



Finance & Risk Management Committee Meeting

June 12, 2025



The background of the image is a close-up of blue water with small, dark ripples. A large, white, diagonal stripe runs from the top-left corner to the bottom-right corner, creating a triangular shape in the center where the text is located.

**Welcome
and
Call to
Order**

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Roll Call



The background of the slide features a close-up photograph of blue water with gentle ripples. A prominent white diagonal stripe runs from the top-left corner towards the bottom-right, creating a triangular white space on the left side of the slide. The text is positioned within this white space.

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Withdrawn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

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Public Comment on non-Agenda Items

CONSENT CALENDAR

1. **Approve March 20, 2025, Meeting Minutes**

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Public Comment on Consent Calendar

REGULAR AGENDA

2. **Treasurer's Report for Period Ending April 30, 2025**
3. **Recommend Board Approval of Update to San Diego Community Power's Energy Risk Management Policy: California Carbon Allowance and Carbon Offset Transactions and Obligations**
4. **Tariffs, Tax Credits and Executive Orders: New-Build Market Outlook Update**
5. **AB 2561 - Status of vacancies, recruitment and retention efforts**
6. **Recommend Board Approval and Discussion FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 CIP Review**
7. **Recommend Board Adoption of Resolution No. 2025-07, Authorizing Execution of an Energy Prepayment Transaction, Related Documents, and 'Form of' Documents Subject to Maximum Issuance Amount, Limitation on Fees, and Minimum Required Savings**

Item No. 2

Treasurer's Report for Period Ending April 30, 2025

Recommendation:

Receive and File Treasurer's Report for Period Ending April 30, 2025.

Presenter:

Dr. Eric Washington, Chief Financial Officer

Item 2: Treasurer's Report

YTD FY25 Budget v. Actual

Results for the period overperformed overall compared to the amended budget:

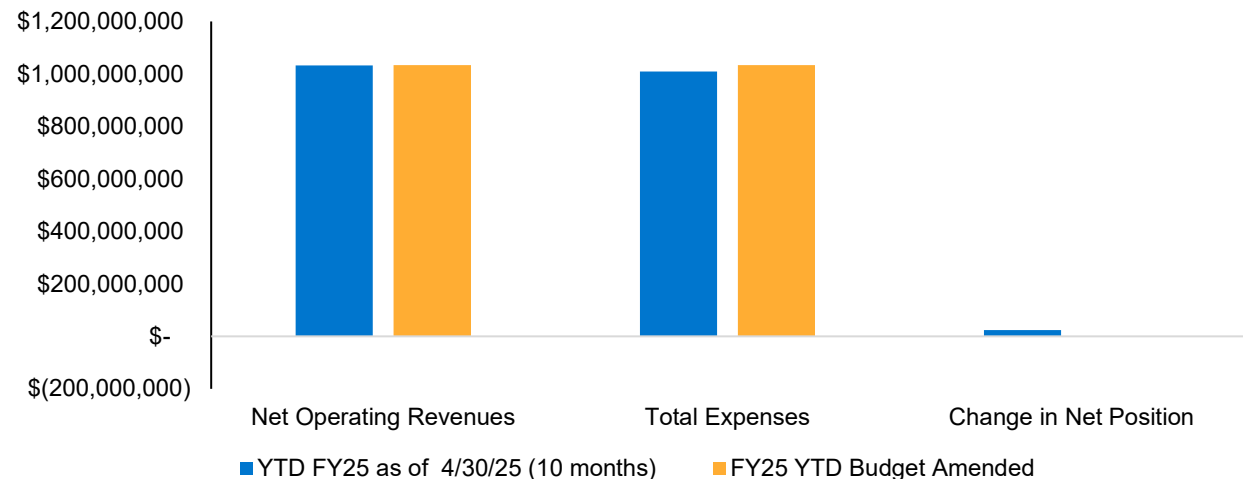
- Net operating revenues 0.1 percentage under budget.
- Operating expenses came in 2.0 percentage points under budget.

Financial results for the YTD FY25:

- \$1,032.9M in net operating revenues
- \$1,009.4M in total expenses (includes energy costs of \$968.7M or 94% of net revenues)
- \$23.6M change in YTD net position

Budget Comparison					
	YTD FY25 as of 4/30/25 (10 months)		FY25 YTD Budget Amended		
				Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$	1,032,972,314	\$	1,033,560,599	\$ (588,285) 99.9%
Total Expenses	\$	1,009,359,387	\$	1,034,085,870	\$ (24,726,483) 98%
Change in Net Position	\$	23,612,927	\$	(525,271)	\$ 24,138,198

YTD FY25 Results v. Budget



Item 2: Treasurer's Report

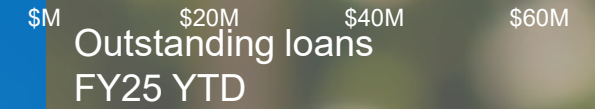
CONTRIBUTION

\$23.6M
Reserve
Contribution
FY 2024-25 YTD



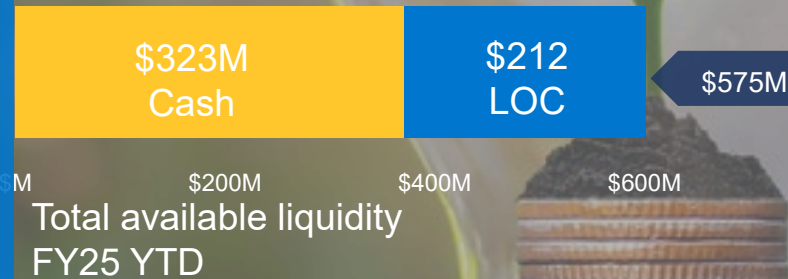
DEBT

\$0M
Outstanding
Debt
FY 2024-25 YTD



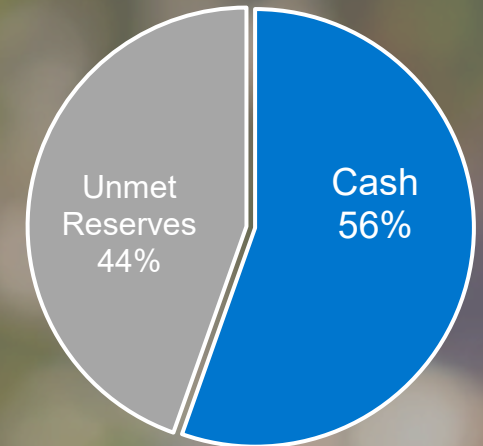
RESERVES

\$535M
Total Liquidity
FY 2024-25 YTD



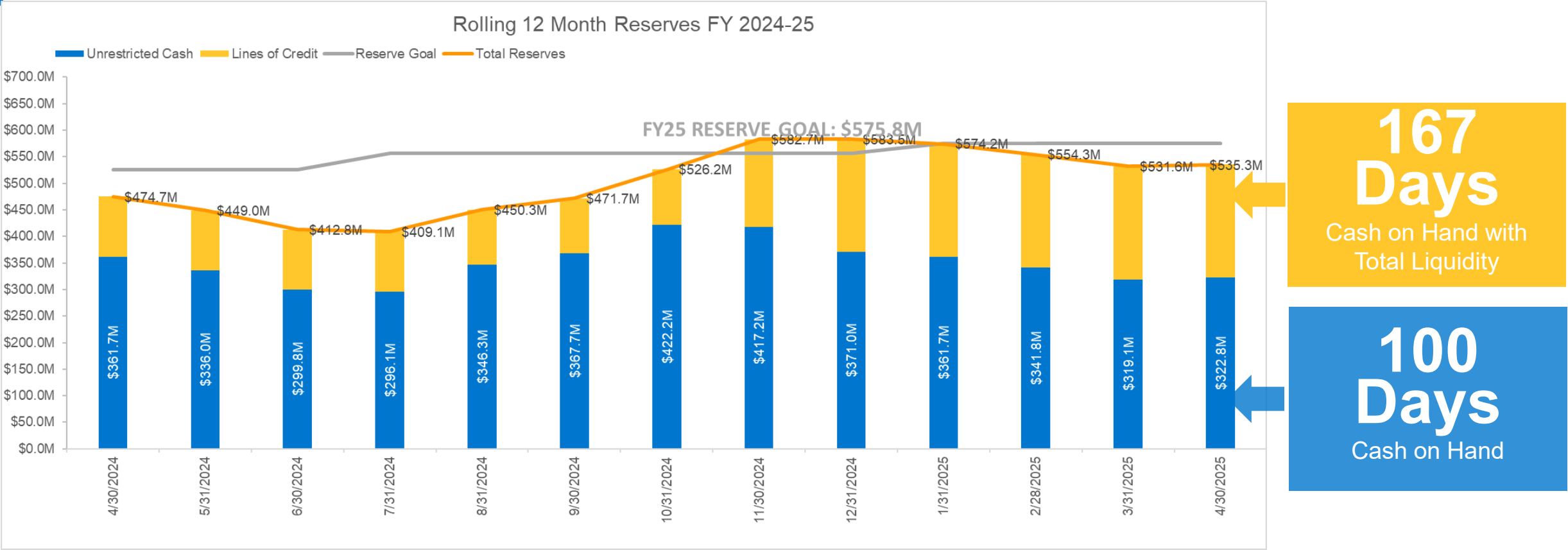
GOAL

56%
Percent Reserve
Goal Met
FY 2024-25



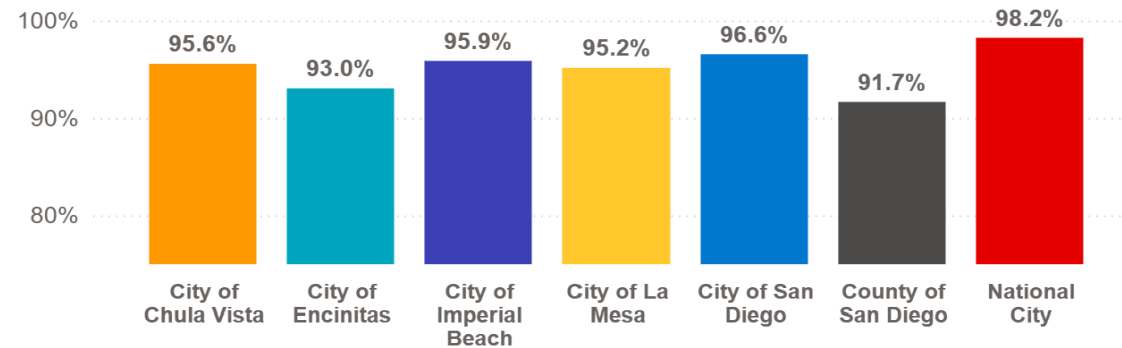
\$576M 180-DCOH
Reserve Target FY25

Item 2: Treasurer's Report



Item 2: Treasurer's Report

Participation by Jurisdiction



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%



Public Comment on Item No. 2

ITEM NO. 2

**COMMITTEE
MEMBER
COMMENTS
AND
QUESTIONS**

Treasurer's Report for Period Ending April 30, 2025

**Recommendation:
Receive and File Treasurer's Report for Period
Ending April 30, 2025.**

Item No. 3

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

Recommendation:

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

Addendum 2 Overview

- Goal – Meet Community Power’s compliance obligations under California’s Cap-and-Trade Program
- How – Approve update to Community Power’s Energy Risk Management Policy to allow the CEO to approve procurement of CCA and CO products in quarterly auctions, and secondary carbon allowance and carbon offset markets
- Background
- Under California’s Cap-and-Trade Program, electric importers, such as Community Power, have a compliance obligation to purchase carbon allowances or offsets
- Community Power will consider the cost of carbon, renewable priorities, and overall benefit to ratepayers when evaluating use of electric imports to meet power supply needs and resource adequacy requirements

Procurement of California Carbon Allowances and Carbon Offsets

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

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



Public Comment on Item No. 3

ITEM NO. 3

COMMITTEE MEMBER COMMENTS AND QUESTIONS

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

Recommendation:

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

Item No. 4

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

Recommendation:

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

Presenter:

Jennine Camara, Director of Portfolio Management

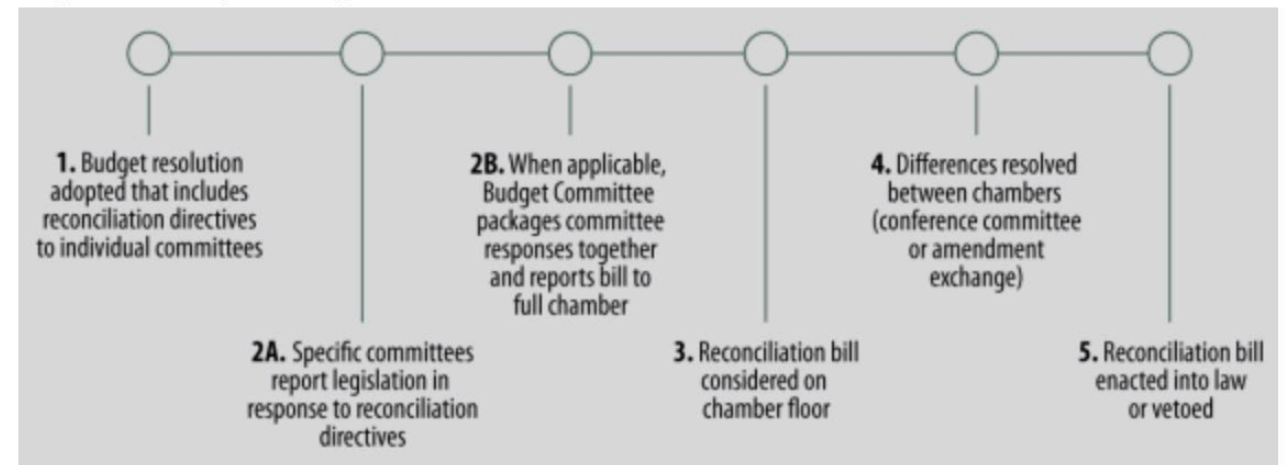
Patrick Welch, Associate Director of Legislative Affairs

Potential Federal Policy Changes

Overview – Clean Energy Tax Credits

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

Figure 1. Major Stages of the Reconciliation Process



Source: Congressional Research Service.

Federal Budget Reconciliation

Utility Scale Tax Credits in HR 1, The One Big Beautiful Bill Act

Current Law

- The Investment and Production Tax Credits provide a 30% credit when a clean energy project starts construction
- It is available for wind, solar, energy storage, geothermal, and other technologies
- It sunsets on 2032 or when greenhouse gas emissions fall 25% below 2022 levels

The One Big Beautiful Bill Act

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



Pelicans Jaw Project (under construction)

Federal Budget Reconciliation

Residential Energy Tax Credits in HR 1, The One Big Beautiful Bill Act

Current Law

- The Residential Clean Energy Credit provides a 30% credit for rooftop solar and storage systems
- The Home Energy Efficiency Investment Credit provides up to \$3,200 for energy efficiency and electrification upgrades
- It must be claimed by December 31, 2032, with step downs thereafter
- There is a \$7,500 tax credit for electric vehicles

The One Big Beautiful Bill Act

- New sunset: December 31, 2025



Source: [CalMatters](#)

Federal Budget Reconciliation

Two Other Utility Scale Energy Tax Credit Legislative Proposals

HR 2838 Ending Intermittent Energy Subsidies Act

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

HR 3291 Certainty for Our Energy Future Act

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



Brawley Project under construction

Federal Budget Reconciliation

Timeline and next steps

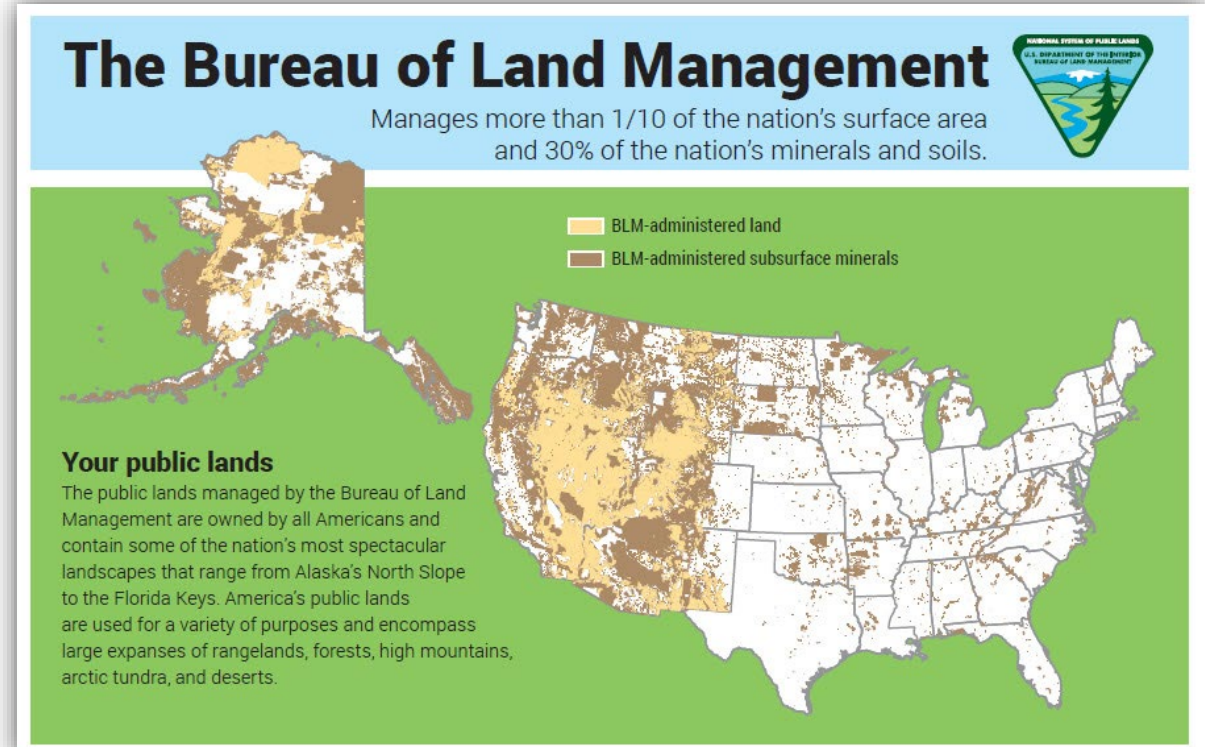
- The Senate may attempt to pass HR 1, or some version thereof, by July 4
- If the Senate approves a modified version of the legislation, then the House will need to vote on it again
- It's a fluid situation and the final outcome is unclear
- Community Power continues to monitor developments and stay in touch with our Congressional representatives about operational and customer impacts



Federal Energy Project Permitting

Executive Order Paused Bureau of Land Management (BLM) Processes

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



Tariffs

Background

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

Vietnam Example

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

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

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

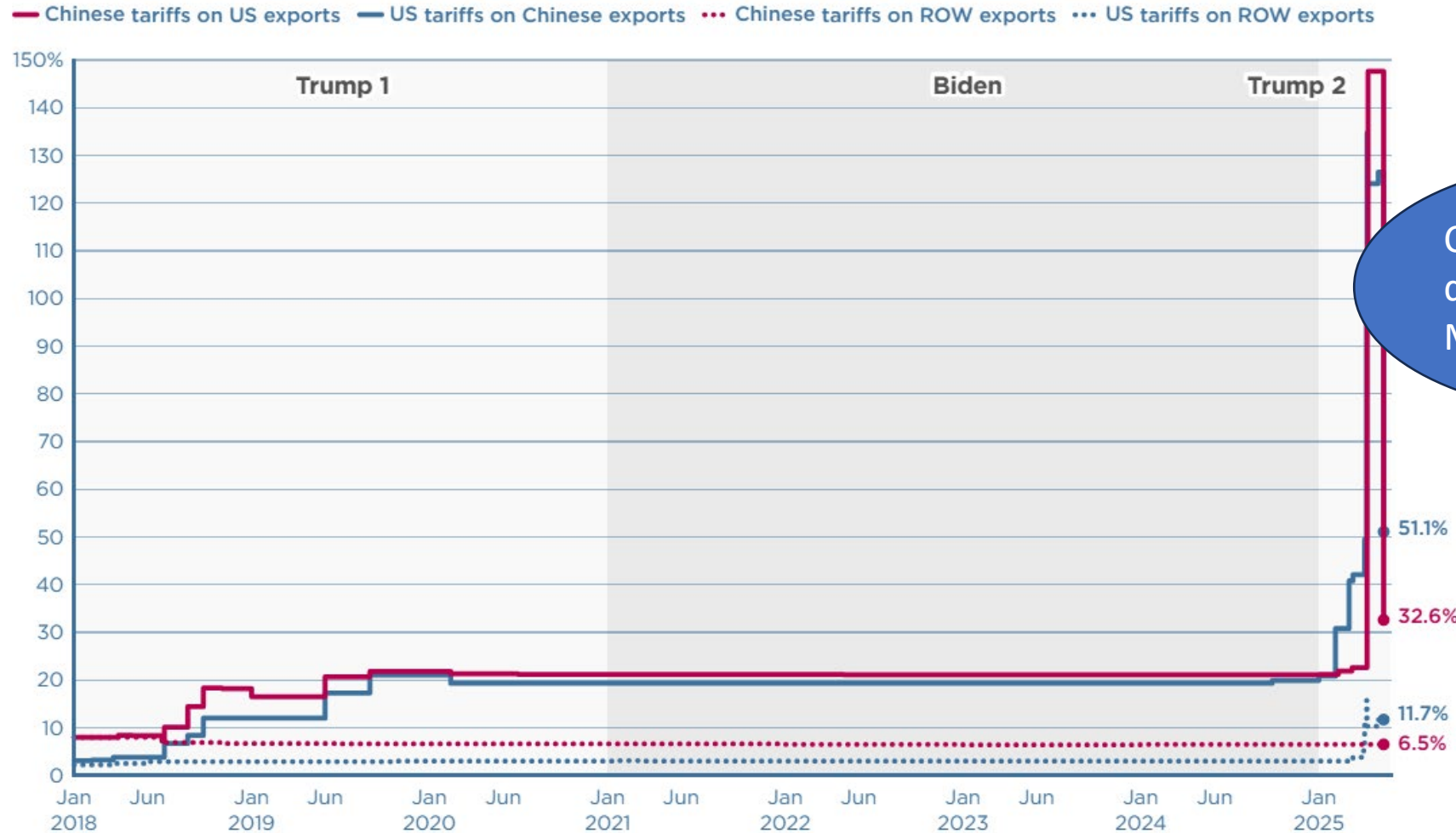
Tariffs

Legal challenges

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



Tariffs: a focus on China

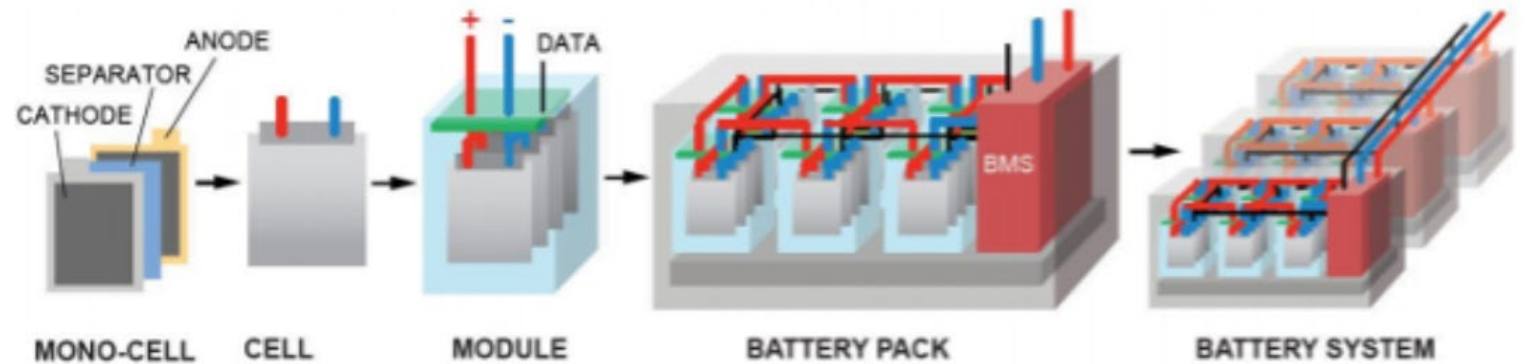


Currently in a 90-day pause starting May 12th.

Tariffs: a focus on China

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

BESS component diagram



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

Impacts of Federal Actions on Portfolio

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

CONTRACTED UNDER

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

CONTRACTED NOT YET UNDER

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

PIPELINE

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

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

*Note: The majority of our standalone energy storage tolling portfolio is not yet under construction and therefore more exposed to tariff and tax credit risk.



Public Comment on Item No. 4

ITEM NO. 4

**COMMITTEE
MEMBER
COMMENTS
AND
QUESTIONS**

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

Recommendation:

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

Item No. 5

AB 2561 - Status of vacancies, recruitment and retention efforts

Recommendation:

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

Presenter:

Chandra Pugh, Senior Director of People Operations and Administration

Background

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

Requirements

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

Current Vacancies

Status:

Chief Commercial Officer: In-Person interviews. Using outside Executive recruiter to source candidates. No foreseen obstacles to hiring.

Community Outreach Representative (part-time): Virtual interview. High number of application submitted. No foreseen obstacles to hiring.

Senior Origination Associate: Reposting anticipated.

Findings

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

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

Very low turnover rate of 5.06%

Table 1

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

Recruitment Efforts: Candidate Survey





Public Comment on Item No. 5

ITEM NO. 5

**COMMITTEE
MEMBER
COMMENTS
AND
QUESTIONS**

AB 2561 - Status of vacancies, recruitment and retention efforts

Recommendation:

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

Item No. 6

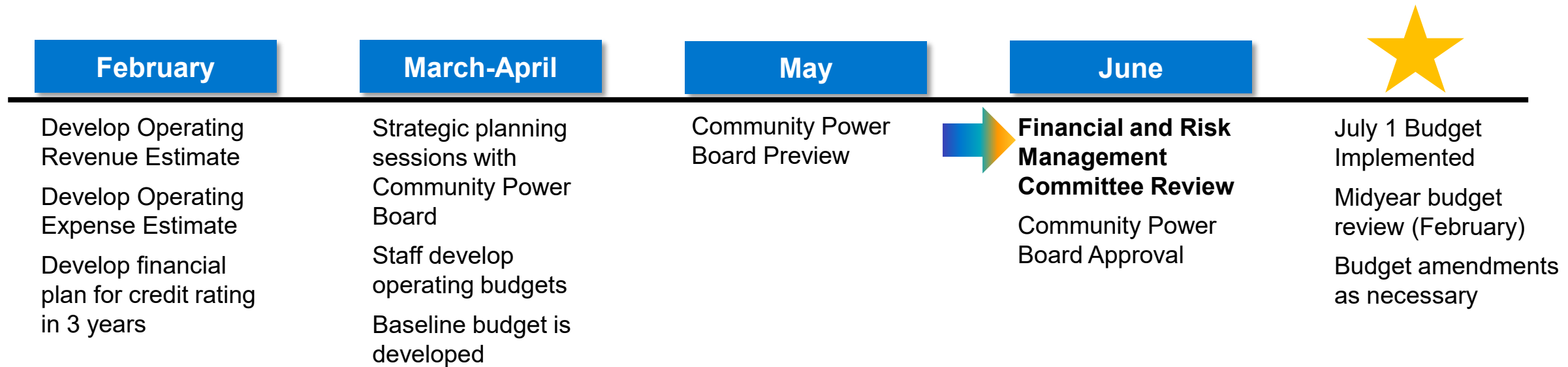
Recommend Board Approval of FY 2025-2026 Operating Budget, FY 2025-2026 Capital Budget, and FY 2026-2030 Capital Investment Plan

Recommendation:

Recommend Board Approval of Resolution No. 2025-06, adopting the FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan.

Budget Development for FY 2025-2026

The Board adopted schedule for budget development is the following:

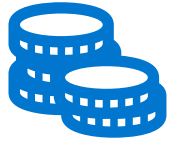


Budget Priorities

Community Power's guiding budget principles

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

Budget Highlights



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



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



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



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



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



FISCAL YEAR
2025
2026



SAN DIEGO COMMUNITY POWER

Operating Budget

Fiscal Year 2025–2026

FY 2025-2026 Operating Budget

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

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

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

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






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

+\$4.0M
CIP Contribution

+\$164.6
Net Position

Budget – Non-Energy Costs

Budget Changes by Category

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

Finance Highlights

Practice fiscal strategies to promote long-term sustainability

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

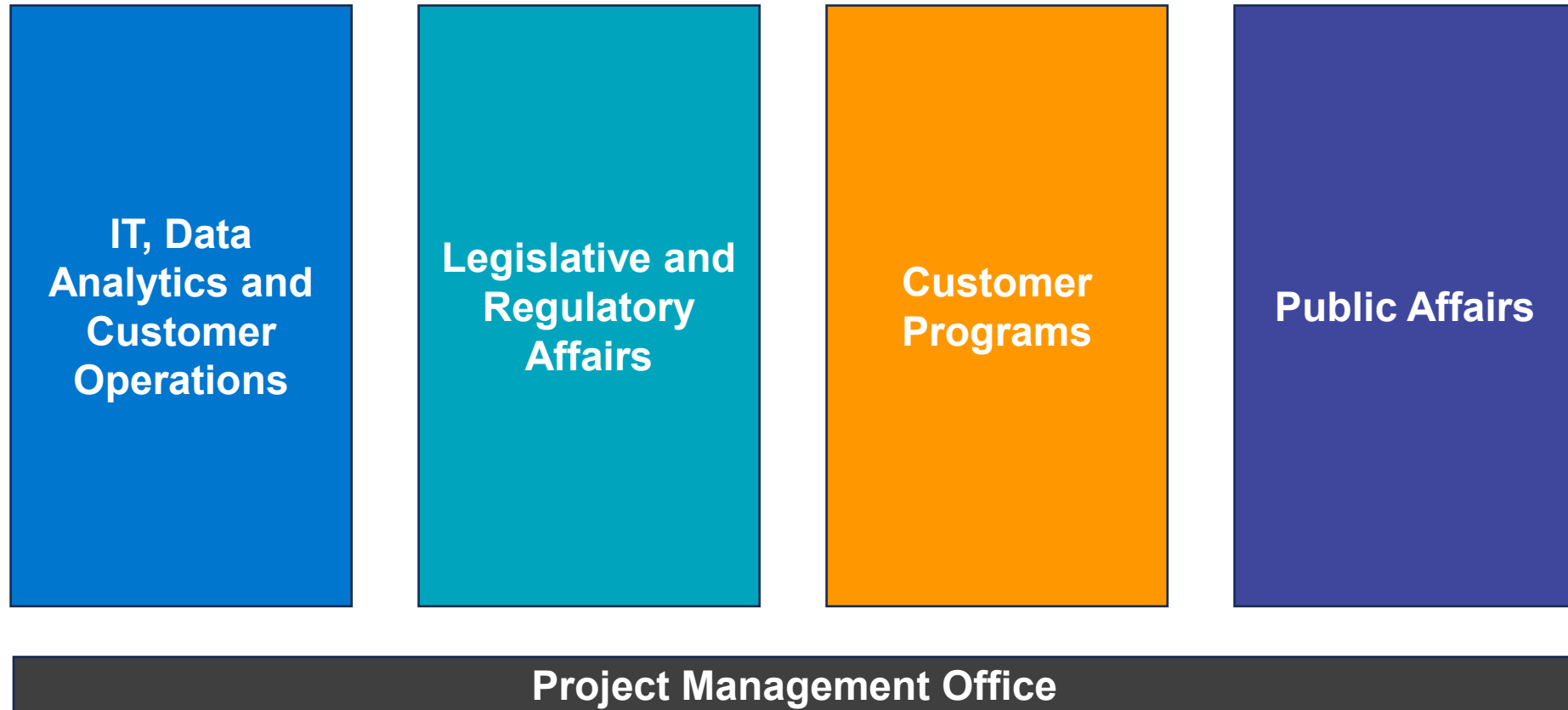
Power Services Highlights

Procuring renewable energy for our customers

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

Operations Highlights

Advancing operational efficiency



IT, Data Analytics and Customer Operations Highlights

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

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

Legislative and Regulatory Affairs Highlights

Advocating for local control at the State and Federal level

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

Customer Programs Highlights

Advancing the clean energy transition for all

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

Public Affairs Highlights

Connecting with community

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



Public Comment on Item No. 6

ITEM NO. 6

**COMMITTEE
MEMBER
COMMENTS
AND
QUESTIONS**

Recommend Board Approval of FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan

**Recommendation:
Recommend Board Approval of Resolution No. 2025-06, adopting the FY 2025-26 Operating Budget, FY 2025-26 Capital Budget, and FY 2026-30 Capital Investment Plan.**

Item No. 7

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

Recommendation:

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

Presenter:

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

Prepayment Transaction Overview

- Goal – Reduce cost of power purchases by 8% or more to enhance affordability
- How – Leverage use of tax-exempt bonding capacity to secure long-term supply
- Background
- Codified in the U.S. tax law
- Used since the 1990s largely for natural gas transactions
- Over 100 transactions totaling over \$75 billion completed in the U.S. – mostly for gas
- 20 energy prepayment transactions totaling \$18 billion completed since 2021 for California Community Choice Aggregators
- SDCP (through CCCFA) sold it's first prepayment bond issue in November 2024

Parties involved in 2024 Prepay Transaction

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

Benefits of a Prepay Transaction

- **~\$4.5 million+ in anticipated annual cashflow savings are generated per transaction**
 - 2024 transaction generated **\$53.2 million in total savings** (average annual savings of \$6.9 million through November 2032)
- CCCFA issues tax-exempt bonds to pay the upfront prepayment at a lower interest cost ~ 4.25% versus the counterparty's funding rate of ~5%
- CCCFA bond payments ~\$40 million annually are lower than the existing ~\$45 million PPA payments
- Savings over the 30-year term expected to be 8% or higher per year on power quantities delivered under the prepay structure compared to spot market purchases and/or current contracts
- Debt is non-recourse to SDCP
- Established precedent with 20 transactions having been completed by other CCAs

Potential Risks of a Prepay Transaction

- **Transaction Terminates**, loss of savings, reverts back to original contract terms
 - Mitigated by selecting an investment grade credit-rated Prepaid Supplier
- **Opportunity cost in lost staff time**
- **Out of Pocket Costs**
 - Most consultant fees are contingent on successful bond sale (with the exception of Green Bond designation and Rating Agency Fees)
- **Market timing risks**
 - Mitigated by being ready to price the bonds when the market is favorable
- **Load loss or inability to assign a PPA into the prepay**
 - Mitigated by volume of SDCP PPAs and Prepaid Supplier's ability to source energy from the market for delivery to Bond Issuer / SDCP if needed
- **Tax and Regulatory risk** – loss of tax-exemption financing would eliminate future prepay issuance

Risk Mitigants of Bond Pricing Activities

- **The Prepaid Supplier's fees and benefits must be measured and controlled**
 - Structuring fees
 - Underwriting fees for selling the prepay bonds if the bond underwriter is a related party
 - Fees added to the prepay price for the delivery of physical electricity
 - Electricity remarketing fees
 - Future structuring and underwriting fees for future bond re-pricings
 - Lower funding costs
- **Municipal Financial Advisor (MFA)**
 - Works for SDCP to ensure that the Prepaid Supplier fees and implicit funding costs are fair, reasonable and consistent with market pricing
 - Owes a fiduciary responsibility to SDCP with contractual risk mitigations, MSRB oversight, and SEC enforcement
- **SDCP manages additional risks by engaging in competitive solicitation processes for services**

Prepayments That Have Been Completed by CCAs in California

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

Date	Amt. (\$000)	Issuer	Description	Beneficiary
10/2024	1,152,995	CCCFA (24D)	Elec (Green)	CPA
11/2024	1,243,210	CCCFA (24E)	Elec (Green)	SJCE
11/2024	1,000,500	CCCFA (24F)	Elec (Green)	SDCP
11/2024	775,590	CCCFA (24G)	Elec (Green)	SCPA
12/2024	1,290,750	CCCFA (24H)	Elec (Green)	CPA
01/2025	493,345	CCCFA (25A)	Elec (Green)	VCEA
Total	18,252,705			

Prepayment Timeline

- ~~May 22, 2025: Board approves VAMO Swap with Clean Power alliance~~
- ~~June 11, 2025: Kestrel Green Bond certification interview~~
- **June 12, 2025:** FRMC – Presentation and potential recommendation for Board approval of a second prepay transaction setting parameters using the same project participants as first transaction and a similar form of prepay structure
- **June 26, 2025:** Board – Presentation and potential Board adoption of a Resolution authorizing a second prepay transaction setting transaction parameters and approving form of documents
- **July 8, 2025:** (Tentative) Bond Pricing (subject to change based on market conditions)
- **July 18, 2025:** (Tentative) Estimated bond closing date (subject to change based on bond pricing date)
- **September 2025:** (Tentative) Energy cost savings begin



Public Comment on Item No. 7

ITEM NO. 7

COMMITTEE MEMBER COMMENTS AND QUESTIONS

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

Recommendation:

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

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Committee Member Announcements



Adjournment

Next Regular Finance & Risk Management Committee Meeting

August 21, 2025

