominated securities is prohibited. The purchase of Crypto Asset Securities is prohibited. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. SDCP is prohibited from investing in any company or organization whose business do not align with SDCP's mission, vision, value and goals.

**Investment Portfolio Management**

The term to maturity of any Funds invested shall not exceed five (5) years pursuant to Section 53601. The Treasurer will allocate Funds among authorized investments consistent with the objectives and standards of care outlined in this Policy.

**Collateralization**

Certificates of Deposit (CDs). SDCP shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. SDCP shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

**Risk Management and Diversification**

SDCP's investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks associated with concentrating investments in specific security types, maturity segment, or in individual financial institutions. No more than 5% of the investment portfolio shall be in securities of any one issuer except for U.S. Treasuries, U.S. Government Agency issues, Supranationals and investment pools such as LAIF, and money market funds.

a. Credit Risk: Credit risk, defined as the risk of loss due to failure of the insurer of a security, shall be mitigated by investing in those securities with an "A" or above rating and approved in the Investment Policy and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm SDCP's cash flow.

b. Market Risk: Market risk or interest rate risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by implementing a short term and long-term investment strategies. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by SDCP based on SDCP's investment objectives, constraints and risk tolerances.

**Credit Rating**

This Investment Policy sets forth minimum credit ratings for each type of security. These credit ratings apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the policy limits.

Minimum credit ratings:

a. For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "- ") by at least one nationally recognized statistical rating organization (the "NRSRO").

b. For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

The monitoring of credit ratings consists of the following procedures:

1. When a credit rating downgrade occurs which results in a rating below the minimum credit requirement, SDCP's Finance Department or external investment adviser will analyze and evaluate the credit rating to determine whether to hold or sell the investment.
2. In the event a security in the Fund receives a credit rating downgrade which results in a rating below the minimum credit rating requirement, SDCP's Treasurer will report the rating change to the Finance and Risk Management Committee in the monthly public report. In the same manner, the Finance and Risk Management Committee will be informed on the decision to hold or sell a downgraded security.
3. The Investment Officials or authorized employees involved in the investment process and external investment advisers shall meet at least quarterly to review and update the approved list of securities and establish credit criteria for each category of security.

To ensure that the Fund maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

**Brokers**

The Treasurer shall endeavor to complete investment transactions in accordance with Section 53601.5, institutions eligible to transact investment business with SDCP include:

a. Institutions licensed by the state as a broker-dealer.

b. Institutions that are members of a federally regulated securities exchange.

c. Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.

d. Nationally or state-chartered banks.

e. The Federal Reserve Bank.

f. Direct issuers of securities eligible for purchase.

Broker/dealers shall be approved by the Chief Executive Officer upon recommendation by the Treasurer. Selection of broker/dealers shall be based upon the following criteria: the reputation and financial strength of the company or financial institution, the reputation and expertise of the individuals employed, and pursuant to the requirements of Section 53601.5. The Treasurer shall require any selected broker, brokerage firm, dealer, or securities firm to affirm that it has not, within any 48-consecutive month period, made a political contribution to any member of the SDCP Board, or any candidate who may join the SDCP Board in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, the Political Reform Act, including section 84308, or any applicable SDCP Policy, as amended from time to time. The selected broker or dealers shall be provided with and acknowledge receipt of this Policy.

**Losses**

Losses are acceptable on a sale before maturity and may be taken if required to meet the liquidity needs of SDCP or if the reinvestment proceeds will earn an income flow with a present value higher than the present value of the income flow that would have been generated by the original investment, considering any investment loss or foregoing interest on the original investment.

**Delivery and Safekeeping**

The delivery and safekeeping of all securities shall be made through a third-party custodian when practical and cost effective as determined by the Treasurer, or a duly appointed Deputy Treasurer, and in accordance with Section 53608.

The Treasurer shall review all transaction confirmations for conformity with the original transaction and monitor for excessive trading.

**Ethics and Conflict of Interest**

The Investment Officials or authorized employees involved in the investment process, shall act as custodians of the public trust and will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Investment Officials and any external investment advisers acknowledge that all direct SDCP investments are subject to public review and evaluation.

SDCP Investment Officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

SDCP Investment Officials shall disclose to General Counsel or designee i) any material interests in financial institutions with which they conduct business, and ii) disclose any personal investments with a direct, indirect or beneficial interest totaling $2,000 or more. Investment Officials shall refrain from undertaking any personal investment transactions with the same individual from the external investment adviser with whom business is conducted on behalf of SDCP.

Investment Officials, pursuant with all applicable laws, shall not accept honoraria, gifts, and gratuities from advisers, brokers, dealers, bankers, or other entity with whom SDCP conducts business.

Any external investment adviser contracted by SDCP will comply with Municipal Securities Rulemaking Board Rule G-37 and shall follow the Investment Adviser Fiduciary Standard established by the U.S. Securities and Exchange Commission.

**Internal Controls**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Accordingly, the Treasurer shall establish and maintain internal controls that shall address the following points:

a. **Control of Collusion:** Collusion is a situation where two or more employees are working in conjunction to defraud their employer. To achieve a segregation of duties, individuals who authorize investment transactions shall not also record or reconcile said transactions.

b. **Clear Delegation of Authority to Subordinate Staff Members:** Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

c. **Delivery-Versus-Payment (DVP):** All investment transactions shall be conducted on a delivery-versus-payment basis.

d. **Safekeeping and Custody:** Securities purchased from any bank or dealer, including appropriate collateral (as defined by California Government Code), that are not insured by the FDIC, shall be placed with an independent third party for custodial safekeeping. To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities in SDCP's portfolio shall be held in safekeeping in SDCP's name by a third-party custodian, acting as agent for SDCP under the terms of a custody agreement executed by the bank and SDCP. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by SDCP from the custodian listing all securities held in safekeeping with current market data and other information. The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (1) local government investment pools; (2) time certificates of deposit, (3) Local Agency Investment Fund, and (4) mutual funds and money market mutual funds, since these securities are not deliverable.

e. **Avoidance of Physical Delivered Bearer Securities**: Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Bearer securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with such securities.

f. **Written Confirmation of Telephone Wire Transfers:** Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written or electronic communications and approved by the appropriate person. Development of a Wire Transfer Agreement with the Lead Bank or Third-Party.

g. **Audits:** SDCP's Funds shall be subject to a process of independent review by its external auditors. SDCP's external auditors shall review the investment portfolio in connection with SDCP's annual audit for compliance with the Policy pursuant to Section 27134. The results of the audit shall be reported to the Treasurer.

### Reports

a. **Monthly:** The Treasurer will perform a monthly review of the investment function. Following the commencement of investment transactions, the Treasurer shall submit a monthly report of all investment transactions to the Finance and Risk Management Committee. Investment transactions are defined as the purchase, sale or exchange of securities.

b. **Annually:** The Treasurer will submit an annual report to the Finance and Risk Management Committee within 60 days of the end of a fiscal year providing the following:

   - A list of individual securities by investment type, issuer, credit risk rating, CUSIP number, settlement date of purchase, date of maturity, par value and dollar amount invested on all securities, the market value and source of the market value information;
   - A statement that the portfolio is in compliance with this Policy and in accordance with Section 53646 or the manner in which the portfolio is not in compliance; and
   - A statement of SDCP's ability to meet anticipated cash requirements for the upcoming 12 months.
   - The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's annual report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark. Benchmarks may change over time based on changes in market conditions or cash flow requirements.

c. **Annual Review:** This Policy will be reviewed annually by the Treasurer. The Board is authorized to approve changes to this Policy following the review of proposed changes by the Finance Risk Management Committee.

# Glossary of Investment Terms

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**BANKERS' ACCEPTANCES.** A short-term, negotiable, unconditional, and time draft drawn on and accepted by a bank. It is typically used in trade to finance the purchase and sale of goods.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than $250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than $250,000 each, so that FDIC coverage is maintained.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COUPON.** The rate of return at which interest is paid on a bond.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**CRYPTO ASSET.** Digital assets that use public ledgers over the internet to prove ownership. They use cryptography, peer-to-peer networks and a distributed ledger technology (DLT) – such as blockchain – to create, verify and secure transactions.

**CUSIP.** Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most financial instruments, including: stocks of all registered U.S. and Canadian companies, commercial paper, and U.S. government and municipal bonds.

**DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**DELIVERY vs PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

**FEDERAL FUNDS RATE.** The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

**ISSUER.** The entity identified as the counterparty or obligator related to a security trade.

**INVERSE FLOATER.** A bond or other type of debt whose coupon rate has an inverse relationship to a benchmark rate.

**INVESTMENT OFFICIALS.** This includes any applicable SDCP staff participating in the investment process; SDCP Treasurer; SDCP Deputy Treasurer(s); and SDCP Board of Directors.

**LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUID.** Term for securities that can be converted to cash quickly.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain nonprofit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARKET VALUE.** The price at which a security can be traded.

**MATURITY.** The final date upon which the principal of a security becomes due and payable.

**MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION.** The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MORTGAGE BACK SECURITY.** Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

**MORTGAGE-DERIVED INTEREST-ONLY STRIPS.** A financial product created by separating the interest and principal payments of a mortgage-backed security.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**MUTUAL FUND.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).** A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**NEGOTIABLE CD.** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**PREMIUM.** The difference between the par value of a bond and the cost of the bond, when the cost is above par.

**RANGE NOTES.** A structured investment where the coupon is linked to the performance of a reference index

**REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**TOTAL RATE OF RETURN.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. TREASURY OBLIGATIONS.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**TREASURY BILLS.** All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES.** All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

**TREASURY BONDS.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**VOLATILITY.** The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

**YIELD TO MATURITY.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

# Rate Development Policy

Effective Date: November 17, 2022

## Background

San Diego Community Power (SDCP) advocates for ratepayers by providing a choice of electricity providers and shifting control of local energy decisions from profit-driven, incumbent utility into the hands of residents and businesses located in our service jurisdiction. This creates competition in rates that benefits customers, increased transparency and ensures a better overall customer experience.

## Purpose

This policy provides the framework for SDCP's Board of Directors and staff to ensure SDCP's rate design, development and implementation process remains transparent, fiscally responsible and centered on the customer.

As a public not-for-profit agency, SDCP must, at a minimum, set rates to recover costs associated with debt service and the purchase of power and operational costs. It is in the best interest of SDCP and its customers to design and implement rates that meet revenue requirements as well as targeted reserves, while maintaining rate competitiveness, stability and long-term financial viability.

## General Criteria

SDCP has established various objectives and priorities that shall be considered as part of SDCP's rate design process. SDCP's rate setting objectives are as follows:

1. **Cost Recovery:** rates must be sufficient to recover all expenses, debt service and other expenditure requirements.
    - **Reserves:** rates must be sufficient to build prudent reserves in line with SDCP's Reserve Policy, which will provide funds to cover unanticipated expenditures, secure favorable terms with vendors, secure a standalone investment-grade credit rating and meet strategic objectives.
    - **Rate Competitiveness and Customer Value:** rates must allow SDCP to successfully compete to retain and attract customers while offering superior electricity service offerings with higher renewable content compared to the incumbent investor-owned utility.
2. **Rate Stability:** rate changes should be minimized to reduce customer bill impacts with a preference for annual rate adjustments. Additionally, a Rate Stabilization Fund may be established and over time sufficiently funded to help mitigate significant swings in rates.
3. **Equity among customers:** rate difference among customers should be justified by differences in usage characteristics and/or cost of service. Additionally, to the extent possible, rates shall be equalized from a value proposition perspective among customers enrolled during different Power Charge Adjustment Indifference (PCIA) Vintage Years.
    - **Rate Structures:** as new rates are developed, emphasis shall be put on rate-design simplicity and comparability as well as overall customer experience. SDCP reserves the right to design pilot rates as reviewed and approved by the Board.
    - **Transparency:** SDCP's Board will review and approve rates at an open and public meeting held in accordance with the Ralph M. Brown Act. SDCP shall post a copy of the adopted rates in both English and Spanish on its website within 14 calendar days of approval or by the rates' effective date, whichever is sooner. SDCP shall also make any rate design documents promptly available upon request under the California Public Records Act.
    - **Cost Shifting:** SDCP shall avoid, to the best of its ability, cost shifting between customer classes.
    - **Cost of Service:** SDCP may explore a cost-of-service model for rate design. Cost-of-service studies are used to determine the total costs incurred by a utility in providing service to its customers and the allocation of those costs through rates back to customer classes. Revenue collected from each customer class then may be compared with that class's cost responsibility to determine the extent to which each class is reimbursing the utility for the costs it incurred in providing service.

## SDCP's Rate Setting Timeline

SDG&E's Energy Resource Recovery Account (ERRA) application is usually approved by the CPUC in December, which provides the trajectory of bundled service commodity rates including the above market costs and other fees that will be passed on from SDG&E to all customers. Once the ERRA is approved, SDCP staff shall present proposed rates for the year to the Board in January of each year for review, deliberation and approval to be effective no later than February 15. With ever-changing market developments and regulatory climate, there may be instances where SDCP staff also proposes intra-year changes to rates.

To the greatest extent possible, SDCP's rates will be competitive with SDG&E's rates. With each SDG&E and SDCP rate change, both entities are required to work collaboratively to co-publish and post a Joint Rate Comparison on their respective websites to allow customers to easily see how rates compare.

## Implementation of SDCP's Rates

SDCP's rate setting process is and will always be open and transparent to the public. SDCP's Board of Directors, which is composed of a representative from each of its member agencies, will set rates according to agreed-upon strategic goals of SDCP and the cost of service.

Prior to the implementation of new rates, the Board will review and deliberate the proposed rates in a public setting and take comments from the public.

Once the Board approves proposed rates, the rates will be published on SDCP's website in advance of their effective date, giving customers time to compare, budget and better understand what to expect on their bills going forward. For more information on SDCP's rates, visit
**sdcommunitypower.org/billing-rates/residential-rates/**
for residential rates or
**sdcommunitypower.org/billing-rates/commercial-rates/**
for commercial rates.

Fees passed on by SDG&E to "departing load" customers such as SDCP include the Power Charge Indifference Adjustment (PCIA) and Franchise Fees. The PCIA is a charge to ensure that both SDG&E customers and those who have left SDG&E service to purchase electricity from other providers pay for the above market costs for electric generation resources that were procured by SDG&E on their behalf. "Above market" refers to expenditures for generation resources that cannot be fully recovered through sales of these resources at current market prices.

The Franchise Fee is a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways. SDG&E collects the surcharge from customers and remits them to the appropriate municipality.

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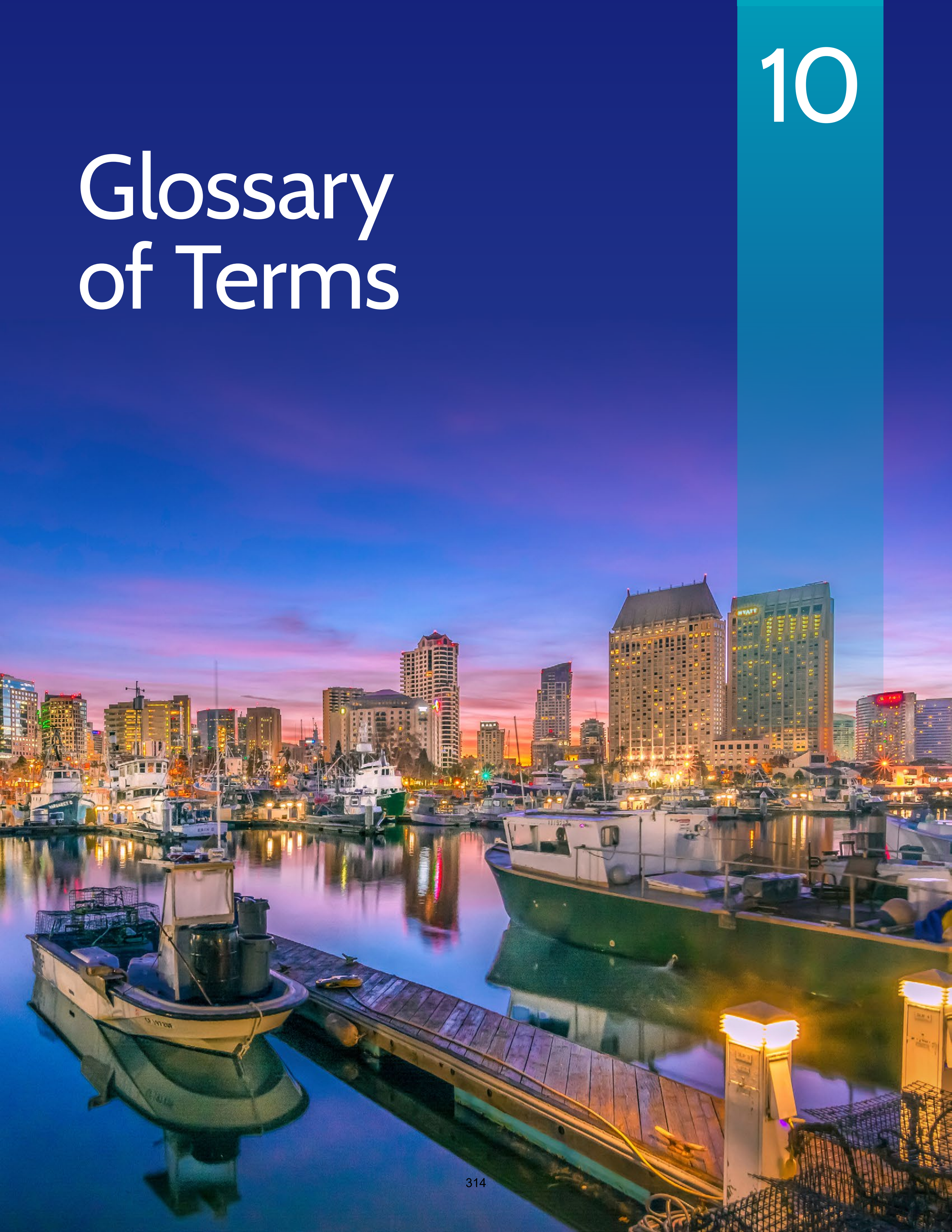
# Glossary of Terms



# Glossary of Terms

**AB – Assembly Bill:** An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly (rather than the Senate) is the bill's house of origin in the Legislature. In California, it is common for legislation to be referred to by its house of origin number even after it becomes law. However, because bill numbers "reset" and start again from 1 in each legislative session, it is less confusing to include chapter and statute information when referring to a bill that has become law; for example, SB 350 (Chapter 547, Statutes of 2015).

**AL - Advice Letter:** An Advice Letter is a request by a California Public Utilities Commission (CPUC) jurisdictional entity for Commission approval, authorization or other relief.

**ALJ – Administrative Law Judge:** ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

**ARB – Air Resources Board:** The California Air Resources Board (CARB or ARB) is the "clean air agency" in the state government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

**AReM – Alliance for Retail Energy Markets:** A not-for-profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in select public policy forums at the state level. AReM represents direct access providers such as Constellation NewEnergy and Direct Energy.

**BayREN – Bay Area Regional Energy Network:** BayREN offers regionwide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

**CAISO – California Independent System Operator:** A nonprofit public benefit corporation that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (approximately 80% of California's electric flow). Its stated mission is to "operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development." CAISO is regulated by the Federal Energy Regulatory Commission (FERC) and governed by a five-member governing board appointed by the governor.

**CalCCA – California Community Choice Association:** A statewide association, made up of Community Choice Aggregators (CCAs), that represents the interests of California's community choice electricity providers.

**CALSEIA – California Solar Energy Industries Association:** CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants and educators. Members' annual dues support professional staff and a lobbyist who represents the common interests of California's solar industry at the Legislature, Governor's Office and state and local agencies.

**CALSLA – California City-County Street Light Association:** A statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable streetlight electricity rates and facilities charges and disseminating streetlight-related information.

**CAM – Cost Allocation Mechanism:** The cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

**CARB – California Air Resources Board:** The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

**CARE – California Alternative Rates for Energy:** A state program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

**CBE – Communities for a Better Environment:** An environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

**CCA – Community Choice Aggregator:** A community choice aggregator, sometimes referred to as community choice aggregation, is an entity of local governments that procure power on behalf of their residents, businesses and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

**CCSF – City and County of San Francisco:** The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

**CEC – California Energy Commission:** The primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

**CEE – Coalition for Energy Efficiency:** A nonprofit composed of U.S. and Canadian energy-efficiency administrators working together to accelerate the development and availability of energy-efficient products and services.

**CLECA – California Large Energy Consumers Association:** An organization of large, high-load factor industrial customers located throughout the state; its members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging and mining industries and their electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

**CPUC – California Public Utility Commission:** A state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit and passenger transportation companies, in addition to authorizing video franchises.

**C&I – Commercial and Industrial:** Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

**CP – Compliance Period:** Time period to become Renewables Portfolio Standard (RPS) compliant, set by the California Public Utilities Commission (CPUC).

**DA – Direct Access:** An option that allows eligible customers to purchase their electricity directly from third-party providers known as Electric Service Providers (ESPs).

**DA Cap:** The maximum amount of electric usage that may be allocated to Direct Access customers in California or, more specifically, within an investor-owned utility service territory.

**DACC – Direct Access Customer Coalition:** A regulatory advocacy group composed of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements.

**DA Lottery:** A random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently applicable Direct Access Cap.

**DA Waitlist:** Customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

**DAC – Disadvantaged Community:** "Disadvantaged communities" refers to the areas throughout California that most suffer from a combination of economic, health and environmental burdens. These burdens include poverty, high unemployment, air and water pollution and the presence of hazardous wastes as well as high incidences of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities statewide. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

**DASR – Direct Access Service Request:** Request submitted by C&I customers to become direct access eligible.

**Demand:** The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW) or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

**DER – Distributed Energy Resource:** A small-scale physical or virtual asset (e.g., EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

**Distribution:** The delivery of electricity to the retail customer's home or business through low-voltage distribution lines.

**DLAP – Default Load Aggregation Point:** In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.

**DR – Demand Response:** An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

**DRP – Distributed Resource Plans:** Plans that are required by statute and intended to identify optimal locations for the deployment of distributed resources.

**DWR – Department of Water Resources:** DWR is the state agency charged with managing California's water resources, systems and infrastructure in a responsible, sustainable way.

**ECR – Enhanced Community Renewable:** An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a developer at a level that meets at least 25% and up to 100% of their monthly electricity demand. The customer pays the developer for the subscribed output and receives a credit on their utility bill that reflects their enrollment level.

**ED – Energy Division:** The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission and ensure compliance with Commission decisions and statutory mandates.

**EE – Energy Efficiency:** The use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat and cool and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

**ELCC – Effective Load Carrying Capacity:** The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources, the ELCC is the amount of capacity that can be counted for Resource Adequacy purposes.

**EPIC – Electric Program Investment Charge:** The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of Pacific Gas and Electric (PG&E), San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE).

**ERRA – Energy Resource Recovery Account:** ERRA proceedings are used to determine fuel and purchased power costs that can be recovered in rates. The utilities do not earn a rate of return on these costs and recover only actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

**ES – Energy Storage:** The capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

**ESA – Energy Storage Agreement:** A battery services contract, a capacity contract, demand response contract or similar agreement.

**ESP – Energy Service Provider:** An energy entity that provides service to a retail or end-use customer.

**EV – Electric Vehicle:** A vehicle that uses one or more electric motors for propulsion.

**FCR – Flexible Capacity Requirements:** "Flexible capacity need" is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as "flexible capacity" if they can sustain or increase output or reduce ramping needs during the hours of "flexible need." FCR means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC decisions.

**GHG – Greenhouse gas:** Water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane and chlorofluorocarbons (CFCs), which are gases that cause the atmosphere to trap heat radiating from the earth. The most common GHG is carbon dioxide.

**GRC – General Rate Case:** Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible for and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocate's Office and interested parties and for approval by the CPUC.

**GTSR – Green Tariff Shared Renewables:** The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

**GWh – Gigawatt-hour:** The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

**ICA – Integration Capacity Analysis:** The enhanced integrated capacity and locational net benefit analysis quantify the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

**IDER – Integrated Distributed Energy Resources:** A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

**IDSM – Integrated Demand-Side Management:** An approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

**IEPA – Independent Energy Producers Association:** California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

**IMD – Independent Marketing Division:** Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

**IOU – Investor-Owned Utility:** A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.

**IRP – Integrated Resource Plan:** A plan that outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

**kW – Kilowatt:** A measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1,000 watts.

**kWh – Kilowatt-hour:** This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

**LCE – Lancaster Choice Energy:** The CCA that serves the City of Lancaster, California.

**LCFS – Low Carbon Fuel Standard:** A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels and, therefore, reduce greenhouse gas emissions.

**LCR – Local (RA) Capacity Requirements:** The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

**LMP – Locational Marginal Price:** Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day-ahead and real-time market as it balances the system using the least cost. The LMP is composed of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

**LNBA – Locational Net Benefits Analysis:** A cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

**Load:** An end-use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

**LSE – Load-serving Entity:** Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

**LTPP – Long-Term Procurement Rulemaking:** This is an "umbrella" proceeding to consider, in an integrated fashion, all of the CPUC's electric procurement policies and programs.

**MCE – Marin Clean Energy:** The first CCA in California, which began serving customers in 2010. It serves customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

**MEO – Marketing Education and Outreach:** A term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

**MW – Megawatt:** A megawatt hour (Mwh) is equal to 1,000 Kilowatt hours (Kwh) or 1,000 kilowatts of electricity used continuously for one hour.

**MWH – Megawatt-hour:** A measure of energy.

**NAESCO – National Association of Energy Service Companies:** An advocacy and accreditation organization for energy service companies (ESCOs). Energy service companies contract with private and public-sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

**NBC – Non-Bypassable Charge:** Fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

**NDA – Non-Disclosure Agreement:** A contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

**NEM – Net Energy Metering:** A program in which solar customers receive credit for excess electricity generated by solar panels.

**NRDC – Natural Resources Defense Council:** A nonprofit international environmental advocacy group.

**NP-15 – North Path 15:** NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in Northern California in PG&E's service territory.

**OIR – Order Instituting Rulemaking:** A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five commissioners of the CPUC.

**OSC – Order to Show Cause:** An order requiring an individual or entity to explain, justify or prove something.

**ORA – Office of Ratepayer Advocates:** The independent consumer advocate within the CPUC, now called the Public Advocates Office.

**PA – Program Administrator (for EE Business Plans):** IOUs and local government agencies authorized to implement CPUC-directed energy efficiency programs.

**PCE – Peninsula Clean Energy Authority:** A CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

**PCC1 – RPS Portfolio Content Category 1:** Bundled renewables where the energy and Renewable Energy Certificate (REC) are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO, also known as "in-state" renewables.

**PCC2 – RPS Portfolio Content Category 2:** Bundled renewables where the energy and Renewable Energy Certificate (REC) are from out of state and not dynamically scheduled to a CBA.

**PCC3 – RPS Portfolio Content Category 3:** Unbundled Renewable Energy Certificate (REC).

**PCIA or "exit fee":** The Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

**PCL – Power Content Label:** A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Chapter 313, Statutes of 2009) and SB 1305 (Chapter 796, Statutes of 1997).

**PD – Proposed Decision:** A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final decision voted on by the five commissioners of the CPUC.

**PG&E – Pacific Gas & Electric:** The IOU that serves 16 million people over a 70,000-square-mile service area in Northern California.

**PHC – Prehearing Conference:** A CPUC hearing to discuss the scope of a proceeding, among other matters. Interested stakeholders can request party status during these conferences.

**Pnode – Pricing Node:** In the CAISO optimization model, this is a point where a physical injection or withdrawal of energy is modeled and for which an LMP is calculated.

**PPA – Power Purchase Agreement:** A contract used to purchase the energy, capacity and attributes from a renewable resource project.

**PRP – Priority Review Project:** Transportation electrification pilot projects approved by the CPUC pursuant to SB 350 (Chapter 547, Statutes of 2015).

**PRRR – Progress on Residential Rate Reform:** Pursuant to a CPUC decision, the IOUs must submit to the CPUC and other parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

**PUC – Public Utilities Code:** A California statute that contains 33 divisions; the range of topics within this code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities; the primary statute for governance of utilities as well as CCAs in California.

**PURPA – Public Utilities Regulatory Policy Act:** A federal statute passed in 1978 by Congress in response to the 1973 energy crisis to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was intended to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply).

**RA – Resource Adequacy:** Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities — investor-owned utilities, electricity service providers and CCAs — to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

**RAM – Renewables Auction Mechanism:** A procurement program the investor-owned utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs and any need arising from commission or legislative mandates.

**RE – Renewable Energy:** Energy from a source that is not depleted when used, such as wind or solar power.

**REC - Renewable Energy Certificate:** A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every megawatt-hour of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

**RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer:** This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

**RFO – Request for Offers:** A competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

**RPS - Renewable Portfolio Standard:** A law that requires California utilities and other load-serving entities (including CCAs) to provide an escalating percentage of California qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

**SB – Senate Bill:** A piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the Legislature for the legislation.

**SCE – Southern California Edison:** The large IOU that serves the Los Angeles and Orange County area.

**SCP – Sonoma Clean Power Authority:** The CCA serving Sonoma County and surrounding areas in Northern California.

**SDG&E – San Diego Gas & Electric:** The IOU that serves San Diego County and owns the infrastructure that delivers Community Power energy to our customers.

**SGIP – Self-Generation Incentive Program:** A program that provides incentives to support existing, new and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.).

**SUE – Super User Electric:** An electric surcharge intended to penalize consumers for excessive energy use.

**SVCE – Silicon Valley Clean Energy:** The CCA serving the communities in Santa Clara County.

**TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol:** Online tools and resources provided by The Climate Registry to assist organizations to measure, report and reduce carbon emissions.

**TE – Transportation Electrification:** For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles and medium- and heavy-duty trucks and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

**Time-of-Use (TOU) Rates:** The pricing of delivered electricity based on the estimated cost of electricity during a particular time block. Time-of-use rates are usually divided into three or four time blocks per 24 hour period (on-peak, mid-peak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real-time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

**TM – Tree Mortality:** A term that refers to the death of forest trees and provides a measure of forest health. In the context of energy, as part of the Governor's Tree Mortality Emergency Proclamation, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

**TURN – The Utility Reform Network:** A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

**Unbundled RECs:** Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are "unbundled" and sold to different buyers.

**VPP – Virtual Power Plant:** A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

**VAMO – Voluntary Allocation, Market Offer:** The process for SDG&E to allocate a proportional share of its renewable portfolio to Community Power and other LSEs within the service territory.

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# Budget Resolution

# Budget Resolution *Pending*

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# Acknowledgments

# Acknowledgments

## Finance Department

San Diego Community Power's Finance Department works to maintain a fiscally responsible budget in accordance with Community Power's Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs, and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build Community Power's reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the Community Power Board, committees and staff informed of Community Power's fiscal condition and develops a budget that will ultimately prioritize people, transparency and our communities.

### Board of Directors

Mayor Paloma Aguirre, Chair
Supervisor Terra Lawson-Remer, Vice Chair
Councilmember Sean Elo-Rivera, Director
Councilmember Marco San Antonio, Director
Councilmember Michael Inzunza, Director
Councilmember Genevieve Suzuki, Director
Councilmember Ditas Yamane, Director

### Finance and Risk Management Committee

Councilmember Ditas Yamane, Chair
Councilmember Genevieve Suzuki, Vice Chair
Councilmember Michael Inzunza, Director

### Community Advisory Committee

**CHULA VISTA**
- Anthony Sclafani
- (Vacant)

**COUNTY OF SAN DIEGO**
- Peter Andersen
- Ross Pike

**ENCINITAS**
- Gary L. Jahns
- Tara Hammond

**IMPERIAL BEACH**
- Ilian Sandoval
- Kenneth Hoyt

**LA MESA**
- David Harris
- Shaun Sumner

**NATIONAL CITY**
- Aida Castañeda
- Larry Emerson

**SAN DIEGO**
- Luis Montero-Adams
- Matthew Vasilakis

### Community Power Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Jack Clark, Chief Operating Officer
Veera Tyagi, General Counsel
Byron Vosburg, Chief Commercial Officer*

### Finance Department

Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Tim Manglicmot, Director of Finance
Christopher Stephens, Procurement Manager
Diana Gonzalez, Risk Manager
Mark Alfaro, Finance Manager
Jeb Spengler, Strategic Finance Manager
Christopher Do, Senior Financial Analyst
Julissa Mercedes, Financial Analyst
Kevin Bateman, Financial Analyst

**Formerly titled Managing Director Power Services*

# EXHIBIT B


SAN DIEGO COMMUNITY POWER

# Capital Investment Plan (CIP)

## Fiscal Years 2026–2030

Resolution 2025-XX

Final Proposed June 26, 2025

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# How to Use This Book

The San Diego Community Power (Community Power) proposed Fiscal Years (FY) 2026–2030 Capital Investment Plan (CIP) contains agency budgetary and fiscal policy information as well as detailed agency capital investment plans. The proposed Capital Investment Plan is organized into the following sections.

## Executive Summary

Includes the Chief Executive Officer's Letter for the proposed CIP and provides a high-level overview of the agency's capital budget and other high-level details on specific projects and their benefits to the community.

## Capital Investment Plan Overview

Describes the CIP in brief, including summary tables that reflect the operating transfer into the CIP as well as the list of projects planned for the next five years.

## Overview

Provides a high-level overview of Community Power's governance, structure and agency values and priorities.

## Strategic Plan

Describes Community Power's strategic planning process and board-adopted strategic goals that provide the foundation for the creation of the CIP.

## Community Engagement

Outlines the outreach process to the community that provided feedback and significant input into project and program design.

## Program Types

Includes the 14 program types, projects and funding within these types falling into short-, medium- and long-term segments that will be delivered within the CIP.

## Funding Guide

Explains funding sources that fund the CIP as well as future potential funding sources that Community Power can leverage and apply for to bolster CIP funding amounts.

# A Letter from the Chief Executive Officer

At San Diego Community Power, we are shaping a future that is both sustainable and equitable. As a not-for-profit public agency and Community Choice Aggregator (CCA), we were created to bring competition to the local energy marketplace, offering cleaner energy at competitive rates and reinvesting revenues back into our communities.

Since launching in 2021, we've grown significantly in both reach and impact. In 2024, we remained focused on our mission: delivering reliable, clean power at competitive rates while advancing programs that make a tangible difference for our customers.

Affordability and long-term value remain central to our strategy. In February 2025, we reduced rates for the second year in a row — thanks to prudent financial planning and favorable market conditions — providing most customers with a discount compared with San Diego Gas & Electric's electricity generation rates.

Every decision we make, from lowering rates to expanding service options, is grounded in the needs of our customers and communities. Last summer, we introduced two new service options: **Power100 Green+**, for commercial customers seeking the highest level of renewable energy, and **PowerBase**, a more affordable option that still meets California's clean energy standards

Even as we deliver near-term savings, we continue to plan for long-term energy security and stability. The broader power market remains volatile, shaped by a constrained statewide resource supply and uncertain federal tax credit and trade policies. Our Power Services team is navigating these challenges through disciplined procurement and long-range planning.

To date, we've executed 17 long-term power purchase and energy storage agreements that will deliver reliable, renewable electricity to nearly 1 million homes and businesses across our region. These investments not only support our goal of 100% renewable energy by 2035, but also help insulate customers from future price spikes.

In 2024, we marked a major milestone with the ribbon cutting of the **Vikings Solar and Storage Project** in Imperial County. Developed by Arevon, with Community Power as the offtaker, Vikings is more than just a solar generation site. As one of the first utility-scale solar peaker plants in the United States, the project is designed to keep the lights on and costs down when demand is at its highest — powering the equivalent of 50,000 San Diego homes with clean, affordable energy. It exemplifies our broader procurement strategy: securing long-term renewable power while creating local and regional economic opportunity.

In addition to expanding customer choice and value, we've made progress on delivering innovative solutions that support customers across the region. Last summer, we launched our largest customer program to date, **Solar Battery Savings**, which offers upfront and performance-based incentives for home battery systems that boost resilience and reduce grid demand during peak hours. The program was recognized in the U.S. Department of Energy's 2025 *Virtual Power Plant Liftoff Report* as a model for customer-centered innovation in distributed energy.

We also secured approval from the California Public Utilities Commission to launch the **San Diego Regional Energy Network (SDREN)** in partnership with the County of San Diego. SDREN will generate nearly $125 million in energy efficiency resources for the region through 2027 and marks the final major population area in California to establish a Regional Energy Network.

As we grow, we're also investing in the internal systems and strategic planning necessary to scale effectively, operate efficiently and remain accountable to the public.

The proposed FY 2026–2030 Capital Investment Plan (CIP), alongside the proposed FY 2025–2026 budget, reflects these priorities as we transition toward our mid-term program strategy, which focuses on optimizing customer energy use around time-of-use rate schedules and individual preferences. These efforts reduce participants' bills while lowering major cost drivers like energy procurement and resource adequacy — creating system-wide savings that benefit all ratepayers. In the years ahead, we will continue building the tools and incentives that align customer behavior with grid needs, helping make our clean energy system smarter, more affordable and more resilient.

As we look ahead, our focus remains on driving measurable impact: accelerating the region's clean energy transition, supporting local climate goals and building a more just and resilient energy system. With the continued leadership of our Board of Directors, Community Advisory Committee and dedicated staff, San Diego Community Power is proud to power the path toward a cleaner, more resilient future — together.

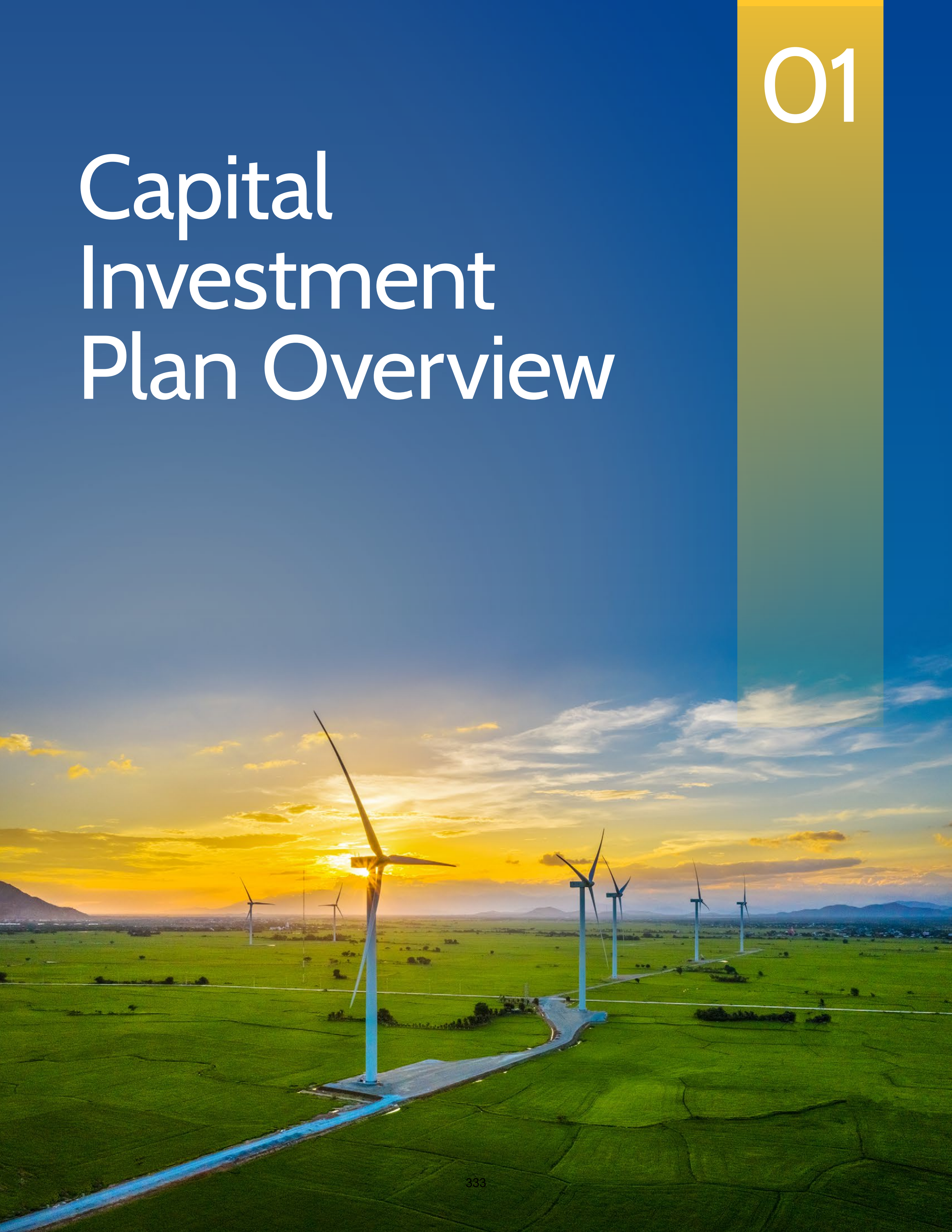
Thank you for your continued trust and partnership.

Karin Burns

Chief Executive Officer
San Diego Community Power

01

# Capital Investment Plan Overview



# Capital Investment Plan Overview

San Diego Community Power developed its first Capital Investment Plan (CIP) for FY 2024–2028 and continues to grow it with the FY 2026–2030 CIP, which contains all the individual capital projects, major equipment purchases and major programs for the agency that are intended to span multiple years. The FY 2025–2026 budget proposes a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The CIP includes funding for local development feasibility studies, customer program pilot projects, community grants, a customer education platform and other areas as outlined in the short- and medium-term program areas. Given the number of planning and pilot projects, the Community Power CIP is largely funded by internal funding that allows maximum flexibility in the planning phase with designing programs and projects. This allows the agency to focus on designing based on community and agency needs rather than based on the requirements requested by a funding agency. The planning phase of a program or project also requires less funding when compared with implementation or design and construction. As Community Power builds reserve funds and endeavors to maximize impact, Community Power will leverage the CIP to aggressively pursue external funding from sources such as state and federal agencies.

**TABLE 1. FY 2025–2026 CAPITAL BUDGET***

| | Carry Forward [1] | FY26 Authorized Budget | FY26 Proposed Budget |
|---|---:|---:|---:|
| Operating Transfer In | 9.2 | - | 22.2 |
| | | | |
| Regional Energy Network [2] | - | 31.9 | - |
| DAC-GT | (0.1) | 0.6 | - |
| CDFA | 0.7 | - | - |
| Equitable Building Decarbonization | 1.4 | - | - |
| Other | - | - | - |
| | | | |
| **CIP Revenue** | **11.2** | **32.5** | **22.2** |

**Amounts displayed in millions of dollars*

*[1] The Carry Forward amount represents actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024–2025.*
*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027 and funded programs will be available across SDG&E service territory*

The first year of the CIP is appropriated as part of Community Power's annual budget process and becomes the adopted capital budget for the fiscal year. The subsequent years of the CIP are planned expenses that are subject to Board approval during the annual budget process and are subject to change.

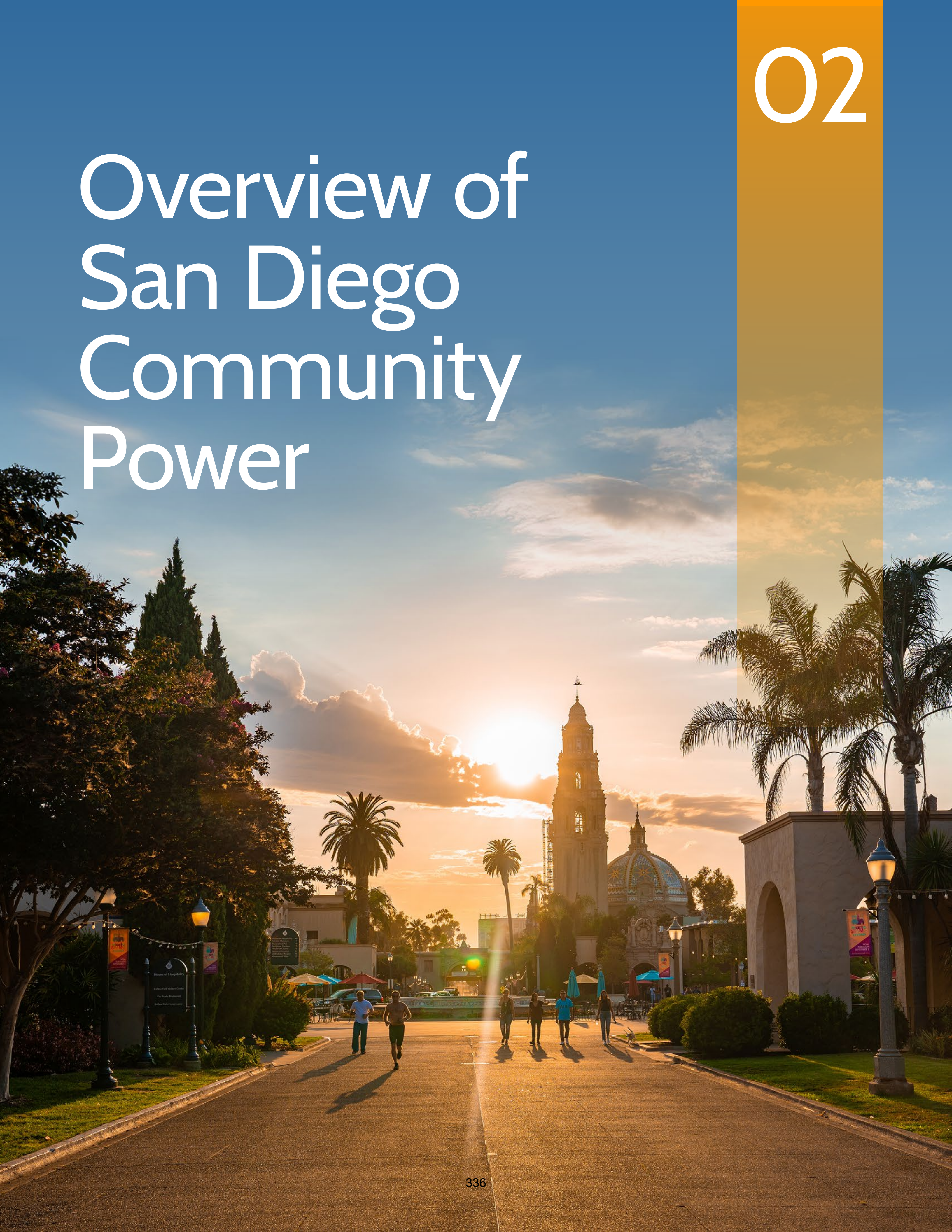
**TABLE 2. FY 2026–2030 CIP PROGRAMS AND PROJECTS**

| | Beginning Bal. | Expenses | Carry Forward [1] | 5-Year Budget | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY25 | FY25 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | Total |
| | | | | | | | | | |
| **External Funding** | | | | | | | | | |
| Regional Energy Network[2] | 2.1 | 2.1 | - | 31.9 | 59.5 | 51.4 | 42.0 | 43.7 | 228.6 |
| DAC-GT | 0.9 | 1.0 | (0.1) | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 2.4 |
| CDFA | 0.7 | - | 0.7 | - | - | - | - | - | 0.7 |
| Equitable Building Decarbonization | 1.5 | 0.1 | 1.4 | - | - | - | - | - | 1.4 |
| Other | - | - | - | - | - | - | - | - | - |
| **Subtotal** | **5.2** | **3.2** | **2.0** | **32.5** | **60.0** | **51.9** | **42.5** | **44.2** | **233.0** |
| | | | | | | | | | |
| **Internal Funding** | | | | | | | | | |
| Solar Battery Savings | 10.6 | 7.4 | 3.2 | 18.8 | 11.1 | 10.4 | 8.3 | 8.5 | 60.3 |
| Energy Efficiency | 0.3 | 0.3 | 0.0 | - | - | - | - | - | 0.0 |
| Pilot Programs | 3.0 | 0.5 | 2.5 | - | - | - | - | - | 2.5 |
| Grants | 0.8 | 0.6 | 0.2 | 1.3 | - | - | - | - | 1.5 |
| DER | 0.1 | 0.1 | 0.0 | - | - | - | - | - | 0.0 |
| Flexible Load | 0.6 | 0.3 | 0.3 | 0.3 | 0.6 | 0.6 | 0.8 | 0.7 | 3.3 |
| IT Projects | 2.6 | 0.1 | 2.5 | 1.5 | - | - | - | - | 4.0 |
| Community Education | 0.1 | 0.1 | - | 0.0 | - | - | - | - | 0.0 |
| Program Evaluation | - | - | - | 0.3 | - | - | - | - | 0.3 |
| Application Assistance | 0.3 | - | 0.3 | - | - | - | - | - | 0.3 |
| Other | - | - | - | - | 7.4 | 8.7 | 11.2 | 11.7 | 39.1 |
| **Subtotal** | 18.4 | 9.2 | 9.2 | 22.2 | 19.1 | 19.7 | 20.3 | 20.9 | 111.3 |
| | | | | | | | | | |
| **CIP Expense Total** | **23.6** | **12.5** | **11.2** | **54.7** | **79.1** | **71.6** | **62.8** | **65.1** | **344.3** |

*[1] The carry forward amount reviews actual financial data through March 31, 2025, updated April 30, 2025, and will be reconciled at the close of fiscal year 2024-2025.*
*[2] The Regional Energy Network was fully appropriated for $124M in January 2025 for Calendar Years 2024–2027, it is reflected in this table as anticipated spending by fiscal year.*

02

# Overview of San Diego Community Power



# Overview of San Diego Community Power

## Who We Are

San Diego Community Power is a Community Choice Aggregator (CCA) that gives customers an option to power their homes and businesses with significantly higher levels of renewable power at competitive rates. Since 2021, Community Power has grown to serve nearly 1 million residential, business and municipal power customers in the cities of San Diego, Chula Vista, Encinitas, Imperial Beach, La Mesa and National City as well as the unincorporated communities of San Diego County.

Community Power is a not-for-profit public agency that provides affordable clean energy and invests in its local communities to create an equitable and sustainable future for the San Diego region.

Learn more at [www.sdcommunitypower.org.](http://www.sdcommunitypower.org)

## Our Story

### FORMATION

With support from local communities, Community Power was established as a Joint Powers Authority by five cities within the San Diego region. Community Power submitted an implementation plan to the California Public Utilities Commission, outlining the intended organizational structure, operations and funding. Once approved, our Board of Directors began to meet regularly, and implementation activities began. In 2020, a sixth city and the County of San Diego elected to join Community Power.

### ENROLLMENT 2021–2023

Through phased enrollment from 2021 through 2023, Community Power gradually became the official clean energy provider for our member agencies. Customers were automatically enrolled in our service and received two notices before and two notices after enrollment.

### TODAY

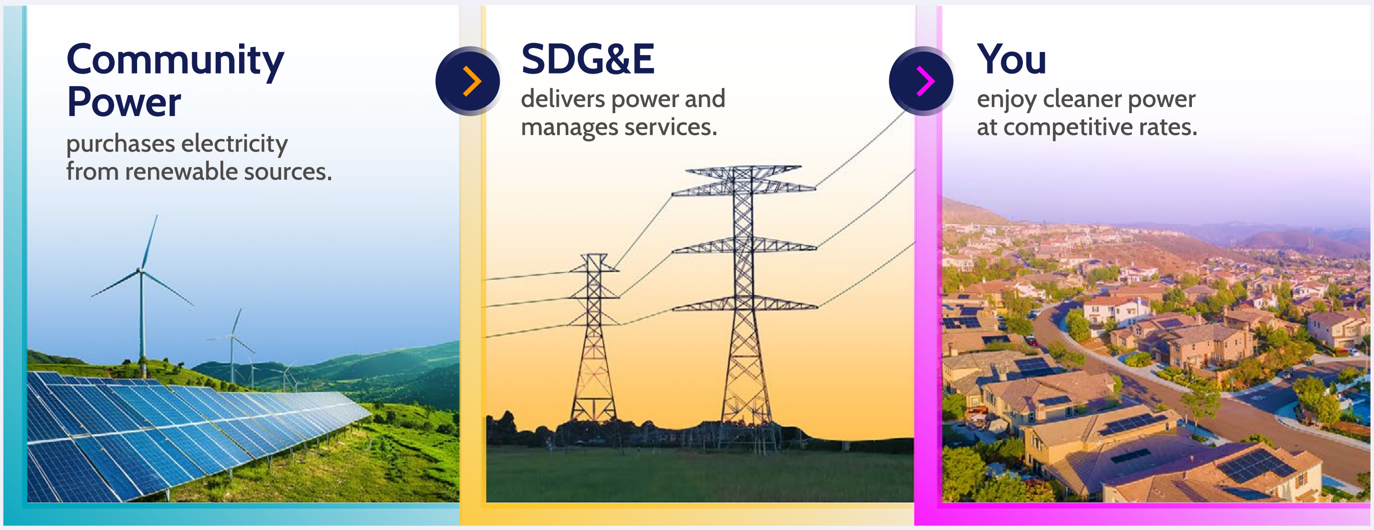
Community Power serves nearly 1 million customers with competitively priced clean energy; we are beginning to offer customer programs and rebates as well as supporting San Diego County's energy efficiency goals through the San Diego Regional Energy Network (SDREN).

# About Community Choice

San Diego Community Power is a Community Choice Aggregator (CCA) — one of dozens that have formed throughout California over the past 20 years. There are currently 25 CCAs serving over 14 million customers in California.

Through CCAs, communities can join together to pool (or aggregate) their electricity load in order to purchase clean energy and develop local clean energy projects and programs on behalf of their residents and businesses. CCAs like Community Power work in partnership with the region's existing investor-owned utilities (SDG&E in our case), which continue to deliver power and maintain the grid.

# How It Works




CCAs are making good on their commitments to invest in new renewable energy facilities throughout California. To date, CCAs have contracted for more than 18,000 megawatts (MW) of new clean generation capacity through long-term power purchase agreements (PPAs) with terms of 10 years or more. CCA PPAs equate to:

- More than 18 gigawatts (GW) of new solar, wind, energy storage, geothermal and demand response resources
- Projects totaling more than 7,900 MW that are already operational and serving CCA customers
- More than $37 billion committed by CCAs to build and operate clean energy resources
- Support for more than 36,000 construction jobs

**FIGURE 1. CCAS IN CALIFORNIA**

# Governance and Structure

In September 2019, the cities of San Diego, Chula Vista, Encinitas, Imperial Beach and La Mesa adopted an ordinance and resolution to form San Diego Community Power, a California Joint Powers Authority (JPA). In 2021, National City and the County of San Diego voted to join Community Power.

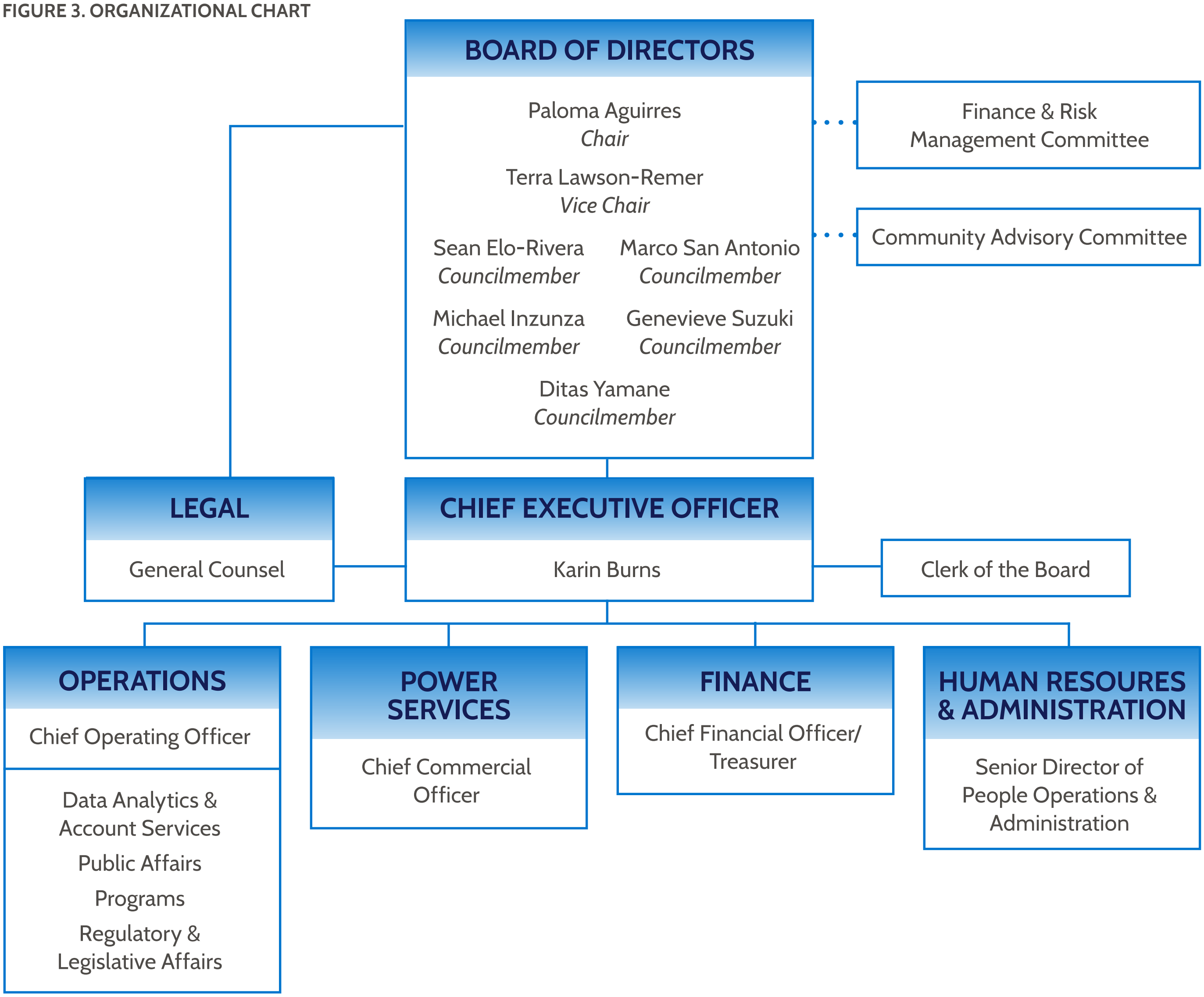
Community Power's Board of Directors is composed of an elected representative from each member jurisdiction, with each member having an alternate from the agency they represent. The Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings, where it establishes policy, sets rates, determines power purchase options and maintains fiscal oversight.

As a public agency, Community Power is designed to be fully transparent with all official meetings and information open or available to the public.

**FIGURE 2. COMMUNITY POWER MEMBER AGENCIES**

# Organizational Structure

**FIGURE 3. ORGANIZATIONAL CHART**



03

# Capital Investment Plan

# Capital Investment Plan (CIP)

## About the CIP

The Community Power Fiscal Year 2026–2030 Capital Investment Plan (CIP) includes 21 projects that will receive funding in the five-year period, totaling $344.3 million in investments across San Diego County. Projects include a number of short- and medium-term programs and projects that are largely pilot and planning studies. This allows Community Power to thoughtfully plan and design its projects and programs — based on community and agency needs — to deliver programs and projects that provide maximum public impact and that can potentially leverage other local, state and federal funds.

This plan continues Community Power's commitment to plan and finance programs and projects that align with community and organizational priorities. The programs and projects compose a list that provides Community Power with the confidence to target a core set of program types focused on community needs. It also gives Community Power the flexibility to co-design programs with community partners and to be responsive to external funding opportunities as they emerge.

This plan is not a final or absolute list of funded projects and projects may not have funding identified. Each funded and partially funded project shows a potential source of funding but this does not necessarily indicate that actual funding of the project has occurred. As design requirements, budgets and priorities change, the planned projects may also move within the plan or drop out entirely.

**5-Year** period | **$344.3** total investment | **21** projects to be funded

*Across San Diego County*

Likewise, this list is not all inclusive. Unexpected requirements often cause unforeseen projects to be inserted into the design and execution process. Furthermore, funding sources identified in the CIP are potential funding sources that may not materialize. Projects, programs and funding are additionally subject to Board approval consistent with the JPA and the internal policies and programs of the agency.

## CIP Development Process

Community Power will update the CIP annually during its budget development process. Programs and projects are included in the CIP based on alignment with Community Power's strategic goals and based on community engagement.

The proposed capital budget and CIP undergo a public outreach process comprising a wide range of stakeholder groups. Additionally, the CIP is a dynamic document that is intended to be updated regularly as needs shift or as fund availability changes. All subsequent updates to the CIP will be brought to the Board for approval.

**FIGURE 4. CIP DEVELOPMENT PROCESS**

04

# Strategic Planning

# Strategic Planning

San Diego Community Power's budgeting process, including its CIP, is directly informed by its Strategic Plan — a document co-created by our Board, our CAC, our executives and our team — that translates community priorities into actionable goals. The Strategic Plan is a critical management tool, helping to align resources, guide operational decisions and drive long-term organizational focus across every department and initiative.

Now three years into our first strategic planning cycle, Community Power has reached a pivotal inflection point. Since the adoption of our 2023–2027 Strategic Plan in June 2022 and its subsequent update in April 2023, we've achieved many of the ambitious goals we set, made meaningful progress on others and thoughtfully recalibrated where needed. From October 2024 to March 2025, we embarked on a process of revising and updating our strategic plan, setting aggressive new goals while continuing to focus our efforts, build our organization and deliver on the promise of community choice.

What hasn't changed is our mission, vision and core values. These foundational statements continue to guide our work even as we refine our priorities and strategies to reflect new opportunities, challenges and lessons learned. With our team, customer base and clean energy infrastructure significantly expanded, we now turn toward a new two- to three-year horizon — one defined by sustained growth, increased financial responsibility and a deeper investment in the people and systems that power our organization.

As we evolve, we continue to ask a simple but powerful question: **Does this activity serve our purpose?** Every program, investment and initiative we pursue should answer "yes" to at least one of the following:

- Does it make energy more affordable for our customers?
- Does it make things easier for our customers?
- Does it make our energy more renewable?
- Does it maintain or improve the health of our organization?
- Does it build trust with our communities, stakeholders and local governments?

These questions — and the values underlying them — serve as a filter and a guidepost, helping to ensure that our Strategic Plan remains grounded in what matters most to our customers and communities.

FIGURE 5. SAN DIEGO COMMUNITY POWER MISSION STATEMENT


FIGURE 6. SAN DIEGO COMMUNITY POWER VISION STATEMENT

As part of this new planning phase, Community Power has identified four overarching themes to guide our work:

### Fiscal Sustainability

We remain committed to building strong financial reserves, managing risk and pursuing strategies like clean energy prepay transactions that can reduce long-term costs for customers.

### Infrastructure Investment

This includes both internal infrastructure, such as IT, legal, data and policy capacity, and external infrastructure, including local battery storage, distributed energy resources and virtual power plant development.

### Customer Affordability

Affordability remains the top concern voiced by our community and is front of mind with every power purchase, financial hedge, compliance obligation or additional long-term power resource we contract with to support our short- and long-term procurement efforts. Our additional activities — ranging from the development of targeted rates like PowerBase to launching the San Diego Regional Energy Network — will continue to focus on reducing energy bills while meeting state policy goals.

### People

As we grow, so does our responsibility to ensure a resilient and inclusive workplace culture. We are investing in management training, professional development and succession planning to ensure strong continuity and a high level of staff retention.

Together, these priorities inform the structure of our proposed FY 2025–2026 budget and the evolution of our Strategic Plan. That work is organized around seven long-term Strategic Goals that anchor the agency's planning and performance management. These goals guide not only how we invest our resources but also how we measure our progress as a public agency accountable to the communities we serve.

## Core Strategic Goals

### 1. Fiscal Sustainability

Practice fiscal strategies to promote long-term organizational sustainability.

- Execute at least six clean prepayment transactions over the next three years to generate $30 million in annual power cost savings.
- Obtain a public investment-grade credit rating by November 2027.
- Grow reserves by $150 million to maintain 180 days' cash on hand by December 2027.
- Build a $70 million Rate Stabilization Reserve to mitigate cost volatility.
- Strengthen financial controls across contracting, risk management and procurement.

### 2. Energy Portfolio Development

Provide sufficient, affordable and clean electricity to our customers.

- Reach 100% renewable energy by 2035, with interim goals of 75% by 2027 and 85% by 2030.
- Support development of 1 gigawatt of new local clean energy capacity by 2035, including 300 MW of infill and distributed energy resources (DERs).
- Ensure reliable and cost-effective compliance with all regulatory requirements.
- Create good-paying local jobs in clean energy sectors.

## 3. Community Program Delivery

Implement programs that reduce greenhouse gas emissions, align energy supply and demand and benefit our diverse communities.

- Deliver 150 MW of local DER capacity (of the 300 MW total goal) by 2035 through programs like Solar Battery Savings.
- Launch all San Diego Regional Energy Network (SDREN) programs by FY 2026–2027.
- Implement a robust program evaluation framework by FY 2026–2027.
- Expand external funding for clean energy programs.

## 4. Legislative and Regulatory Advocacy

Advance policies that support Community Power's mission and customer goals.

- Educate policymakers and regulators to influence outcomes consistent with our policy platform.
- Support and sponsor legislation aligned with our values and needs.
- Remain an active participant in coalitions such as CalCCA to amplify our voice.
- Strategically pursue public funding aligned with agency goals.

## 5. Trusted Brand Building

Build a trusted brand that supports engagement, participation and program success.

- Position San Diego Community Power as a collaborative public agency rooted in transparency.
- Grow the Power Network of nonprofit and community-based partners to expand community reach.
- Elevate brand awareness through education and outreach.
- Empower customers to take advantage of savings and services through awareness, education and ongoing communication programs.

## 6. Customer Care

Ensure high customer satisfaction and retention.

- Refine rate structures to balance affordability, clean energy and fiscal prudence.
- Resolve SDG&E billing issues and improve customer experience.
- Explore options for a best-in-class customer service model.
- Address arrearages and connect customers with available resources.

## 7. Organizational Excellence

Foster an innovative, inclusive and resilient workplace.

- Transition into a learning organization by late 2026 with robust staff development.
- Maintain a high level of employee satisfaction through engagement and continuous feedback.
- Launch a new internship program for local college students by FY 2027

FIGURE 7. CORE STRATEGIC GOALS

1. Fiscal Sustainability
2. Energy Portfolio Development
3. Community Program Delivery
4. Trusted Brand Building
5. Legislative and Regulatory Advocacy
6. Customer Care
7. Organizational Excellence

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# Community Engagement

# Community Engagement

## Community Engagement Process

As a public agency with a deep commitment to transparency and community accountability, Community Power approaches outreach not as a one-time event, but as a continuous, year-round effort. Our financial planning, including the development of the Capital Investment Plan (CIP), is directly informed by ongoing engagement with customers, stakeholders and local leaders, ensuring our investments reflect the needs and priorities of the people we serve.

### Community Power Plan (CPP)

A key milestone shaping Community Power's customer engagement and investment strategies is the Community Power Plan (CPP), adopted by the Board of Directors on May 25, 2023. The CPP provides strategic direction for customer energy program development over a five-year time frame and is instrumental in guiding CIP investments.

As a not-for-profit public agency, Community Power is committed to designing programs that are community-driven, with a particular focus on uplifting Communities of Concern. The CPP was built through extensive outreach and partnership building, helping Community Power strengthen ongoing relationships with residents, community-based organizations and stakeholders across the region. Between May and November 2022, Community Power engaged more than 3,450 community members through listening sessions, workshops, pop-up events and a customerwide survey — prioritizing equity and reaching harder-to-engage populations. The CPP's foundational community needs assessment shaped both short-term priorities and a longer-term framework for program evaluation and design.

Rather than treating outreach and partnership building as a one-time effort, the CPP established a foundation for ongoing dialogue and partnership between Community Power and the communities we serve — a commitment that continues through the CIP and program design. This community-centered approach informs all areas of our work, including public meetings, partnerships with local organizations and targeted outreach efforts to ensure clean energy opportunities are accessible, equitable and responsive to community needs.

### Public Meetings and Oversight

Core to our transparency is the public nature of our governance. Per our Rate Development Policy, rate setting is conducted via a public process, developed by staff and approved by our Board of Directors — all through open meetings where the public is encouraged to participate. Our Board is publicly accountable to Community Power ratepayers and hosts monthly Board meetings where it not only sets rates, but also establishes policy, determines power options and maintains fiscal oversight. Similarly, our Board is informed by a subset of members on the Finance and Risk Management Committee (FRMC), and the Community Advisory Committee (CAC) advises the Board and provides a venue for ongoing citizen support and engagement in Community Power. These monthly forums create meaningful opportunities for public input and serve as a foundation for budget and investment planning.

## Customer Notices and Transparency Tools

We also ensure customers have access to clear, timely information about their energy service. Our annual Joint Rate Comparison — published in coordination with SDG&E — provides a side-by-side rate and service overview. The Power Content Label offers transparency into the energy sources we procure, reinforcing our commitment to cleaner energy.

Our website is another key transparency tool, offering customers easy access to rate options, program details, meeting materials and more. Specifically, the bill comparison calculator offers customers an opportunity to evaluate Community Power rates alongside those of SDG&E. As part of our continued commitment to improving the customer experience, we are currently undertaking a website redesign to make resources easier to find, understand and apply.

## Targeted Outreach and Engagement

Beyond formal governance, Community Power engages directly with the communities we serve. We regularly present agency updates to our member cities' elected bodies — including updates in early 2025 — and actively participate in community events across the region.

In 2024 alone, Community Power participated in more than 151 community events, resulting in 18,539 unique public interactions through in-person engagement.

Our outreach efforts are bolstered by strategic partnerships and media initiatives, such as the ongoing "Working for Our Communities" campaign with CBS 8, helping extend our reach and impact.

Through quarterly newsletters, targeted sponsorships, social media campaigns and our new comprehensive customer survey launched alongside our brand refresh, we continue to invite customers to shape Community Power's path forward. These efforts help maintain a strong feedback loop, ensuring that our Capital Investment Plan and broader strategic initiatives reflect not only fiscal responsibility but also community vision, equity and shared clean energy goals.

**TABLE 3. COMMUNITY NEEDS ASSESSMENT**

| ENGAGEMENT METHOD | Estimated Number Engaged |
|---|---:|
| Community-Based Organization Co-hosted Listening Sessions (2 Rounds) | 325 |
| Business, Key Stakeholders and Public Listening Workshops | 325 |
| Unincorporated San Diego County Pop-up Events | 100 |
| Community Needs Survey | 2,980 |
| Total | 3,450 |

# Prioritizing Equity and Communities of Concern

Community Power is committed to making equity central to all outreach and investment planning. The Community Power Plan (CPP), adopted by the Board of Directors in 2023, was the foundation for many of the investments reflected in this Capital Investment Plan (CIP). As part of the CPP development process, Community Power prioritized meaningful and inclusive engagement with Communities of Concern to guide program and project priorities. This commitment continues to shape our work today.

To ensure authentic community participation, Community Power partnered with and compensated community-based organizations that work directly with underserved communities. The following engagement principles guided the development of the CPP and continue to inform our broader program and investment strategies.

## Minimizing obstacles

Community Power designed outreach activities that met people in their communities, building trust by minimizing barriers such as time commitments, technology access and transportation. Flexibility and adaptability remained priorities throughout the process.

## Valuing community input

Local and lived experiences were central focuses during the engagement process. Community Power gathered insights on community goals, priorities and challenges to inform future program design and investment decisions.

## Building partnerships

Community Power built strong relationships with community-based organizations across the region. These partnerships provided critical input on outreach strategies and deepened our understanding of the communities we serve.

## Recognizing real-world challenges

Community Power recognized that urgent issues like rising utility bill costs, economic pressures and service insecurity often take precedence for households. Engagement efforts were designed to respect and reflect these lived realities while still advancing clean energy and sustainability goals.

## Promoting accessibility

Outreach materials and activities were developed with accessibility in mind, including considerations for language, technology access, physical ability and subject matter familiarity. Materials were presented using clear, non-technical language.

## Upholding language access

Community Power employed a language justice approach to ensure participants could fully engage in the languages they felt most comfortable using. Multilingual engagement and culturally relevant materials fostered greater inclusivity and trust throughout the planning process.

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# Capital Program Areas

# Capital Program Areas

## Program Type Overview

The Community Power Plan (CPP) is the foundational document that informs the Capital Program areas. Utilizing the input received during the CPP community needs assessment and the other efforts conducted during the CPP development, strategies were developed for short-term, medium-term and long-term programs.

Given the significant influence that timing of available funding imposes on program delivery, this five-year Plan approached programs using the following phases.

- **Short-term (FY 2023–2024 – FY 2024–2025):** Program types that can be launched quickly with available funding and/or with a manageable amount of Community Power's revenues to address immediate needs identified in the community needs assessment.
- **Medium-term (FY 2025–2026 – FY 2026–2027) (current):** Community Power has transitioned from the short-term program strategy to the medium-term program strategy as additional projects are funded by one-time operating contributions. An overarching tenet of the medium-term program strategy is the flexible load program — a strategy that can be implemented across a range of programs. The strategy outlines target end-use technologies, key points of integration with existing/planned programs and a proposed software architecture to drive device dispatch and control as well as a framework to guide dispatch and device operations.

  The strategy is being designed to optimize customer energy usage around time-of-use rate schedules and customer preferences, directly reducing participants' bills while decreasing major Community Power cost drivers, such as energy and resource adequacy procurement, which directly benefits all ratepayers. The strategy also incorporates advanced analytics to predict peak demand periods, allowing for proactive adjustments to energy consumption that further enhance cost savings for ratepayers. Additionally, by promoting the adoption of renewable energy sources, the strategy supports Community Power's broader goals of sustainability and reduced environmental impact.
- **Long-term (FY 2027–2028+):** Program types that require more complex program design and development, are dependent on Community Power being more established and/or that support emerging clean energy technologies.

### Short-Term Program Types (FY 2023–2024 – FY 2024–2025)

1. Energy Awareness and Education
2. Application Assistance
3. Disadvantaged Communities Green Tariff
4. Pilot Programs
5. Grant Programs

### Medium-Term Program Types (FY 2025–2026 – FY 2026–2027)

1. Building Electrification: Heat Pump Technology
2. Planning and Studies
3. Distributed Energy Resources: Energy Storage Systems
4. Distributed Energy Resources: Demand Response
5. Energy Efficiency
6. Transportation Electrification: Infrastructure
7. Transportation Electrification: Light-Duty Vehicles
8. Transportation Electrification: Medium- and Heavy-Duty Vehicles
9. Information Technology: Upgrades

The list of medium-term program types was selected due to their alignment with community and organizational goals. Implementation of programs will largely be determined by funding considerations and other market developments. Given that it is better to develop a small number of well-designed and impactful programs rather than trying to do everything, Community Power wants to be deliberate about which of the recommended program types to focus on, for which market sectors/customer types and in which order.

# Program Type 1. Energy Awareness and Education

TABLE 4. ENERGY AWARENESS AND EDUCATION PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Civic Spark Fellows | Partnership with San Diego State University professor-led student cohorts to expand outreach for key Community Power initiatives and programs while providing workforce development opportunities | - | $40,000 |
| Equitable Building Decarbonization | The Equitable Building Decarbonization Direct Install Program ("EBD Program") is a statewide initiative that offers no-cost installation of electric appliances, energy efficiency measures, basic health and safety improvements and electrical panel upgrades. | $1,400,000 | - |
| Total | | $1,400,000 | $40,000 |

## Description

Community Power offers energy awareness and education programs for its customers and workforce. Energy and bill education programs teach customers about how to understand their energy bill, how usage impacts costs, and the benefits of clean energy. Beyond energy bills and usage, educational efforts can provide customers with unbiased information about how to participate in the clean energy transition. For example, Community Power offers lists of qualified and vetted contractors and equipment installers from which to choose.

An educated workforce will be needed to support the development, installation and operation of many electrification technologies, especially with respect to building electrification programs. Providing education to contractors can ensure that workers are informed and knowledgeable about the latest electrification technology to support broad adoption and acceptance.

## Benefits

As a significant barrier cited in the CPP community engagement process, building awareness about energy can support behavioral changes to promote energy efficiency and lower bills — a key issue for many community members. Education can also lead to increased participation in rate-based programs (e.g., California Alternate Rates for Energy) that benefit Communities of Concern.

Many clean energy technologies face increased barriers to adoption due to the lack of qualified contractors and equipment installers or lack of awareness in Communities of Concern. Education and awareness programs for contractors can help overcome these barriers and benefit customers.

## Design Considerations

During the CPP community engagement process, many expressed a lack of awareness about energy and the need for education, especially among Communities of Concern. Because many communities have a high level of distrust for government and utilities, partnering with trusted community-based organizations on education programs can help increase access, build trust and deepen partnerships.

Education programs can also be paired with other program offerings to maximize awareness and participation.

Community Power may also consider contractor training opportunities to support greater adoption of clean energy technologies, such as electric heat pumps, as contractor participation will be required to bring newer technologies to a broader market at scale.

Lastly, Community Power should consider partnering with water agencies/authorities that offer water education programs to complement these programs and explain the water-energy nexus.

# Program Type 2. Application Assistance

**TABLE 5. APPLICATION ASSISTANCE PROJECTS**

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Commercial Application Assistance Program | Community Power's Commercial Application Assistance Program is an initiative that aims to support commercial customers in identifying ideal energy solutions and programs that can help meet the customer's needs and goals. The program aims to help customers become aware of and apply for publicly available and funded energy programs and, if needed, to provide project management and grant support. | $250,000 | - |
| Total | | $250,000 | - |

## Description

There are many existing energy programs that Community Power customers may have access to through other local, state and federal agencies (i.e., third-party programs). SDG&E alone offers more than 80 energy efficiency and demand response programs, though not all of them are relevant for each customer. The number of programs and the complexity of application processes can create barriers to access for many customers, including under-resourced community members and small businesses/organizations that serve Communities of Concern; therefore, an opportunity exists for Community Power to assist with application processes for third-party programs.

## Benefits

Funds are available from a variety of third-party programs that can currently help meet community needs. Since a lack of participation in existing programs was noted in the community needs survey, Community Power can help customers access the benefits of third-party programs to boost the success of the programs and help bring additional resources for a variety of energy measures to the San Diego region.

## Design Considerations

Because there are many existing programs that each have their own intricacies, Community Power may consider working with partners to select a targeted list of program types to provide application assistance for, rather than trying to support all application types. Recommendations for program types to provide application assistance include energy efficiency, heat pump technology, transportation electrification infrastructure for income-qualified individuals and Communities of Concern and onsite solar and energy storage for Communities of Concern. Examples of programs that align well with community needs could include SDG&E’s energy efficiency programs, like the Residential Energy Solutions program and Energy Savings Assistance program, the TECH Clean California program, the Self-Generation Incentive Program and the Disadvantaged Communities Single-family Affordable Solar Homes (DAC-SASH) program.

Application assistance can be a strategy to build partnerships with trusted community-based organizations and partners or other public agencies. While application assistance may be offered to all, outreach can be conducted in partnership with community-based organizations to target support for Communities of Concern.

# Program Type 3. Disadvantaged Communities Green Tariff

**TABLE 6. DISADVANTAGED COMMUNITIES GREEN TARIFF PROJECTS**

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| CPUC Green Tariff | To bring the benefits from local solar projects to those who may not be able to install solar on their roofs and offer a 20% bill discount to eligible residential customers in state-defined disadvantaged communities | ($112,692) | $589,822 |
| Total | | ($112,692)* | $589,822 |

**(112,692) is the total carry forward amount through the agency but is subject to a true-up process with the CPUC in which the agency expects $589,822 in a resulting carry-forward amount.*

## Description

The Disadvantaged Communities Green Tariff (DAC-GT) program provides the benefits of solar and provides a bill discount to income-qualified residential customers in under-resourced communities who have barriers to installing or are unable to install solar on their roof. Eligible communities are determined by the California Public Utilities Commission (CPUC)using the CalEnviroScreen tool, which identifies "disadvantaged communities" as census tracts that are disproportionately burdened by and vulnerable to multiple sources of pollution.

## Benefits

The DAC-GT program is intended to further promote the installation of renewable energy generation among disadvantaged communities with a particular focus on low-income residents. The CPUC created the program to include a 20% bill discount so that low-income customers can affordably access local renewable energy resources that they would not otherwise be able to access.

## Design Considerations

As a CPUC program, many of the design elements of DAC-GT are already established and prescribed. Customers will be automatically enrolled in the program; therefore, some participants may be unaware of the program, its benefits or their enrollment status. Additionally, participants may be skeptical and view the combination of benefits and bill savings as "too good to be true." Partnering with trusted, local community-based organizations can help increase program awareness. Community Power has also named the program Solar Advantage in customer-facing materials and will work to remove jargon so that participants understand the program and do not unsubscribe.

# Program Type 4. Pilot Programs

TABLE 7. PILOT PROGRAMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Customer Pilot Programs | To test out program concepts and support implementation of high-impact projects that Community Power may be able to scale with more funding | $2,330,672 | - |
| Clean Energy Asset Feasibility Study | Community Power is undertaking a solar and storage feasibility study, which will assess the technical, economic and environmental viability of integrating solar generation and/or energy storage into Community Power's service territory. The project will involve data collection and review, technical analysis of potential solar locations and grid interconnection, economic modeling to assess costs and savings, environmental impact assessment and development of a preliminary implementation plan with project size, timeline and cost estimates. The final deliverables will include reports on technical feasibility, economic analysis, environmental impact and a preliminary implementation plan. | $200,300 | - |
| Total | | $2,530,702 | - |

## Description

Pilot programs are small-scale, short-duration projects (6–18 months) that can provide Community Power and stakeholders data on program design, technology acceptance and other information helpful for broader program delivery. Pilot programs support Community Power staff's ability to properly and efficiently design and implement programs. Additionally, pilot programs can cover all customer segments (e.g., commercial residential) and a variety of technologies or activities (e.g., managed charging for electric vehicles, energy efficiency).

## Benefits

Pilot programs broadly support the Program Department goal to create a 150 MW Virtual Power Plant (VPP). The VPP enables Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer devices. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per-unit energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

Pilot programs can provide a range of additional benefits, such as:

- Testing local acceptance of incentive projects that have successfully been implemented in other parts of the state or country
- Filling in gaps and facilitating bringing state funding into the region
- Demonstrating the efficacy of emerging technologies and/or business models in the real world
- Evaluating innovative incentive delivery methods and mechanisms
- Providing data on real-world scenarios, local project costs, barriers and opportunities
- Reducing risks of large-scale broad program delivery by providing lessons learned at a smaller scale

## Design Considerations

Pilot programs can give Community Power the opportunity to flexibly invest defined amounts of internal resources to quickly learn about elements of a particular program before seeking significantly more investments for scaled programs. When developing pilot programs, Community Power will integrate opportunities to capture lessons learned throughout the process, whether that be through data capture, performance evaluation or ongoing stakeholder dialogue. Pilot programs can also provide the opportunity for Community Power to partner with, support and learn from community-based organizations. Community Power will work with community-based organizations, where feasible, to design and implement pilot programs.

# Program Type 5. Grant Programs

TABLE 8. GRANT PROGRAMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Member Agency Grants | Grant programs to support both community organizations and its member agencies. Grants focus on addressing the key priorities heard during the community engagement process and provide member agency grants to support regional climate action goals. | $6,667 | - |
| Community Grants | To implement innovative program ideas from community-based organizations or specific clean energy projects that help Community Power's member agencies achieve their climate action goals | $248,380 | $1,275,600 |
| Total | | $255,047 | $1,275,600 |

## Description

Grant programs allow Community Power to provide financial assistance to community-based organizations and member agencies to implement clean energy projects or innovative program ideas. Grant programs require applicants to submit a proposal outlining their project or initiative and how it will meet the goals and objectives of the program.

## Benefits

Grant programs can provide numerous benefits for Community Power and the communities it serves, such as:

- Providing a source of funding to community-based organizations and member agencies that may not have the resources to implement innovative projects.
- Encouraging and supporting creative ideas that may not be possible through traditional funding sources.
- Creating strong trust and relationship-building opportunities among Community Power, its member agencies and community organizations.
- Increasing visibility of Community Power within the communities it serves.
- Helping to achieve Community Power and member agency sustainability goals by aligning grant programs with initiatives such as promoting clean energy, reducing carbon emissions and supporting local economic development.
- Exploring opportunities to develop the flex load strategy in areas of the community that may not otherwise have the opportunity, which can optimize customer energy usage around time-of-use rate schedules, and to directly reduce participant bills while decreasing costs for energy and resource adequacy procurement, which directly benefits all ratepayers.

## Design Considerations

Community Power should consider creating grant programs to support both community organizations and its member agencies. Community Power could provide community grants focused on addressing the key priorities identified during the community engagement process for this Plan and provide member agency grants to support regional climate action goals. Community Power should consider partnering with trusted and proven regional organizations to streamline grant program development and implementation while easing administrative burden on staff.

# Program Type 6. Building Electrification: Heat Pump Technology

TABLE 9. BUILDING ELECTRIFICATION HEAT PUMP TECHNOLOGY PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---:|---:|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Heat pump technology programs encourage the installation of electric heat pumps for space heating, cooling and water heating in buildings.

## Benefits

Conversion to heat pump technology supports buildings that are more efficient, cleaner, healthier and safer. Heat pump technology is more efficient than its natural gas counterparts and avoids the onsite use of natural gas, which is responsible for most building emissions and can cause negative health impacts due to indoor air pollution. Unlike traditional heating systems, heat pump technology can provide space heating and cooling from the same system, which can lower costs compared with installing separate systems. Heat pump technology can especially benefit older homes because it can introduce incredibly efficient cooling capacity that has not typically existed previously in the home — a critical service for many residents in a changing and warmer climate. Switching to a heat pump water heater removes an additional source of pollution especially when it is located inside the home and can efficiently heat water.

To enable the installation of heat pump technology, electrical panel upgrades may be needed for buildings that have outdated or constrained electrical panels. While panel upgrades do not have direct environmental or health benefits, outdated panels are a barrier to electrification for many projects, as their cost can significantly increase project costs that may not be covered in other incentive programs.

## Design Considerations

Community Power should consider supporting electrical panel upgrades in addition to the installation of heat pump technology. Community Power, like other CCAs, should also consider smart control requirements to enable demand response functionality because heat pump technology can be controlled to optimize its usage to save energy and lower costs.

To support income-qualified customers and owners of multi-family affordable housing, who may have challenges accessing up-front capital and have limited capacity to research and implement projects, Community Power should consider direct installation programs. These customers often have limited cash flow and complex ownership structures that make it difficult to access capital through loans, which can result in maintenance backlogs that would need to be addressed before energy retrofits can be undertaken. As a result, they may not implement clean energy programs without significant financial support and technical assistance. Community Power should consider that residents of multi-family affordable housing may be overburdened by rent and utility costs and may be displaced if housing costs increase because of electrification.

Given the vulnerability of the occupants, programs should also include protections for renters. This may require Community Power to work closely with local housing departments or other agencies to ensure that Communities of Concern are supported in the transition.

One common barrier during program design is the lack of skilled labor and equipment being carried by contractors. When older systems fail and need to be replaced, residential building owners generally cannot wait for contractors to order new equipment. Direct installation programs targeting efficiency and weatherization have traditionally leveraged entry-level skills, whereas the installation of heat pump technology requires more skilled labor, including electricians, heating and ventilation technicians, and plumbers. Community Power should consider providing contractor training and mid-stream incentives to enable contractors to know how to install heat pumps correctly, have heat pumps on hand and offer competitive pricing.

# Program Type 7. Planning & Studies

TABLE 10. PLANNING & STUDIES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Building and Housing Stock Analysis | Develop resources on existing building stock to inform program design | $89,500 | - |
| Local Development Feasibility Study | Developing local infill planning, including receiving feedback and guidance from Community Power Board, Community Advisory Committee and other stakeholders to confirm needs and goals, visiting with member agencies to evaluate potential sites and opportunities, and reviewing scope and schedule | $24,778 | - |
| Program Evaluation | TBD | - | $250,000 |
| Total | | $114,278 | $250,000 |

## Description

Program Department Planning and Studies are research activities typically resulting in a report or study that will inform future Program Department activity.

## Benefits

Program Planning and Studies can provide a range of benefits, such as:

- Determining feasibility of future pilots and programs that could promote the agency's flexible load strategy and goals to reduce peak load consumption. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per unit energy costs are the highest and 2) reducing agency Resource Adequacy obligations and associated costs.
- Enabling Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer battery systems.
- Providing valuable data sets used to evaluate or design future pilots and programs.
- Evaluating Program Department pilots and projects.
- Generally informing future Program Department activities.

## Design Considerations

Program Department planning and studies should be done in consultation and collaboration with industry, community-based organizations, academia and other public agencies, as appropriate.

# Program Type 8. Distributed Energy Resources: Energy Storage Systems

TABLE 11. DISTRIBUTED ENERGY RESOURCES: ENERGY STORAGE SYSTEMS PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Residential Solar Battery Savings Program | Community Power's Residential Solar Battery Savings Program is designed to help single-family homeowners in Community Power's service territory invest in clean energy and support the grid by installing solar and battery storage in their homes or complement an existing solar system with a new battery system. The program provides two financial incentives for participating customers: an upfront incentive to minimize the initial cost of the battery system and a performance incentive for a daily discharge of the battery (during a specified dispatch window during on-peak periods) to maximize benefits for the customer and the grid. | $3,209,422 | $18,750,000 |
| Total | | $3,209,422 | $18,750,000 |

## Description

Energy storage system programs support the installation of onsite energy storage systems to be paired with renewable energy resources (e.g., onsite solar).

## Benefits

While the amount of solar-generated electricity available on the grid has increased dramatically in California, it is not being sufficiently captured during times of high production so that it can be used to meet needs when renewable energy resources are not available. This causes an imbalance — too much energy on the grid at some times and not enough at others, requiring fossil fuel-based sources of electricity to make up the difference. Increasing the amount of energy storage that is paired with renewable energy generation helps make the electric grid cleaner.

Energy storage can help to increase the resilience of the grid by balancing supply and demand and can also be used for backup power during outages or emergencies. This can be especially beneficial for critical facilities, community resilience hubs and customers who need to have power permanently available for medical devices, safety or emergency response.

The Solar Battery Savings program enables Community Power staff to reduce peak load consumption via aggregated management of enrolled behind-the-meter customer battery systems. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

## Design Considerations

Multiple program pathways exist to support energy storage market development, depending on the level of resources available. For example, Community Power could work with local governments or others to implement energy storage systems at scale in critical facilities or community resilience hubs in ways that enable bulk purchasing of batteries and controls, including microgrids. Community Power may also provide technical support to customers to enable comprehensive energy retrofits, including energy storage systems.

# Program Type 9. Distributed Energy Resources: Demand Response

TABLE 12. DISTRIBUTED ENERGY RESOURCES: DEMAND RESPONSE PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Distributed Energy Resources Management Systems Software Platform | Central to Community Power's Flexible Load Strategy is the selection and implementation of a Distributed Energy Resource Management System (DERMS). A DERMS is a software platform that incorporates various data points, such as weather, market/price data and customer preferences, to optimize the operation of distributed energy resources (DERs) in support of various grid services. Once operational, this system will allow Community Power to help customers reduce usage during high-cost on-peak periods, while managing portfolio-wide power procurement and resource adequacy costs and risk. | $348,414 | $300,000 |
| Total | | $348,414 | $300,000 |

## Description

Demand response programs incentivize customers to reduce their electricity use when energy demand on the grid is at its peak. These types of programs can encourage behavioral changes to shift or reduce usage or can leverage smart devices to automatically take the desired action.

## Benefits

Decarbonizing buildings requires more than just reducing the amount of energy used; it also requires changing the time when energy is used to maximize the use of renewable energy and minimize peak demand when the grid requires larger fossil-fuel generation to come online. Demand response technologies enable this shift in energy use timing, helping customers control costs and making the best use of renewable energy when it is available. Additionally, demand response technologies can enable buildings to help increase overall grid resiliency by helping operators shift loads during peak times, reducing the likelihood of power outages during extreme heat events.

The DERMS platform enables Community Power staff to reduce peak load consumption via aggregated management of enrolled customer devices. Reducing peak load consumption benefits all ratepayers by: 1) reducing demand when per unit energy costs are the highest; and 2) reducing agency Resource Adequacy obligations and associated costs.

## Design Considerations

A gap exists around support for installation of smart controls on other systems, such as heat pump technology, electric vehicle chargers and energy storage systems. Many CCAs require or encourage the equipment they incentivize to have demand response capabilities. Community Power should require that incentivized equipment be grid interactive. By establishing technology requirements across other programs, Community Power could provide the most future-proofing and flexibility to enable customers to participate in demand response programs.

# Program Type 10. Energy Efficiency

**TABLE 13. ENERGY EFFICIENCY PROJECTS**

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Regional Energy Network | The San Diego Regional Energy Network (SDREN) is an initiative of Community Power, in partnership with the County of San Diego, to offer a portfolio of energy efficiency programs to residents, businesses and public agencies throughout San Diego County. The 10 SDREN programs will be managed by Community Power staff and all activities will be cost recoverable through CPUC funds. SDREN is approved by the CPUC. Program implementation for Phase 1 and Phase 2 is set to begin in Q4 2025. | - | $31,868,547 |
| CDFA Healthy Refrigeration Grant | The program funds energy efficient refrigeration units in corner stores, small businesses and food donation programs in low-income or low-access areas in the state to stock California-grown fresh produce, nuts, dairy, meat, eggs and minimally processed and culturally appropriate foods. The purpose of the program is to improve access to healthy foods in underserved communities, while promoting California-grown agriculture. | $690,845 | - |
| Total | | $690,845 | $31,868,547 |

## Description

Energy efficiency programs promote a wide range of strategies that can reduce the amount of energy buildings use.

## Benefits

Energy efficiency is a critical decarbonization strategy with multiple co-benefits: reduced energy demand, reduced customer energy bills, increased indoor air quality and increased indoor comfort. Weatherization efforts, including insulation, improved windows and doors and cool roofs can help keep indoor environments safe and comfortable longer when power outages occur — and less energy demand means customers can install smaller renewable energy generating systems (e.g., onsite solar), which leads to lower installation costs.

## Design Considerations

With SDG&E offering a multi-year energy efficiency program portfolio, Community Power should develop complementary programs that fill gaps and avoid duplication. Community Power should consider opportunities to provide free or low-cost energy efficiency upgrades for income-qualified customers and residents in Communities of Concern to be responsive to community priorities. Energy efficiency programs for multi-family buildings can help fill a gap, as these buildings often have complex ownership structures and other barriers that make it difficult to access traditional programs; this is especially notable for affordable multi-family housing.

Community Power should consider that residents of inefficient buildings may be overburdened by rent and utility costs and may end up displaced if housing costs increase because of energy efficiency upgrades.

Given the vulnerability of the occupants and the importance of keeping people housed, energy efficiency programs should include protections for renters. This may require Community Power to work closely with local housing departments or other agencies. While challenging, these considerations can help support Communities of Concern.

# Program Type 11. Transportation Electrification: Infrastructure

TABLE 14. TRANSPORTATION ELECTRIFICATION: INFRASTRUCTURE PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Transportation electrification infrastructure programs support the deployment of electric vehicle (EV) charging stations and related technologies (e.g., Vehicle-to-Grid) to enable light-, medium- and heavy-duty vehicle transportation electrification.

## Benefits

Expansion of the EV charging network is needed to support customers switching from fossil fuel-powered cars, which are associated with both carbon emissions and local air pollution. Increasing access to charging infrastructure can increase customer confidence to make the transition to EVs, especially for residents of multi-family buildings and in rural areas, as noted during the community needs assessment.

## Design Considerations

Community Power should focus transportation electrification infrastructure programs on locations where the private sector is not currently prioritizing development (i.e., geographical areas or market sectors). Gaps in access to EV charging infrastructure could be filled through strategies such as direct installation of equipment for multi-family buildings located in Communities of Concern. In some cases, Community Power should provide additional funding to residents to stack on existing funding from incentive programs for all applicants or some sectors (e.g., Communities of Concern). In light of significant funding becoming available for public charging infrastructure, Community Power should partner with member agencies to expand public access to charging infrastructure in locations underserved by public charging and/or that could serve residents of multi-family buildings. Creative approaches for deploying charging infrastructure on member agency-owned land could create benefits (e.g., lower charging costs and more charging locations) relative to charging infrastructure on commercial properties. Community Power also should consider offering technical assistance and incentives for commercial charging infrastructure to support the transition of medium- and heavy-duty vehicles to electric.

## Funding Considerations

Significant focus has been placed on transportation electrification by state and federal agencies, creating many opportunities for Community Power to seek external infrastructure incentive programs. The California Public Utilities Commission's Locally Invested Transportation Equity funding offers a chance to test innovative program designs with a focus on community partnerships. The California Energy Commission is expected to provide additional opportunities for creative incentive design and delivery through future Vehicle-to-Grid funding and the Electric Program Investment Charge program.

Community Power should continue to collaborate with the San Diego Association of Governments and San Diego County Air Pollution Control District through the regional Accelerate to Zero Emissions Collaboration and in their efforts to incentivize charging infrastructure. Lastly, Community Power can support member agencies in their efforts to seek funding through opportunities such as the Clean Mobility Options program.

# Program Type 12. Transportation Electrification: Light-Duty Vehicles

TABLE 15. TRANSPORTATION ELECTRIFICATION: LIGHT-DUTY VEHICLES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Light-duty vehicle electrification programs support customers in the transition from fossil fuel-powered cars to EVs. Examples of light-duty vehicles include sedans, sport utility vehicles and pickup trucks.

## Benefits

The switch from fossil-fuel powered cars toward EVs has the dual benefit of locally reducing carbon emissions and air pollution. Compared to light-duty fossil-fuel cars, light-duty EVs are easier to maintain and have an overall lower lifetime cost of operation. With the right rate structures and technology, EVs also present the opportunity to serve as energy storage systems and help with grid resiliency.

## Design Considerations

Community Power should prioritize expanding access to EVs for income-qualified customers, such as offering incentives for used EVs to increase affordability. Previously leased EVs can be good options for used EVs if they are in good condition. Community Power should consider partnering with car dealerships to offer point-of-sale incentives on used EVs. Community Power should avoid providing after-sale rebates because these require customers to have the upfront capital and ability to wait for a rebate. It should be noted that point-of-sale incentives can be more challenging to implement and Community Power will need to do additional work to support this type of delivery mechanism.

In addition, Community Power should focus on ways to reduce other barriers to EV adoption, such as providing favorable financing options. EV programs can be paired with support for charging infrastructure in Communities of Concern. Lastly, Community Power should consider designing programs that reduce other barriers to EV adoption by providing point-of-sale incentives or other types of up-front assistance instead of after-sale rebates. Community Power should also consider how best to fill in the gap of financing options for income-qualified customers.

## Funding Considerations

Internal revenues may be required to create incentives to supplement available State funding for EV adoption (i.e., Clean Vehicle Rebate Project and Clean Vehicle Assistance Program) or the future regional vehicle-scrap program (i.e., Clean Cars 4 All). As with transportation electrification infrastructure programs, the regional Accelerate to Zero Emissions Collaboration initiative will be involved in all aspects of bringing funding to the region — both for Community Power to potentially access for self-administered programs and for its customers to access via third-party programs.

# Program Type 13. Transportation Electrification: Medium- and Heavy-Duty Vehicles

TABLE 16. TRANSPORTATION ELECTRIFICATION: MEDIUM- AND HEAVY-DUTY VEHICLES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| N/A | N/A | - | - |
| Total | | - | - |

## Description

Medium- and heavy-duty vehicle electrification programs encourage the transition away from fossil fuel-powered commercial vehicles and toward electric alternatives. Examples of medium- and heavy-duty vehicles include delivery and shuttle vans (Class 2–6), diesel shipping trucks (Class 7–8), school and transit buses, transport refrigeration trucks, drayage trucks and forklifts.

## Benefits

The electrification of medium- and heavy-duty vehicles reduces carbon emissions and local air pollution. Air pollution tends to be high around ports and logistics corridors, where heavy commercial vehicles regularly travel and often spend time idling. These places are also where large portions of Communities of Concern can be found, leading to disproportionate impacts on the health of these communities. Transitioning these vehicles has the added benefit of reducing noise pollution.

## Design Considerations

Community Power should analyze which fleets of medium- and heavy-duty vehicles have the highest impact on Communities of Concern. The Port of San Diego is a clear partner given its location, business operations and recent policy direction in the Maritime Clean Air Strategy. Working with transit agencies, school districts and public agencies, SDCP can support the transition of fleets that serve the public to create the co-benefit of exposing more of the public to electric transportation.

Community Power should also create medium- and heavy-duty vehicle electrification programs targeting businesses that operate their fleets primarily in Communities of Concern. While some medium-duty EV types are now cost competitive, others are far more expensive and will require more support and resources to transition. In addition, because medium- and heavy-duty vehicles vary in the distance they can travel on each charge, Community Power should work with commercial customers to determine which vehicle options would work well based on their specific need, travel patterns and markets served. Community Power also needs to consider the need for appropriate charging infrastructure to support the conversion.

## Funding Considerations

Community Power should consider working with customers to implement innovative business models that lower the cost of EVs. It should also consider leveraging internal funding to capture new funding opportunities and maximize impact.

# Program Type 14. Information Technology: Upgrades

TABLE 17. INFORMATION TECHNOLOGY UPGRADES PROJECTS

| Project | Scope of Work | Carry Forward | FY26 |
|---|---|---|---|
| Customer Relationship Management Setup | The Customer Relationship Management project will establish a centralized system to enhance service delivery and community engagement, with a focus on energy management and customer support. This initiative, excluding confidential security work, will streamline operations across Community Power's service area and reduce long-term costs. | $750,000 | - |
| Contact Center Enhancements | Community Power is exploring initiatives to enhance customer service operations to improve services responsiveness and increase customer satisfaction. | $200,000 | - |
| Enterprise Data Platform | Community Power is set to establish a centralized data infrastructure to improve data access and analytics for staff, aiming to enhance control and reduce costs. The project encompasses capital investment, staff training, data migration and cybersecurity enhancements. Deliverables include a functional data platform, trained personnel and detailed progress reports. The initiative will proceed through planning and implementation phases, excluding confidential security-sensitive details. | $850,000 | $500,000 |
| Amazon Web Services Infrastructure and Security Layer | Community Power will develop an Amazon Web Services Infrastructure and Security Layer to ensure robust, scalable cloud services with enhanced security for customer data. This project will provide a reliable and secure foundation for all Community Power digital services, improving customer trust and service efficiency. | $250,000 | - |
| Energy Trading Risk Management and Portfolio Analytics Implementation | Community Power has licensed and will be deploying an Energy Trading Risk Management (ETRM) system to help manage its power portfolio and financial and budget processes. This system will support various activities such as recording trades, monitoring positions, assessing value, generating reports, managing risks, processing settlements and integrating with the budget. The system is designed to manage diverse power agreements and contracts, ensuring comprehensive coverage of Community Power's energy dealings. | $391,467 | $55,000 |

| | | | |
|---|---|---|---|
| Enterprise Resource Planning (ERP) | The Enterprise Resource Planning (ERP) project aims to implement an ERP system for Community Power to streamline budgeting, enhance reporting, manage procurement and contracts and improve overall operational efficiency. The major deliverables of the ERP project include a fully implemented and functional ERP system; system documentation including configuration details, user manuals and training materials; trained staff capable of effectively using the ERP system; and a post-implementation review report. | $83,333 | $916,667 |
| Total | | $2,524,800 | $1,471,667 |

## Description

Information Technology Upgrades programs are designed to modernize and enhance the digital infrastructure of organizations, improving efficiency, security and the ability to adapt to new technological advancements.

## Benefits

The advancement of Information Technology (IT) Upgrades significantly enhances operational efficiency and cybersecurity. In areas with high concentrations of technological activity, outdated systems can lead to increased vulnerabilities and inefficiencies. Upgrading these systems not only fortifies the security and enhances the performance of various sectors, but also promotes a more dependable and sophisticated technological framework. Moreover, the transition to modern IT infrastructure aids in minimizing electronic waste through the adoption of energy-efficient and long-lasting equipment, contributing to environmental sustainability and public health benefits.

## Design Considerations

Our organization is committed to creating a world-class IT and data ecosystem with the mission of harnessing the power of data to drive sustainable energy solutions that benefit local communities while making a global impact. By ensuring the integrity, accessibility and security of our data, we empower decision-makers with actionable insights. Projects are selected to construct and manage robust data repositories, interactive dashboards and comprehensive visualizations to monitor objective key results.

Community Power receives a vast amount of data from its vendors and partners, including SDG&E and Calpine (our back-office provider). To best utilize this data to effectively run our operations, make data-driven decisions and optimize the customer experience, the Information Technology: Upgrades program type develops and expands the data analytics platform comprising a set of analytical tools built on a cloud-based platform that helps with customer management, load forecasting, rate design, program marketing and accounting.

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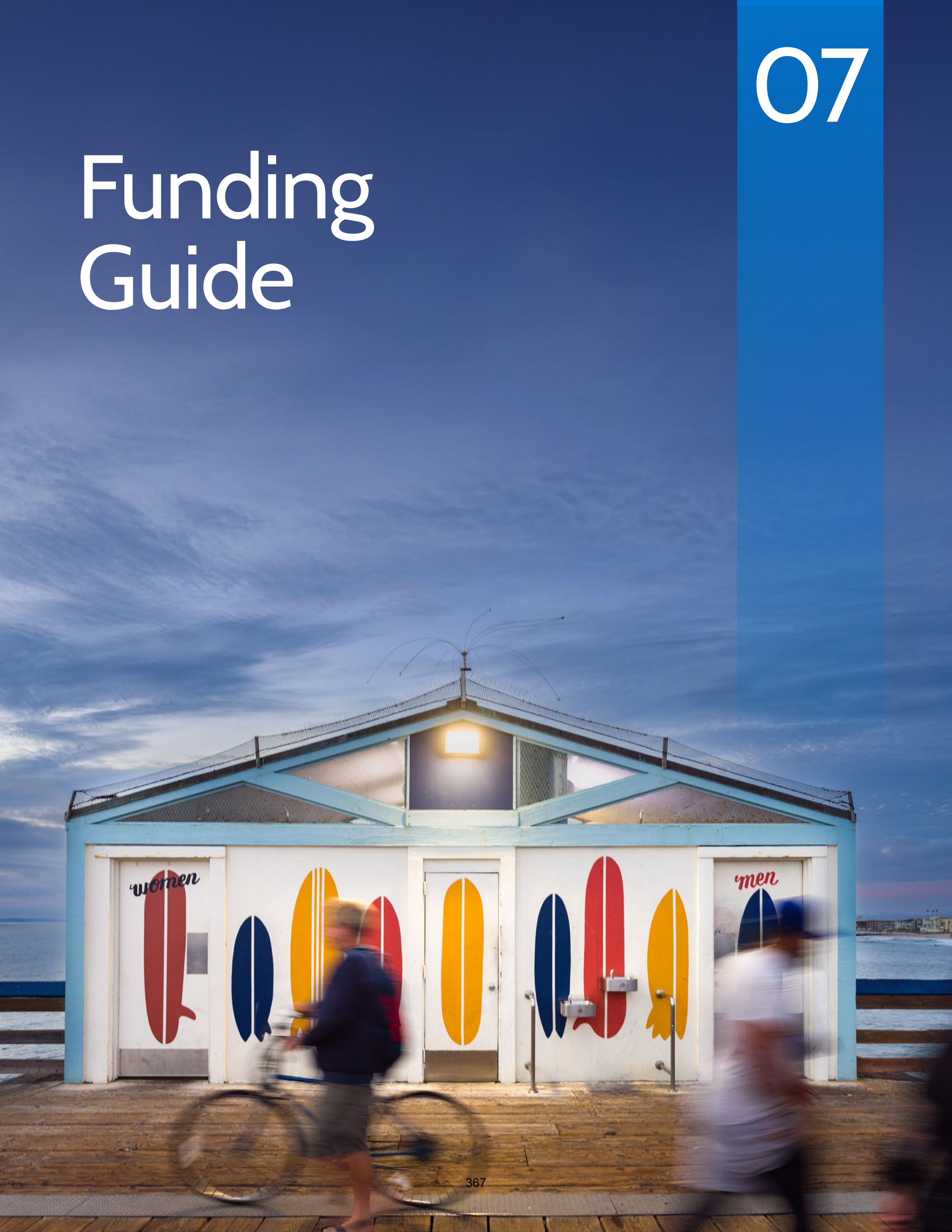
# Funding Guide



# Funding Guide

San Diego Community Power can fund programs in two main ways — through its own internal revenues or by applying for external funding. Funding programs with internal revenues would provide the greatest amount of flexibility for Community Power to design programs in ways that specifically meet community needs; however, as a newer organization, Community Power must also balance building a strong financial foundation, meeting reserve targets, customer affordability and other organizational priorities. In the short term, the amount of revenue that Community Power can direct to customers in the form of programs will be limited, but this amount is expected to grow over time.

Furthermore, internal funding allows maximum flexibility in the planning phase of designing programs and projects, whereby the agency can focus on designing based on community and agency needs rather than the requirements of a funding agency. The planning phase of a program or project also requires less funding when compared with implementation or design and construction.

To maximize impact while building reserve funds, Community Power will need to pursue external funding from sources such as state and federal agencies. External funding takes more work to apply for and administer and is less flexible than internal revenues, but the total dollar amounts from external sources can be much higher. The main sources of external funding include the California Public Utilities Commission and California Energy Commission as well as other state and federal agencies.

## Internal versus External Funding

When considering funding for administering programs, Community Power must evaluate using internal revenues and applying for external funding, which both have impacts that need to be thoroughly considered. Investing internal revenues into programs would be done over other potential organizational priorities. That said, investing revenues back into the community through programs provides arguably the most equitable distribution of revenues to customers and undoubtedly provides the highest level of certainty and flexibility for Community Power to administer programs.

External funding typically uses a competitive bid process, requiring additional resources for application writing and grant tracking and creating risk for long-term program planning due to the uncertainty of grant awards.

Additionally, many of the potentially cumbersome administrative elements of external funding (e.g., reporting, program design and timelines) can be less burdensome when funding programs with internal revenues. This flexibility is particularly important when considering Community Power's equity commitments because external funding sources may have requirements that can make it difficult to effectively deliver programs to customers in Communities of Concern.

Research across the CCA landscape shows a variety of different approaches when considering program funding sources. Some CCAs aggressively spend their own revenues on programs with little use of outside funds due to the administrative burden and complexity associated with external funds, among other reasons. Others spend a relatively limited amount of revenues on programs, instead relying almost solely on external funding sources. As a young organization, Community Power should prioritize finding a middle ground between these two options and adjust its strategy as the organization matures.

In the short term, Community Power has committed to building financial reserves of $575.8 million (180-days cash on hand based on its FY 2024-2025 amended budget), because one of the organization's strategic goals is to obtain a credit rating. This attention to building a strong financial position is important to enable Community Power to effectively meet the long-term needs of the community. As reserve targets are met, the ability of Community Power to invest revenues back into communities through programs will increase.

Meeting financial reserve targets will give Community Power the ability to offer programs with larger budgets and provide financial incentives using internal revenues. Additionally, internal revenues can support increased external funding; for example, by developing pilot programs that can be expanded with external resources, or by supplementing external funding with additional funds to support full project needs. Doing so can make Community Power's internal dollars go farther.

# External Sources

Community Power can apply for funds from a variety of sources to supplement its own investments in programs. These external sources vary in the level of funding resources they provide, the complexity of the application process and the flexibility they offer in how funds are distributed.

New funding opportunities will become available as the budget is allocated through state legislation. Community Power will monitor funding opportunities that are a good fit to pursue, based on community and organizational priorities, and apply for them in the short term, while understanding that funding may not become available until beyond the short term. For some external funding opportunities, Community Power may be able to partner with other regional agencies and partners to share the administrative burden.

Community Power should explore the viability of capturing funding from the sources below.

# Funding Guide

**TABLE 18. COMMUNITY POWER FUNDING GUIDE**

| Funding Source | Description |
|---|---|
| Community Power Operating Transfers | Through the annual budget process, the Community Power Board may approve an appropriation of funds to be out of the operating budget and transferred into the CIP. These funds will remain in a Community Power continuing fund to be used across multiple fiscal years, given that CIP projects generally last longer than one year. |
| CPUC Apply to Administer (ATA) | Community Power could offer energy efficiency programs that do not duplicate SDG&E's current offerings with all programs required to meet strict cost-effectiveness tests. Cost-effectiveness requirements can limit program offerings to residential customers and especially to customers in Communities of Concern. |
| CPUC DAC-GT | The Disadvantaged Communities Green Tariff (DAC-GT) program enables income-qualified residential customers in DACs who may be unable to install solar panels on their roof to benefit from utility-scale clean energy and receive a 20% bill discount. Funding originates from state Greenhouse Gas (GHG) Auction Proceeds and Public Purpose Program funds. |
| CPUC Regional Energy Network (REN) | Public Purpose Program Surcharge funds are available for Regional Energy Networks (RENs). The San Diego Regional Energy Network (SDREN) is an initiative of Community Power, in partnership with the County of San Diego, to offer a portfolio of energy efficiency programs to residents, businesses and public agencies throughout San Diego County. The 10 SDREN programs will be managed by Community Power staff and all activities will be cost recoverable through CPUC funds. SDREN is approved by the CPUC. Program implementation for Phase 1 and Phase 2 is set to begin in Q4 2025. |
| CEC Demand Side Grid Support Program | The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electricity customers who provide load reduction and back-up power generation to support the state's electric grid during extreme heat events. |
| Community Power Revenue Bond | Section 3.2.8 of the JPA states that Community Power at the discretion of the Board may issue revenue bonds and other forms of indebtedness. Upon receipt of an investment-grade credit rating, Community Power may have the ability to issue debt, such as a revenue bond, given that Community Power can demonstrate the ability to meet potential debt payment obligations through the credit rating. Under the Community Power Debt Policy, Community Power may issue a revenue bond in the next five years up to approximately $700 million that will be guided by planning and pilot projects and programs and that will require Board authorization. |

| | |
|---|---|
| CEC Electric Program Investment Charge (EPIC) | The CEC's Electric Program Investment Charge (EPIC) program is a consistent funding opportunity to advance new and innovative clean energy solutions. The EPIC program invests $130 million annually in a variety of technology research. The CEC has awarded EPIC funding to CCAs for various projects. Most notably, Sonoma Clean Power received a $5 million EPIC grant in 2018 to support its Advanced Energy Center and associated energy-efficiency programs. |
| CEC Vehicle-to-Building/ Grid Integration (V2B or V2G) | The CEC is a potential source of funding for Vehicle-to-Building/Grid Integration (V2B or V2G) pilots that will become more valuable to Community Power in the future, from both a customer program perspective and potentially from an energy procurement perspective. |
| CDFA Healthy Refrigeration Grant | The California Department of Food and Agriculture (CDFA) awarded Community Power funding to support Community Power in providing technical assistance and refrigeration units to stock healthy foods in stores throughout Community Power's service territory. |
| Equitable Decarbonization Program | The Equitable Building Decarbonization ("EBD") Direct Install ("DI") Program is a Statewide initiative to accelerate large-scale residential building decarbonization efforts in a just and equitable transition for single-family homes, multifamily properties, manufactured housing and public housing in under-resourced communities in Community Focus Areas. |
| EPA Greenhouse Gas Reduction Fund | The Inflation Reduction Act (IRA) established the federal Environmental Protection Agency's Greenhouse Gas Reduction Fund to provide competitive grants for mobilizing financing and private capital for clean energy projects. The Greenhouse Gas Reduction Fund emphasizes projects that benefit low-income and disadvantaged communities. In 2024, the EPA announced $27 billion awarded in competitive grants and financial and technical assistance to enable communities to deploy or benefit from zero-emission technologies. |
| Other Federal Funds | Community Power is eligible to pursue forms of funding not available to for-profit entities such as traditional investor-owned utilities. Several funding opportunities are now clear to Community Power, and more may arise as details continue to emerge during program development. |
| CEC Demand Side Grid Support Program | The Demand Side Grid Support Program is currently under development and will ultimately offer incentives to electric customers that provide load reduction and back-up power generation to support the State's electrical grid during extreme heat events. |
| Distributed Energy Backup Assets (CEC) | The Distributed Electricity Backup Assets (DEBA) Program incentivizes the construction of cleaner and more efficient distributed energy assets that serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. Projects that may be eligible for incentives include efficiency upgrades, maintenance, and capacity additions to existing power generators, as well as new zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities. All funding recipients under the program shall participate as an on-call emergency resource for the state during extreme events. |
| Self-Generation Incentive Program—Residential Solar & Storage Equity (CPUC) | To support customer resiliency and grid reliability, the CPUC has authorized funding of $280 million for SGIP's Residential Solar and Storage Equity budget. This funding includes prioritization of low-income customers to provide bill savings. Paired with the IRA tax credit, the incentive is intended to cover the full system installation cost. |
| Enabling Electric Vehicles as Distributed Energy Resources (CEC) | The purpose of this solicitation is to fund studies and applied research and development (R&D) projects that support the approved Electric Program Investment Charge 2021–2025 (EPIC 4) Investment Plan's strategic objective to increase the value proposition of distributed energy resources to customers and the grid. This solicitation's research topics fall under the EPIC 4 Transportation Electrification Initiative. |

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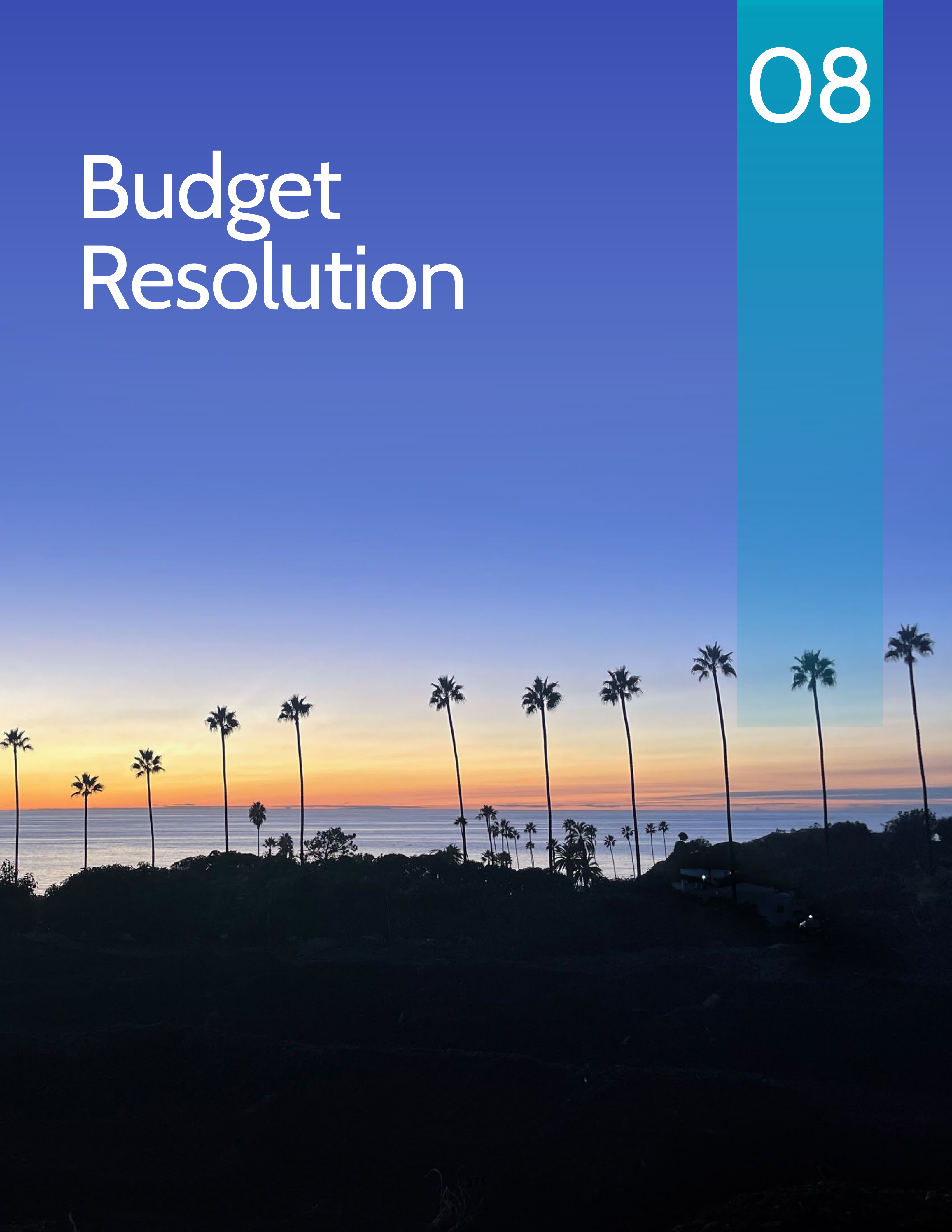
# Budget Resolution



# Budget Resolution *Pending*

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# Acknowledgments

# Acknowledgments

## Finance Department

The San Diego Community Power (Community Power) Finance Department works to maintain a fiscally responsible budget in accordance with Community Power Budget Policy. The department ensures sufficient funding to meet procurement needs, sustain operational needs and support sustained growth while delivering clean energy to the communities we serve. In addition, the team actively works to build Community Power reserves and develop policies that consider future economic conditions, provides an understandable and transparent operating budget for internal and external users, strives to keep the Community Power Board and staff informed of Community Power's fiscal condition and develops a budget that will ultimately prioritize people, transparency and our communities.

### Board of Directors

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Supervisor Terra Lawson-Remer, Vice Chair
Councilmember Sean Elo-Rivera, Director
Councilmember Marco San Antonio, Director
Councilmember Michael Inzunza, Director
Councilmember Genevieve Suzuki, Director
Councilmember Ditas Yamane, Director

### Finance and Risk Management Committee

Councilmember Ditas Yamane, Chair
Councilmember Genevieve Suzuki, Vice Chair
Councilmember Michael Inzunza, Director

### Community Advisory Committee

**CHULA VISTA**
- Anthony Sclafani
- (Vacant)

**COUNTY OF SAN DIEGO**
- Peter Andersen
- Ross Pike

**ENCINITAS**
- Gary L. Jahns
- Tara Hammond

**IMPERIAL BEACH**
- Ilian Sandoval
- Kenneth Hoyt

**LA MESA**
- David Harris
- Shaun Sumner

**NATIONAL CITY**
- Aida Castañeda, Secretary
- Larry Emerson, Vice Chair

**SAN DIEGO**
- Luis Montero-Adams
- Matthew Vasilakis, Chair

### Community Power Executive Team

Karin Burns, Chief Executive Officer
Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Jack Clark, Chief Operating Officer
Veera Tyagi, General Counsel
Byron Vosburg, Chief Commercial Officer

### Finance Department

Eric Washington, Chief Financial Officer and Deputy Chief Executive Officer/Treasurer
Tim Manglicmot, Director of Finance
Christopher Stephens, Procurement Manager
Diana Gonzalez, Risk Manager
Mark Alfaro, Finance Manager
Jeb Spengler, Strategic Finance Manager
Christopher Do, Senior Financial Analyst
Julissa Mercedes, Financial Analyst
Kevin Bateman, Financial Analyst

SAN DIEGO COMMUNITY POWER

**SAN DIEGO COMMUNITY POWER**
**Staff Report – Item 9**

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**TO:** Community Advisory Committee

**FROM:** Jack Clark, Chief Operating Officer
Jen Lebron, Senior Director of Public Affairs
Xiomalys Crespo, Senior Community Engagement Manager

**VIA:** Karin Burns, Chief Executive Officer

**SUBJECT:** Election of Chair, Vice-Chair, and Secretary for Fiscal Year 2025-2026

**DATE:** June 12, 2025

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## RECOMMENDATION:

Elect a Community Advisory Committee (CAC) Chair, Vice-Chair, and Secretary for Fiscal Year 2025-2026.

## BACKGROUND:

Per the Board-approved CAC's Policies and Procedures: "Officers may be nominated or self-nominated and elected at every July meeting by a simple majority vote of the CAC. Each nomination requires a second. If there is only one nominee for a position, the CAC members will vote "yes" or "no" to elect the nominee. If there is more than one nominee for a position, the CAC will cast their votes by name until a nominee receives a majority vote. The terms will be for one (1) year or until a successor is elected, with the option for officers to be re-elected for up to three (3) terms. Representatives required for a singular function or service may be elected using the same procedures described above when the need arises, for a term defined by the singular function or service."

The roles and responsibilities of each officer are outlined below.

### *Chair*

The Chair of the CAC will:

(a) serve as the primary liaison and spokesperson for the CAC with Community Power staff and the Board of Directors;
(b) support Community Power staff with setting the CAC agenda;
(c) guide the CAC in developing an annual Work Plan consistent with the CAC Scope of Work and approved by the Board of Directors;
(d) determine if meetings are required or if a meeting should be canceled;
(e) lead and manage CAC meetings to ensure all CAC members and community members are heard, work to keep meetings to the allotted time, and manage public comments;

(f) work with staff to determine a suitable meeting location and a recurring date and time;
(g) represent the CAC at the Board of Directors to provide updates, submit information, or respond to Board requests; and
(h) represent the CAC within Community Power processes, to other organizations, or at events, as appropriate.

***Vice-Chair***

The Vice-Chair of the CAC will assume CAC Chair responsibilities if the Chair is absent from a meeting or otherwise unable to perform their duties.

***Secretary***

The Secretary of the CAC will take attendance and meeting notes and work with Community Power staff to distribute relevant information to members.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

N/A

# GLOSSARY OF TERMS

**AB – Assembly Bill -** An Assembly Bill is a piece of legislation that is introduced in the Assembly. In other words, the Assembly, rather than the Senate, is the house of origin in the legislature for the legislation. In California, it is common for legislation to be referred to by its house of origin number (such as, AB 32) even once it becomes law.

**AL - Advice Letter -** An Advice Letter is a request by a CPUC jurisdictional entity for Commission approval, authorization, or other relief.

**ALJ – Administrative Law Judge -** ALJs preside over CPUC cases to develop the evidentiary record and draft proposed decisions for Commission action.

**ARB – Air Resources Board -** The California Air Resources Board (CARB or ARB) is the "clean air agency" in the government of California. CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

**AReM – Alliance for Retail Energy Markets -** a not for profit corporation that advocates for continued development of successful customer choice in retail energy markets and provides a focused voice for competitive energy retailers and their customers in selected public policy forums on the state level. AREM represented direct access providers such as Constellation NewEnergy and Direct Energy.

**BayREN - Bay Area Regional Energy Network -** BayREN offers region-wide energy programs, services and resources to members of the public by promoting energy efficient buildings, reducing carbon emissions and building government capacity.

**CAISO – California Independent System Operator -** a non-profit independent system operator that oversees the operation of the California bulk electric power system, transmission lines and electricity market generated and transmitted by its members (~80% of California’s electric flow). Its stated mission is to “operate the grid reliably and efficiently, provide fair and open transmission access, promote environmental stewardship and facilitate effective markets and promote infrastructure development.” CAISO is regulated by FERC and governed by a five-member governing board appointed by the governor.

**CALCCA – California Community Choice Association –** Association made up of Community Choice Aggregation (CCA) groups which represents the interests of California’s community choice electricity providers.

**CALSEIA –** California Solar Energy Industries - CALSEIA represents more than 200 companies doing solar-related business in California, including manufacturers, distributors, installation contractors, consultants, and educators. Members' annual dues support professional staff and a lobbyist who represent the common interests of California's solar industry at the Legislature, Governor's Office, and state and local agencies.

**CALSLA –** California City County Street Light Association - statewide association representing cities, counties and towns before the CPUC that is committed to maintaining fair and equitable street light electric rates and facilities charges, and disseminating street light related information.

**CAM – Cost Allocation Mechanism** - the cost recovery mechanism to cover procurement costs incurred in serving the central procurement function.

**CARB – California Air Resources Board –** The CARB is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change in California.

**CARE – California Alternative Rates for Energy -** A State program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. CARE is funded through a rate surcharge paid by all other utility customers.

**CBE – Communities for a Better Environment -** environmental justice organization that was founded in 1978. The mission of CBE is to build people's power in California's communities of color and low-income communities to achieve environmental health and justice by preventing and reducing pollution and building green, healthy and sustainable communities and environments.

**CCA – Community Choice Aggregator -** A community choice aggregator, sometimes referred to as community choice aggregation, allows local governments to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. CCAs are an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default utility, and/or lower electricity prices. By aggregating demand, communities gain leverage to negotiate better rates with competitive suppliers and choose greener power sources.

**CCSF – City and County of San Francisco -** The City and County of San Francisco often engage in joint advocacy before the CPUC. San Francisco operates CleanPowerSF, a CCA.

**CEC – California Energy Commission -** the primary energy policy and planning agency for California, whose core responsibilities include advancing state energy policy, achieving energy efficiency, investing in energy innovation, developing renewable energy, transforming transportation, overseeing energy infrastructure and preparing for energy emergencies.

**CEE – Coalition for Energy Efficiency -** non-profit comprised of US and Canadian energy efficiency administrators working together to accelerate the development and availability of energy efficient products and services.

**CLECA – California Large Energy Consumers Association -** an organization of large, high load factor industrial customers located throughout the state; the members are in the cement, steel, industrial gas, pipeline, beverage, cold storage, food packaging, and mining industries, and share the fact that electricity costs comprise a significant portion of their costs of production. Some members are bundled customers, others are Direct Access (DA) customers, and some are served by Community Choice Aggregators (CCAs); a few members have onsite renewable generation.

**CPUC – California Public Utility Commission** - state agency that regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies, in addition to authorizing video franchises.

**C&I – Commercial and Industrial –** Business customers. C&I customers generally consume much higher volumes of electricity and gas. Many utilities segment their C&I customers by energy consumption (small, medium and large).

**CP – Compliance Period –** Time period to become RPS compliant, set by the CPUC (California Public Utilities Commission)

**DA – Direct Access –** An option that allows eligible customers to purchase their electricity directly from third party providers known as Electric Service Providers (ESP).

**DA Cap –** the maximum amount of electric usage that may be allocated to Direct Access customers in California, or more specifically, within an Investor-Owned Utility service territory.

**DACC – Direct Access Customer Coalition** a regulatory advocacy group comprised of educational, governmental, commercial and industrial customers that utilize direct access for all or a portion of their electrical energy requirements

**DA Lottery –** a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently-applicable Direct Access Cap.

**DA Waitlist –** customers that have officially registered their interest in becoming a DA customer but are not yet able to enroll in service because of DA cap limitations.

**DAC – Disadvantaged Community** - Disadvantaged communities refers to the areas throughout California which most suffer from a combination of economic, health, and environmental burdens. These burdens include poverty, high unemployment, air and water pollution, presence of hazardous wastes as well as high incidence of asthma and heart disease. One way that the state identifies these areas is by collecting and analyzing information from communities all over the state. CalEnviroScreen, an analytical tool created by the California Environmental Protection Agency (CalEPA), combines different types of census tract-specific information into a score to determine which communities are the most burdened or "disadvantaged."

**DASR – Direct Access Service Request** – Request submitted by C&I customers to become direct access eligible.

**Demand** - The rate at which electric energy is delivered to or by a system or part of a system, generally expressed in kilowatts (kW), megawatts (MW), or gigawatts (GW), at a given instant or averaged over any designated interval of time. Demand should not be confused with Load or Energy.

**DER – Distributed Energy Resource –** A small-scale physical or virtual asset (e.g. EV charger, smart thermostat, behind-the-meter solar/storage, energy efficiency) that operates locally and is connected to a larger power grid at the distribution level.

**Distribution -** The delivery of electricity to the retail customer's home or business through low voltage distribution lines.

**DLAP – Default Load Aggregation Point –** In the CAISO's electricity optimization model, DLAP is the node at which all bids for demand should be submitted and settled.

**DR – Demand Response -** An opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.

**DRP – Distributed Resource Plans -** plans that are required by statute that are intended to identify optimal locations for the deployment of distributed resources.

**DWR – Department of Water Resources –** DWR manages California’s water resources, systems, and infrastructure in a responsible, sustainable way.

**ECR – Enhanced Community Renewable -** An IOU program that reflects the "Community Solar" model of renewable energy purchasing. Customers sign up to purchase a portion of a local solar project directly from a Developer at a level that meets at least 25% of their monthly electricity demand, but up to 100%. The customer will pay the Developer for the subscribed output, and receive a credit on their utility bill that reflects their enrollment level.

**ED – Energy Division -** The CPUC's Energy Division develops and administers energy policy and programs to serve the public interest, advise the Commission, and ensure compliance with the Commission decisions and statutory mandates.

**EE – Energy Efficiency-** the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy.

**ELCC – Effective Load Carrying Capacity –** The additional load met by an incremental generator while maintaining the same level of system reliability. For solar and wind resources the ELCC is the amount of capacity which can be counted for Resource Adequacy purposes.

**EPIC – Electric Program Investment Charge –** The EPIC program was created by the CPUC to support investments in clean energy technologies that provide benefits to the electricity ratepayers of PG&E, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE)

**ERRA – Energy Resource Recovery Account –** ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates. The utilities do not earn a rate of return on these costs, and only recover actual costs. The costs are forecast for the year ahead. If the actual costs are lower than forecast, then the utility gives money back, and vice versa.

**ES – Energy Storage -** the capture of energy produced at one time for use at a later time to reduce imbalances between energy demand and energy production.

**ESA – Energy Storage Agreement -** means a battery services contract, a capacity contract, demand response contract or similar agreement.

**ESP – Energy Service Provider -** An energy entity that provides service to a retail or end-use customer.

**EV – Electric Vehicle -** a vehicle that uses one or more electric motors for propulsion.

**FCR – Flexible Capacity Requirements -** “Flexible capacity need” is defined as the quantity of resources needed by the CAISO to manage grid reliability during the greatest three-hour continuous ramp in each month. Resources will be considered as “flexible capacity” if they can sustain or increase output, or reduce ramping needs, during the hours of “flexible need.” “FCR” means the flexible capacity requirements established for LSEs by the CPUC pursuant to the CPUC Decisions.

**GHG – Greenhouse gas -** water vapor, carbon dioxide, tropospheric ozone, nitrous oxide, methane, and chlorofluorocarbons (CFCs). A gas that causes the atmosphere to trap heat radiating from the earth. The most common GHG is Carbon Dioxide, though Methane and others have this effect as well.

**GRC – General Rate Case –** Proceedings used to address the costs of operating and maintaining the utility system and the allocation of those costs among customer classes. For California's three large IOUs, the GRCs are parsed into two phases. Phase I of a GRC determines the total amount the utility is authorized to collect, while Phase II determines the share of the cost each customer class is responsible and the rate schedules for each class. Each large electric utility files a GRC application every three years for review by the Public Advocates Office and interested parties and approval by the CPUC.

**GTSR – Green Tariff Shared Renewables -** The GTSR program enables customers to receive 50 to 100 percent of their electricity demand from renewable sources. The GTSR program has two components: the Green Tariff (GT) component and the Enhanced Community Renewables (ECR) component. Through GT, a customer may pay the difference between their current generation charge and the cost of procuring 50 to 100 percent renewables. With ECR, a customer agrees to purchase a share of a community renewable (typically solar) project directly from a developer, and in exchange will receive a credit from their utility for the customer's avoided generation procurement.

**GWh – Gigawatt-hour -** The unit of energy equal to that expended in one hour at a rate of one billion watts. One GWh equals 1,000 megawatt-hours.

**ICA – Integration Capacity Analysis -** The enhanced integrated capacity and locational net benefit analysis quantifies the capability of the system to integrate Distributed Energy Resources (DERs) within the distribution system. Results are dependent on the most limiting element of the various power system criteria such as thermal ratings, power quality, system protection limits and safety standards of existing equipment.

**IDER – Integrated Distributed Energy Resources –** A CPUC proceeding that aims to more effectively coordinate the integration of demand-side resources in order to better meet customer and grid needs, while enabling California to attain its greenhouse gas reduction goals.

**IDSM – Integrated Demand-Side Management -** an approach that joins together all the resources utilities have at their disposal to plan, generate and supply electricity in the most efficient manner possible.

**IEP – Independent Energy Producers –** California's oldest and leading nonprofit trade association, representing the interest of developers and operators of independent energy facilities and independent power marketers.

**IMD – Independent Marketing Division** - Under state law, IOUs are prohibited from lobbying or marketing on community choice unless the IOU forms an independent marketing division funded by shareholders rather than ratepayers. SDG&E' and its parent company Sempra were permitted by the CPUC to create such an independent marketing division, which allowed SDG&E to lobby against plans to create a CCA program.

**IOU – Investor-Owned Utility** – A private electricity and natural gas provider, such as SDG&E, PG&E or SCE, which are the three largest IOUs in California.

**IRP – Integrated Resource Plan** – A plan which outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

**kW – Kilowatt** – Measure of power where power (watts) = voltage (volts) x amperage (amps) and 1 kW = 1000 watts

**kWh – Kilowatt-hour** – This is a measure of consumption. It is the amount of electricity that is used over some period of time, typically a one-month period for billing purposes. Customers are charged a rate per kWh of electricity used.

**LCE – Lancaster Choice Energy -** the CCA that serves the City of Lancaster, California.

**LCFS – Low Carbon Fuel Standard** – A CARB program designed to encourage the use of cleaner low-carbon fuels in California, encourage the production of those fuels, and therefore, reduce greenhouse gas emissions.

**LCR – Local (RA) Capacity Requirements** – The amount of Resource Adequacy capacity required to be demonstrated in a specific location or zone.

**LMP – Locational Marginal Price** – Each generator unit and load pocket is assigned a node in the CAISO optimization model. The model will assign a LMP to the node in both the day- ahead and real time market as it balances the system using the least cost. The LMP is comprised of three components: the marginal cost of energy, congestion and losses. The LMP is used to financially settle transactions in the CAISO.

**LNBA – Locational Net Benefits Analysis -** a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

**Load** - An end use device or customer that receives power from an energy delivery system. Load should not be confused with Demand, which is the measure of power that a load receives or requires. See Demand.

**LSE – Load-serving Entity** – Entities that have been granted authority by state, local law or regulation to serve their own load directly through wholesale energy purchases and have chosen to exercise that authority.

**LTPP – Long-Term Procurement Rulemaking -** This is an "umbrella" proceeding to consider, in an integrated fashion, all of the Commission's electric procurement policies and programs.

**MCE – Marin Clean Energy -** the first CCA in California that began serving customers in 2010. They serve customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

**MEO – Marketing Education and Outreach -** a term generally used to describe various strategies to inform customers, such as to motivate consumers to take action on energy efficiency or conservation measures and change their behavior.

**MW – Megawatt** – measure of power. A megawatt equals 1,000 kilowatts or 1 million watts.

**MWH – Megawatt-hour** – measure of energy

**NAESCO – National Association of Energy Service Companies - –** an advocacy and accreditation organization for energy service companies (ESCOs). Energy Service Companies contract with private and public sector energy users to provide cost-effective energy efficiency retrofits across a wide spectrum of client facilities.

**NBC – Non-Bypassable Charge -** fees that are paid on every kilowatt-hour of electricity that is consumed from the grid. These charges can be used to fund things like energy assistance programs for low-income households and energy efficiency programs. These charges apply even if customers buy grid-supplied power from an outside power company such as a CCA.

**NDA – Non-Disclosure Agreement -** a contract by which one or more parties agree not to disclose confidential information that they have shared with each other.

**NEM – Net Energy Metering** – A program in which solar customers receive credit for excess electricity generated by solar panels.

**NRDC – Natural Resources Defense Council** - non-profit international environmental advocacy group.

**NP-15 – North Path 15** – NP-15 is a CAISO pricing zone usually used to approximate wholesale electricity prices in northern California in PG&E's service territory.

**OIR – Order Instituting Rulemaking -** A procedural document that is issued by the CPUC to start a formal proceeding. A draft OIR is issued for comment by interested parties and made final by vote of the five Commissioners of the CPUC.

**OSC – Order to Show Cause -** order requiring an individual or entity to explain, justify, or prove something.

**ORA – Office of Ratepayer Advocates -** the independent consumer advocate within the CPUC, now called Public Advocates office.

**PA – Program Administrator (for EE Business Plans)** IOUs and local government agencies authorized to implement CPUC-directed Energy Efficiency programs.

**PCE – Peninsula Clean Energy Authority -** CCA serving San Mateo County and all 20 of its cities and towns as well as the City of Los Banos.

**PCC1 – RPS Portfolio Content Category 1** – Bundled renewables where the energy and REC are dynamically scheduled into a California Balancing Authority (CBA) such as the CAISO. Also known as "in-state" renewables.

**PCC2 – RPS Portfolio Content Category 2** – Bundled renewables where the energy and REC are from out-of-state and not dynamically scheduled to a CBA.

**PCC3 – RPS Portfolio Content Category 3** – Unbundled REC

**PCIA or "exit fee" -** Power Charge Indifference Adjustment (PCIA) is an "exit fee" based on stranded costs of utility generation set by the California Public Utilities Commission. It is calculated annually and assessed to customers of CCAs and paid to the IOU that lost those customers as a result of the formation of a CCA.

**PCL – Power Content Label** – A user-friendly way of displaying information to California consumers about the energy resources used to generate the electricity they sell, as required by AB 162 (Statue of 2009) and Senate Bill 1305 (Statutes of 1997).

**PD – Proposed Decision** – A procedural document in a CPUC Rulemaking that is formally commented on by parties to the proceeding. A PD is a precursor to a final Decision voted on by the five Commissioners of the CPUC.

**PG&E – Pacific Gas & Electric -** the IOU that serves 16 million people over a 70,000 square mile service area in Northern California.

**PHC – Prehearing Conference -** CPUC hearing to discuss the scope of a proceeding among other matters. Interested stakeholders can request party status during these.

**Pnode – Pricing Node** – In the CAISO optimization model, it is a point where a physical injection or withdrawal of energy is modeled and for which a LMP is calculated.

**PPA – Power Purchase Agreement** – A contract used to purchase the energy, capacity and attributes from a renewable resource project.

**PRP – Priority Review Project -** transportation electrification pilot projects approved by the CPUC pursuant to SB 350.

**PRRR – Progress on Residential Rate Reform –** Pursuant to a CPUC decision, the IOUs must submit to the CPUC and parties periodic updates on the progress of their efforts to assist customers with residential rate design changes related to rate reform, including tier collapse and transition to a default time of use rate.

**PUC – Public Utilities Code -** California statute that contains 33 Divisions, and the range of topics within this Code includes natural gas restructuring, private energy producers, telecommunication services, and specific municipal utility districts and transit authorities. Primary statute for governance of utilities as well as CCAs in California.

**PURPA – Public Utilities Regulatory Policy Act -** federal statute passed by Congress to encourage fuel diversity via alternative energy sources and to introduce competition into the electric sector. It was meant to promote energy conservation (reduce demand) and promote greater use of domestic energy and renewable energy (increase supply). The law was created in response to the 1973 energy crisis.

**RA – Resource Adequacy** - Under its Resource Adequacy (RA) program, the California Public Utilities Commission (CPUC) requires load-serving entities—both independently owned utilities and electric service providers—to demonstrate in both monthly and annual filings that they have purchased capacity commitments of no less than 115% of their peak loads.

**RAM – Renewables Auction Mechanism -** a procurement program the Investor-owned Utilities (IOUs) may use to procure RPS eligible generation. The IOUs may use RAM to satisfy authorized procurement needs, for example, system Resource Adequacy needs, local Resource Adequacy needs, RPS needs, reliability needs, Local Capacity Requirements, Green Tariff Shared Renewables needs, and any need arising from Commission or legislative mandates.

**RE – Renewable Energy** - Energy from a source that is not depleted when used, such as wind or solar power.

**REC - Renewable Energy Certificate** - A REC is the property right to the environmental benefits associated with generating renewable electricity. For instance, homeowners who generate solar electricity are credited with 1 solar REC for every MWh of electricity they produce. Utilities obligated to fulfill an RPS requirement can purchase these RECs on the open market.

**RES-BCT – Renewables Energy Self-Generation Bill Credit Transfer -** This program enables local governments and universities to share generation credits from a system located on one government-owned property with billing accounts at other government-owned properties. The system size limit under RES-BCT is 5 MW, and bill credits are applied at the generation-only portion of a customer's retail rate.

**RFO – Request for Offers** a competitive procurement process used by organizations to solicit the submission of proposals from interested parties in response to a scope of services.

**RPS - Renewable Portfolio Standard -** Law that requires CA utilities and other load serving entities (including CCAs) to provide an escalating percentage of CA qualified renewable power (culminating at 33% by 2020) in their annual energy portfolio.

**SB – Senate Bill -** a piece of legislation that is introduced in the Senate. In other words, the Senate, rather than the Assembly, is the house of origin in the legislature for the legislation.

**SCE – Southern California Edison -** the large IOU that serves the Los Angeles and Orange County area.

**SCP – Sonoma Clean Power Authority -** CCA serving Sonoma County and surrounding areas in Northern California.

**SDG&E – San Diego Gas & Electric** - the IOU that serves San Diego county, they own the infrastructure that delivers SDCP energy to customers.

**SGIP – Self-Generation Incentive Program** – A program which provides incentives to support existing, new, and emerging distributed energy resources (storage, wind turbines, waste heat to power technologies, etc.)

**SUE – Super User Electric -** electric surcharge that's intended to penalize consumers for excessive energy use.

**SVCE – Silicon Valley Clean Energy -** CCA serving Silicon Valley Area.

**TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol** – Online tools and resources provided by The Climate Registry to assist organizations to measure, report, and reduce carbon emissions.

**TE – Transportation Electrification -** For the transportation sector, electrification means replacing fossil fuels with electricity as the means of powering light-duty vehicles, medium- and heavy-duty trucks, and buses. The primary goal is to reduce greenhouse gas (GHG) emissions and, ultimately, contribute to mitigating the effects of climate change on the planet.

**Time-of-Use (TOU) Rates** — The pricing of delivered electricity based on the estimated cost of electricity during a particular time-block. Time-of-use rates are usually divided into three or four time-blocks per 24 hour period (on-peak, midpeak, off-peak and sometimes super off-peak) and by seasons of the year (summer and winter). Real time pricing differs from TOU rates in that it is based on actual (as opposed to forecasted) prices that may fluctuate many times a day and are weather sensitive, rather than varying with a fixed schedule.

**TM – Tree Mortality** - refers to the death of forest trees and provides a measure of forest health. In the context of energy, the CPUC is tasked with utilizing its authority to extend contracts and take actions to authorize new contracts on bioenergy facilities that receive feedstock from high hazard zones.

**TURN – The Utility Reform Network** - A ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

**Unbundled RECs -** Renewable energy certificates that verify a purchase of a MWH unit of renewable power where the actual power and the certificate are "unbundled" and sold to different buyers.

**VPP – Virtual Power Plant** – A cloud-based network that leverages an aggregation of distributed energy resources (DERs) to shift energy demand or provide services to the grid. For example, thousands of EV chargers could charge at a slower speed and hundreds of home batteries could discharge to the grid during a demand peak to significantly reduce the procurement of traditional supply resources.

**VAMO – Voluntary Allocation, Market Offer -** the process for SDG&E to allocate a proportional share of their renewable portfolio to SDCP and other LSEs within the service territory.