



AGENDA

Regular Meeting Finance and Risk Management Committee

December 4, 2025, 3 p.m.

Don L. Nay Port Administration Boardroom
3165 Pacific Hwy., San Diego, CA 92101

The meeting will be held in person at the above date, time and location. Finance and Risk Management Committee (FRMC) members and members of the public can attend in person. Under certain circumstances, FRMC members may also attend and participate virtually in the meeting, pursuant to the Brown Act (Gov. Code § 54953). As a convenience, San Diego 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 an FRMC member is virtually attending the meeting), pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the FRMC on any agenda item. When providing comments, it is requested that members of the public include their name and city of residence for the record. Members of the public are requested to address their comments to the FRMC as a whole through the chairperson. Comments may be provided in one of the following ways:

1. **Oral comments during the meeting.** Anyone attending in person who wishes to address the FRMC 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. When participating in a Zoom video teleconference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that a member of the public wishes to address the FRMC during a specific item on the agenda or during the non-agenda public comment period. Members of the public will not be shown on video but will be able to address the FRMC when called upon. If joining the meeting using the Zoom dial-in number, members of the public can raise their hand by pressing *9. Comments will be limited to three minutes.
2. **Written comments.** Written public comments must be submitted prior to the start of the meeting to ClerkOfTheBoard@SDCommunityPower.org. Members of the public are asked to indicate a specific agenda item when submitting comment. All written comments received prior to the meeting will be provided to the FRMC members. At the discretion of the chairperson, the first ten 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 FRMC members and become part of the public record.

If members of the public have any materials to be distributed to the FRMC, they should be sent to ClerkOfTheBoard@SDCommunityPower.org, who will distribute the information to FRMC members.

The public may participate using the following remote options:

Teleconference Meeting Webinar

<https://sdcommunitypower-org.zoom.us/j/95148519712>

Telephone (audio only): 669-900-6833 or 253-215-8782 | Webinar ID: 95148519712

WELCOME

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

LAND ACKNOWLEDGEMENT

ITEMS TO BE ADDED, WITHDRAWN OR REORDERED ON THE AGENDA

PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

This is an opportunity for members of the public to address the FRMC on any items not on the agenda but within the jurisdiction of the FRMC. Members of the public may provide comments in any manner described above.

CONSENT CALENDAR

1. [Approve November 13, 2025, Meeting Minutes](#)

REGULAR AGENDA

2. [Treasurer's Report for Period Ending September 30, 2025](#)

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

3. Fiscal Year End 2024-25 Performance Review

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

4. Recommend Board Adoption of Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy

Recommendation: Recommend Board Adoption of Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy.

5. Update on SDG&E's 2026 Projected Rates

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

Committee Member Announcements

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

ADJOURNMENT

The Finance and Risk Management Committee will adjourn until the next regular meeting scheduled for Thursday, February 19, 2026, at 3 p.m.

Compliance with the Americans with Disabilities Act

Community Power committee meetings comply with the Americans with Disabilities Act. Individuals with a disability who require a modification or accommodation, including auxiliary aids or services, to participate in a public meeting may contact ClerkOfTheBoard@SDCommunityPower.org. Requests for disability-related modifications or accommodations require varying 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 related materials are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to an agenda item are distributed to the committee members prior to or during the committee meeting and are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically from ClerkOfTheBoard@SDCommunityPower.org or by mailing San Diego Community Power, Attn: Clerk of the Board, P.O. Box 12716, San Diego, CA 92112. The documents may also be posted on Community Power's website. Such public records are also available for inspection by contacting ClerkOfTheBoard@SDCommunityPower.org to arrange an appointment.



SAN DIEGO COMMUNITY POWER

FINANCE AND RISK MANAGEMENT COMMITTEE

Regular Meeting Minutes

November 13, 2025

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

WELCOME

CALL TO ORDER

Chair Yamane called the Finance and Risk Management Committee meeting to order at 3:00 p.m.

ROLL CALL

PRESENT: Chair Yamane, City of National City (via Zoom Teleconference); Vice Chair Suzuki, City of La Mesa; and Director Inzunza, City of Chula Vista

Absent: None

Staff Present: Chief Financial Officer/Treasurer Dr. Washington; General Counsel Tyagi; Clerk of the Board Hernandez; and Assistant Clerk of the Board Vences

Chair Yamane (City of National City) reported that she was participating in today's meeting via Zoom Teleconference under one of the exemptions allowed by AB 2449.

PLEDGE OF ALLEGIANCE

Chair Yamane led the Pledge of Allegiance.

LAND ACKNOWLEDGEMENT

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

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

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

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

There were no public comments.

CONSENT CALENDAR

- 1. Approve October 16, 2025, Meeting Minutes**
- 2. Approve 2026 Meeting Schedule**

There were no public comments on Consent Item Nos. 1-2.

Motioned by Director Inzunza and seconded by Vice Chair Suzuki to approve Consent Item Nos. 1-2.
The motion carried 3/0 by Roll Call Vote as follows:

AYES:	Chair Yamane, Vice Chair Suzuki, and Director Inzunza
NOES:	None
ABSTAINED:	None
ABSENT:	None

REGULAR AGENDA

3. Fiscal Year End 2024-25 Financial Audit

Dr. Washington introduced the item and turned it over to Kellin Gilert (via Zoom Teleconference), representative from Sorren CPA, to present the audit.

There were no public comments on Item No. 3.

After Committee Member comments, the Fiscal Year End 2024-25 Financial Audit was received and filed.

4. Treasurer's Report for Period Ending August 31, 2025

Dr. Washington presented the Treasurer's Report for Period Ending August 31, 2025.

There were no public comments on Item No. 4.

After Committee Member comments, the Treasurer's Report for Period Ending August 31, 2025, was received and filed.

COMMITTEE MEMBER ANNOUNCEMENTS

None.

ADJOURNMENT

The Finance and Risk Management Committee adjourned at 3:17 p.m. to the next regular meeting scheduled for Thursday, December 4, 2025, at 3 pm.

Sandra Vences, Assistant Clerk of the Board

SAN DIEGO COMMUNITY POWER

Staff Report – Item 2

To: Finance and Risk Management Committee

From: Dr. Eric W. Washington, Chief Financial Officer/Treasurer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer's Report for Period Ending September 30, 2025

Date: December 04, 2025

Recommendation

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

Background

San Diego Community Power (Community Power) prepares its accounting records on a full accrual basis under GAAP for governmental enterprise funds. Year-to-date financial statements for the three-month period ending September 30, 2025, include budget comparisons.

The Board adopted an Investment Policy on May 25, 2023, with subsequent revisions on June 27, 2024, and August 28, 2025, to ensure the safeguarding of principal, preservation of liquidity, generation of returns, and adherence to a high standard of fiduciary care. The policy requires regular reporting to the Financial and Risk Management Committee (FRMC) via the Treasurer's Report. As of September 30, 2025, the investment portfolio was compliant with the Community Power Investment Policy.

To enhance transparency, Community Power reports newly executed contracts between \$50,000 and \$150,000 in the Treasurer's Report, per the Delegated Contract Authority Policy. Monthly operational metrics are presented at Board meetings, and key risk metrics are shared during FRMC meetings as part of the Treasurer's Report.

On June 26, 2025, the Community Power Board of Directors (Board) approved the Fiscal Year 2025-26 Operating Budget, which serves as the basis for comparison in this report.

Table 1: Budget Comparison Versus Actual Results

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Three Months Ended September 30, 2025**

	Year-to-Date				Annual	
	Budget	Actual	Budget Variance (Under) Over	Actual/ Budget %	Budget	Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	484,380,000	\$ 473,331,893	(11,048,107)	98%	1,220,987,000	\$ 747,655,107
Less: Uncollectible Customer Accounts	(8,477,000)	(7,099,978)	1,377,022	84%	(21,367,000)	(14,267,022)
Total Revenues and Other Sources	<u>475,903,000</u>	<u>466,231,915</u>	<u>(9,671,085)</u>		<u>1,199,620,000</u>	<u>733,388,085</u>
OPERATING EXPENSES						
Cost of Energy	366,825,000	349,752,365	(17,072,635)	95%	956,691,000	606,938,635
Professional Services and Consultants	6,178,000	4,573,106	(1,604,894)	74%	24,713,000	20,139,894
Personnel Costs	5,302,000	4,293,934	(1,008,066)	81%	21,209,000	16,915,066
Marketing and Outreach	616,000	698,183	82,183	113%	2,464,000	1,765,817
General & Administrative	1,467,000	971,689	(495,311)	66%	5,867,000	4,895,311
Total Operating Expenses	<u>380,388,000</u>	<u>360,289,278</u>	<u>(20,098,722)</u>		<u>1,010,944,000</u>	<u>650,654,722</u>
Operating Income (Loss)	<u>95,515,000</u>	<u>105,942,637</u>	<u>10,427,637</u>		<u>188,676,000</u>	<u>82,733,363</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	-	3,551,532	3,551,532	na	-	(3,551,532)
Interest and Related Expenses	(473,000)	(445,344)	27,656	94%	(1,893,000)	(1,447,656)
Transfer to Capital Investment Program	(22,170,000)	(22,170,000)	-	100%	(22,170,000)	-
Total Non-Operating Revenues (Expenses)	<u>(22,643,000)</u>	<u>(19,063,812)</u>	<u>3,579,188</u>		<u>(24,063,000)</u>	<u>(4,999,188)</u>
NET CHANGE	<u>\$ 72,872,000</u>	<u>\$ 86,878,825</u>	<u>\$ 14,006,825</u>		<u>\$ 164,613,000</u>	<u>\$ 77,734,175</u>

Analysis and Discussion:

Actual financial results for the period ended September 30, 2025: \$466.2 million in net operating revenues were reported compared to \$475.9 million budgeted for the period. Community Power's change in net position of \$86.9 million was reported year-to-date for Fiscal Year 2025-26. The following is a summary of the actual results compared to the Fiscal Year 2025-26 Adopted Budget

- Operating revenues year-to-date are \$9.7 million, or 2.0% under budget primarily due to cooler temperatures driving lower energy sales.
- Cost of Energy year-to-date are \$17.1 million, or 5.0% under budget, primarily due to lower energy costs resulting from timing differences due to accruals of REC pricing.
- Professional Services and Consultants: \$1.6 million below budget due to lower-than-expected utilization of outside professional services.
- Personnel Costs: \$1.0 million under budget, driven by vacancies and accrued vacation.
- **Non-Operating Revenues and Expenses:**
 - Investment income of \$3.5 million year-to-date. Investment income is not currently budgeted and is reflected in financial statements as realized.
 - \$445.3 thousand in year-to-date interest and related expenses versus \$473.0 thousand budgeted.

Community Power reserves at the end of the period totaled \$449.9 million, including \$357.3 million in unrestricted cash and \$92.5 million in investment holdings. Total available liquidity (including unrestricted cash, investment holdings, and available lines of credit) was \$677.3 million. Community Power has a total Fiscal Year 2025-26 year-end reserve target of \$498.5 million which is equivalent to 180-days of total Fiscal Year 2025-26 budgeted operating expenses as set in Community Power's Reserve Policy and Strategic Goals.

Investment Portfolio Report

Chandler Asset Management manages Community Power's investment portfolio. As of September 30, 2025, the market value of the portfolio was \$93.4 million compared to the \$83.2 million market value as August 31, 2025. The increase is primarily a result of a \$10.0M contribution in September. The following is a snapshot of the overall characteristics of the portfolio.

PORTFOLIO SUMMARY



San Diego Community Power | Account #11293 | As of September 30, 2025

Portfolio Characteristics

Average Modified Duration	2.69
Average Coupon	4.02%
Average Purchase YTM	4.20%
Average Market YTM	3.86%
Average Credit Quality*	AA
Average Final Maturity	3.18
Average Life	2.77

Account Summary

	End Values as of 08/31/2025	End Values as of 09/30/2025
Market Value	82,628,896.17	92,792,666.55
Accrued Interest	583,194.30	652,522.58
Total Market Value	83,212,090.47	93,445,189.13
Income Earned	196,973.02	408,604.34
Cont/WD	0.00	10,000,000.00
Par	82,283,205.83	92,618,819.51
Book Value	81,754,160.74	92,000,108.54
Cost Value	81,569,386.28	91,898,140.41

Top Issuers

United States	52.30%
FHLMC	10.31%
Guardian Life Global Funding	1.62%
The Home Depot, Inc.	1.56%
WF Card Issuance Trust	1.36%
PACCAR Inc	1.19%
American Express Credit Master Trust	1.15%
Royal Bank of Canada	1.04%

As of September 30, 2025, the portfolio was compliant with Community Power's Investment Policy.

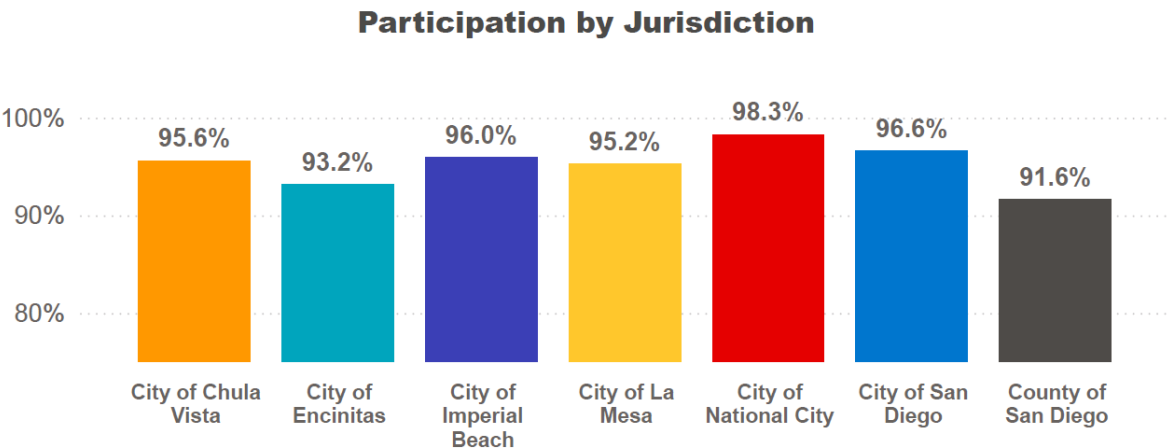
September 2025 Contract Execution between \$50,000 and \$150,000

- Power Switch Advisory LLC
 - Contract Title: Advisory Services for BESS
 - Value: \$50,000
- Skycentrics, Inc
 - Contract Title: Grid Connectivity Services
 - Value: \$117,681

Customer Participation Rates

Metrics Figure 2: Participation Rates as of 11/3/2025

Enrolled Accounts	Participation Rate	Participation
963,721	95.4%	



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	99,600	95,217	95.6%
City of Encinitas	Power100	28,935	26,953	93.2%
City of Imperial Beach	PowerOn	10,818	10,382	96.0%
City of La Mesa	PowerOn	29,594	28,184	95.2%
City of National City	PowerOn	19,544	19,206	98.3%
City of San Diego	PowerOn	630,177	608,753	96.6%
County of San Diego	PowerOn	190,999	175,026	91.6%
Total		1,009,667	963,721	95.4%

The participation rate for Community Power reflects full enrollment of current member agencies. We are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

Staff are also presenting the state of Community Power Arrearages related to financial risk for FRMC consideration and for regular review. The below arrearage data includes Community Power's Receivables aged 120+ Days as of November 3, 2025.

Figure 3: State of Community Power Arrearages as of 11/3/2025

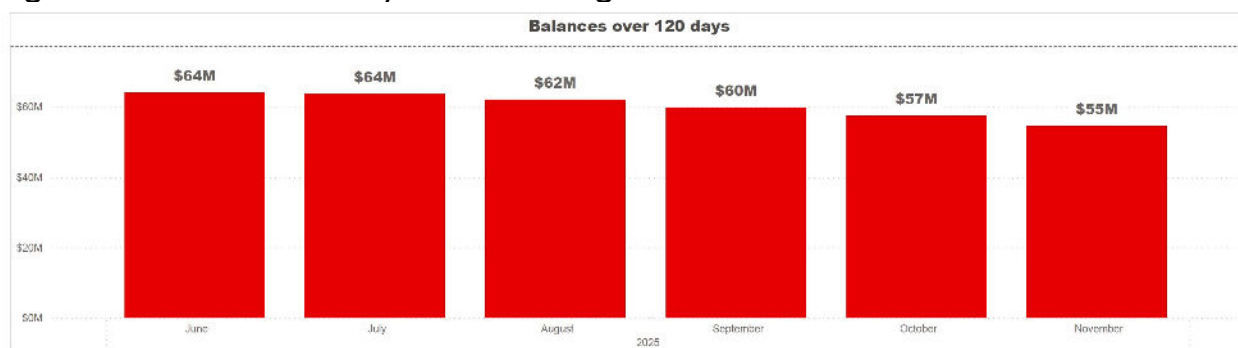
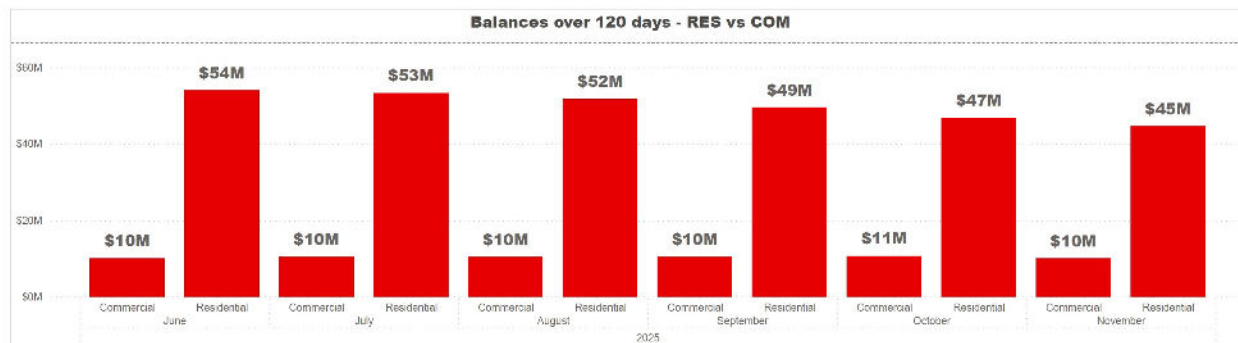


Figure 4: State of Community Power Arrearages Residential vs Commercial as of 11/3/2025



Fiscal Impact

N/A

Strategic Plan

Strategic Plan of practicing fiscal strategies to promote long-term organizational sustainability.

Attachments

A: FY 2026 Year-to-Date Period Ended September 30,2025, Financial Statements.



ITEM 2

ATTACHMENT A



ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of September 30, 2025, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
November 10, 2025

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of September 30, 2025

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 357,318,946
Cash and cash equivalents - restricted	25,313,026
Accounts receivable, net of allowance	174,186,185
Accrued revenue	93,761,751
Prepaid expenses	2,537,131
Other receivables	25,949,315
Deposits	12,484,068
Investments	2,138,052
Total current assets	<u>693,688,474</u>
Noncurrent assets	
Cash and cash equivalents - restricted	647,000
Investments	90,391,443
Capital assets, net of depreciation and amortization	1,028,952
Total noncurrent assets	<u>92,067,395</u>
Total assets	<u><u>785,755,869</u></u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	161,416,697
Accounts payable	3,530,238
Other accrued liabilities	2,373,257
State surcharges payable	663,394
Deposits - energy suppliers	383,731
Lease liability	867,502
Advances from grantors	24,813,026
Total current liabilities	<u>194,047,845</u>
Noncurrent liabilities	
Lease liability	372,402
Deposits - energy suppliers	7,443,450
Total noncurrent liabilities	<u>7,815,852</u>
Total liabilities	<u><u>201,863,697</u></u>

NET POSITION

Restricted for security collateral	1,147,000
Unrestricted	582,745,172
Total net position	<u><u>\$ 583,892,172</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Three Months Ended September 30, 2025

OPERATING REVENUES

Electricity sales, net	\$ 466,231,915
Grant revenue	843,233
Total operating revenues	<u>467,075,148</u>

OPERATING EXPENSES

Cost of electricity	349,752,365
Contract services	5,203,025
Staff compensation	4,769,742
Other operating expenses	2,931,149
Depreciation and amortization	288,590
Total operating expenses	<u>362,944,871</u>
Operating income	<u>104,130,277</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	3,551,532
Interest expense	<u>(21,801)</u>
Nonoperating revenues (expenses), net	<u>3,529,731</u>

CHANGE IN NET POSITION

	107,660,008
Net position at beginning of year	<u>476,232,164</u>
Net position at end of year	<u><u>\$ 583,892,172</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Three Months Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 387,716,954
Receipts of supplier security deposits	268,448
Receipts from wholesale sales and other operating activities	1,045,672
Payments to suppliers for electricity	(292,239,085)
Payments for other goods and services	(9,043,805)
Payments for deposits and collateral	(100,000)
Payments for staff compensation	(4,802,447)
Payments of state surcharges	(535,146)
Net cash provided by operating activities	<u>82,310,591</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments of lease liability	<u>(233,946)</u>
Net cash used by capital and related financing activities	<u>(233,946)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	3,278,375
Proceeds from investment sales and maturities of investments	1,831
Purchase of investments	(21,252,125)
Net cash provided (used) by investing activities	<u>(17,971,919)</u>

Net change in cash and cash equivalent

	64,104,726
Cash and cash equivalents at beginning of year	319,174,246
Cash and cash equivalents at end of year	<u><u>\$ 383,278,972</u></u>

Reconciliation to the Statement of Net Position

Unrestricted cash and cash equivalents - current	\$ 357,318,946
Restricted cash and cash equivalents - current	25,313,026
Restricted cash and cash equivalents - noncurrent	647,000
Cash and cash equivalents	<u><u>\$ 383,278,972</u></u>

NONCASH INVESTING ACTIVITIES

Change in fair value of investments	\$ 216,561
Change in interest income receivable	\$ 56,596

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Three Months Ended September 30, 2025

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 104,130,277
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	288,590
(Increase) decrease in:	
Accounts receivable, net	(58,158,962)
Accrued revenue	(21,019,392)
Prepaid expenses	21,265,004
Other receivables	(21,792,728)
Deposits	(1,389,857)
Increase (decrease) in:	
Accrued cost of electricity	59,214,531
Accounts payable	(280,734)
Advances from grantors	(442,688)
Other accrued liabilities	213,302
State surcharges payable	128,248
Deposits - energy suppliers	155,000
Net cash provided by operating activities	<u><u>\$ 82,310,591</u></u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying operating fund and capital investment program fund budgetary comparison schedules of San Diego Community Power (SDCP), a California Joint Powers Authority, for the three months ended September 30, 2025 and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

These special purpose statements are prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
November 10, 2025

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Three Months Ended September 30, 2025**

	Year-to-Date				Annual	
	Budget	Actual	Budget Variance (Under) Over	Actual/ Budget %	Budget	Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	484,380,000	\$ 473,331,893	(11,048,107)	98%	1,220,987,000	\$ 747,655,107
Less: Uncollectible Customer Accounts	(8,477,000)	(7,099,978)	1,377,022	84%	(21,367,000)	(14,267,022)
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Investment Income	-	3,551,532	3,551,532	na	-	(3,551,532)
Interest and Related Expenses	(473,000)	(445,344)	27,656	94%	(1,893,000)	(1,447,656)
Transfer to Capital Investment Program	(22,170,000)	(22,170,000)	-	100%	(22,170,000)	-
Total Non-Operating Revenues (Expenses)	<u>(22,643,000)</u>	<u>(19,063,812)</u>	<u>3,579,188</u>		<u>(24,063,000)</u>	<u>(4,999,188)</u>
NET CHANGE	<u>\$ 72,872,000</u>	<u>\$ 86,878,825</u>	<u>\$ 14,006,825</u>		<u>\$ 164,613,000</u>	<u>\$ 77,734,175</u>

CAPITAL INVESTMENT PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
Three Months Ended September 30, 2025

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Budget Remaining</u>
REVENUES AND OTHER SOURCES			
Transfer in from Operating Fund	\$ 22,170,000	\$ 22,170,000	\$ -
Grant Revenue - SDREN	31,868,547	843,233	(31,025,314)
Grant Revenue - DAC	589,822		(589,822)
Total Revenue and Other Sources	<u>54,628,369</u>	<u>23,013,233</u>	<u>(31,615,136)</u>
EXPENDITURES AND OTHER USES			
Program Expenditures	<u>54,628,369</u>	<u>2,164,429</u>	<u>\$ (52,463,940)</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	20,848,804	
Fund balance at beginning of period		10,340,567	
Fund balance at end of period		<u>\$ 31,189,371</u>	

SAN DIEGO COMMUNITY POWER

Staff Report – Item 3

To: Finance and Risk Management Committee

From: Dr. Eric W. Washington, Chief Financial Officer/Treasurer

Via: Karin Burns, Chief Executive Officer

Subject: Fiscal Year End 2024-25 Performance Review

Date: December 4, 2025

Recommendation

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

Background

San Diego Community Power (Community Power) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds. Community Power has prepared its year-end audited financial statements for the twelve-month period ended June 30, 2025, along with budgetary comparisons.

Additionally, on May 25, 2023, the Community Power Board of Directors (Board) adopted the Community Power Investment Policy, which was subsequently revised on June 27, 2024 and on August 28, 2025. The objectives of the Investment Policy are to (1) safeguard the principal of investment funds, (2) meet the liquidity needs of Community Power, (3) achieve a return on funds invested, and (4) exercise a high standard of care on investment funds. The Investment Policy additionally includes provisions for regular reporting to the Financial and Risk Management (FRMC) through the Treasurer's Report.

On February 27, 2025, the Board approved an amendment to the FY 2024-25 Operating Budget to adjust total net operating revenues upward to \$1,221.3 million and total expenses upward to \$1,187.1 million, and a budgeted net position of \$34.2 million.

Section 4.6.14 of the JPA specifies the Board of Directors (Board) shall arrange for an annual independent fiscal audit.

Section 5.4 of the JPA specifies the Board shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Government Code. The section further specifies that the Treasurer shall cause an independent audit(s) of the finances of Community Power to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Government Code. Section 7.2.2 of the JPA additionally specifies that the Community Power Board shall contract with a certified public accountant to make an annual audit of the financial statements of Community Power, which shall be conducted in accordance with the requirements of Section 6505 of the Government Code.

Sorren CPAS P.C. (Sorren) conducted the audit for FY 2024-25. Sorren is a firm with experience auditing CCAs and other local government entities. The FY 2024-25 Financial Audit marks the 5th consecutive clean report with satisfactory outcomes.

The Board officially Received and Filed the Fiscal Year 2024-25 Financial Audit at the November 20, 2025 Board meeting.

Analysis and Discussion

Staff have consistently demonstrated good stewardship over rate-payer funds. Community Power finished its fiscal year end, as of June 30, 2025, with the change in net position of \$100.8 million raising the cumulative net position to \$476.2 million. The FYE outcome compares favorably to the \$34.2 million net position budgeted for the period.

The following is a summary of Community Power's financial performance for FY 2024-25:

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

The FY2024-25 performance was highlighted by:

- Operating revenues finishing 1.8% over budget driven by lower-than budgeted uncollectibles, lower-than budgeted PowerBase participation, and higher-than expected load usage in the June 2025 summer month.
- Non-Energy expenses finishing 22.2% under budget contributing \$15.3 million in savings to the net position. Non-Energy savings were centered in:
 - Professional services and contracts savings of \$6.1 million
 - Personnel cost saving of \$2.9 million.
 - General and Administrative savings of \$1.8 million
 - Marketing and Outreach savings of \$1.0 million
 - Timing of the launch of capital investment plan programs/projects contributed \$3.5 million
- Cost of energy finishing 1.4% under budget contributing \$15.3 million in savings to the net position. Savings were primarily driven by:
 - Renewables – Substantial savings driven by CPUC market price benchmarks lower-than-forecasted resulting in \$15.6 million in SDG&E Voluntary Allocation Market Offer (VAMO) savings.
 - Resource Adequacy and Day-Ahead Load Costs – Renewable savings were partially offset by higher-than budgeted resource adequacy costs to close short positions and by day-ahead load costs being higher-than budgeted.
- Unbudgeted non-operating income of \$13.0 million generated from the investment income net of \$0.4 million in interest expenses.
 - Interest expenses were budgeted at \$1.3 million; \$0.9 million in savings were generated by reducing the costs associated with dollar amounts of outstanding standby letters of credit posted as collateral.

The above highlights are reflective of good stewardship and staff's diligence in identifying opportunities to reduce non-energy cost as well as carrying out a sound investment strategy of diversifying investments focused on high-investment grade debt instruments yielding returns above 4%. Investment income will be conservatively budgeted at a 3% return for the upcoming budget development cycle.

Although overall fiscal performance for the period was favorable, Community Power continues to be exposed to various risks factors, including financial risks, operational risks, and regulatory risks. These risk factors reiterate the importance of maintaining a reserve level that supports Community Power's strategic goal to build a sustained, financially stable organization.

Fiscal Impact

N/A

Strategic Plan

Strategic Plan of practicing fiscal strategies to promote long-term organizational sustainability.

Attachments

N/A

SAN DIEGO COMMUNITY POWER

Staff Report – Item 4

TO: Finance and Risk Management Committee

FROM: Dr. Eric W. Washington, Chief Financial Officer/Treasurer
Tim Manglicmot, Director of Finance
Jeb Spengler, Senior Strategic Finance Manager

VIA: Karin Burns, Chief Executive Officer

SUBJECT: Recommend Board Adoption of Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy

DATE: December 4, 2025

Recommendation

Recommend Board Adoption of Resolution No 2025-23, approving a fourth revision to the Financial Reserves Policy.

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 start of the fiscal year, which currently runs from July 1 to June 30.

Section 3.2.12 of the JPA specifies that the Community Power Board of Directors adopt rules, regulations, policies, bylaws, and procedures governing the operation of Community Power. Additionally, section 4.5.5 of the JPA states that one of the general purposes of the Board is to set policy.

Even further, section 5.10.2.c of the JPA states that one of the primary purposes of the Finance and Risk Management Committee (FRMC) is to review and recommend to the Board financial policies and procedures to ensure, among other things, “rules and regulations governing investment of surplus funds” and “selection and designation of financial institutions for deposit” of funds.

Reserve Policy

On June 24, 2021, the Board originally reviewed and approved Community Power's Financial Reserves Policy. Subsequently, on February 24, 2022, the Board approved the first revision to the Financial Reserves Policy.

On June 27, 2024, the Board reviewed and approved a second revision to the Financial Reserves Policy that updated the financial reserve goal from 90-days cash on hand to 180-days cash on hand in alignment with reserve goals set by the Board.

Finally, on October 23, 2025, the Board reviewed and approved a third revision to the Financial Reserves Policy that added the inclusion of investments within the definition of "Days Cash on Hand", in accordance with Government Code sections 53600 et. seq. and Community Power's Investment Policy for the purpose of calculating Financial Reserves.

Strategic Plan Goals

Directly related to the Financial Reserve Policy, on June 23, 2022, the Board approved Community Power's Mission, Vision, Core Values and Goals for 2023-2027. The key focus areas and goals included:

- Adopt plan to increase reserves to \$175 million by October 2023 and \$360 million by October 2025, which represented 90-days cash on hand and 180-days cash on hand, respectively when the policy was approved.
- Develop Rate Stabilization Reserve of \$70 million to mitigate power cost fluctuations and economic downturns.

Subsequently, on March 27, 2025, the Board approved Community Power's Strategic Plan Goals for FY 2026- 2028 which reaffirmed the reserve goals:

- Build reserves by \$150 million to maintain a reserve target of at least 180-days cash on hand by December 2027.
- Develop Rate Stabilization Reserve of \$70 million to mitigate power cost fluctuations and economic downturns.

Rate Setting and FY 2025-26 Operating Budget

On February 7, 2025, the Board approved Community Power's 2025 rates which were designed to serve the needs of Community Power's customers by being lower than SDG&E's, and, critically related, allowed for the accrual of reserves to make it highly likely that Community Power could meet its strategic goal of 180-days cash on hand.

Subsequently, on June 26, 2025, the Board approved Community Power's FY 2025-26 Operating Budget which stated that by the end of FY 2025-2026, Community Power was likely to achieve its strategic goal of having 180 days' cash on hand, which would equip Community Power to earn and maintain an investment grade public credit rating.

Finally, on November 20, 2025, staff reported Community Power's Treasurer's Report for the period ending August 31, 2025, which reflected \$439.9 million in unrestricted cash and investments and a Fiscal Year 2025-26 year-end reserve target of \$498.5 million. The Treasurer's Report reflected that Community Power met 88% of its 180-days cash on hand reserve goal target through that period.

Updated Risk Analysis

As part of Community Power's efforts to strengthen its overall risk management capabilities, staff performed a comprehensive reserve analysis to determine if the existing 180-day cash on hand target should be updated and pursuant to which analysis, staff recommends amending this financial reserve goal to protect the agency against market fluctuations and other risks and provide customers with greater pricing stability.

Analysis and Discussion

Since 2024, Community Power has undertaken a series of strategic initiatives to strengthen its risk management capabilities. These efforts include engaging specialized risk consultants, deploying advanced analytics platforms, and forming a multi-department risk team to systematically identify, assess, and quantify the full spectrum of financial, operational and regulatory risks facing the organization.

Through this comprehensive risk management framework, Community Power conducted a bottom-up risk analysis, leveraging both internal data and market intelligence to evaluate the likelihood and impact of key risk factors such as market price volatility, energy costs, customer participation rates, and operational contingencies. The quantification of these risks revealed that the financial exposures – especially those related to market price benchmark volatility and unforeseen events – necessitate a higher reserve threshold to ensure the agency's resilience and ability to meet its obligations under adverse conditions. This holistic approach, validated by peer benchmarking and credit rating agency criteria, demonstrates that raising the reserve target is both prudent and essential for maintaining financial stability, supporting a strong credit profile, and aligning with industry's best practices.

The following summarizes the specific risk management strategies and reserve validation processes implemented by Community Power.

Risk Management

Multi-Department Risk Team. Community Power has a risk management team composed of subject-matter experts and leaders across Community Power's senior leadership and business units. Additional support is currently being provided by GB Endeavors LLC and is recently bolstered by the cQuant Analytics Platform. This Multi-Department Risk Team plays a critical role in alerting the organization to financial, operational, and regulatory risks.

cQuant Energy Risk Management. On August 3, 2024, Community Power entered into a professional services agreement with cQuant.IO Inc. cQuant.io access provides its cQuant Analytics Platform, which enables Community Power to access and use a variety of models, including econometric, statistical, mathematical, problem solving, and logistical models. Additionally, cQuant.io provides custom software development services to Community Power. With the cQuant Analytics Platform, Community Power is now able to run several price simulation models that consume internal data combined with the most up-to-date market data available to generate robust financial projections, a critical function needed to analyze market risks to inform reserve targets.

Risk Consultant. On August 7, 2024, Community Power entered into a professional services agreement with GB Endeavors LLC. Through this agreement, Community Power onboarded an expert risk consultant to help in enhancing a business-specific risk structure and model similar to Silicon Valley Clean Energy, a community choice aggregator with an established and robust risk framework, and in alignment with American Public Power Association best practices.

Reserve Quantification

Community Power used a Bottom-up Approach to first identify risks posed to the agency, resulting in a risk register to document and track these risks. Subsequently, Community Power evaluated the likelihood and impact of the identified risks based on data informed by various sources. By quantifying the impact levels associated with these risks, Community Power could identify mitigation strategies such as reserves or insurance to directly address these risks.

Through this exercise, Community Power staff recommends that the risks identified in the table below should be mitigated through reserves. These risks provide contingencies and emergency funding to ensure financial stability in the short term while allowing Community Power to identify longer-term mitigation strategies.

Category (Uncertainty)	Risk	Coverage Level	Reserve Level (Millions)
Market Price Benchmark Volatility*	PCIA & Generation Rate “Snapback Event”	100%	\$420.1
Energy Costs and Retail Revenue*	Wholesale, Load and Open Position Volatility	100%	\$244.7
Load*	Participation Rate Drops to 86%	100%	\$51.1
Uncollectible Accounts*	Increase in uncollectible customer account balances from 1.75% to 5%	100%	\$36.0

Prepay Savings Loss	Prepay savings loss due to unforeseen event	100%	\$11.8
Operations	Legal Loss	100%	\$5.0
Operations	Force Majeure or Cybersecurity Event	100%	\$1.8
* Risk categories may fluctuate marginally due to changes in market conditions		Total	\$770.5
		DCOH	278

Through the reserve quantification exercise, staff recommends the establishment of three reserve thresholds:

- a. **Minimum Reserve Balance:** Community Power will strive to ensure a minimum reserve balance sufficient to cover at least 180 days cash on hand – a threshold widely recognized as an industry best practice among community choice aggregators, public power utilities and credit rating agencies. This minimum level provides the agency with the ability to meet essential obligations and maintain short-term financial stability while aligning with industry standards and supporting a strong credit profile. Maintaining balances below the minimum balance threshold could threaten the agency's ability to address an unexpected risk event and/or establish and maintain an investment grade credit rating.
- b. **Target Reserve Balance:** Community Power will strive to maintain a target reserve balance sufficient to cover at least 225 days cash on hand. The Target Reserve Balance provides sufficient reserves for typical fluctuations in market volatility. This target level ensures the agency's ability to absorb unexpected cost increases or revenue shortfalls without immediate negative impacts on operations, credit rating, or customer rates. Additionally, the target reserve balance is considered sufficient to cover normal cyclical fluctuations to market price benchmark volatility resulting from fluctuations to PCIA and SDG&E rates.
- c. **Maximum Reserve Balance:** Community Power will strive to build reserves sufficient to cover no more than 270 days cash on hand, unless specifically authorized by the Board. The Maximum Reserve Balance provides sufficient reserves for significant fluctuations in market volatility or unforeseen circumstances in alignment with the reserve quantification exercise.

In alignment with the validation of the reserve target and given that certain risk categories are subject to marginal fluctuation due to market conditions, staff are proposing a maximum reserve balance of 270 days cash on hand rather than the 278 days cash on hand in the reserve quantification exercise.

Primary Risk Factors

Market Price Benchmark Volatility. The largest risk factor to Community Power is Market Price Benchmark Volatility through the Power Charge Indifference Adjustment (PCIA) and SDG&E rates. As background, PCIA is a fee established by the California Public Utilities Commission (CPUC) to ensure fairness when customers leave an investor-owned utility (IOU) for a Community Choice Aggregator (CCA) or Direct Access provider. IOUs make long-term power purchase commitments to serve their customers; when some customers depart, the IOU still pays for those contracts. The PCIA recovers the above-market costs of those legacy contracts from departing customers so remaining utility customers aren't left with the financial burden. It's recalculated annually based on the difference between the IOU's portfolio costs and current market value, it significantly affects CCA rate competitiveness and budgeting, and it fluctuates significantly based on market-price volatility.

The CPUC uses a Market Price Benchmark (MPB) as an annual reference price that estimates the current market value of an IOU's energy portfolio. It's used to calculate the PCIA by comparing the IOU's actual portfolio costs to this benchmark, ensuring departing customers pay their fair share of above-market costs.

MPBs from 2021, in particular, are considered to be historically lower than average, particularly for resource adequacy and renewable energy. Even further, the 'actual' 2021 MPBs were considered by the CPUC to be the actual, final market prices from 2021. The 2021 MPBs therefore represent real market prices that have already occurred and therefore have a higher probability of occurring in future periods. The recommended reserve level represents the difference between Community Power's net position given the 2021 market price benchmark volatility and Community Power's net position to cover its cost of service excluding the impacts of market price benchmark volatility.

Energy Costs and Retail Revenue. Community Power also faces significant risks from the combined effects of historically low customer demand and declining energy market conditions. Extended periods of mild summer weather can significantly reduce demand, leading to weaker retail revenues. At the same time, if wholesale energy prices fall below the levels of contracted fixed-price positions, those contracts become "out of the money" and generate financial losses. For this risk to materialize, both suppressed demand and sustained soft market pricing would need to occur simultaneously, leaving the portfolio exposed to margin erosion from both volume and price pressures.

Decrease in Customer Participation Rates. In reviewing other community choice aggregators, the distribution of participation rates ranges from 86% to 98%. Certain events such as sustained negative sentiment toward Community Power can trigger opt-outs and – given that the low end of the participation-rate range is 86% – it's possible that Community Power's participation rate could drop to 86% as well.

Other factors considered. Community Power considered a wide range of risks to the agency through its risk register. However, several of these risks were either considered to be unquantifiable, such as impacts from regulatory reform, or to not require reserves given that Community Power could have sufficient time to address the risk through operational changes. Additionally, other risks to Community Power were addressed through other means, such as through insurance.

Validating the Reserve Target

The validation of Community Power's reserve targets is grounded in a comprehensive, multi-pronged approach that integrates risk analysis, peer benchmarking, and credit rating agency metrics. Starting with the bottom-up risk analysis, Community Power has evaluated risk exposures across revenue, expenses, and other operational threats such as natural disasters. This analysis is complemented by a peer analysis, which compares Community Power's reserve policy and financial metrics to other CCAs and regional public utilities. The benchmarking reveals that most peer organizations set reserve targets between 90 and 270 days cash on hand, with Community Power's proposed targets aligning with the industry practice. Community Power, in particular, is proposing to set its maximum reserve balance at 270 days cash on hand rather than using the 278 days cash on hand as calculated in its reserve quantification exercise. Financial audit comparisons further highlight the need for reserve strengthening, with Community Power's 2024 and 2025 calculations at 101 and 115 DCOH, respectively, and below the recommended range. Regional comparisons with other southern California public power agencies such as Burbank, Los Angeles Department of Water and Power, and Anaheim reinforce the appropriateness of the proposed thresholds, as these entities also recommend minimums of 90 – 150 days cash on hand and ranges up to 240.

In addition to peer benchmarking, Community Power's reserve strategy is validated against credit rating agency criteria specific to public power and community choice aggregators. Moody's, S&P, and Fitch each provide credit rating frameworks that emphasize the importance of liquidity. Moody's AAA rating suggests maintaining cash in excess of 250 days, while S&P's "Very Strong" and "Extremely Strong" assessments require minimums of 150 and over 270 days, respectively. Fitch views liquidity lasting more than 90 days as having a neutral effect on ratings, while liquidity below this limit is considered "weak" and carries greater risk. National medians, as reported by Fitch Ratings, further support these targets, with AA-rated entities holding a median of 296 days cash on hand and A+ at 165 days cash on hand.

Collectively, these analyses confirm that Community Power's reserve thresholds of 180-270 days cash on hand are not only consistent with best practices among peer organizations and regional utilities but also align with the investment grade credit criteria of three nationally recognized credit rating agencies and national public utility medians data.

Reserve Policy Language Revisions

Community Power is updating the language in the financial reserve policy to reflect the holistic risk analysis and validation approach described above. Key updates include the following revisions:

- **Clearer Definition of “Reserves:”** The definition of “reserves” is being updated to align with available liquid assets (unrestricted cash & investment balances) that would be available quickly if needed for emergencies. The previous definition of Reserves included Restricted balances and nonliquid assets that would not be available in an emergency.
- **Updated Reserve Target Thresholds:** the policy now includes the three benchmark thresholds as described above.
- **Reserves Below the Minimum Balance:** The Board should ensure that reserves do not drop below the Minimum Reserve Balance unless determined by the Board and voted on to be necessary to address a critical need.
- **Reserves above the Maximum Balance:** The Board may evaluate opportunities for strategic investments, programmatic reserves, or other purposes as authorized by the Board.
- **Reserves between the Target Balance and Maximum Balance:** 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 allow Community Power to defer revenues in years of strong financial results for use in future years when financial results are weaker or stressed.

Community Power staff will return with a specific Rate Stabilization Reserves policy for the Board to consider in the first quarter of 2026.

Fiscal Impact

If Community Power were to increase the target threshold balance from 180 days cash on hand to 225 days cash on hand, annual investment earnings on reserves balances would be anticipated to grow by \$5.0 million annually at an assumed investment rate of 4.00%, reflecting the current approximate yield to maturity of Community Power’s investment portfolio.

Maintaining higher liquidity also supports a stronger credit profile, which can lead to more favorable terms with counterparties, lower borrowing costs and improved access to capital markets and bank products.

Strategic Plan

This supports Community Power’s strategic plan goal of building reserves to a reserve target of at least 180 days cash on hand by December 2027 and the Development of a Rate Stabilization Reserve to mitigate power cost fluctuations and economic downturns.

Attachments

A: Resolution 2025-23, Adopting Revisions to Financial Reserves Policy

Exhibit A: Draft of Fourth Revision to the Financial Reserves Policy

Exhibit B: Draft Redline Version of Fourth Revision to the Financial Reserves Policy

ITEM 4

ATTACHMENT A

RESOLUTION NO. 2025-23

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER, ADOPTING A REVISED FINANCIAL RESERVES POLICY.

WHEREAS, 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”); and

WHEREAS, on June 24, 2021, the Board of Directors (the “Board”) approved a Financial Reserves Policy to provide a policy framework for accumulating and maintaining reserves as part of Community Power’s annual budget and rate setting processes, and was subsequently amended on February 22, 2022 and on June 27, 2024 to provide for and then to increase the financial reserve goal, and most recently amended on October 23, 2025 to make certain definitional changes; and

WHEREAS, the Board finds it necessary and prudent to continue to ensure long-term financial stability of Community Power by maintaining adequate financial reserves; and

WHEREAS, this fourth revision to the Financial Reserves Policy establishes specific threshold levels for reserve accumulation and introduces a risk-based analysis framework to ensure that reserve targets are aligned with the financial risks and operational needs of Community Power, thereby strengthening the organization’s ability to proactively respond to volatile energy markets and to maintain long-term financial stability.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of San Diego Community Power as follows:

Section 1. The Board of Directors hereby approves and adopts a fourth revision to the Reserves Policy, as provided in Exhibit A, attached hereto and incorporated herein.

Section 2. If any provision of this resolution, the attached policy, or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution or policy which can be given effect without the invalid provision or application, and to this end the provisions of this resolution and the policy are severable. The Board of Directors hereby declares that it would have adopted this resolution and the attached policy irrespective of the invalidity of any particular portion thereof.

Section 3. This resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors of San Diego Community Power held on December 11, 2025, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Terra Lawson-Remer, Chair
Board of Directors
San Diego Community Power

ATTEST:

APPROVED AS TO FORM:

Maricela Hernandez, MMC, CPMC
Secretary/Clerk of Board of Directors
San Diego Community Power

Veera Tyagi, General Counsel
San Diego Community Power

ITEM 4

EXHIBIT A

POLICY	FINANCIAL RESERVES	ORIGINAL ADOPTION DATE:	JUNE 24, 2021
APPROVAL DATE		RESOLUTION NO.	

PURPOSE AND SCOPE

San Diego Community Power (“Community Power” or “agency”) will maintain Financial Reserves (Reserves) as described in this policy.

DEFINITIONS

- **Days cash on hand:** Unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes x 365 / (budgeted operating expenses for the current fiscal year)
- **Reserves:** Unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes. Any Reserves that are designated by the Board of Directors as Rate Stabilization Reserves are included in the total Reserves calculation and reserve thresholds.
- **Reserve Event:** An occurrence that necessitates the use of Reserves to preserve Community Power’s financial stability or to address risk factors. Reserve Events may include, but are not limited to:
 - Volatility in energy costs, market price benchmarks, and energy sales (load)
 - An increase in uncollectable customer accounts due to an unforeseen event
 - Need to stabilize customer rates
 - Ensuring sufficient working capital, including funding for strategic capital projects
 - Covering unanticipated expenditures
- **Rate Stabilization Reserves:** A type of reserve intended to provide budget stabilization for the organization while mitigating financial impacts and cost of energy to customers due to cyclical cost of energy fluctuations. It is intended to reduce rate shocks while maintaining compliance with financial covenants.

POLICY**A. Reserves Balance Thresholds**

Community Power's Reserves policy establishes three key thresholds:

Minimum Reserve Balance: Community Power will strive to ensure a minimum reserve balance sufficient to cover at least 180 days cash on hand. This minimum level provides the agency with the ability to meet essential obligations and maintain financial stability.

Target Reserve Balance: Community Power will strive to maintain a target reserve balance sufficient to cover at least 225 days cash on hand. The Target Reserve Balance provides sufficient reserves for typical fluctuations in market volatility. This target level ensures the agency's ability to absorb unexpected cost increases or revenue shortfalls without immediate negative impacts on operations, credit rating, or customer rates.

Maximum Reserve Balance: Community Power will strive to build reserves sufficient to cover no more than 270 days cash on hand, unless specifically authorized by the Board. The Maximum Reserve Balance provides sufficient reserves for significant fluctuations in market volatility or unforeseen circumstances.

B. Purpose and Intent of Reserves Balance Thresholds:

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. However, to the extent fiscal year end reserves fall between the Minimum and Maximum Reserve Balances, no immediate Board action is required.

If Reserves are 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. The Minimum Reserves Balance is essential to maintain operational requirements and credit worthiness by providing reserves sufficient to meet basic threats of risk.

Should Community Power's Reserves fall below the Minimum Reserve Balance, a plan to restore Reserves to the Minimum Reserve Balance shall be included in subsequent budget and rate discussions to return to the Minimum Reserve Balance as soon as practicable.

If Reserves are above the Maximum Reserve Balance:

If Fiscal Year End Reserves are above the Maximum Reserve Balance, the Board may evaluate opportunities for strategic investments, programmatic reserves, or other purposes as authorized by the Board.

C. Permissible Use of Reserves:

- The Board may authorize the use of Reserves for any Reserve Event.
- 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. This strategy would enable Community Power to address spikes in energy costs or other variable costs through the use of the Rate Stabilization Reserves and mitigating or avoiding substantial rate increases for customers.

D. 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 Chief Financial Officer.
- The Chief Executive Officer (“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 use of the reserves under the CEO’s authority shall be reported to the Board at the next regularly scheduled meeting.
- Any further use of reserves as necessary or desirable, must be recommended by the CEO to the Board for approval of such use.

E. Reserve Review and Reporting

Reserves and annual contributions will be reviewed on an annual basis as part of Community Power’s budget process. Reserves will also be reviewed at the completion of Community Power’s annual audit to reconcile the Reserve balance. The results will be reported to the Board as part of the year-end financial report presentation.

F. Excess Reserve Distribution

If Fiscal Year End reserves exceed the Maximum Reserve Balance, the Board may authorize excess reserve distributions at their discretion, including for the following purposes:

- **Strategic Uses:** Use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.
- **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.

G. Policy Review

Community Power staff will complete a periodic review of this Financial Reserve Policy.

PRIOR VERSIONS

DATE	ACTION	RESOLUTION NO.	POLICY NO.
06/24/21	ADOPTION	N/A	2020-04
02/24/2022	FIRST REVISION	N/A	F21_001
06/27/2024	SECOND REVISION	N/A	F21_001
10/23/2025	THIRD REVISION	2025-20	F21_001

RELATED POLICIES

Investment Policy – Resolution No. 2025-08

ITEM 4

EXHIBIT B

POLICY	FINANCIAL RESERVES	ORIGINAL ADOPTION DATE:	JUNE 24, 2021
APPROVAL DATE	10/23/2025	RESOLUTION NO.	2025-20

PURPOSE AND SCOPE

San Diego Community Power (“Community Power” or “agency”) will maintain Financial Reserves (Reserves) as described in this policy to:

- Meet Community Power’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:

Community Power’s financial reserve goal is to secure 180-days of cash on hand.

The contribution to Reserves is determined through Community Power’s annual budget process as defined in the agency’s Budget Policy and/or Community Power’s rate setting process as defined in the agency’s Rate Development Policy. To the extent Community Power is able to meet operational expenses and maintain competitive rates, Community Power 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 ~~Unrestricted~~ cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes x 365 / (budgeted ~~operating~~ expenses for the current fiscal year)
- **Reserves:** Net position
- **Use of Unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes. Any 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 Community Power's budget process. Reserves will also be reviewed at the completion of Community Power'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, that are designated by 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 aof Directors as Rate Stabilization Reserves are included in the total Reserves calculation and reserve thresholds.~~
- ~~• **Reserve Reserve. A Stability Reserve mitigates**~~**Event:** ~~An occurrence that necessitates the use of Reserves to preserve Community Power's financial and cost of energy stability or to address risk factors. Reserve Events may include, but are not limited to:~~
 - ~~• Volatility in energy costs, market price benchmarks, and energy sales (load)~~
 - ~~• An increase in uncollectable customer accounts due to an unforeseen event~~
 - ~~• Need to stabilize customer rates~~
 - ~~• Ensuring sufficient working capital, including funding for strategic capital projects~~
 - ~~• Covering unanticipated expenditures~~
- ~~• **Rate Stabilization Reserves:** A type of reserve intended to provide budget stabilization for the organization while mitigating financial impacts and cost of energy to customers due to cyclical cost of energy fluctuations and. It is intended to reduce rate shocks and may maintain while maintaining compliance with financial covenants.~~

POLICY

A. Reserves Balance Thresholds

Community Power's Reserves policy establishes three key thresholds:

Minimum Reserve Balance: Community Power will strive to ensure a minimum reserve balance sufficient to cover at least 180 days cash on hand. This minimum level provides the agency with the ability to meet essential obligations and maintain financial stability.

Target Reserve Balance: Community Power will strive to maintain a target reserve balance sufficient to cover at least 225 days cash on hand. The purpose Target Reserve Balance provides sufficient reserves for typical fluctuations in market volatility. This target level ensures the agency's ability to absorb unexpected cost increases or revenue shortfalls without immediate negative impacts on operations, credit rating, or customer rates.

Maximum Reserve Balance: Community Power will strive to build reserves sufficient to cover no more than 270 days cash on hand, unless specifically authorized by the Board. The Maximum Reserve Balance provides sufficient reserves for significant fluctuations in market volatility or unforeseen circumstances.

B. Purpose and Intent of Reserves Balance Thresholds:

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. However, to the extent fiscal year end reserves fall between the Minimum and Maximum Reserve Balances, no immediate Board action is required.

If Reserves are 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. The Minimum Reserves Balance is essential to maintain operational requirements and credit worthiness by providing reserves sufficient to meet basic threats of risk.

Should Community Power's Reserves fall below the Minimum Reserve Balance, a plan to restore Reserves to the Minimum Reserve Balance shall be included in subsequent budget and rate discussions to return to the Minimum Reserve Balance as soon as practicable.

If Reserves are above the Maximum Reserve Balance:

If Fiscal Year End Reserves are above the Maximum Reserve Balance, the Board may evaluate opportunities for strategic investments, programmatic reserves, or other purposes as authorized by the Board.

C. Permissible Use of Reserves:

- The Board may authorize the use of Reserves for any Reserve Event.
- 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 this reserve strong financial results for use in future years when financial results are weaker or stressed. This strategy would be to provide budgetary stabilization and not to serve as an alternative funding source for new programs. enable Community Power to address spikes in energy costs or other variable costs through the use of the Rate Stabilization Reserves and mitigating or avoiding substantial rate increases for customers.
- ~~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.~~

D. 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 ~~CEO~~ Chief Financial Officer.
- The Chief Executive Officer ("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 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.
- Any further use of reserves as necessary or desirable, must be recommended by the

CEO to the Board for approval of such use.

E. Reserve Review and Reporting

Reserves and annual contributions will be reviewed on an annual basis as part of Community Power's budget process. Reserves will also be reviewed at the completion of Community Power's annual audit to reconcile the Reserve balance. The results will be reported to the Board as part of the year-end financial report presentation.

F. Excess Reserve Distribution

If Fiscal Year End reserves exceed the Maximum Reserve Balance, the Board may authorize excess reserve distributions at their discretion, including for the following purposes:

- **Strategic Uses:** Use excess funds for capital projects, financing programs, paying down existing debt, rate reductions, or other strategic purposes.
- **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.

G. Policy Review:

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

PRIOR VERSIONS

DATE	ACTION	RESOLUTION NO.	POLICY NO.
6/24/21	ADOPTION	N/A	2020-04
02/24/2022	FIRST REVISION	N/A	F21_001
06/27/2024	SECOND REVISION	N/A	F21_001
<u>10/23/2025</u>	<u>THIRD REVISION</u>	<u>2025-20</u>	<u>F21_001</u>

RELATED POLICIES

Investment Policy – Resolution No. 2025-08

SAN DIEGO COMMUNITY POWER

Staff Report - Item 5

To: Finance and Risk Management Committee

From: Jack Clark, Chief Operating Officer
Lucas Utouh, Senior Director of Data Analytics & Customer Operations
Aaron Lu, Rates and Strategy Manager
Pete Polonsky, Senior Rates Analyst

Via: Karin Burns, Chief Executive Officer

Subject: Update on SDG&E's 2026 Projected Rates

Date: December 4, 2025

Recommendation

Receive and file an update on SDG&E's 2026 projected rates.

Background

As San Diego Community Power (Community Power) prepares to develop and propose rates for 2026, it is critical to understand current San Diego Gas and Electric (SDG&E) bundled commodity/generation and the Power Charge Indifference Adjustment (PCIA) rates – as both SDG&E bundled generation and PCIA rates play a role in the Community Power rate setting process, particularly as it relates to Community Power's competitiveness. Community Power's Board of Directors last adjusted Community Power commodity/generation rates on February 7, 2025, and those rates came into effect retroactively as of February 1, 2025. SDGE's 2026 electric rates, if and when finalized on December 31, 2025, are expected to inform Community Power's 2026 rate setting which Community Power staff anticipate bringing to the Board in January of 2026.

Analysis and Discussion

Rate Development Process

The Community Power Board of Directors is responsible for setting the electric generation rates for Community Power's customers. The Chief Executive Officer is responsible for developing proposed rates that are sufficient to recover operational expenses, for the Board

to consider before finalization. For Community Power to be fiscally sustainable, the final approved rates should, at a minimum, meet the annual revenue requirements developed by Community Power, including any reserves or coverage requirements set forth in policy and/or loan covenants/debt service. The Board has the flexibility to consider rate adjustments, provided that the overall revenue requirement is achieved. In alignment with the Rate Development Policy, adopted by the Board of Directors on November 17, 2022,¹ Community Power considers the following objectives in its rate setting framework:

- Cost Recovery,
- Reserves,
- Rate Competitiveness and Customer Value,
- Rate Stability,
- Equity Among Customers,
- Rate Structure Simplicity and Comparability,
- Transparency,
- Avoidance of Cost Shifting, and
- Cost of Service.

Additionally, per previous Board direction, staff will, if possible, recommend rates that remain competitive with SDG&E service.

It is important to note that electricity rates are made up of several components, only one of which Community Power has control over (i.e., Community Power's generation rate). The chart below is an example of a current rate tariff composition for a residential customer on TOU-DR-1 to illustrate the various components that affect rates and make up a total customer bill.² Staff tracks the changes to the Power Charge Indifference Adjustment (PCIA) rate, as it is the above market cost of power associated with SDG&E's portfolio that both SDG&E's bundled customers and Community Power's customers, who have departed SDG&E's generation service, pay and can affect Community Power's competitiveness. "Above-market cost" refers to expenditures for generation resources that cannot be fully recovered through sales of these

¹ See <https://sdcommunitypower.org/wp-content/uploads/2023/02/2022-12-Rate-Development-Policy.pdf>.

² See https://www.sdge.com/sites/default/files/SDCP_SDGE%20JRC%2006.01.2025_Final.pdf for Community Power and SDG&E's Joint Rate Comparisons, which provide this table for each tariff.

resources at current market prices.

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

Rate Development Timeline

Community Power, like most Community Choice Aggregators (CCAs), usually adjusts rates annually and/or in response to utility rate adjustments. SDG&E is expected to adjust their rates twice in early 2026. The first rate adjustment is their regularly planned January 1, 2026 consolidated rate adjustment, and the second rate adjustment is expected to occur on April 1, 2026 to incorporate rate design changes approved by the California Public Utilities Commission (CPUC) within SDG&E's latest General Rate Case (GRC) Phase 2.

The currently planned schedule for Community Power's 2026 rate setting is as follows:

- October 14, 2025: SDG&E filed its 2026 Energy Resource Recovery Account (ERRA) Forecast Update.
- November 17, 2025: SDG&E filed its advice letter for Preliminary Consolidated Filing to Implement January 1, 2026 Electric Rates.
- December 2025: Community Power staff will brief the committees and Board of Directors on SDG&E's 2026 projected generation and PCIA rate changes.
- December 31, 2025: SDG&E is expected to file its advice letter for Final Consolidated Filing to Implement January 1, 2026 Electric Rates.
- January 1, 2026: SDG&E's expected effective date of implementation of its delivery and generation rates as well as the PCIA.
- January 15, 2026: Community Power Board adopts 2026 rates, effective retroactively as of January 1, 2026.

- March 1, 2026: SDG&E is expected to file the advice letter on its GRC Phase 2 rate design changes, including time-of-use adjustments and the creation of a new medium commercial customer class.
- March 2026: Community Power Board adopts GRC Phase 2 rate design changes, effective as of April 1, 2026.
- April 1, 2026: SDG&E and Community Power implement GRC Phase 2 rate design changes.

2026 Bundled Generation & PCIA Rate Projections

Based on SDG&E's most recent November Preliminary Consolidated Filing to Implement January 1, 2026 Electric Rates, the projected bundled system average generation rates are expected to increase by 12.11% on January 1, 2026. SDG&E attributes bundled system average generation rate increases in 2026 primarily to decreased credits and revenues from lower market values, as well as a lower sales forecast.

2026 SDG&E bundled generation rate change projections are articulated in the table below.

Customer Class	SDG&E Avg. Commodity Rate (\$/kWh)			SDG&E Avg. Commodity Rate Change (%)	
	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRRA Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRRA 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%

Based on SDG&E's filings, Community Power is expecting to see an increase in PCIA rates for all vintages relevant to its customers, including Vintage Year 2020 (Phase 1 & 2 customers), Vintage Year 2021 (Phase 3 customers), and Vintage Year 2022 (Phase 4 customers).

If SDG&E's ERRRA Forecast and Update are approved by the CPUC before this year ends, SDGE's projected bundled generation and PCIA rate changes are expected to be effective on January 1, 2026.

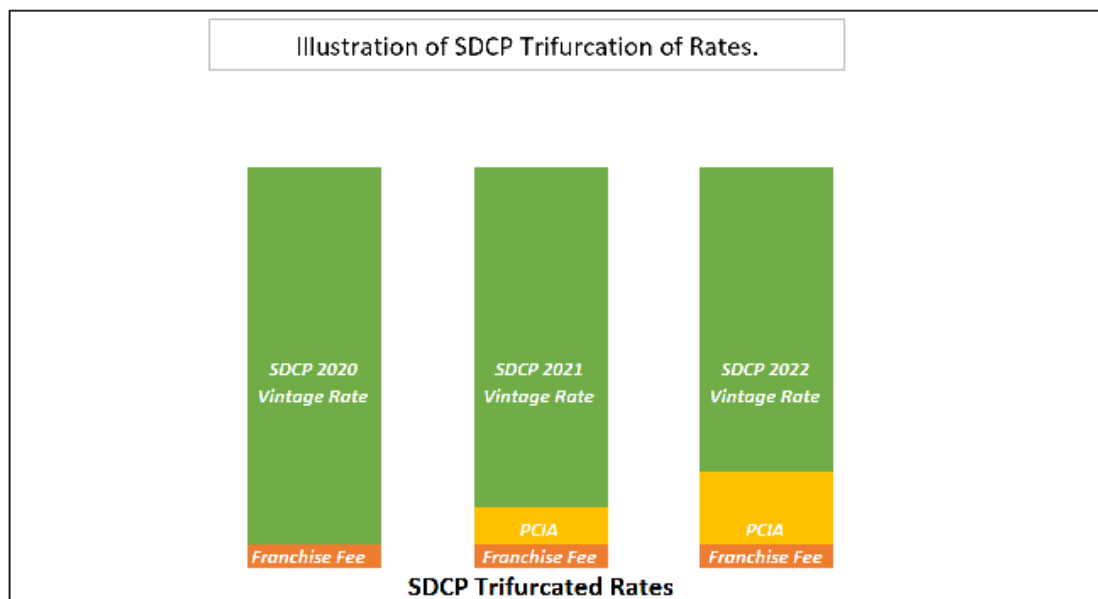
Rate Development Mechanics

In accordance with SDG&E's definition of load transfer from bundled service to Community Power's service per Schedule CCA-CRS, Community Power Phase 1 and 2 customers' Vintage Year is 2020, Phase 3 customers' Vintage Year is 2021, and Phase 4 customers' Vintage Year is 2022. Vintaging denotes the year during which SDG&E recognizes the transition of Community Power customers from bundled service into Community Power service and creates a mechanism for the assessment of the PCIA rate.

Next Steps

Staff will continue to monitor all updates from SDG&E and CPUC throughout the remainder of the year and into 2026 to be able to better analyze and recommend rate changes that are reflective of all the inputs articulated in CPUC's decision(s). Staff expects to present rates to the Community Power Board for adoption at the January 15, 2026 meeting that both meet the revenue and prudent reserve needs of Community Power as well as maintain value for our customers.

As a result of the material deltas expected between PCIA rates for Vintage Years 2020, 2021, and 2022, staff will also recommend that the Board continues to trifurcate three sets of rates. This trifurcation will maintain a fair, equitable, and balanced rate structure that does not create winners and losers across our customers with differing vintage years as illustrated below:



After SDG&E files its March 1, 2026 advice letter relating to rate design adjustments including time-of-use and customer class changes, staff will brief Community Power's committees and request the Board to adopt the appropriate rate design updates, so Community Power rates continue to be aligned with SDG&E's to improve the overall customer experience.

Fiscal Impact

N/A

Strategic Plan

This activity supports the strategic plan goals of (1) evolving rate strategy to ensure competitiveness, affordability, and fiscal sustainability, and (2) developing customer strategies to increase retention and engagement.

Attachments

N/A

Glossary

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: AReM is 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. It 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: CAISO is 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: CalCCA is 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: CALSLA is 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: CAM is 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: CARE is a state program for low-income households that provides a 30% discount on monthly energy bills and a 20% discount on natural gas bills. It is funded through a rate surcharge paid by all other utility customers.

CBE – Communities for a Better Environment: CBE is 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 CEC is 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: CEE is 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: CLECA is 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: The CPUC is 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: C&I customers are business customers who 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: A Compliance Period is the time period to become Renewables Portfolio Standard (RPS) compliant, set by the California Public Utilities Commission (CPUC).

DA – Direct Access: Direct Access is an option that allows eligible customers to purchase their electricity directly from third-party providers known as Electric Service Providers (ESPs).

DA Cap: The DA Cap is 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: DACC is 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: The DA Lottery is a random drawing by which DA waitlist customers become eligible to enroll in DA service under the currently applicable Direct Access Cap.

DA Waitlist: The DA Waitlist consists of 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: DASR is a request submitted by C&I customers to become direct access eligible.



Demand: Demand refers to 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 DER is 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: Distribution refers to 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: DR is 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: Distributed Resource Plans 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: ECR is an IOU (Investor-Owned Utility) 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: Energy Efficiency refers to 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: ELCC is 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: Energy Storage is 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: An ESA refers to a battery services contract, a capacity contract, demand response contract or similar agreement.

ESP – Energy Service Provider: An Energy Service Provider is an energy entity that provides service to a retail or end-use customer.

EV – Electric Vehicle: An EV is 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) are gases that cause the atmosphere to trap heat radiating from the earth. The most common GHG is carbon dioxide.

GRC – General Rate Case: General Rate Cases are 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: This is 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: This is 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: IEPA is 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: An IOU is 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: An Integrated Resource Plan outlines an electric utility's resource needs in order to meet expected electricity demand long-term.

kW – Kilowatt: This is 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: LCE is the CCA that serves the City of Lancaster, California.

LCFS – Low Carbon Fuel Standard: This is 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: This is 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: This is a cost-benefit analysis of distributed resources that incorporates location-specific net benefits to the electric grid.

Load: Load refers to 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: Load-serving Entities 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: MCE was the first CCA in California and began serving customers in 2010. It serves customers in Contra Costa, Marin, Napa and Solano counties in Northern California.

MEO – Marketing Education and Outreach: This is 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: This is a measure of energy.

NAESCO – National Association of Energy Service Companies: NAESCO is 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: Non-Bypassable Charges are 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: An NDA is 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: NEM is a program in which solar customers receive credit for excess electricity generated by solar panels.

NRDC – Natural Resources Defense Council: NRDC is 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: An OIR is 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: OSC is an order requiring an individual or entity to explain, justify or prove something.

ORA – Office of Ratepayer Advocates: The ORA is an independent consumer advocate within the CPUC, now called the Public Advocates Office.

PA – Program Administrator (for EE Business Plans): IOUs and local government agencies can be authorized to implement CPUC-directed energy efficiency programs.

PCE – Peninsula Clean Energy Authority: PCE is the 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: RPS Portfolio Content Category 1 includes 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: RPS Portfolio Content Category 2 includes 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: RPS Portfolio Content Category 3 includes Unbundled Renewable Energy Certificate (REC).

PCIA or "exit fee" – Power Charge Indifference Adjustment: 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: The PCL is 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 PD is 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: PG&E is the IOU that serves 16 million people over a 70,000-square-mile service area in Northern California.

PHC – Prehearing Conference: A PHC is 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 PPA is a contract used to purchase the energy, capacity and attributes from a renewable resource project.

PRP – Priority Review Project: These are 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: The PUC is 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: The PURPA is 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: This is 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: Renewable energy is 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: This is 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: RPS is 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 Senate Bill is 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.

SBP – Solar Billing Plan: The Solar Billing Plan, also known as the Net Billing Tariff or NEM 3.0, is the new method of compensating customer-sited renewable energy self-generation, intended to promote grid reliability and incentivize solar and battery storage.

SCE – Southern California Edison: SCE is the large IOU that serves the Los Angeles and Orange County area.

SCP – Sonoma Clean Power Authority: SCP is the CCA serving Sonoma County and surrounding areas in Northern California.

SDG&E – San Diego Gas & Electric: SDG&E is the IOU that serves San Diego County and owns the infrastructure that delivers Community Power energy to our customers.

SGIP – Self-Generation Incentive Program: SGIP is 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: This is an electric surcharge intended to penalize consumers for excessive energy use.

SVCE – Silicon Valley Clean Energy: SVCE is the CCA serving the communities in Santa Clara County.

TCR EPS Protocol – The Climate Registry Electric Power Sector Protocol: This refers to 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: TOU Rates refers to 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: This is 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: TURN is a ratepayer advocacy group charged with ensuring that California IOUs implement just and reasonable rates.

Unbundled RECs: Unbundled RECs are 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 Virtual Power Plant is 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: VAMO is the process for SDG&E to allocate a proportional share of its renewable portfolio to Community Power and other LSEs within the service territory.