SAN DIEGO COMMUNITY POWER

Board of Directors

Regular Meeting

December 11, 2025

Welcome and Call to Order

Roll Call

Land Acknowledgement

Special Presentations and Introductions

WELCOME!

Megan Phelps

Program Associate

Items to be Withdrawn or Reordered on the Agenda

Public Comment on non-Agenda Items

Consent Calendar

1. Approve November 20, 2025, Meeting Minutes
2. Receive and File Update on Programs
3. Receive and File Update on Power Services
4. Receive and File Update on Customer Operations
5. Receive and File Update on IT and Data Analytics
6. Receive and File Update on Human Resources
7. Receive and File Community Advisory Committee Monthly Update
8. Receive and File Update on Marketing, Public Relations, and Local Government Affairs
9. Receive and File Treasurer's Report for Period Ending September 30, 2025
10. Receive and File Update on Regulatory and Legislative Affairs
11. Approve a Sole Source Amendment No. 5 to Agreement with GB Endeavors LLC., for an additional not-to-exceed amount of $95,000 for a total revised not-to-exceed amount of $219,999 and to extend the term through June 30, 2027

Public Comment on Consent Calendar

Regular Agenda

12. Community Advisory Committee Quarterly Update
13. **Fiscal Year End 2024-25 Performance Review**
14. **Adopt Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy**
15. **Update on SDGE's 2026 Projected Rates**
16. **Approve Master Service Agreement with Ascend Analytics for Energy Storage Optimization Services**
17. **Update on Smart Home Flex Project**

Item No. 12

Community Advisory Committee Quarterly Update

Presenter:
David Harris, Community Advisory Committee Chair

Recommendation:

Receive and File Community Advisory Committee Quarterly Update.

Community Advisory Committee Quarterly Report

September – November 2025

- Solar Battery Savings Program Relaunch
- Revisions to existing Net Energy Metering tariff, Net Billing Tariff, and Net Billing Tariff-Aggregation
- Pilot Projects
- San Diego Regional Energy Network
- 2024 Power Content Label and Power Source Disclosure Update
- Revisions to existing Renewable Energy Sefl-Generation Bill Credit Transfer Tariff
- Battery Energy Storage Systems
- Regulatory and Legislative Affairs Quarterly Update
- Smart Home Flex Project
- California Energy Commission Grant Agreement EPC-25-015

Vacancies

- City of Imperial Beach
- City of Encinitas
- City of National City

Community Advisory Committee Quarterly Report

2025-26 Ad-Hoc Committees

2026 CAC Work Plan **Revise the annual, Board-approved work plan.**	• Luis Montero-Adams (City of San Diego) • Matthew Vasilakis (City of San Diego)
Community Power Plan Review **Evaluate the progress made toward the implementation of the goals and actions outlined in the 5-year Community Power Plan.**	• David Harris (City of La Mesa) • Ross Pike (Unincorporated San Diego County) • Alonso Gonzalez (City of Chula Vista) • Lawrence Emerson (City of National City)
Distributed Energy Resources/Local Infill Development Plan **Review procurement strategies, financing issues, and economic incentives.**	• David Harris (City of La Mesa) • Anthony Sclafani (City of Chula Vista) • Shaun Sumner (City of La Mesa)

Public Comment on Item No. 12

Item No. 12

Board Members Comments or Questions

Community Advisory Committee Quarterly Update

Recommendation:

Receive and File Community Advisory Committee Quarterly Update

Item No. 13

Fiscal Year End 2024-25 Performance Review

Presenter:
Dr. Eric Washington, Chief Financial Officer/Treasurer

Recommendation:

Receive and File Fiscal Year End 2024-25 Performance Review

Fiscal Year End 2024-25 Performance Summary

Item	Actuals	Budget	Difference ($)
Operating Revenue			
Total Operating Revenues	**$1,243,031,946**	**$1,221,258,173**	**$21,773,773**
Expenditures			
Cost of Energy	$1,101,545,238	$1,116,836,549	($15,291,311)
Non-Energy Expenses	$53,668,137	$69,002,590	($15,334,453)
Subtotal Operating Expense	**$1,155,213,375**	**$1,185,839,139**	($30,625,764)
Nonoperating Revenues			
Investment Income	$13,467,273	$0	
Interest Expense	$436,062	$1,276,000	($839,938)
Nonoperating Revenues	**$13,031,211**	($1,276,000)	
Net Position	**$100,849,782**	**$34,143,034**	**$66,706,748**

Revenue Results

Uncollectibles:

- Budgeted for 1.75% of Revenue $22M
- Actuals came in 1% or $12M

PowerBase:

- Budgeted for $2.6M or 15%
- Actuals at $0.3M or 1.3%

Demand:

- Actual Load higher than expected

Operating Expense Savings

Non-Energy Cost Savings $15.3M

- Professional services: $6.1 M million
- Personnel: $2.9M
- General/Admin: $1.8M
- Marketing/Outreach: $1.0M
- Capital investment spend: $3.5M

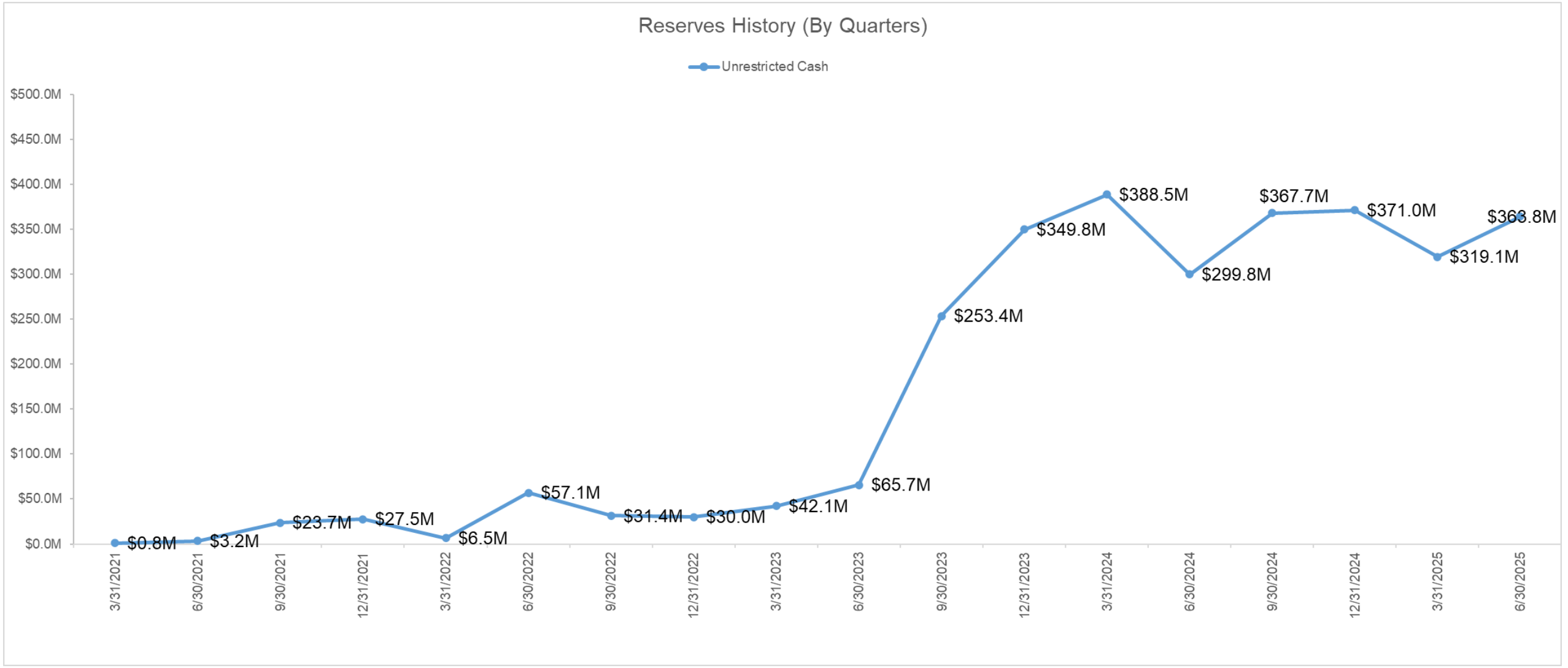
Energy Coast Savings: $15.3M

- Lower CPUC market price benchmarks
- SDG&E VAMO savings

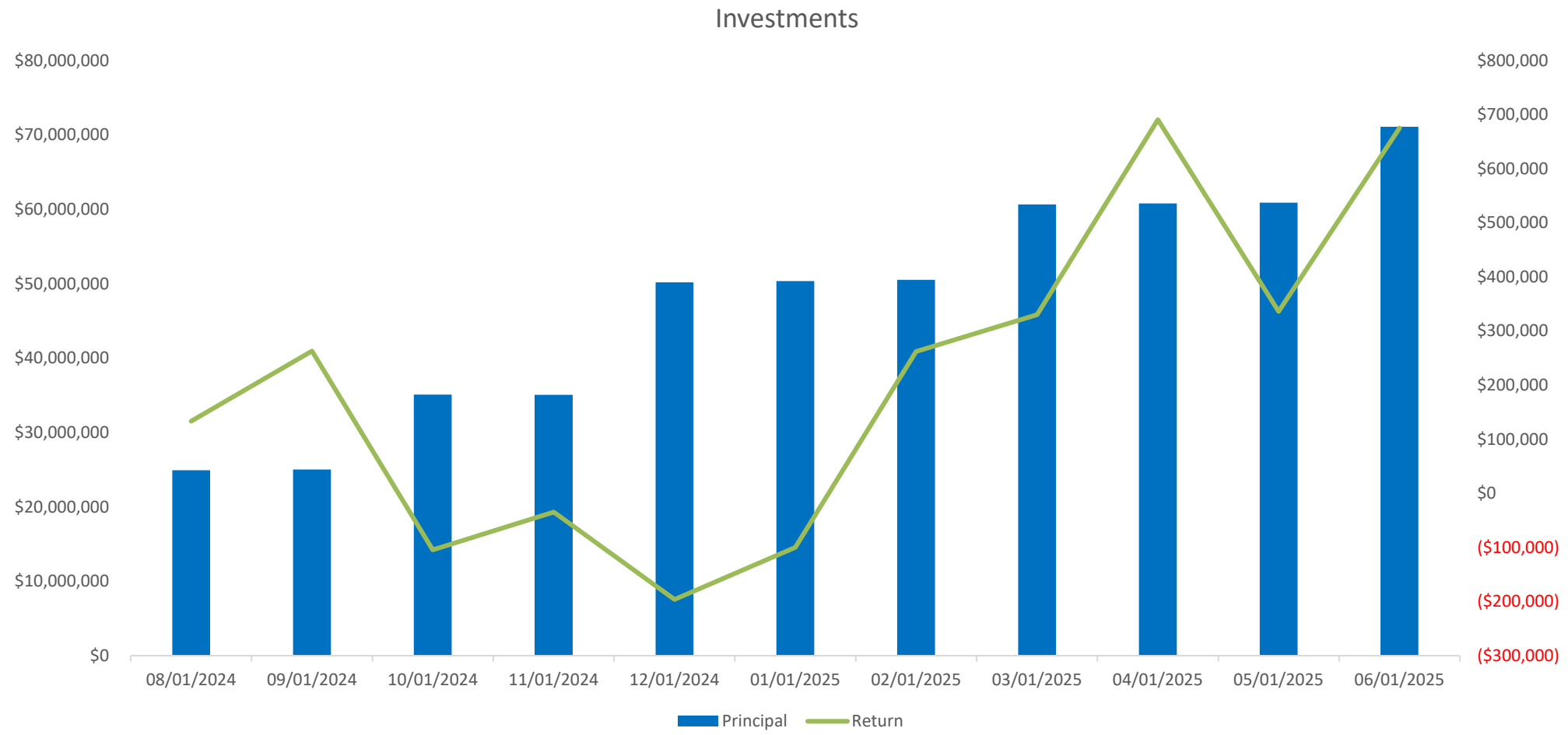
Non-Operating Income $13M

- Investment Earnings
- Interest expense savings

Historic Reserve Build



Investment History



Public Comment on Item No. 13

Item No. 13

Board Members Comments or Questions

Fiscal Year End 2024-25 Performance Review

Recommendation:

Receive and File Fiscal Year End 2024-25 Performance Review.

Item No. 14

Adopt Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy

Recommendation:

Adopt Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy.

Presenter:
Tim Manglicmot, Director of Finance
Jeb Spengler, Senior Strategic Finance Manager

Agenda

1. Reserve Background
2. Power Charge Indifference Adjustment & Rates Deep Dive
3. New Reserves Policy Deep Dive

Reserve Background

Presenter: Timothy Manglicmot

Reserves

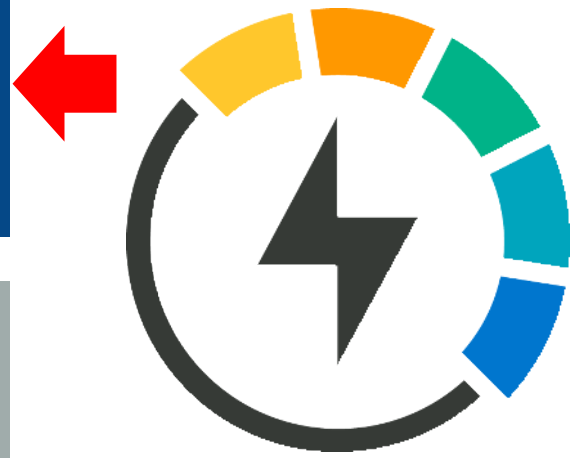
Days Cash on Hand Reserve Targets

180 Days AVA	**180 Days** CPA
180 Days 3CE	**180 Days** SJCE
180 Days PCE	**180 Days** Desert Clean Energy

SD Community Power

180 days cash on hand is the investment-grade CCA and municipal advisor **generally accepted best practice**

180 Days Community Power Goal



90-Days Former Goal

Reserves

Is 180-days cash on hand right for SD Community Power?

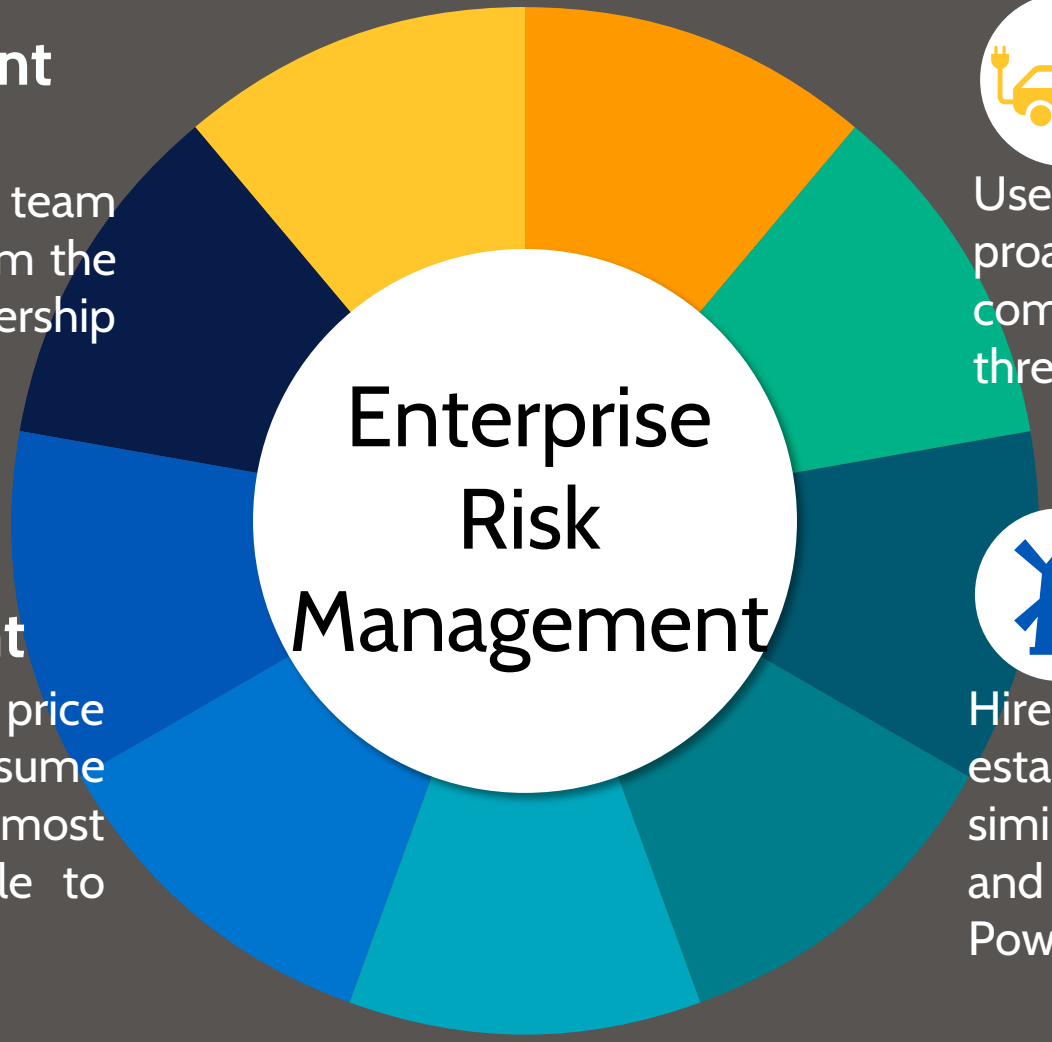
How We Approached the Question

Multi-Department Risk Team

Bolstered risk management team composed of representatives from the Community Power's senior leadership and business units

cQuant Energy Risk Management

cQuant.io provides several price simulation models that consume internal data combined with the most up-to-date market data available to generate financial projections.



APPA Risk Best Practices

Used APPA risk framework to proactively identify, assess, respond, communicate, and monitor risks and threats to Community Power.

Risk Consultant Onboarded

Hired expert risk consultant to establish business-specific risk model similar to Silicon Valley Clean Energy and in alignment with American Public Power Association best practices.

Multiprong Reserve Target Approach

Bottom-Up Risk Analysis

1. Revenue (Load, Participation)
2. Expense (Energy, Operations, Litigation)
3. Other (Cybersecurity, Force Majeure)

Peer Analysis

1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

National Medians Data

1. APPA recommendations
2. CA public power
3. National public power

Risks to Community Power Stability

Bottom-Up Risk Analysis

1. Revenue (Load, Participation)
2. Expense (Energy, Operations, Litigation)
3. Other (Cybersecurity, Force Majeure)

Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	**PCIA & Generation Rate "SNAPBACK"**	$420 million
Energy Costs*	**Wholesale, Load and Open Position Volatility**	$245 million
Load*	**Participation Rate Drops to 86%**	$51 million
Uncollectibles*	**Increase in uncollectibles to 5%**	$36 million
Prepay Savings Loss	**Prepay savings loss to unforeseen event**	$12 million
Operations	**Legal Loss**	$5 million
Operations	**Force Majeure or Cybersecurity Event**	$2 million
	Total	**$771 million (Approx. 278 DCOH)**

* Risk categories may fluctuate marginally due to changes in market conditions

Risks to Community Power Stability

Bottom-Up Risk Analysis

1. Revenue (Load, Participation)
2. Expense (Energy, Operations, Litigation)
3. Other (Cybersecurity, Force Majeure)

Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	PCIA & Generation Rate "SNAPBACK"	$420 million
Energy Costs*	Wholesale Load and Generation Volatility	$45 million
Load*	Participation Rate Drops to 86%	$51 million
Uncollectibles	Increase in uncollectibles to 5%	$36 million
Prepay Savings Loss	Prepay savings loss to unforeseen event	$12 million
Operations	Legal Loss	$5 million
Operations	Force Majeure or Cybersecurity Event	$2 million
	Total	**$771 million (Approx. 278 DCOH)**

Maximum use of reserves

$771 million or 278-days cash on hand

* Risk categories may fluctuate marginally due to changes in market conditions

Risks to Community Power Stability

Bottom-Up Risk Analysis

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Lo[illegible]	Participation [illegible]	[illegible] million
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Prepay Savings Loss	[illegible] savings loss to unforeseen [illegible]	$[illegible] million
Operations	Legal Loss	$5 million
Operations	Force Majeure or Cybersecurity Event	$[illegible] million
	Total	$771 million (Approx. 278 DCOH)

PCIA and Generation Rates comprise Community Power's biggest risk

* Risk categories may fluctuate marginally due to changes in market conditions

Risks to Community Power Stability

Bottom-Up Risk Analysis

1. Revenue (Load, Participation)
2. Expense (Energy, Operations, Litigation)
3. Other (Cybersecurity, Force Majeure)

Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	**PCIA & Generation Rate "SNAPBACK" (65% Coverage)**	~~$420 million~~ $273 million
Energy Costs*	Wholesale, Load and Open Position Volatility	$245 million
Load*	Participation Rate Drop to 85%	$51 million
Uncollectibles	Increase in uncollectibles to 5%	$6 million
Prepay Savings Loss	Prepay savings loss to unforeseen event	$5 million
Operations	Legal Loss	$5 million
Operations	Force Majeure or Cybersecurity Event	$2 million
	Total	**$624 million (Approx. 225 DCOH)**

Target reserves

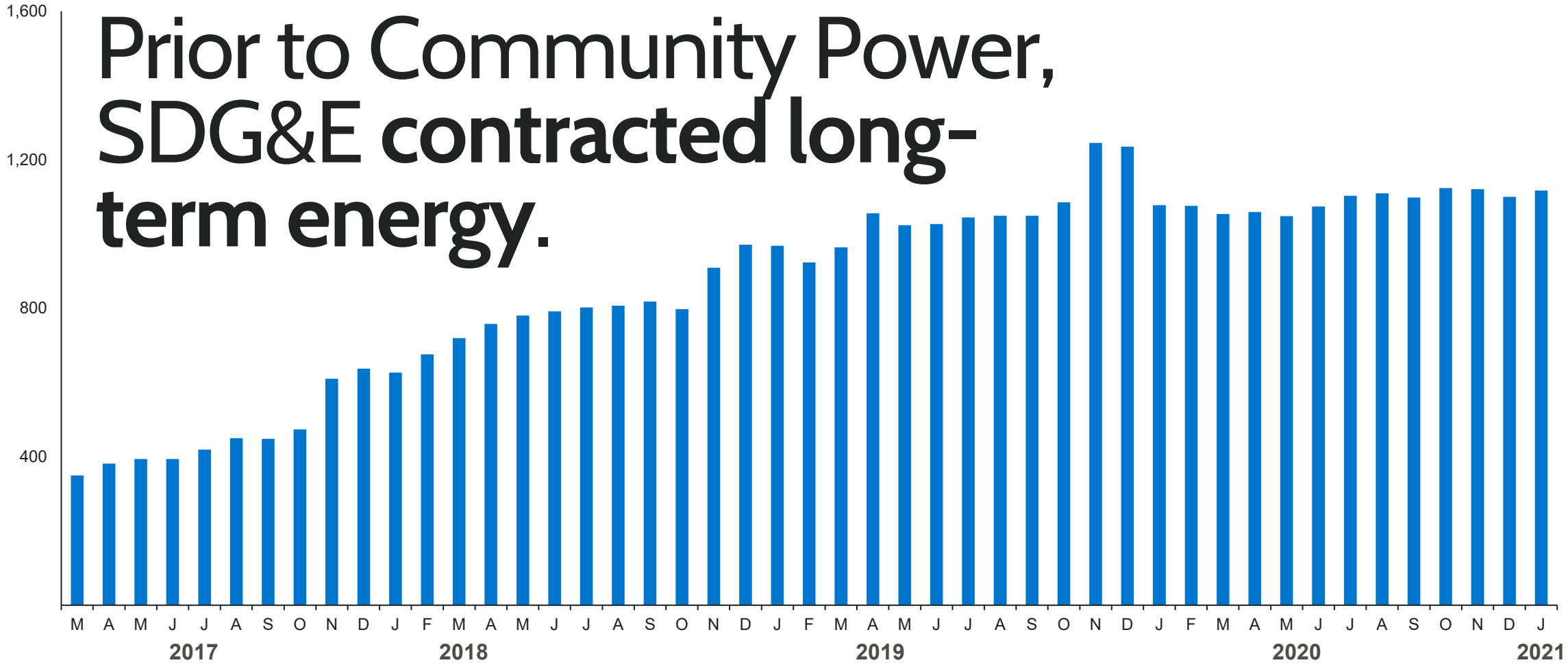
$624 million or 225-days cash on hand

* Risk categories may fluctuate marginally due to changes in market conditions

PCIA/Rates Deep Dive

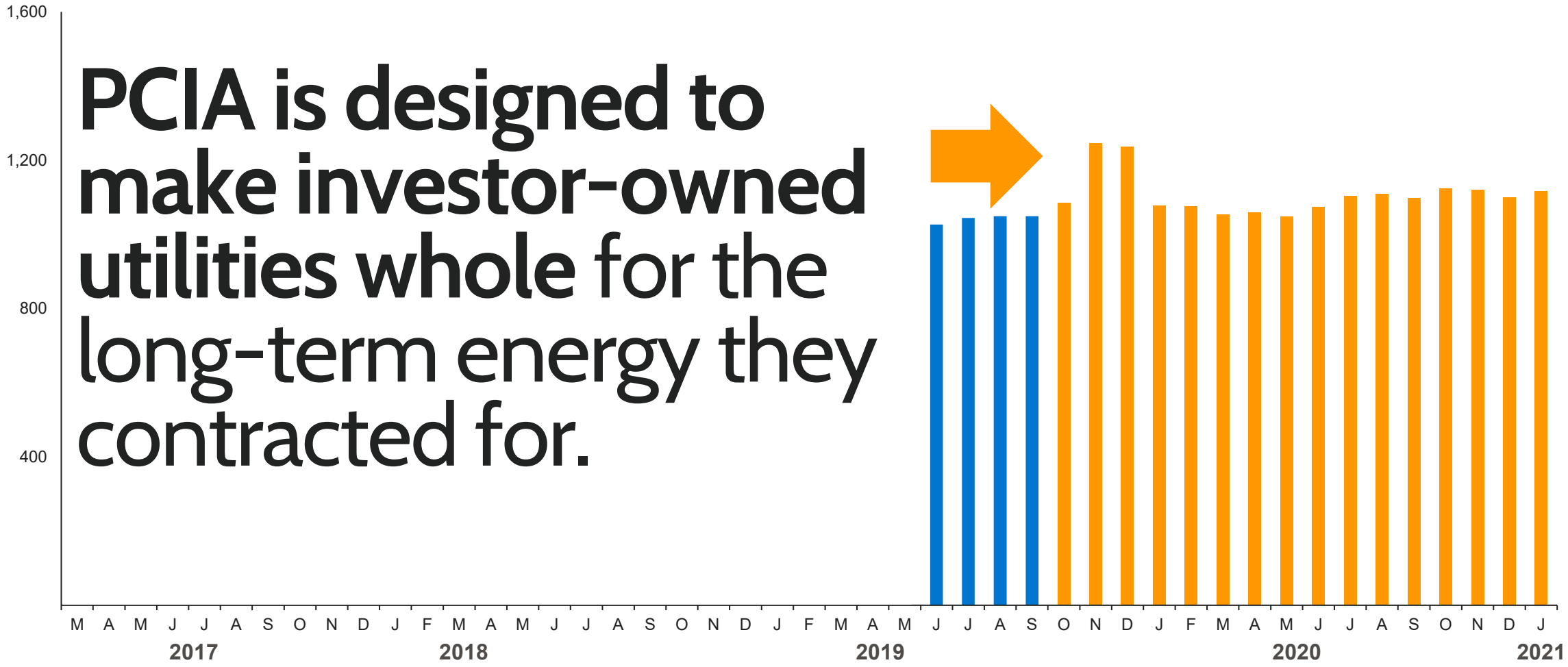
Presenter: Timothy Manglicmot

PCIA Deep Dive



* Illustrative example of SDG&E's contracted long-term energy

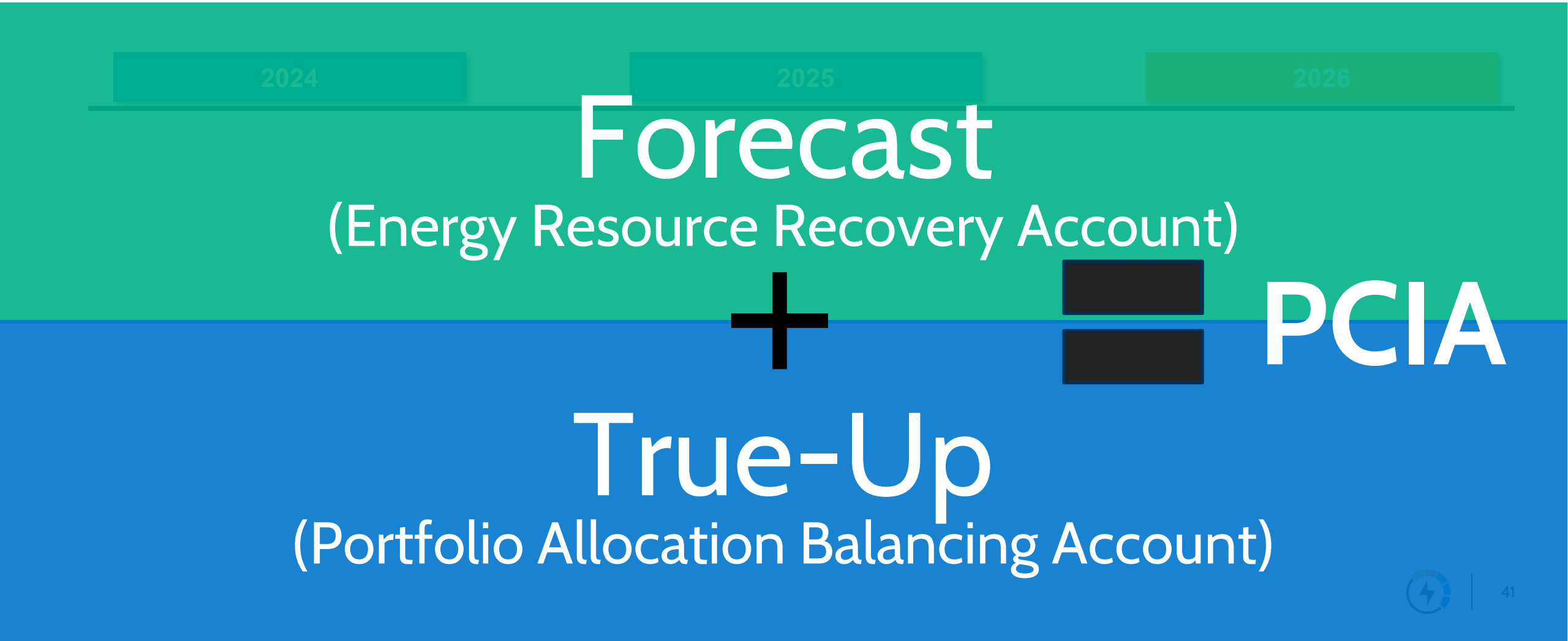
PCIA Deep Dive



PCIA is designed to make investor-owned utilities whole for the long-term energy they contracted for.

* Illustrative example of SDG&E's contracted long-term energy

PCIA Deep Dive – Example



PCIA Deep Dive – Renewables Example

2024 | 2025 | 2026

1

SDG&E 2026 PCC1 Price: $70.00/MWh

CPUC 2026 Forecast MPB: $62.45/MWh

$70.00 - $62.45 = $7.55/MWh

SDG&E PCC1 **renewable cost for 2026.**

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024	2025	2026

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CPUC PCC1 **projected renewable cost for 2026.**

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

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SDG&E 2026 PCC1 Price: $70.00/MWh

CPUC 2026 Forecast MPB: $62.45/MWh

$70.00 - $62.45 = $7.55/MWh

PCIA **pays back SDG&E** $7.55/MWh

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

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2

SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)

SDG&E PCC1 renewable cost for 2025.

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SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)

SDG&E can make $1.24/MWh in the open market and **owes customers through PCIA rates effective 1/1/25.**

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

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CPUC 2026 Forecast MPB: $62.45/MWh

$70.00 - $62.45 = $7.55/MWh

2

SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)

But remember this was a **'forecasted'** 2025 price by the CPUC.

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

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SDG&E 2026 PCC1 Price: $70.00/MWh

CPUC 2026 Forecast MPB: $62.45/MWh

$70.00 - $62.45 = $7.55/MWh

2

SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)

SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Actual MPB: $63.86/MWh

$71.24 – $63.86= $7.38/MWh

The **actual price for 2025** was $63.86

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024	2025	2026

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SDG&E 2026 PCC1 Price: $70.00/MWh

CPUC 2026 Forecast MPB: $62.45/MWh

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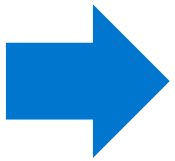
SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)



SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Actual MPB: $63.86/MWh

$71.24 – $63.86= $7.38/MWh

SDG&E needs to be made whole for 2025.

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024	2025	2026
1	SDG&E 2026 PCC1 Price: $70.00/MWh CPUC 2026 Forecast MPB: $62.45/MWh **$70.00 - $62.45 = $7.55/MWh**	**SDG&E is paid through PCIA rates** effective 1/1/26.
2 SDG&E 2025 PCC1 Price: $70.00/MWh **CPUC 2025 Forecast MPB: $71.24/MWh** $70.00 - $71.24 = ($1.24)	SDG&E 2025 PCC1 Price: $70.00/MWh **CPUC 2025 Actual MPB: $63.86/MWh** **$71.24 – $63.86= $7.38/MWh**	**$71.24 – $63.86= $7.38/MWh**

* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024	2025	2026

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SDG&E 2026 PCC1 Price: $70.00/MWh

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SDG&E 2025 PCC1 Price: $70.00/MWh

CPUC 2025 Forecast MPB: $71.24/MWh

$70.00 - $71.24 = ($1.24)

SDG&E 2025 PCC1 Price: $70.00/MWh

$71.24 – $63.86= $7.38/MWh

True-Up

(Energy Resource Recovery Account)

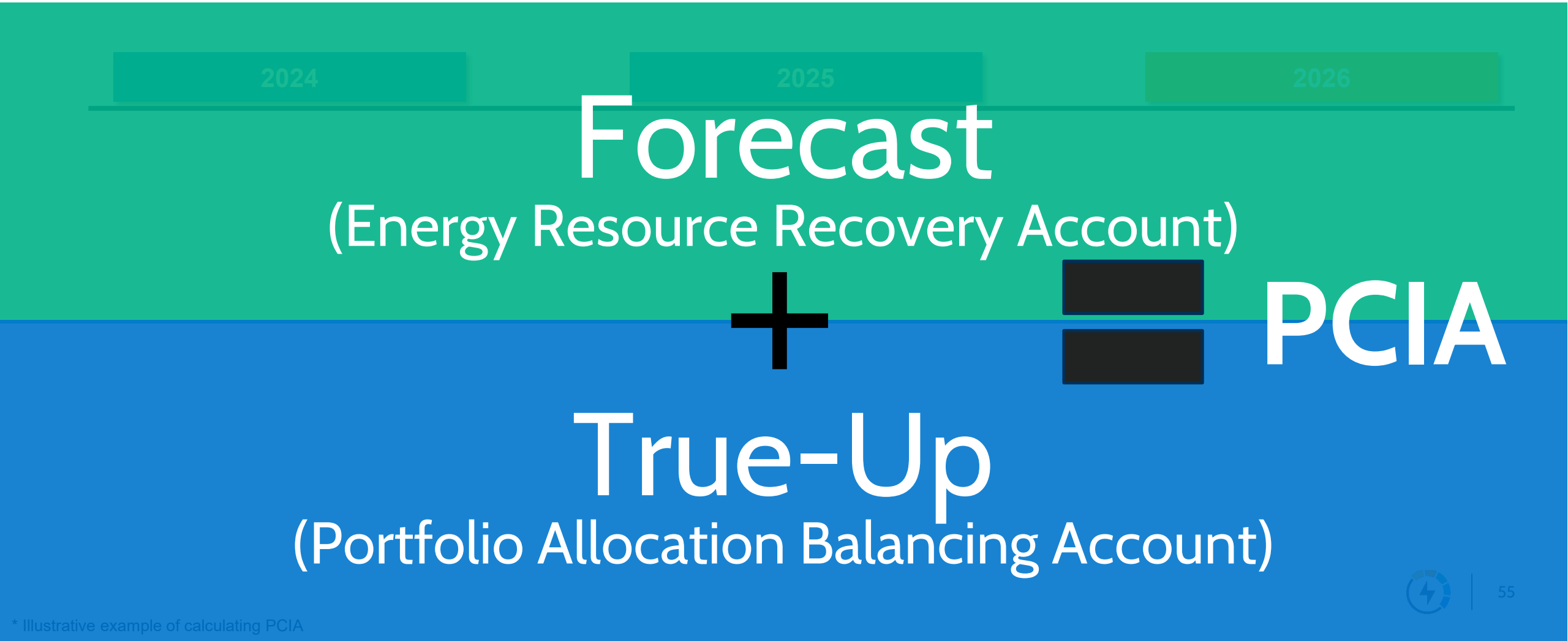
* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024	2025	2026
1	SDG&E 2026 PCC1 Price: $70.00/MWh CPUC 2026 Forecast MPB: $62.45/MWh **$70.00 - $62.45 = $7.55/MWh**	**$70.00 - $62.45 = $7.55/MWh** **ERRA forecast**
2 SDG&E 2025 PCC1 Price: $70.00/MWh **CPUC 2025 Forecast MPB: $71.24/MWh** $70.00 - $71.24 = ($1.24)	SDG&E 2025 PCC1 Price: $70.00/MWh **CPUC 2025 Actual MPB: $63.86/MWh** **$71.24 – $63.86= $7.38/MWh**	**$71.24 – $63.86= $7.38/MWh** **PABA true-up**

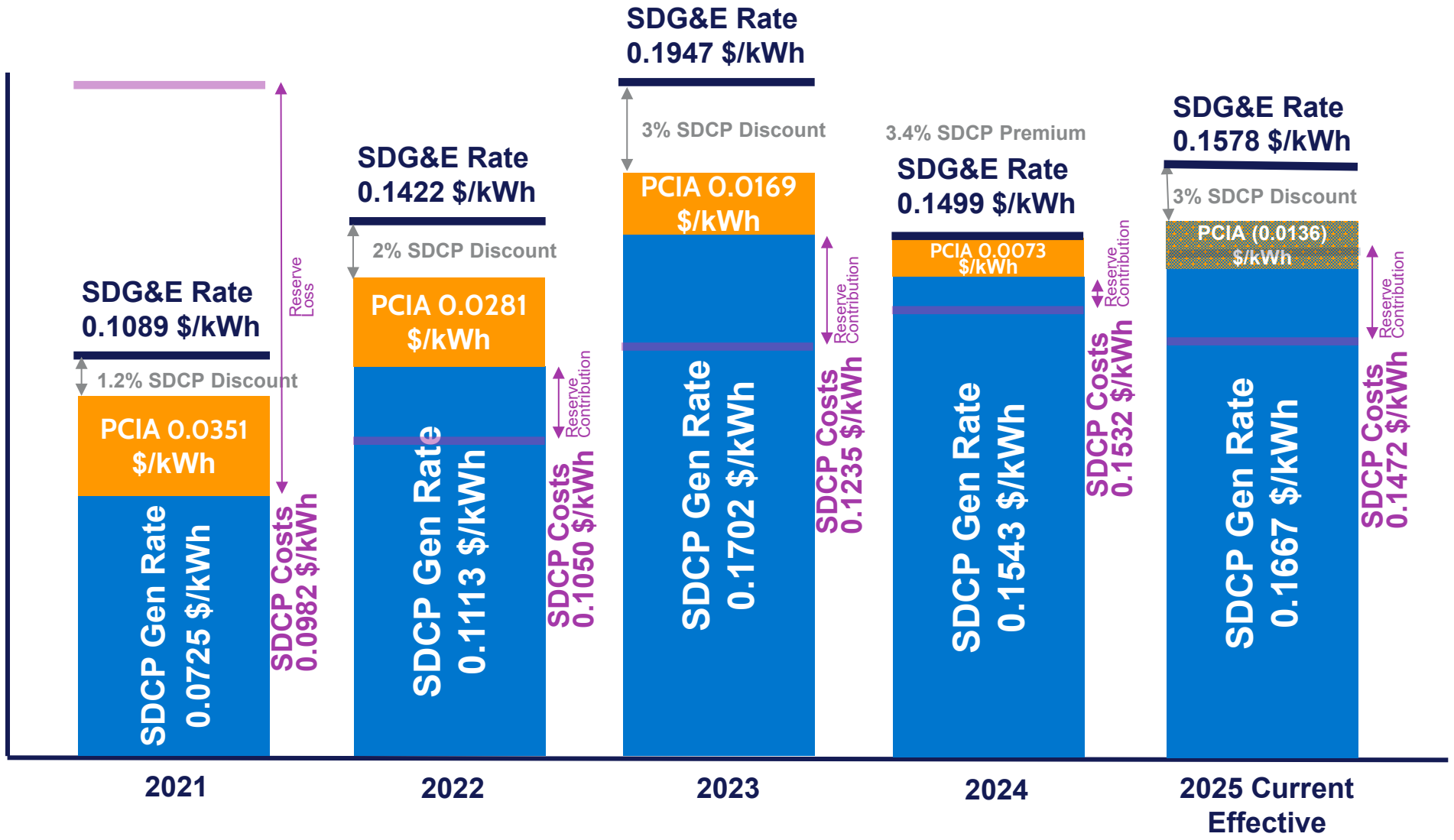
* Illustrative example of calculating PCIA

PCIA Deep Dive – Example



* Illustrative example of calculating PCIA

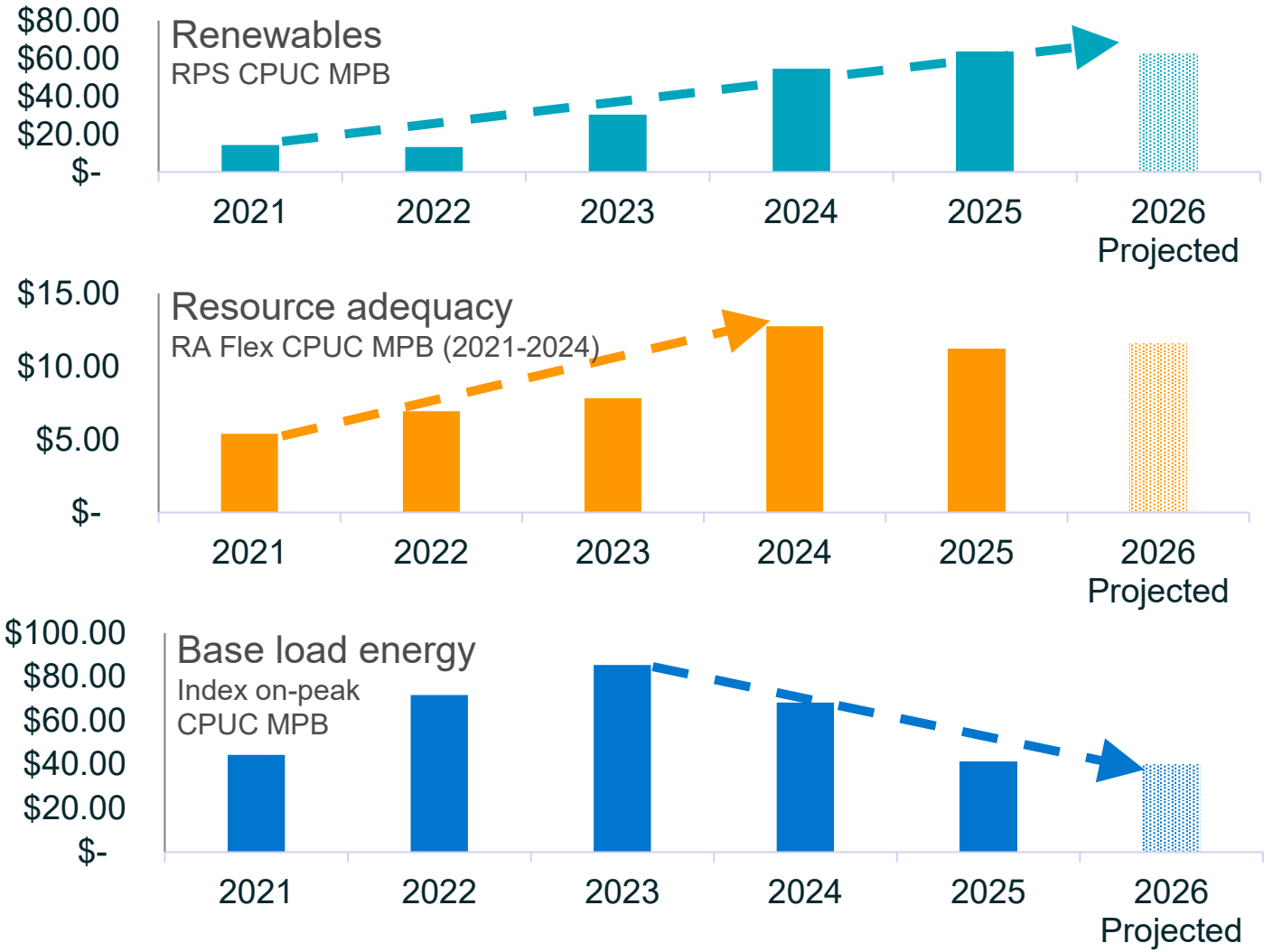
Historical Generation Rates



* Illustrative example of generation rates using TOU-DR1 and PCIA using Vintage 2021 residential

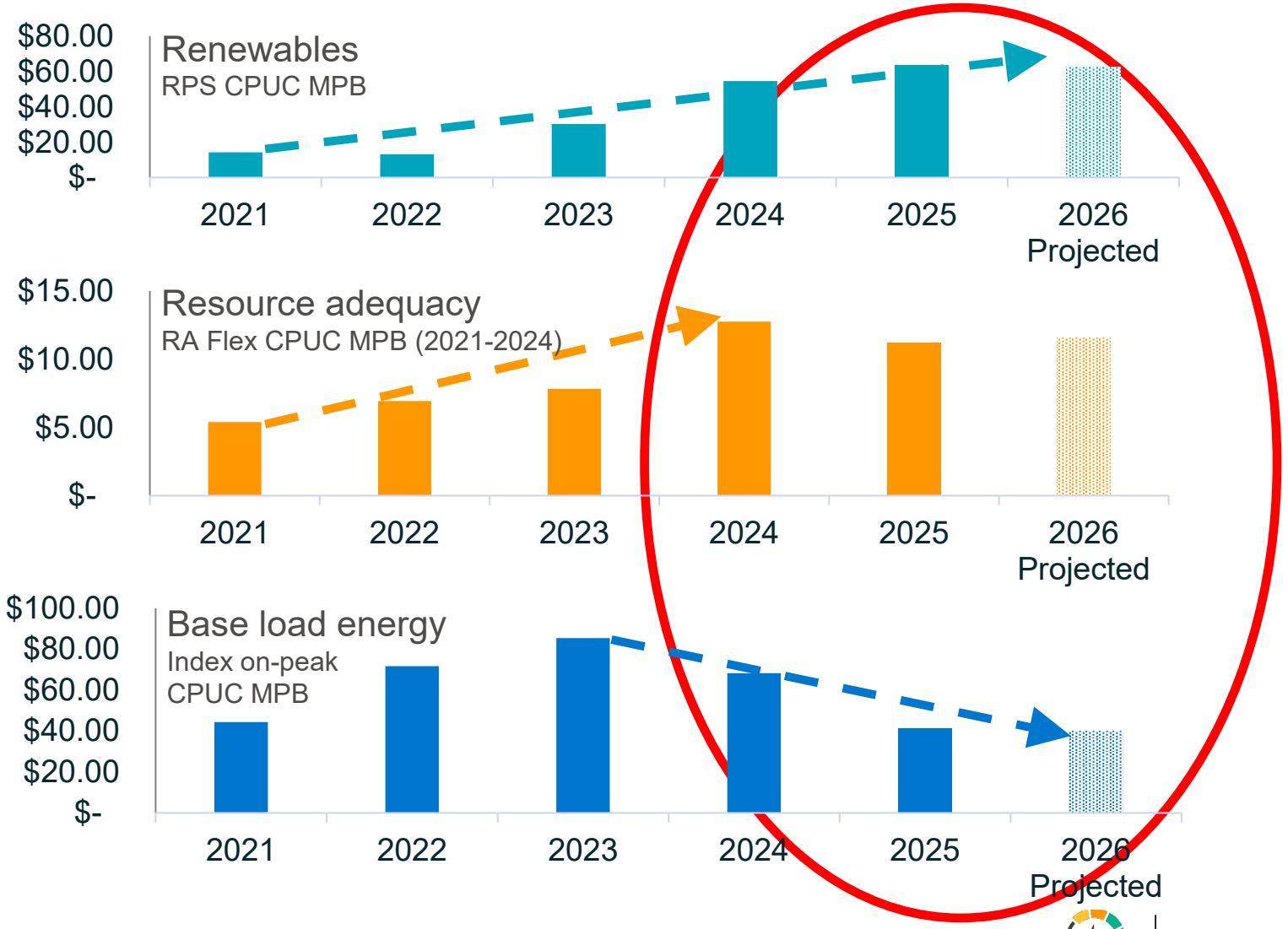
PCIA Deep Dive

Historically, CPUC market price benchmarks for energy have been **very volatile**, leading to **big PCIA fluctuations**.



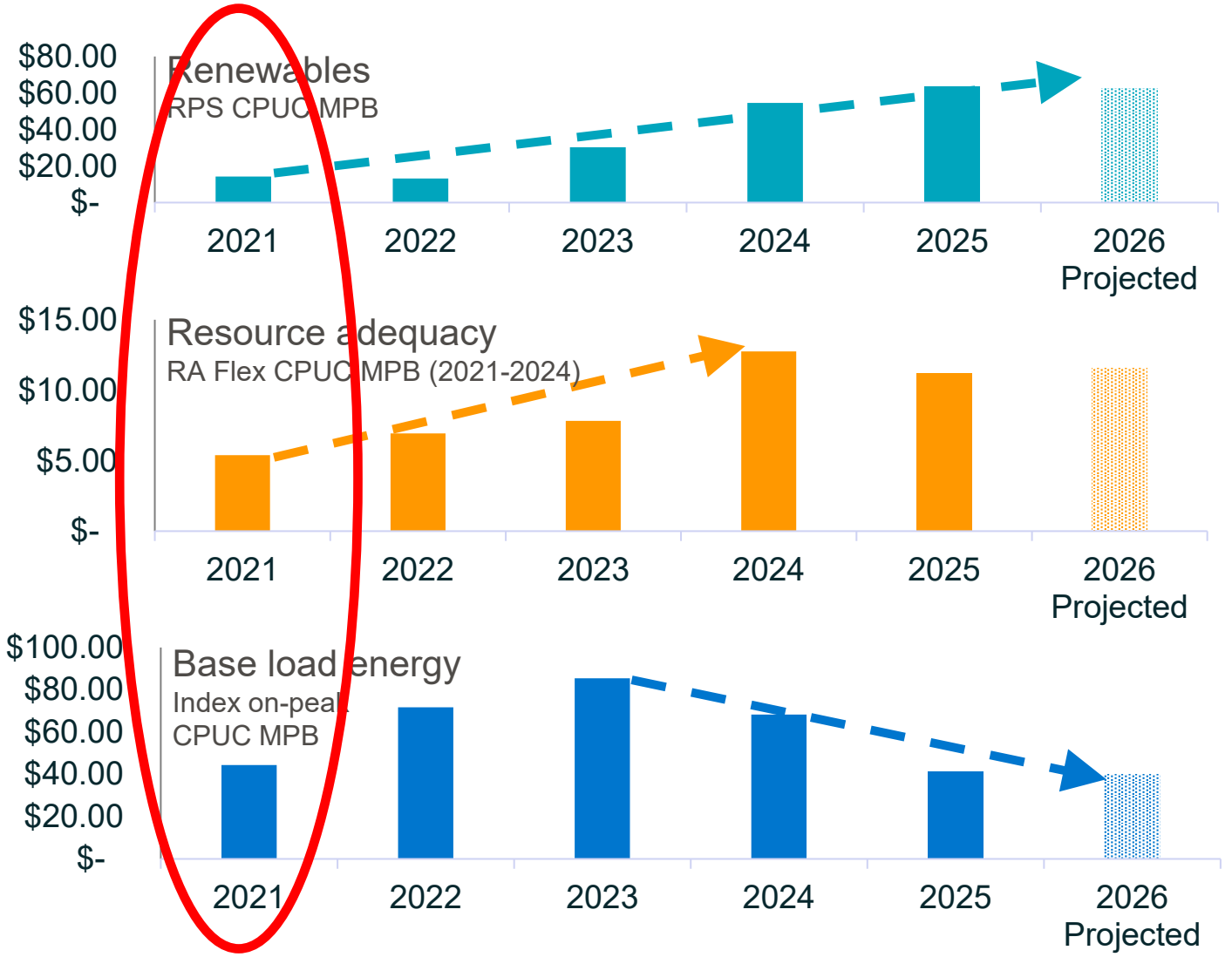
PCIA Deep Dive

Currently, **CPUC MPB prices are very high** compared to prior years.



PCIA Deep Dive

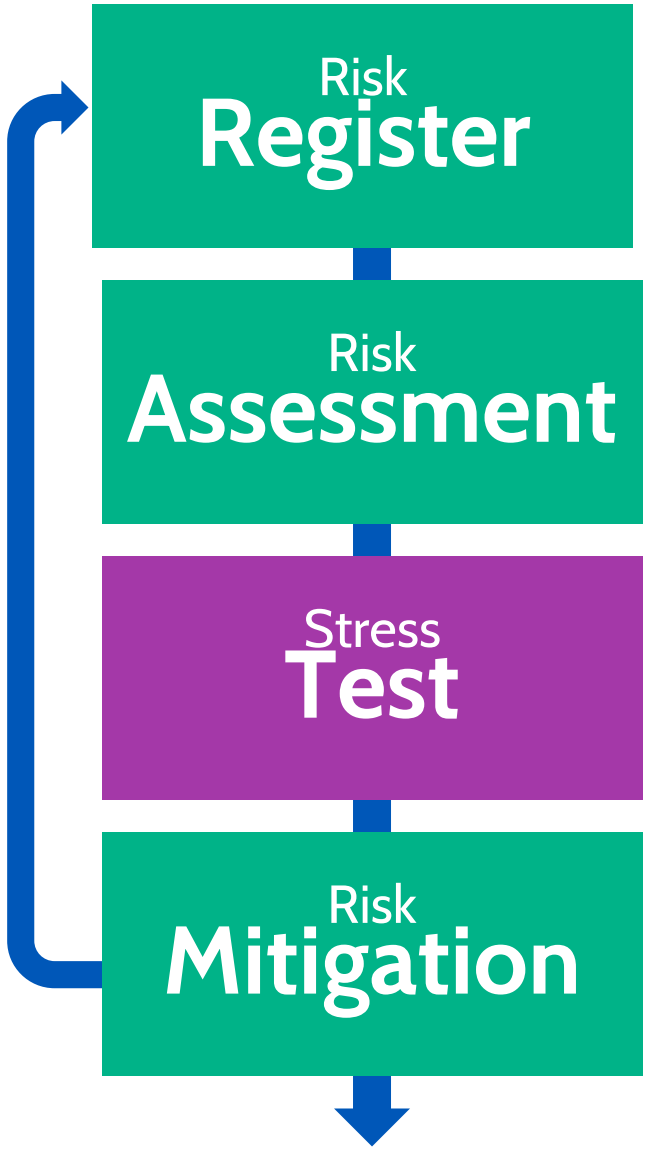
What happens if energy prices drop to **2021 levels?**



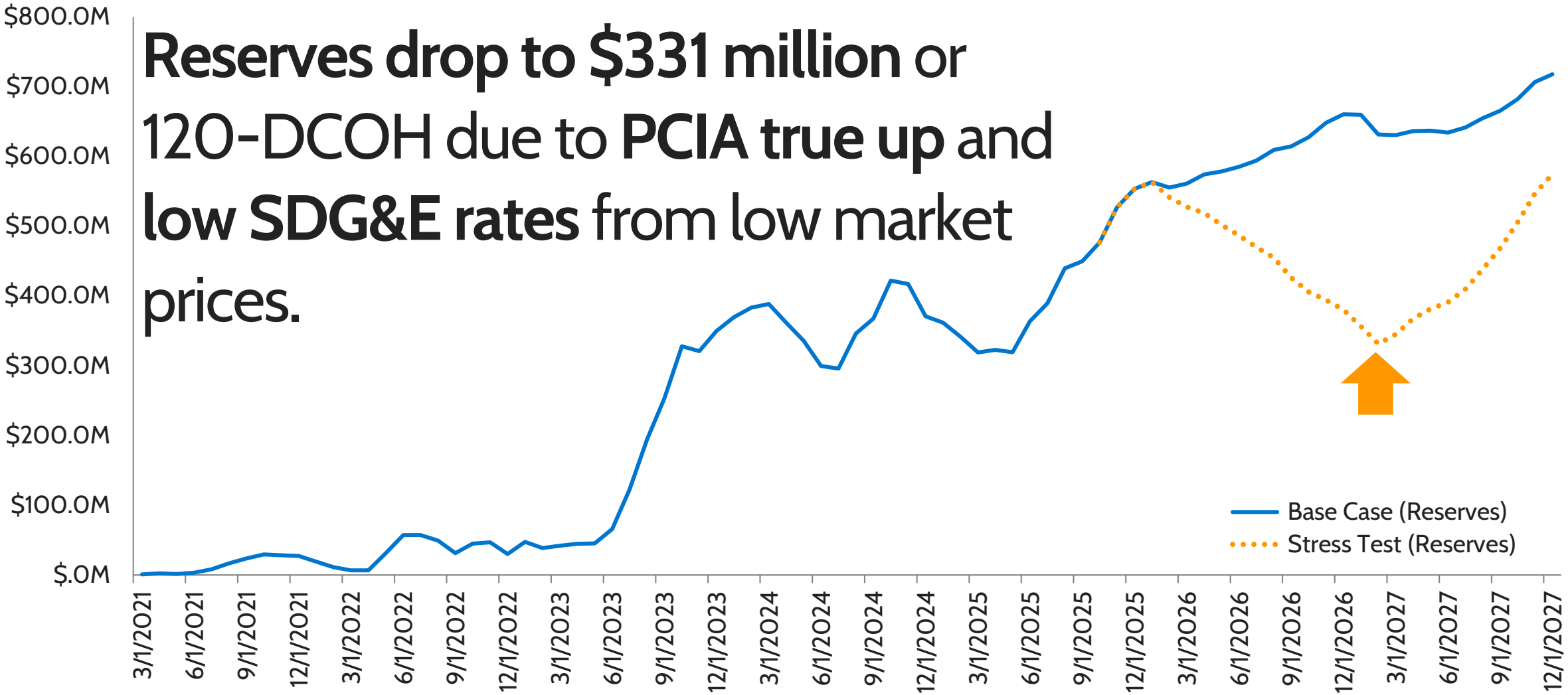
Quantifying the Risks – Stress Test 1

Stress Test Scenario 1

1. Energy prices drop to 2021 market price benchmark levels.



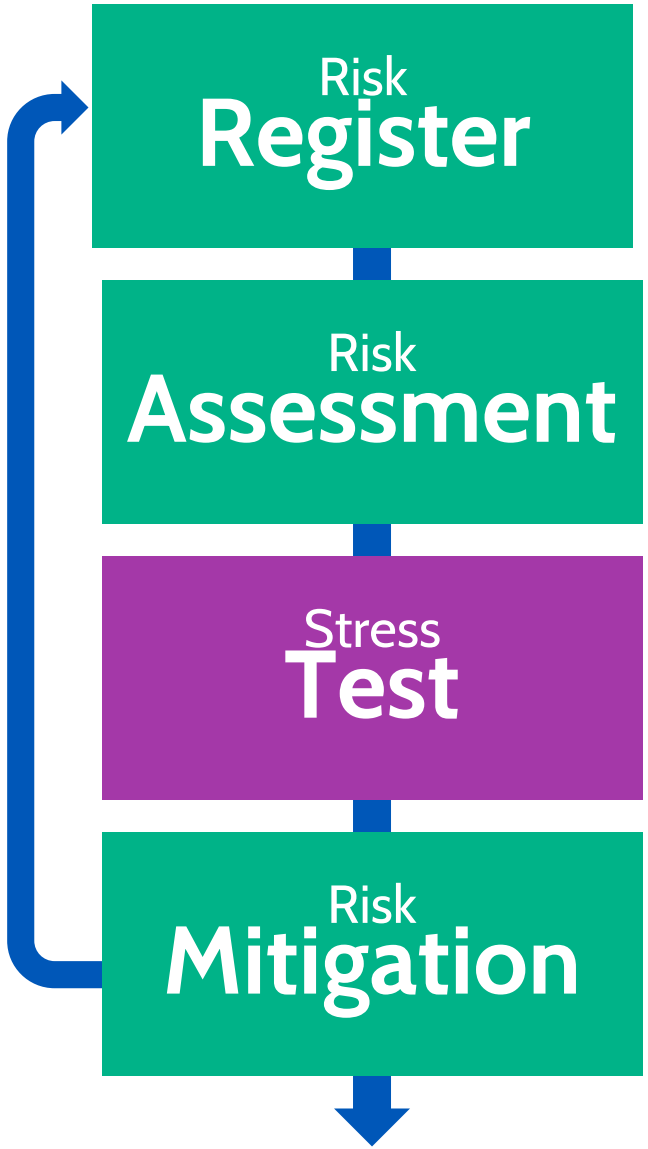
Stress Test – 2021 Market Price Benchmarks



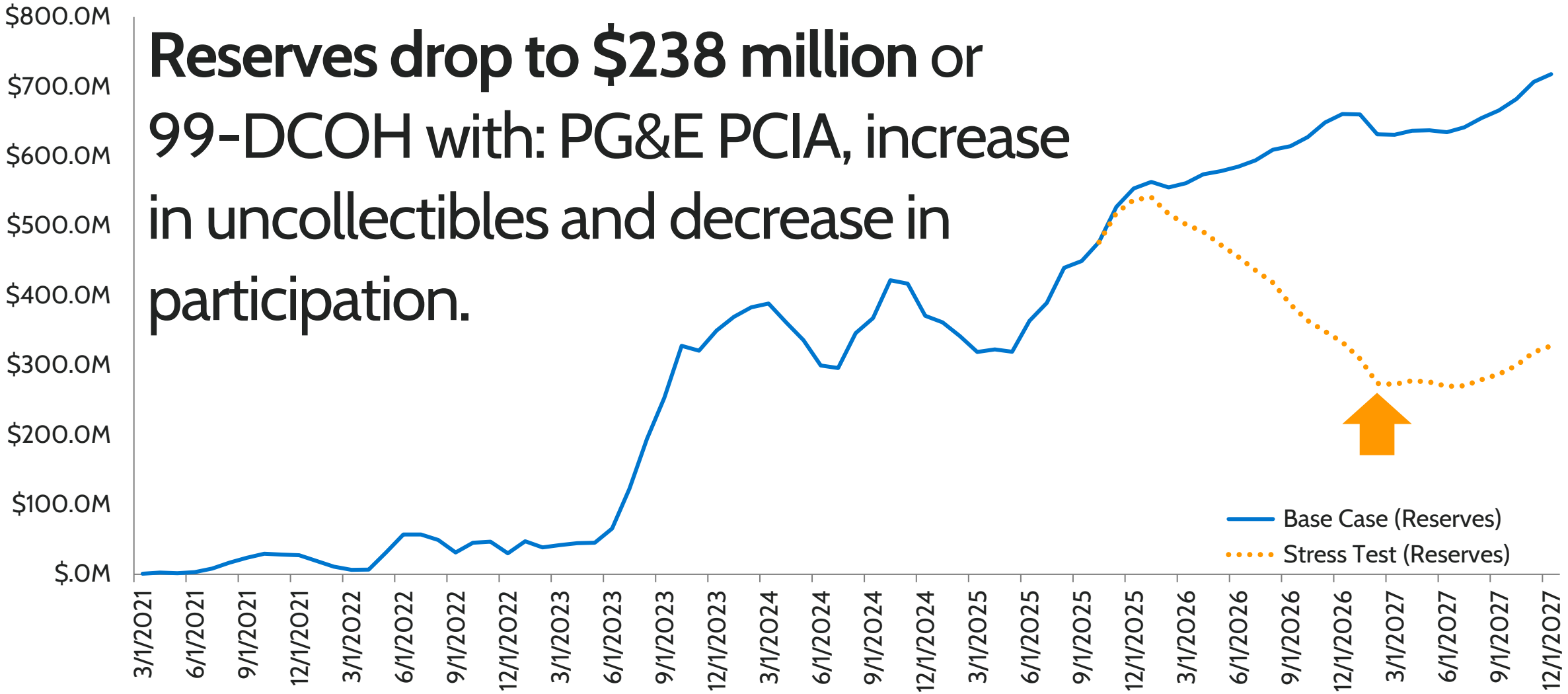
Quantifying the Risks – Stress Test 2

Stress Test Scenario 2

1. Energy prices drop for renewables and resource adequacy similar to PG&E CCAs.
   -Higher PCIA and lower gen rate
2. Negative Community Power sentiment leads to customer opt outs
   -Customer participation rate drops
3. A disaster creates an inability for customers to pay energy bills
   -Uncollectibles increase to 5%



Stress Test – PG&E PCIA/Rates, Uncollectibles, Participation



Reserves drop to $238 million or 99-DCOH with: PG&E PCIA, increase in uncollectibles and decrease in participation.

PCIA Deep Dive – Renewables Example

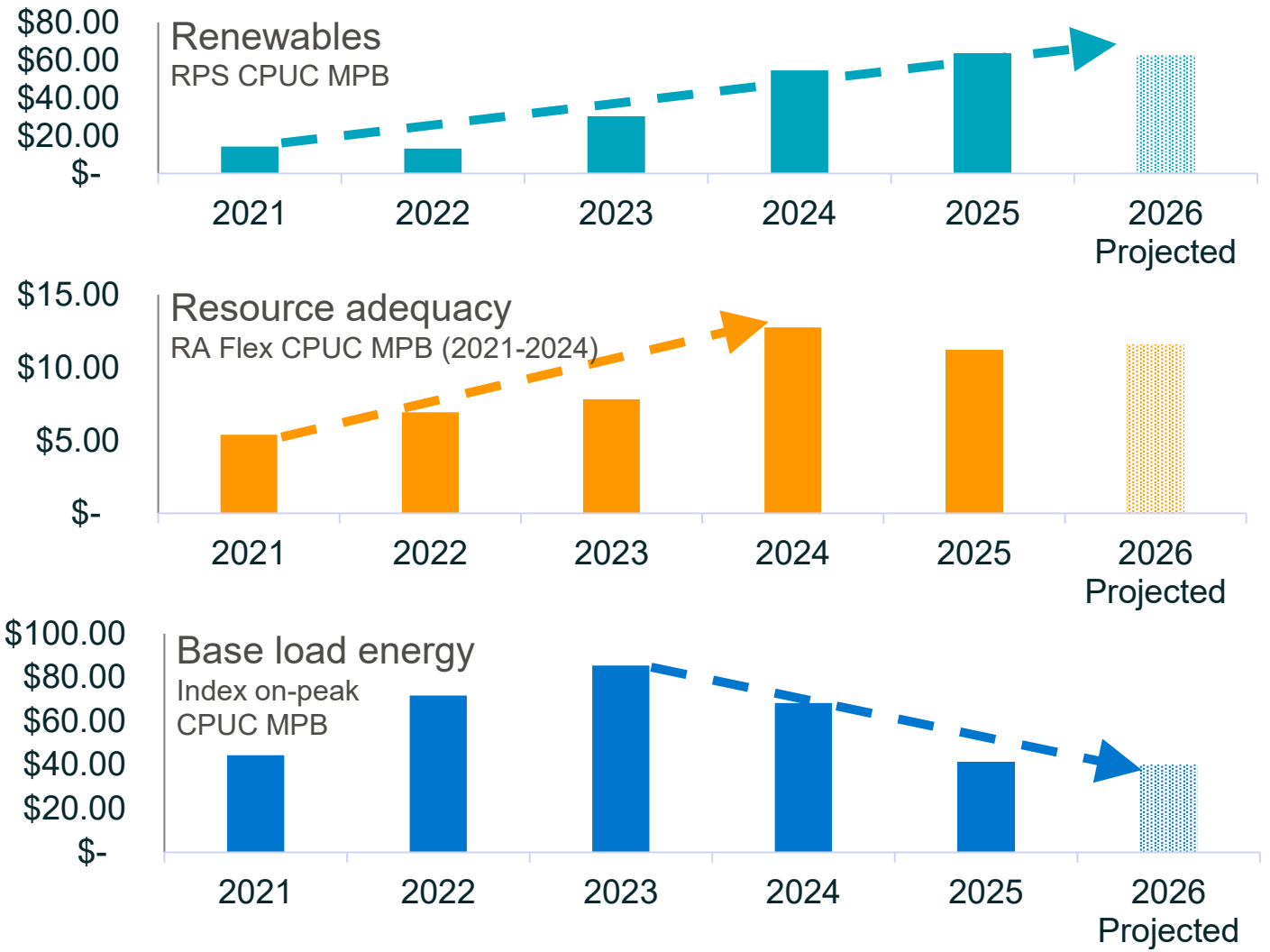
Mitigation Strategies

Regulatory/Legislative

- CPUC knows volatility is an issue, changed Resource Adequacy methodology to a rolling average
- PCIA Track 2 Proceeding

Reserves

- **Set a reserve target that accounts for fluctuations in PCIA and rates**
- Rate development policy goal to reduce customer price volatility when possible



Establishing Risk-Based Reserve Target & Thresholds

Presenter: Jeb Spengler

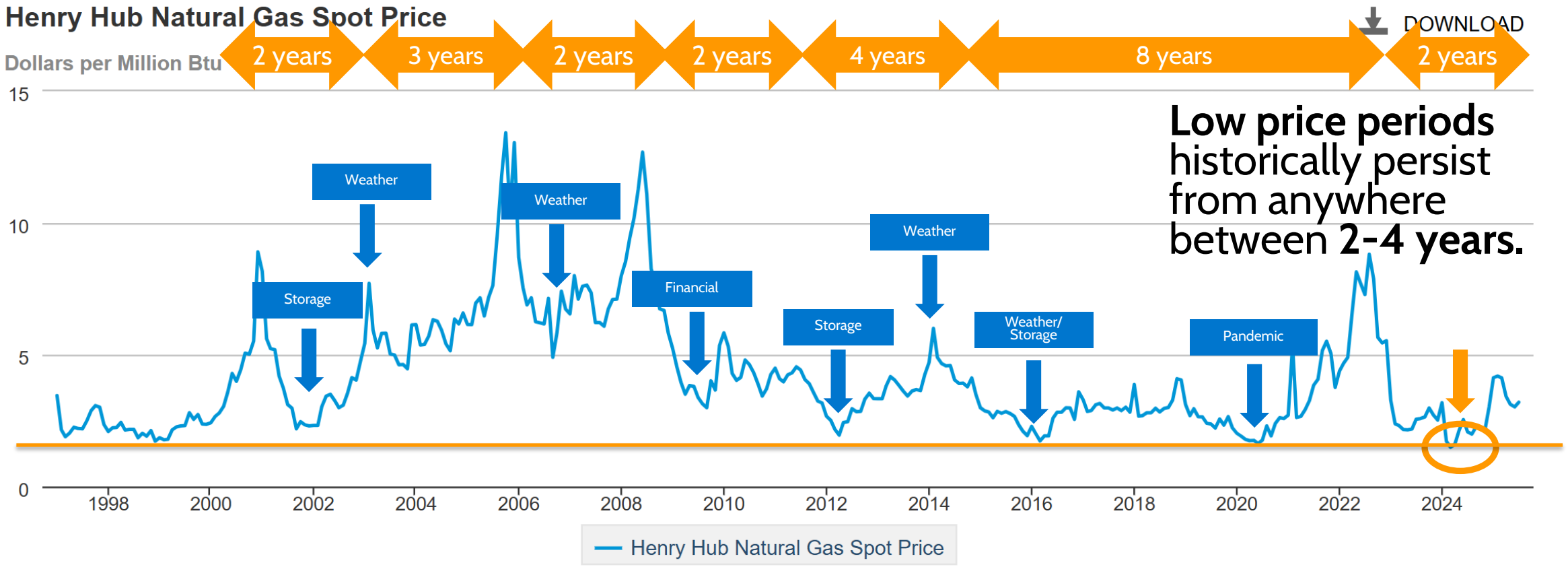
Reserve Policy Strategy

Determining appropriate reserve levels involves assessing minimum requirements, recommended ranges, and upper thresholds:

- **Minimum reserves** protect against short-term liquidity risks and ensure operational continuity.
  - Ability to meet essential obligations and maintain short-term financial stability
  - Aligns with industry standards; supports a strong credit profile
- **Target Reserves** are based on factors such as operating expenses, risk exposure, peer comparisons and necessary credit metrics.
  - Covers normal cyclical fluctuations to market price benchmark volatility resulting from fluctuations to PCIA and SDG&E rates.
- **Maximum reserves (upper thresholds)** prevent excessive accumulation of reserves.
  - Provides sufficient reserves for significant fluctuations in market volatility and/or unforeseen circumstances

Target DCOH	Current	Proposed
Minimum	N/A	180
Target	180	225
Maximum (Upper Target)	N/A	270

Market Volatility = Moving Targets



Low price periods historically persist from anywhere between **2-4 years.**

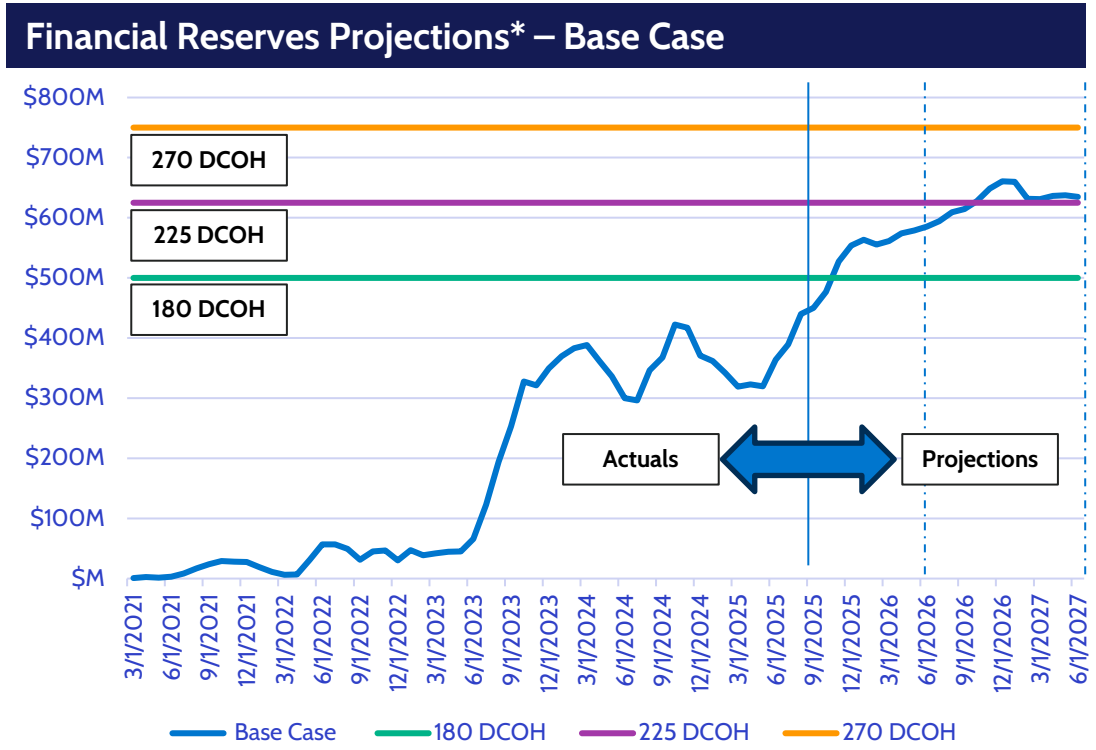
Forecasted Financial Reserves – Base Case as of Sept. 30, 2025

Community Power's Audited FYE 2025 Reserves

Total Unrestricted Cash & Investments	**$363 million (115 days)**
Net Position	**$476 million (170 days)**

Projected* 2025-2026 FYE Reserves

Total Unrestricted Cash & Investments	**$583 million**
Days Cash on Hand	**213**



Base Case projections* show target of 225 Day Cash On Hand is reached in FY 2026 -2027

- *Projections as of Sept. 30, 2025

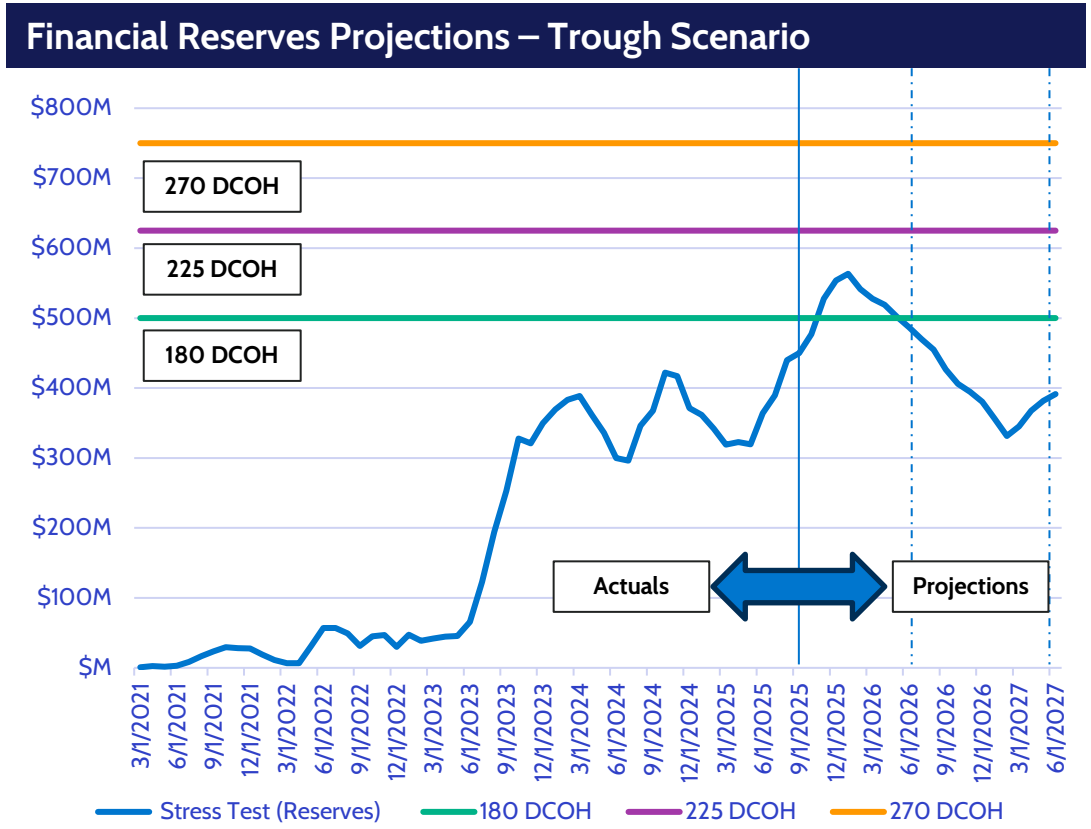
Forecasted Financial Reserves – Moderate Stress Scenario

Moderate Stress Case Assumptions:
- 2021 Market Price Benchmarks

- Low Reserves Balance:
  - Occurs Q1 2027
  - Use of Reserves = $232 million
  - Low balance = $331 million (120 DCOH)

- Projected Reserves (Stress Scenario)
  - 2025-2026 FYE = $583 million
  - 2026-2027 FYE = $391 million

- Stress scenario projections show recovery to 180 DCOH minimum threshold by October 2027.



Multiprong Reserve Target Approach

Validation

Peer Analysis

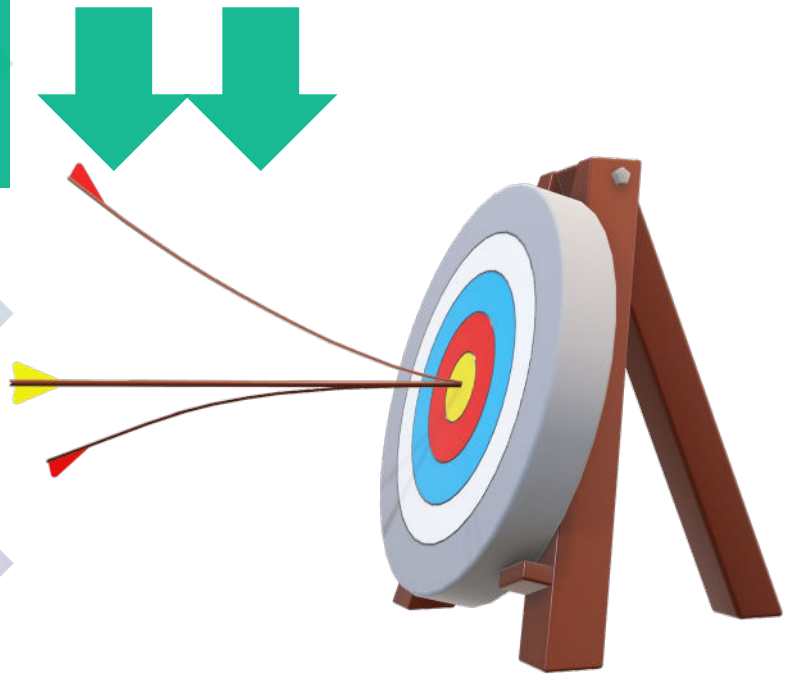
1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

National Medians Data

1. APPA recommendations
2. CA public power
3. National public power

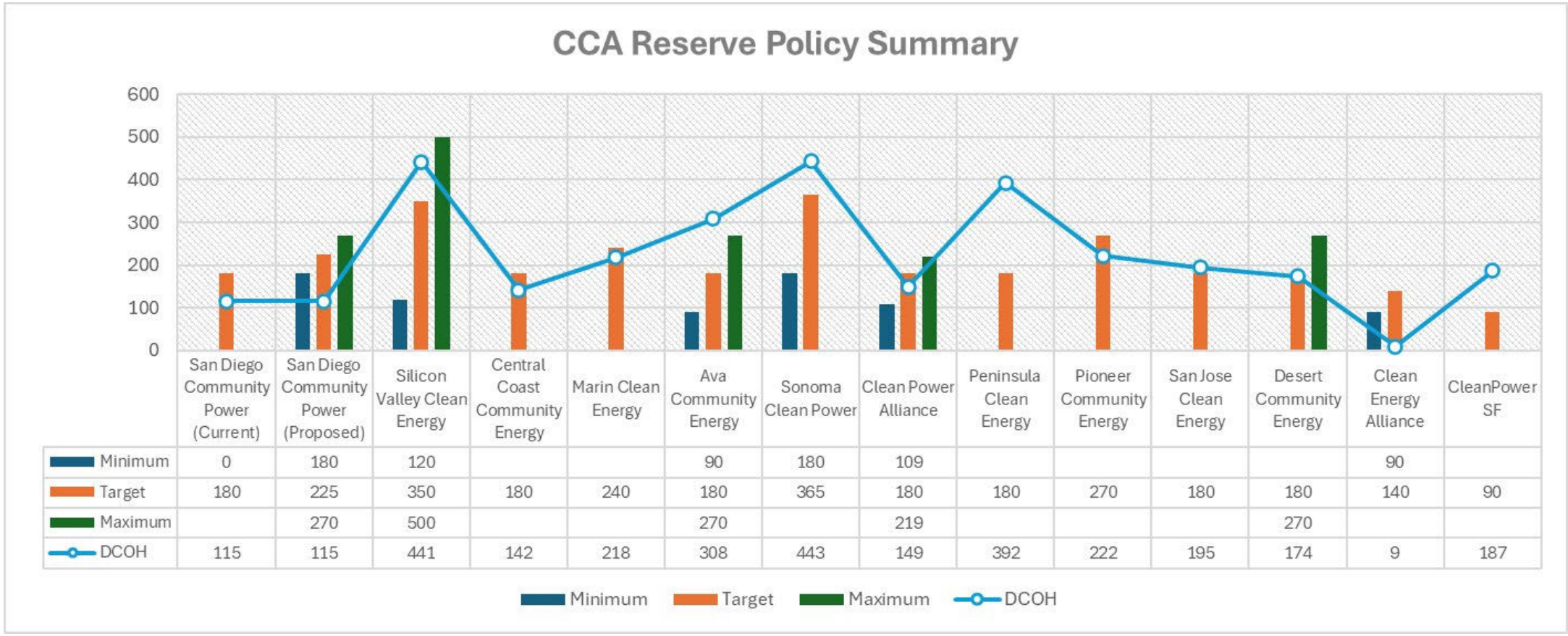


Validating Reserve Target – Peer Analysis

Peer Analysis

1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Policy Comparison



	San Diego Community Power (Current)	San Diego Community Power (Proposed)	Silicon Valley Clean Energy	Central Coast Community Energy	Marin Clean Energy	Ava Community Energy	Sonoma Clean Power	Clean Power Alliance	Peninsula Clean Energy	Pioneer Community Energy	San Jose Clean Energy	Desert Community Energy	Clean Energy Alliance	CleanPower SF
Minimum	0	180	120			90	180	109					90	
Target	180	225	350	180	240	180	365	180	180	270	180	180	140	90
Maximum		270	500			270		219				270		
DCOH	115	115	441	142	218	308	443	149	392	222	195	174	9	187

Validating Reserve Target – Peer Analysis

Peer Analysis

1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Metric Comparison

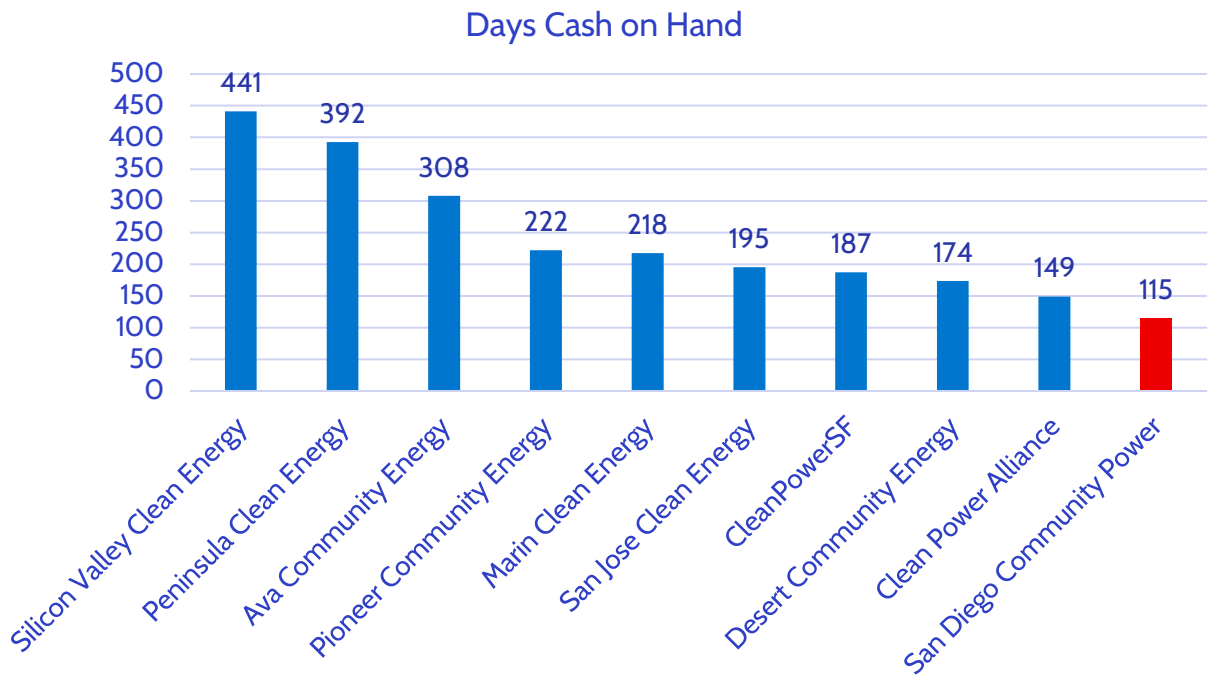
Comparison of audited fiscal year end data for California CCAs.

Days Cash on Hand calculation compares:

$$\frac{\text{Unrestricted Cash \& Investments}}{\text{Total Operating Expenses}} \times 365 = \text{DCOH}$$

San Diego Community Power 2025 Audit:

$$\frac{363{,}834{,}172}{1{,}155{,}213{,}375} \times 365 = 115 \text{ DCOH}$$



- Source: 2024 CCA audit data for SCP, SVCE, PCEA, AVA, Pioneer, SJCE, CPSF, 3CE, CEA;
- 2025 CCA audit data for SDCP, MCE and CPA

Validating Reserve Goal – Credit Rating Agency Criteria

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

Moody's

Factor: Liquidity (10%)									
Adjusted Days Liquidity on Hand (3-year average)[*1]	10%	≥ 250	175 - 250	100 - 175	30 - 100	15 - 30	10 - 15	5 - 10	< 5

- Moody's uses Municipal Joint Action Agency Criteria to assess CCAs
- The strongest rating assessment (AAA) suggests cash >250 days
- Liquidity is 10% of Moody's overall assessment

Validating Reserve Goal – Credit Rating Agency Criteria

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

S&P

Liquidity And Reserves

	Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
Total days' liquidity (days)	=>270	150-270	90-150	45-90	15-45	<=15
Available reserves (Mil. $)	=>250	100-250	50-100	10-50	2-10	<=2

- S&P uses U.S. Municipal Retail Electric Criteria to assess CCAs
- A "Very Strong" Liquidity Assessment assumes a minimum of 150 days
- The highest assessment "Extremely Strong" assumes >270 days

Validating Reserve Goal – Credit Rating Agency Criteria

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

Fitch

Liquidity Cushion

Metric to Support Assessment
• A liquidity cushion above 90 days is neutral to ratings, as long unrestricted cash is above 30 days. A liquidity cushion below 90 days or unrestricted cash below 30 days is considered "weak" and risk additive. • These metrics have been determined assuming all asymmetric rating factors are neutral. Entities exposed to unusual business risks, including customer concentration, outsized market price risk and inadequate cost recovery mechanisms, may require higher levels of cash and borrowing capacity to achieve a neutral liquidity cushion assessment.

Source: Fitch Ratings

- Fitch uses Local Government Revenue Criteria to assess CCAs
- Fitch's liquidity cushion metric assumes greater than 90 days cash is neutral to the overall rating
- Liquidity of less than 90 days is considered "weak" and assumes additional risk

Validating Reserve Target – National Medians Data

National Medians Data

1. APPA recommendations
2. California public power
3. National public power

National Medians

- Public Power medians data is less relevant due to the different nature of risks that public power utilities use reserves for.

Retail Public Power Credit Rating	Median Days Cash on Hand
AA	296
AA-	208
A+	165
A	143
A-	118
BBB	74

Source: Fitch Ratings – U.S. Public Power – Peer Credit Analysis (July 7, 2025)

Updated Reserve Policy

Policy Language Revisions

Update language and definitions to better define Reserves as liquidity available for emergency purposes.

- **Policy Guideline Proposed Revisions:**
  - Minimum: 180-Days Cash on Hand
  - Recommended Target: 225-Days Cash on Hand
  - Maximum: 270-Days Cash on Hand
- **“Reserves” definition:**
  - Current: Net position
  - Proposed: Unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes

Policy Language Revisions

The Board shall determine the contribution to Reserves at least annually, with the goal of maintaining balances between the Target Reserve Balance and Maximum Reserve Balance.

Updated Purpose and Intent of Reserves Balance Thresholds

Reserves below the Minimum Reserve Balance:

- The Board should ensure that Reserves do not drop below the Minimum Reserve Balance unless determined by the Board to be necessary to address a Reserve Event.

Reserve above the Maximum Reserve Balance:

- The Board may evaluate opportunities for strategic investments, programmatic reserves, or other purposes as authorized by the Board.

Reserve Between Target and Maximum:

- The Board may authorize the use of Reserves between the Target Reserve Balance and Maximum Reserve Balance to be designated as ***Rate Stabilization Reserves****. Rate Stabilization Reserves allows Community Power to defer revenues in years of strong financial results for use in future years when financial results are weaker or stressed.

***Rate Stabilization Policy to be introduced Q1 2026**

Public Comment on Item No. 14

Item No. 14

Board Members Comments or Questions

Adopt Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy

Recommendation:

Adopt Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy.

Item No. 15

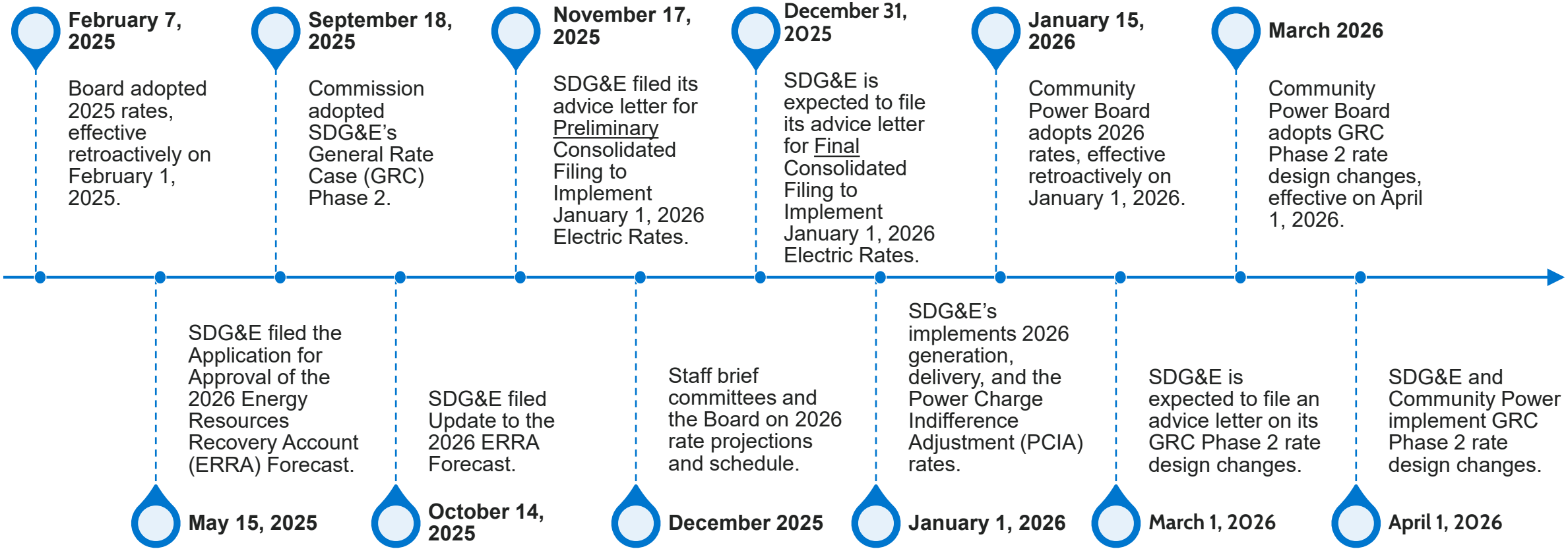
Update on SDG&E's 2026 Projected Rates

Presenter:
Aaron Lu, Rates and Strategy Manager

Recommendation:

Receive and File SDG&E's 2026 Projected Rates Update.

Rate Development Timeline



Rate Development Policy Objectives

Community Power Rate Components

- Generation: Community Power charges for purchasing or generating electricity.
- SDG&E Delivery: SDG&E charges for the delivery of electricity to the home or business.
- Power Charge Indifference Adjustment (PCIA): above-market costs related to power supply commitments that the utilities made many years ago.
- Franchise fees: a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways.

Time of Use – TOUDR1-Residential

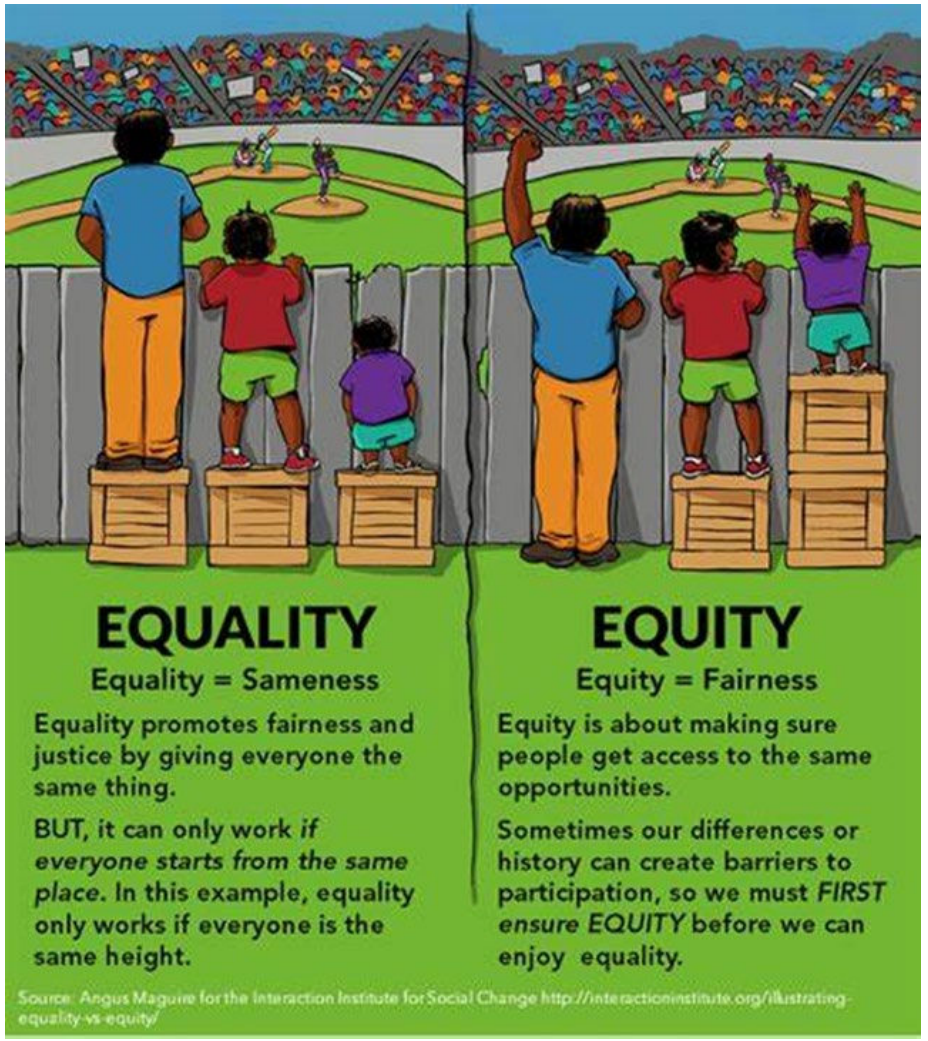
Residential: TOUDR1	SDG&E 41.4% Renewable	SDCP PowerBase 45% Renewable	SDCP PowerOn 51.1% Renewable + 4.3% Carbon Free	SDCP Power100 100% Renewable
Generation Rate ($/kWh)	$0.14979	$0.15783	$0.16094	$0.17094
PCIA ($/kWh)	$0.00211	-$0.01364	-$0.01364	-$0.01364
SDG&E Delivery Rate ($/kWh)	$0.26381	$0.26378	$0.26378	$0.26378
Franchise Fees ($/%)	$0.00308	$0.00308	$0.00308	$0.00308
Total Electricity Cost ($/kWh)	$0.41880	$0.41106	$0.41416	$0.42416
Average Monthly Bill ($)	$142.81	$140.17	$141.23	$144.64

Average Monthly Usage: 341 kWh

Illustration of current effective rates as of 6/1/2025.

Rate Trifurcation: Equality vs. Equity

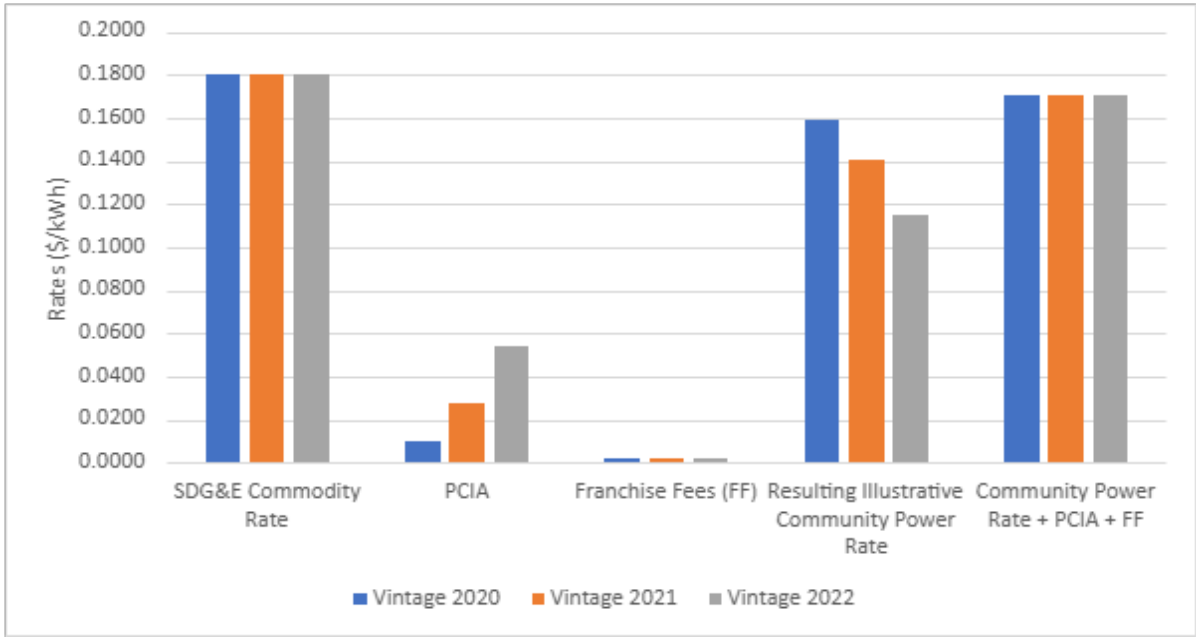
- Equality means an individual or a group of people is given the same resources or opportunities.
- Equity recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.
- This trifurcation of Community Power rates by vintage will maintain a fair, equitable, and balanced rate structure.



Rate Trifurcation

- Community Power's Phase 1 and 2 customers (vintage 2020), Phase 3 customers (vintage 2021), and Phase 4 customers (vintage 2022) are all charged a different PCIA by SDG&E because they are assigned different vintage years.
- Due to the substantial deltas expected between PCIA vintages 2020, 2021, and 2022, staff will continue to recommend trifurcation of three sets of rates to the Board to ensure customer equity.

Illustrative Trifurcation Example			
Competitive Factor (Discount)	**5%**	**5%**	**5%**
Rates ($/kWh)	Vintage 2020	Vintage 2021	Vintage 2022
SDG&E Commodity Rate	0.1800	0.1800	0.1800
PCIA	0.0100	0.0280	0.0540
Franchise Fees (FF)	0.0020	0.0020	0.0020
Resulting Illustrative Community Power Rate	0.1590	0.1410	0.1150
Community Power Rate + PCIA + FF	0.1710	0.1710	0.1710



2026 SDG&E Bundled Generation Rate Outlook

- SDG&E's system avg. commodity rates are projected to increase by ~12%.
- SDG&E attributes the increase in commodity rates to decreased credits and revenues from lower market values, as well as a lower sales forecast.

	SDG&E Avg. Commodity Rate ($/kWh)			SDG&E Avg. Commodity Rate Change (%)	
Customer Class	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRA Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRA Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	0.15777	0.18929	0.17168	19.98%	8.82%
Small Commercial	0.13478	0.16134	0.15071	19.71%	11.82%
M/L C&I	0.16156	0.19444	0.19096	20.35%	18.20%
Agricultural	0.11424	0.13634	0.12773	19.35%	11.81%
Lighting	0.10341	0.12408	0.11745	19.99%	13.58%
System Total	0.15515	0.18453	0.17394	18.94%	12.11%

2026 PCIA Rate Outlook

- SDG&E's PCIA rates are projected to increase by approximately 4 cents per kWh.

	2021 Vintage PCIA ($/kWh)			PCIA Change (%)	
Customer Class	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRA Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRA Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	(0.01364)	0.03563	0.03636	361.22%	366.57%
Small Commercial	(0.01178)	0.02958	0.02895	351.10%	345.76%
M/L C&I	(0.01769)	0.03384	0.03379	291.29%	291.01%
Agricultural	(0.01216)	0.03340	0.03388	374.67%	378.62%
Lighting	(0.01109)	0.02838	0.02755	355.91%	348.42%

2026 SDG&E Delivery Rate Outlook

- SDG&E's system avg. delivery rates are projected to increase by ~8%.
- SDG&E's delivery rates will change further because certain proposals have yet to be included (i.e., wildfire mitigation costs).

	SDG&E Avg. Delivery Rate ($/kWh)			SDG&E Avg. Delivery Rate Change (%)	
Customer Class	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRA Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRA Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	0.21483	0.23583	0.25192	9.78%	17.26%
Small Commercial	0.23628	0.25100	0.23315	6.23%	-1.32%
M/L C&I	0.17517	0.18238	0.18445	4.12%	5.30%
Agricultural	0.14770	0.15405	0.13595	4.30%	-7.96%
Lighting	0.25186	0.26450	0.22485	5.02%	-10.72%
System Total	0.19602	0.20851	0.21169	6.37%	7.99%

SDG&E General Rate Case (GRC) Phase 2

- SDG&E filed its 2024 GRC Phase 2 Application on January 17, 2023, and the Commission adopted a decision on September 18, 2025.
  - SDG&E is required to present the PCIA as a separate line item on bundled customers' bills to ensure consistent comparison between bundled and CCA customers, expected in Q2 2026.
  - The Commission granted approval of proposals for revenue allocation to customer classes and rate design changes, including three notable changes that Community Power will mirror.

Seasonality Adjustment for Residential Tiered Rates	Time-of-Use (TOU) Super Off-Peak Extension	New Medium Commercial Customer Class
• Moves the seasonal (winter / summer) adjustment from the delivery rate component to the commodity / generation rate component. • Reduces seasonal volatility in commodity rates. • Effective January 1, 2026.	• Extends existing weekday mid-day Super Off-Peak (10 a.m. - 2 p.m.), currently applied to March and April, to the full year. • Reduces mid-day prices to encourage load-shifting to the mid-day period. • Effective April 1, 2026.	• Creates a new Medium Commercial customer class for customers with demand between 20-200 kW. • Reclassifies several schedules as Medium Commercial. • Effective April 1, 2026.

Next Steps

- Staff continues to monitor updates from SDG&E and CPUC.
- SDG&E commodity rates and PCIA rates, that will go into effect on January 1, 2026, will not be finalized until December 31, 2025.
- Staff will recommend to the Board to adopt a rate change on January 15, 2026.
- Due to variation in PCIA for vintage years, staff will continue to recommend trifurcated rates.
- After SDG&E files its March 1, 2026 rate changes relating to GRC Phase 2 implementation, staff will recommend to the Board to adopt appropriate rate design updates to be effective on April 1, 2026 to align rates with SDG&E to improve the overall customer experience.

Public Comment on Item No. 15

Item No. 15

Board Members Comments or Questions

Update on SDG&E's 2026 Projected Rates

Recommendation:

Receive and File SDG&E’s 2026 Projected Rates Update.

Item No. 16

Approval of a Master Service Agreement with Ascend Analytics for Energy Storage Optimization Services

Presenter:
Jennine Camara, Director of Portfolio Manager

Recommendation:

Approve and authorize the Chief Executive Officer (CEO) to execute a Master Service Agreement (MSA) with Ascend Analytics for Energy Storage Optimization Services for an initial three-year term, with one-year automatic renewals; and authorize the CEO to execute work orders for energy storage resources, for a not-to-exceed amount of $2,500,000 over the initial term of the MSA and for a not-to-exceed amount of $2,000,000 for each auto renewal term.

Background

- Daily optimization of Community Power's Battery Energy Storage System ("BESS") projects is needed for participation in the California Independent System Operator ("CAISO") markets.
- Community Power's online and planned BESS projects are stand-alone battery resources, or are batteries paired with a renewable generation source.
- Energy storage optimization services have been provided to Community Power to date under the Scheduling Coordinator Services agreement, that agreement will terminate April 1, 2026.
- As part of a competitive bidding process, staff evaluated energy storage optimization proposals.

Energy storage optimization adds value

Energy storage optimization:

- Captures market revenues by charging battery energy storage systems when prices are low, and discharging battery storage when prices and energy demand are high
- Must account for each project's unique configuration to ensure that day-to-day operations consider limitations set forth in the underlying energy storage services, or power purchase agreement
- Ensures each project meets resource-adequacy requirements in the day ahead and real time energy markets
- Updates energy storage bids automatically, on a 24x7 basis, based on the battery's state of charge and when real-time market conditions call for
- Mitigates risk associated with oversupply and reduces renewable energy curtailments on the electric grid

Energy storage optimization supports the Power Services strategic plan goal to:

- Prudently manage the power portfolio to minimize risk and customer costs

Competitive process provides an experienced partner

- Following a competitive request for proposal process, Community Power staff recommends the approval of a three-year agreement with Ascend Analytics' SmartBidder for energy storage optimization services
- SmartBidder allows Power Services staff to manage resource-specific bidding strategies and override energy resource bids when market and grid conditions call for
- The service includes price forecasts that will integrate with internal systems, and with Community Power's scheduling-agent's scheduling systems
- Ascend Analytics has been operating in California providing portfolio management and optimization services since 2003, they supports a diverse mix of clients, including CCAs, investor-owned utilities, developers, and independent power producers
- SmartBidder is currently contracted for Bid Optimization support to over 5.1 GW of energy storage assets connected to the electric grid

Impact

- Daily optimization of Community Power's Battery Energy Storage System ("BESS") projects is an operating expense of the power supply portfolio, and total cost will be determined by the number of projects that reach commercial operations
- The total cost of energy storage optimization services provided under this agreement will not-exceed $2,500,000 over the initial three-year term
- Ongoing costs associated with energy storage optimization services will be between $1,500,000 - $2,000,000 annually
- Project optimization charges will begin during the New Resource Implementation process, approximately three months prior to each battery energy storage project's commercial operations date
- Cost associated with the agreement are included in the approved Fiscal Year 2025-2026 operating budget

Public Comment on Item No. 16

Item No. 16

Board Members Comments or Questions

Approval of a Master Service Agreement with Ascend Analytics for Energy Storage Optimization Services

Recommendation:

Approve and authorize the Chief Executive Officer (CEO) to execute a Master Service Agreement (MSA) with Ascend Analytics for Energy Storage Optimization Services for an initial three-year term, with one-year automatic renewals; and authorize the CEO to execute work orders for energy storage resources, for a not-to-exceed amount of $2,500,000 over the initial term of the MSA and for a not-to-exceed amount of $2,000,000 for each auto renewal term.

Item No. 17

Update on Smart Home Flex Project

Presenter:
Nelson Lomeli, Senior Program Manager

Recommendation:

Receive and File Update on the Smart Home Flex Pilot Project.

Load Flexibility

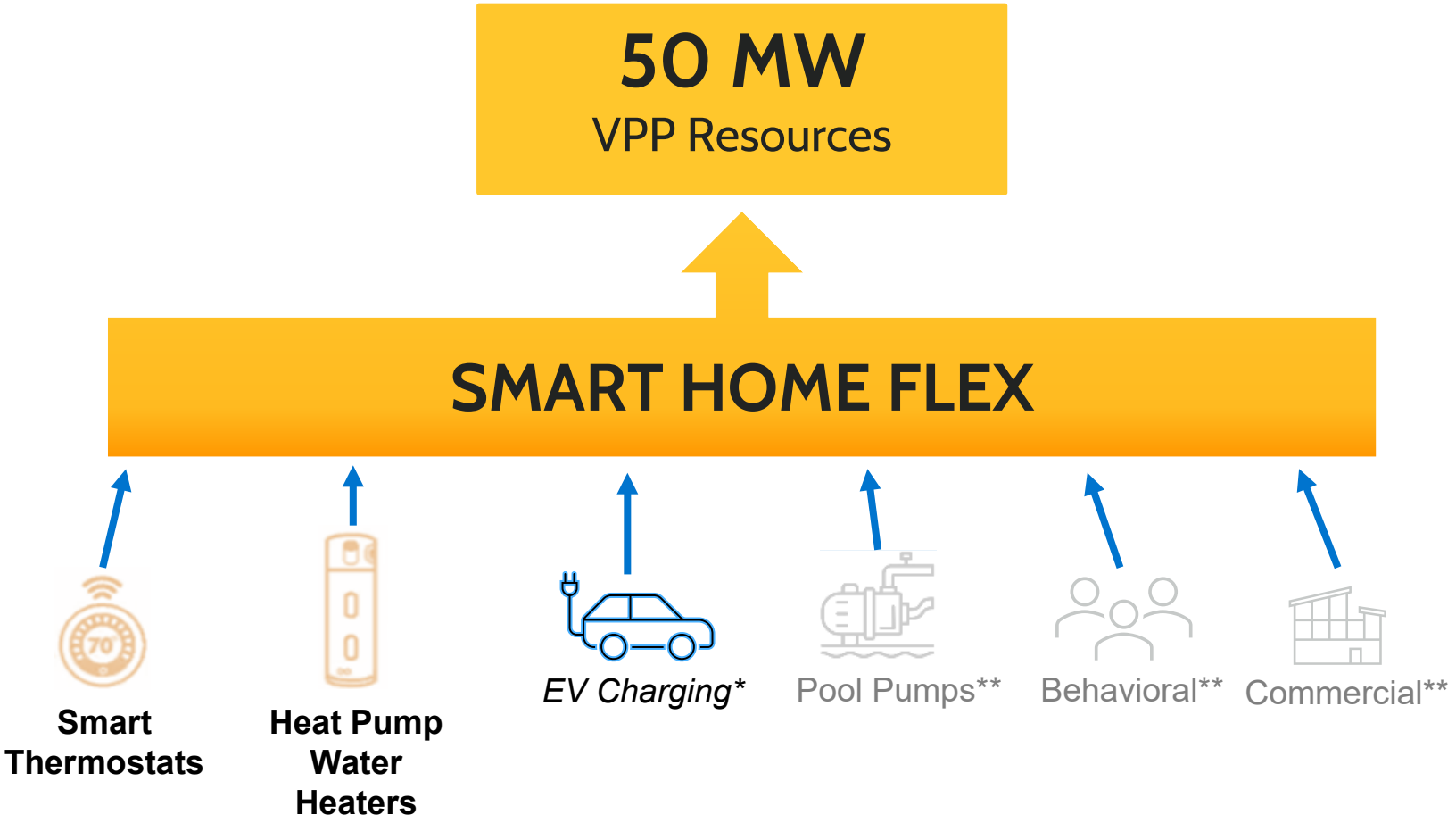
- Critical element of California's clean energy goals
- Allows increased use of renewable energy
- Supports grid reliability during extreme climate-induced events
- Can help lower costs for everyone
- Can reduce Resource Adequacy obligations

Community Power's Flex Load Strategy

- Increases affordability
- Supports development of programs that reduce high-cost, on-peak energy
- Lowers resource adequacy and energy procurement costs for all customers
- Control assets incentivized through programs with single platform

SDCP VPP Goal by 2035

SDCP VPP Goal by 2035



*Currently in pilot – EV Flex Connect
** Illustrative

Development of Smart Home Flex

Jan – Mar 2024

Flex Load Strategy Presented to Board

July – Sept 2024

Virtual Peaker Selected as DERMS Provider

Jan - Mar 2025

Smart Home Flex (BYOD) Pilot Launches

June – Oct 2025

Smart Flex Events Called for Thermostats

April – June 2026

Scale Smart Home Flex & Seek Funding for Relaunch

Apr – June 2024

RFP for DERMS Released

Oct – Dec 2024

Bring Your Own Device (BYOD) Pilot Design and Development

Apr – June 2025

Develop dispatch strategy and prepare for events

Nov 2025 – March 2026

Conduct impact evaluation

Smart Home Flex Pilot

Goals

Support development of Community Power's 150 MW VPP

Test out capability of the DERMS platform

Gather data and lessons learned

Validate the value stream

*based on preliminary estimates from other similar IOU thermostat programs. Not validated.

Smart Home Flex Pilot

Smart Thermostats

- Reduce use during Smart Flex Events (high peak periods)

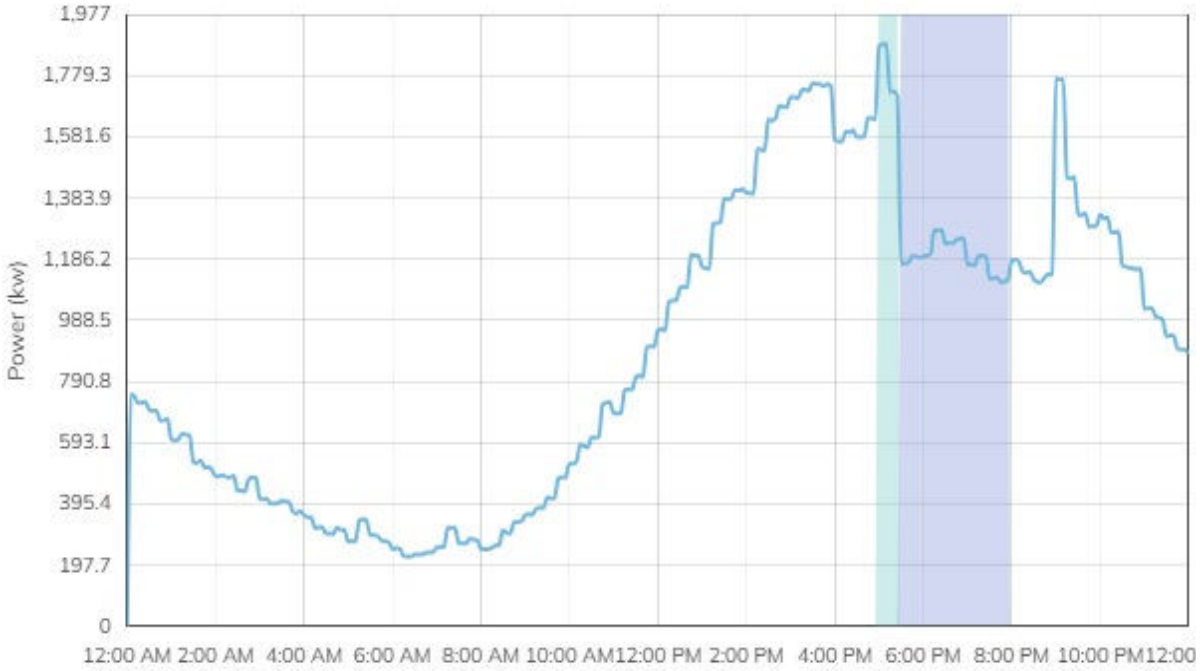
- $50 per device enrollment incentive
- $25 per device participation incentive
- Limited to 2,000 thermostats
- Existing Google Nest and ecobee thermostats

Heat Pump Water Heaters

- Shift daily water heating to off-peak times

- $50 per water heater enrollment incentive
- $5 per month participation incentive paid twice a year
- Targeting ~100 heat pump water heaters
- Limited to new installs through TECH Clean California statewide initiative

Results



For illustrative purposes only

Smart Thermostats

1,943 smart thermostats enrolled

6 events called in summer 2025
(mild summer)

90%+ participation rate for events

< 1 MW* under control

*based on preliminary estimates from other similar IOU thermostat programs. Not validated.

Results

Water Heaters

Default Water Heater Rewards program for TECH incentivized water heaters

3 Rheem Wi-Fi connected water heaters enrolled and reporting

Expanding enrollment with universal control modules purchase

Next Steps

- Send out participation incentives
- Evaluate Smart Home Flex Pilot
- Modify pilot as need to scale Smart Home Flex
- Seek Board approval for program budget
- **Relaunch Smart Home Flex in mid-2026**
- Assess additional VPP technologies & strategies

Public Comment on Item No. 17

Item No. 17

Board Members Comments or Questions

Update on Smart Home Flex Project

Recommendation:

Receive and File Update on the Smart Home Flex Pilot Project.

Chief Executive Officer Report

Year in Review

- Local Development – **11 new distributed energy resource projects**
- Customer Savings – **$12 million annual savings through prepay bonds**
- Financial Strength – **On track to reach 180 days cash on hand and $13 million investment income**
- Customer Programs – **Relaunched Solar Battery Savings and launched new pilot programs**
- San Diego Regional Energy Network – **SDREN launching countywide in 2026**
- Policy and Advocacy – **Advocated for energy efficiency programs and grid reliability**
- Technology – **Launched internal Enterprise Data Platform and improved cybersecurity**
- Community Outreach – **Attended 200+ community events and launched new website**
- People Operations – **Maintained one of the highest retention rates in the industry**


SAN DIEGO
COMMUNITY
POWER

Board Member Announcements

Adjournment

SAN DIEGO COMMUNITY POWER

Next Regular Community Power Board Meeting January 15, 2026

CustomerService@SDCommunityPower.org