



AGENDA

Regular Meeting Finance and Risk Management Committee

October 15, 2026, 4 p.m.

City of Chula Vista Council Chambers
276 Fourth Avenue, Chula Vista, CA

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 comments. 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 September 17, 2026, Meeting Minutes](#)
2. [Approve 2027 Finance and Risk Management \(FRMC\) Committee Meeting Schedule](#)

REGULAR AGENDA

3. [Fiscal Year End 2025-26 Financial Audit Progress Report Presentation](#)

Recommendation: Receive and File Fiscal Year End 2025-26 Financial Audit Progress Report Presentation

AGENDA – FINANCE AND RISK MANAGEMENT COMMITTEE – SAN DIEGO COMMUNITY POWER

4. Treasurer's Report for One-Month Period Ending July 31, 2026

Recommendation: Receive and File Treasurer's Report for One-Month Period Ending July 31, 2026

5. Fiscal Year 2025-2026 Financial Year End Review

Recommendation: Review the Community Power Fiscal Year 2025-2026 Financial Year-End Review and reserve outlook and designation of \$115 Million Fiscal Year rate stabilization reserve deferral and take the following action:

1. Recommend Board Adoption of a Resolution Amending the Fiscal Year 2025-2026 Operating Budget by approving a \$1,000,000 budget-neutral transfer between Budget Level 2 categories from Professional Services to General & Administration and Debt Service

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, December 3, 2026, at 4 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 [Meetings and Agendas - San Diego Community Power](#). 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

September 17, 2026

City of Chula Vista
276 Fourth Avenue, Chula Vista, CA 91910

WELCOME

CALL TO ORDER

Chair Yamane called the Finance and Risk Management Committee meeting to order at 4:05 p.m.

ROLL CALL

PRESENT: Chair Yamane, City of National City; Director Inzunza, City of Chula Vista; and Alternate Director Cazares, City of La Mesa

Absent: None

Staff Present: Acting Chief Executive Officer Clark; General Counsel Tyagi; Senior Director of Finance Manglicmot; Associate Director of Strategic Finance and Procurement Spengler; Risk Manager Gonzalez; and Assistant Clerk of the Board Vences

PLEDGE OF ALLEGIANCE

Director Inzunza 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

None.

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

None.

CONSENT CALENDAR

1. Approve August 20, 2026, Meeting Minutes

There were no public comments on Consent Item No. 1.

Motioned by Director Inzunza and seconded by Alternate Director Cazares to approve Consent Item No. 1. The motion carried 3/0 by Roll Call Vote as follows:

AYES: Chair Yamane, Director Inzunza, and Alternate Director Cazares

NOES: None

ABSTAINED: None

ABSENT: None

REGULAR AGENDA

2. Treasurer's Report for 12-Month Period Ending June 30, 2026

Messrs. Spengler and Dan Delaney, Chandler Asset Management representative, presented the Treasurer's Report for 12-Month Period Ending June 30, 2026.

There were no public comments on Item No. 2.

After Committee member comments and questions, the Treasurer's Report for 12-Month Period Ending June 30, 2026, was received and filed.

3. Quarterly Risk Oversight Committee Report

Mr. Manglicmot and Ms. Gonzalez provided an overview of the Quarterly Risk Oversight Committee Report.

There were no public comments on Item No. 3.

After Committee member comments and questions, the Quarterly Risk Oversight Committee Report was received and filed.

4. Recommend Board Approval for a Contract with Neighborhood National Bank for Qualified Public Depository Services for the Period September 24, 2026, through August 30, 2031, and Authorize the Acting Chief Executive Officer to Execute the Contract

Mr. Spengler provided an overview of the proposed contract with Neighborhood National Bank for Qualified Public Depository Services.

There were no public comments on Item No. 4.

After Committee member comments, motioned by Director Inzunza and seconded by Alternate Director Cazares to recommend Board approval for a contract with Neighborhood National Bank for Qualified Public Depository Services (“Agreement”) for the period September 24, 2026, through August 30, 2031, and authorize the Acting Chief Executive Officer to execute the Agreement. The motion carried 3/0 by Roll Call Vote as follows:

AYES:	Chair Yamane, Director Inzunza, and Alternate Director Cazares
NOES:	None
ABSTAINED:	None
ABSENT:	None

COMMITTEE MEMBER ANNOUNCEMENTS

Director Inzunza welcomed Alternate Director Cazares. Alternate Director Cazares shared some upcoming events in La Mesa. Mr. Clark and Chair Yamane expressed appreciation to the Finance team.

ADJOURNMENT

The Finance and Risk Management Committee adjourned at 5:06 p.m. to the next regular meeting scheduled for Thursday, October 15, 2026, at 4 pm.

Sandra Vences
Assistant Clerk of the Board

SAN DIEGO COMMUNITY POWER

Staff Report – Item 2

To: Finance and Risk Management Committee

From: Maricela Hernandez, Clerk of the Board

Via: Jack Clark, Acting Chief Executive Officer

Subject: Approval of 2027 Finance and Risk Management (FRMC) Committee Meeting Schedule

Date: October 15, 2026

Recommendation

Approve the FRMC regular meeting schedule for calendar year 2027.

Background

During 2026, the FRMC held their meetings every third Thursday of the month at 4 p.m., except when an adjustment was required.

Analysis and Discussion

The FRMC wishes to continue its existing meeting schedule, with meetings alternating between the City of Chula Vista Council Chambers, at 276 Fourth Avenue, Chula Vista, CA and the City of La Mesa Council Chambers, at 8130 Allison Avenue, La Mesa, CA or at other locations compliant with public meetings specifications, as coordinated and communicated by Community Power staff in accordance with the Brown Act.

During 2027, staff recommend maintaining the same 2026 schedule. Meetings are expected to be in person with a remote/teleconference option for members of the public, staff, and FRMC members should the need arise to participate remotely.

Below are proposed 2027 FRMC meeting dates with a start time of 4 p.m. (exceptions noted):

- January 21, 2027
- February 18, 2027
- March 18, 2027
- April 15, 2027

- May 20, 2027
- June 17, 2027
- August 19, 2027
- September 16, 2027
- October 21, 2027
- December 2, 2027 (First Thursday)

The FRMC will observe recess during the months of July and November, which coincides with the Board of Directors anticipated meeting schedule.

Fiscal Impact

N/A

Attachments

N/A



SAN DIEGO COMMUNITY POWER

Staff Report – Item 3

To: Finance and Risk Management Committee

From: Jannies Burlingame, Chief Financial Officer/Treasurer
Tim Manglicmot, Senior Director of Finance and Risk

Via: Jack Clark, Acting Chief Executive Officer

Subject: Fiscal Year End 2025-26 Financial Audit Progress Report Presentation

Date: October 15, 2026

Recommendation

Receive and File Fiscal Year End 2025-26 Financial Audit Progress Report Presentation.

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 4.6.14 of the JPA specifies that 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.

On July 1, 2021, Community Power entered into a professional services agreement with Pisenti & Brinker to perform its annual audit for FY 2020-21. This professional services agreement expired on June 30, 2024.

On July 30, 2024, Community Power issued an invitation to bid from qualified and experienced professionals to provide independent financial statement auditing and additional as-needed services such as assisting with the preparation and reporting of audit findings to Community Power's Board. As a result of the invitation to bid, on September 1, 2024, Community Power entered into a professional services agreement with Pisenti & Brinker to perform its annual audit for FY 2023-24, and which included two one-year options to extend the contract

Shortly thereafter, Pisenti & Brinker subsequently merged with several accounting firms to form Sorren CPAs P.C. (Sorren), and Sorren assumed all of Pisenti & Brinker's rights, duties, and obligations under the professional services agreement.

On July 22, 2026, Community Power executed the second option, Amendment No. 2, to the professional services agreement with Sorren to extend the existing agreement by an additional year, from September 30, 2026, to September 30, 2027. This second amendment to extend the contract term was necessary to conduct Community Power's FY 2025-26 annual audit.

Further, California Government Code Section 12410.6(b) requires periodic rotation of key audit partners for local agency audits. Under the statute, the lead audit partner, coordinating audit partner, or reviewing audit partner may not perform audit services for the same local agency for more than six consecutive fiscal years, helping to preserve auditor independence while allowing continuity of service by the audit firm. Community Power's lead audit partner rotated during the Fiscal Year End 2024-25 Financial Audit that was received and filed by the Board on November 20, 2025.

Staff anticipate releasing a new solicitation for the annual independent fiscal audit next year.

Sorren is a firm with extensive experience auditing CCA's throughout California, as well as other local government entities.

Analysis and Discussion

Staff prepared a presentation describing the audit process and the preliminary results from Sorren for its FY 2025-26 financial audit. The full financial audit report for FY 2025-26 is expected to be presented to the FRMC on December 3, 2026, and expected to be reviewed by the Board on December 10, 2026.

Fiscal Impact

There is no budgetary impact associated with this action. The FY 2025-26 financial audit is part of Community Power's regular annual financial reporting process.

Strategic Plan

The FY 2025-26 financial audit supports Community Power's Financial Stability strategic goal by providing independent assurance over financial reporting, reinforcing transparency and accountability, and identifying opportunities to strengthen financial controls and policies. These efforts promote long-term fiscal sustainability and support the agency's objective to meet or exceed financial-management best practices.

Attachments

N/A

SAN DIEGO COMMUNITY POWER

Staff Report – Item 4

To: Finance and Risk Management Committee

From: Jannies Burlingame Chief Financial Officer and Treasurer

Via: Jack Clark, Acting Chief Executive Officer

Subject: Treasurer's Report for One-Month Period Ending July 31, 2026

Date: October 15, 2026

Recommendation

Receive and File Treasurer's Report for One-Month Period Ending July 31, 2026.

Background

San Diego Community Power (Community Power) prepares its accounting records on a full accrual basis under generally accepted accounting principles (GAAP) for governmental enterprise funds. This report presents preliminary, unaudited financial results for the one-month period ended July 31, 2026 — the first month of Fiscal Year (FY) 2026-27 — together with budgetary comparisons against the FY 2026-27 Operating Budget and Capital Investment Program (CIP) Budget adopted by the Board of Directors.

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 Finance and Risk Management Committee (FRMC) via the Treasurer's Report. As of July 31, 2026, 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.

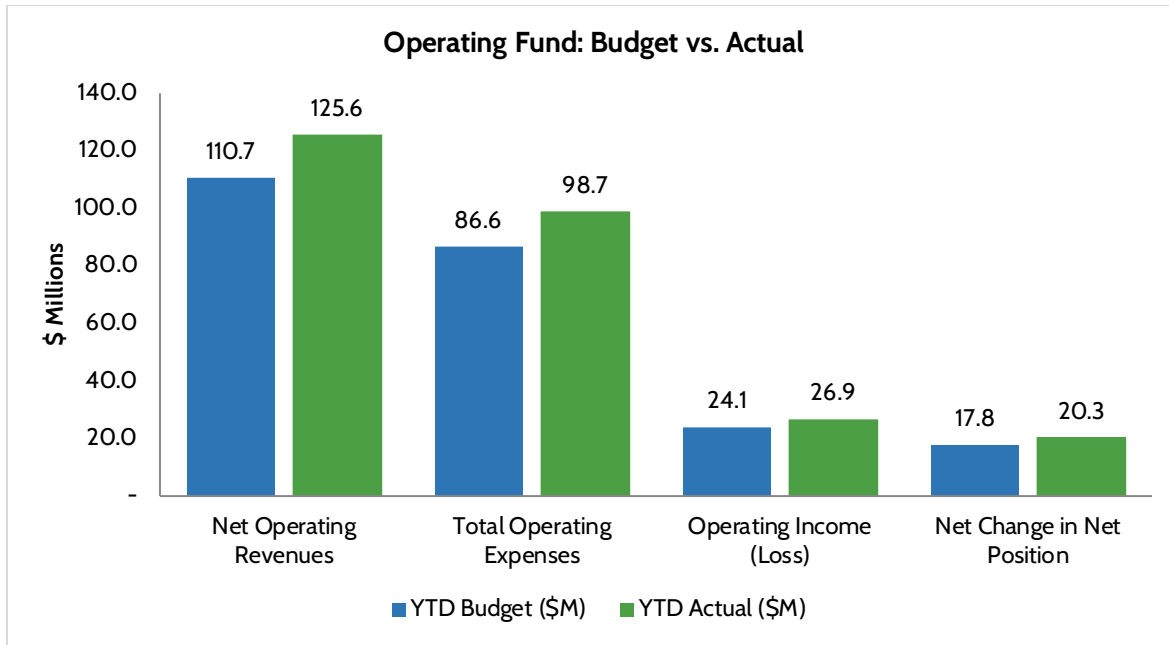
On June 25, 2026, the Community Power Board of Directors (Board) approved the Fiscal Year 2026-27 Operating Budget and Capital Investment Program Budget, which became effective July 1, 2026, and serves as the basis for comparison in this report.

Analysis and Discussion

Executive Summary – Key Financial Highlights (July 2026)

Community Power reported favorable financial results relative to budget in the first month of FY 2026-27. The Operating Fund reflects favorable results relative to budget, driven primarily by higher summer energy sales.

- **Net Operating Revenues** of \$125.6 million vs. \$110.7 million budgeted — +\$14.9 million (+13.4%), driven by higher gross ratepayer revenues from summer energy usage as well as the expansion of Super-Off Peak hours resulting in lower-than-expected payments to Net Energy Metering customers.
- **Total Operating Expenses** of \$98.7 million vs. \$86.6 million budgeted — \$12.1 million (+13.9%) over budget, driven primarily by Cost of Energy (\$94.6M actual vs. \$82.1M budget, +15.2%) tied to the same higher summer load.
- **Operating Income** of \$26.9 million vs. \$24.1 million budgeted — +\$2.8 million favorable.
- **Change in net position** for the month was \$20.3 million, bringing total net position to \$695.0 million as of July 31, 2026.
- **Reserves and liquidity** (unrestricted cash + investments) grew to \$716.6 million, equal to approximately 282 days cash on hand — above both the 225-day policy target and the 180-day minimum — and inclusive of the \$115.0 million Rate Stabilization Reserve designated at FY 2025-26 year-end.



Operating Fund Analysis:

The table below presents the Operating Fund budgetary comparison schedule for the one-month period ended July 31, 2026, together with the FY 2026-27 Annual Budget and remaining budget capacity.

SAN DIEGO COMMUNITY POWER OPERATING FUND BUDGETARY COMPARISON SCHEDULE One Month Ended July 31, 2026						
	Year-to-Date				Annual	
	Budget	Actual	Budget Variance (Under) Over	Actual/ Budget %	Budget	Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	\$ 112,379,000	\$ 127,481,248	\$ 15,102,248	113%	\$ 932,813,000	\$ 805,331,752
Less: Uncollectible Customer Accounts	(1,686,000)	(1,912,219)	(226,219)	113%	(13,992,000)	(12,079,781)
Other Income	-	11,361	11,361	na	-	(11,361)
Total Revenues and Other Sources	110,693,000	125,580,389	14,887,389		918,821,000	793,240,611
OPERATING EXPENSES						
Cost of Energy	82,134,000	94,606,124	12,472,124	115%	872,343,000	777,736,876
Professional Services and Consultants	1,980,000	1,472,086	(507,914)	74%	23,797,000	22,324,914
Personnel Costs	1,951,000	1,920,549	(30,451)	98%	23,413,000	21,492,451
Marketing and Outreach	196,000	150,576	(45,424)	77%	2,415,000	2,264,424
General & Administrative	362,000	548,917	186,917	152%	6,094,000	5,545,084
Total Operating Expenses	86,623,000	98,698,252	12,075,252		928,062,000	829,363,748
Operating Income (Loss)	24,070,000	26,882,138	2,812,138		(9,241,000)	(36,123,138)
NON-OPERATING REVENUES (EXPENSES)						
Investment Income	1,925,000	1,583,751	(341,249)	82%	23,101,000	21,517,249
Interest and Related Expenses	(162,000)	(146,000)	16,000	90%	(1,949,000)	(1,803,000)
Transfer to Capital Investment Program	(8,000,000)	(8,000,000)	-	100%	(8,000,000)	-
Total Non-Operating Revenues (Expenses)	(6,237,000)	(6,562,249)	(325,249)		13,152,000	19,714,249
NET CHANGE	\$ 17,833,000	\$ 20,319,889	\$ 2,486,889		\$ 3,911,000	\$ (16,408,889)

Operating Fund Variance Analysis:

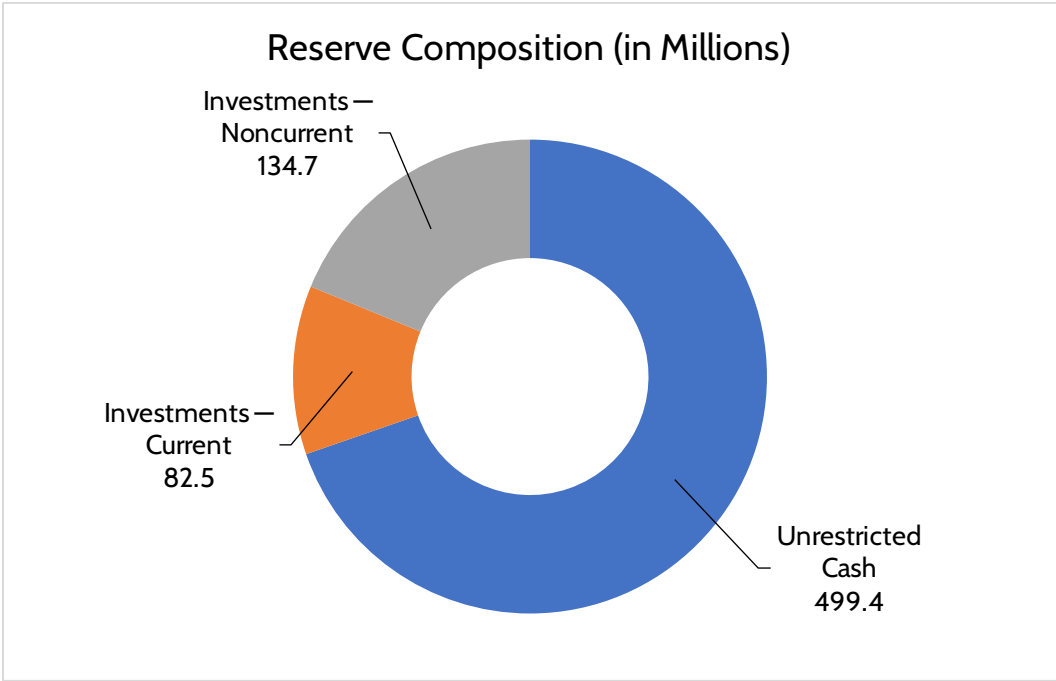
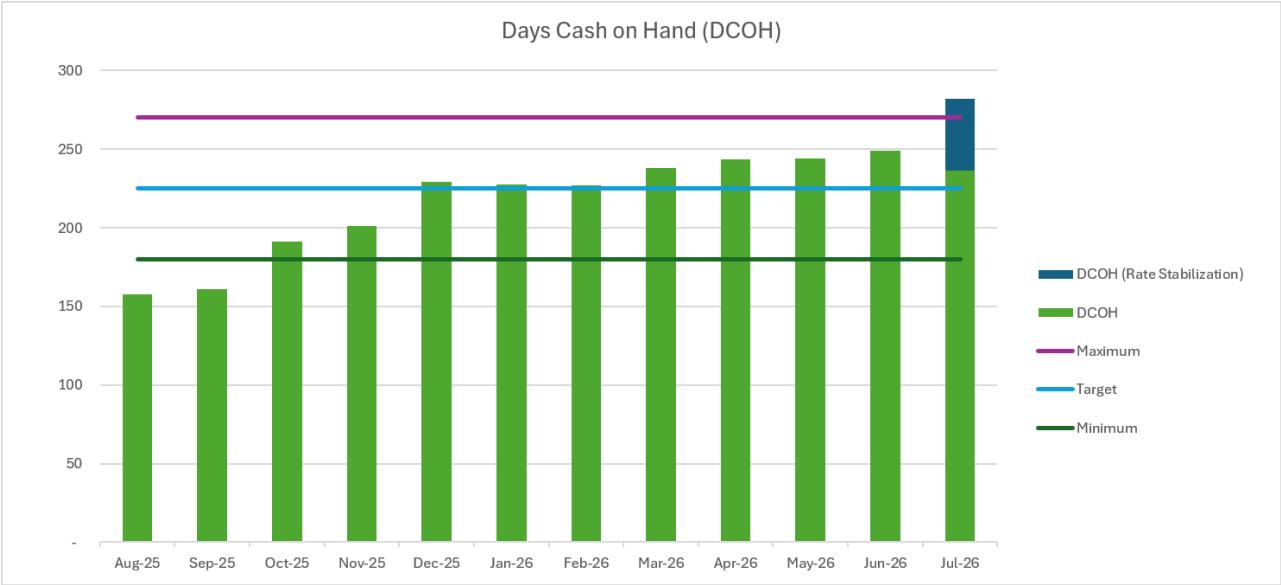
- **Gross Ratepayer Revenues** exceeded budget by \$15.1 million (113% of budget), consistent with higher-than-forecast summer retail energy sales.
- **Cost of Energy** was \$12.5 million over budget (115% of budget), moving together with the higher ratepayer sales volume.
- **Professional Services and Consultants** came in \$0.5 million under budget (74%), reflecting timing of contract utilization typical for the start of a fiscal year.
- **Personnel Costs** were essentially on budget (98%, \$30,451 under), reflecting normal vacancy/accrual timing.
- **General & Administrative** expenses were \$186,917 over budget (152%), driven by Other G&A and Insurance.
- **Investment Income** was \$341,249 under budget (82%), consistent with the portfolio's duration positioning.

Financial Reserves:

Under Resolution 2025-23, Community Power's Financial Reserves Policy establishes a minimum reserve requirement of 180 days cash on hand (DCOH) and a reserve target of 225 DCOH, calculated against budgeted annual operating expenses. For FY 2026-27, budgeted annual operating expenses of \$928.1 million equate to a minimum reserve requirement of approximately \$457.7 million and a target of approximately \$572.1 million.

As of July 31, 2026, Community Power's reserves — defined as unrestricted cash plus current and noncurrent investments — totaled \$716.6 million, equal to approximately 282 days cash on hand. This exceeds both the policy minimum and target, reflecting the reserve base carried forward from FY 2025-26 year-end (including the \$115.0 million Rate Stabilization Reserve designated by staff for FY 2025-26) plus \$20.5 million of reserve growth during July.

Presented below are charts showing Community Power's rolling 12-month financial reserves relative to Reserve Policy thresholds, along with the composition of reserves between unrestricted cash and investments.



Investment Portfolio Report

Chandler Asset Management manages Community Power’s investment portfolio. As of July 31, 2026, the market value of the portfolio was \$145.2M and in compliance with Community Power’s Investment Policy. Presented below is a summary of the investment portfolio’s overall characteristics.

PORTFOLIO SUMMARY



San Diego Community Power | Account #11293 | As of July 31, 2026

Portfolio Characteristics		Account Summary			Top Issuers	
Average Modified Duration	2.54		End Values as of 06/30/2026	End Values as of 07/31/2026	United States	47.28%
Average Coupon	3.83%	Market Value	124,323,952.71	144,204,562.98	Federal Home Loan Mortgage Corp	11.19%
Average Purchase YTM	4.19%	Accrued Interest	1,027,482.57	1,030,321.13	Amazon.com, Inc.	1.29%
Average Market YTM	4.49%	Total Market Value	125,351,435.28	145,234,884.12	JPMorgan Chase & Co.	1.28%
Average Credit Quality*	AA+	Income Earned	538,123.27	456,041.79	Chase Issuance Trust	1.19%
Average Final Maturity	3.06	Cont/WD	0.00	20,000,000.00	Toyota Auto Receivables Owner Trust	1.18%
Average Life	2.80	Par	126,282,856.16	147,030,148.61	Guardian Life Global Funding	1.02%
		Book Value	125,084,742.95	145,545,153.25	The Home Depot, Inc.	0.98%
		Cost Value	124,787,157.37	145,214,976.83		

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

To ensure transparency and comply with Community Power's Non-Energy Procurement Policy, the table below lists contracts or amendments with not-to-exceed values between \$50,000 and \$150,000 that were executed under the CEO's authority between September 1 and September 30, 2026:

- Purchase Order 2609-04 – Nth Generation
 - One-year renewal of Varonis cybersecurity subscriptions for Microsoft 365, Managed Data Detection and Response (MDDR), Copilot, and AWS, including 251 Microsoft 365 licenses, 200 AWS licenses, and two collector licenses through September 21, 2027; not-to-exceed \$73,793.76.

Capital Investment Program Fund

The FY 2027-31 Capital Investment Plan contains all the individual capital projects, major equipment purchases, and major programs for the agency that are intended to span multiple years and that are considered one-time projects rather than recurring projects. Unspent funds are kept within the CIP and carried forward to the subsequent fiscal year. The CIP includes funding for local development feasibility studies, customer program pilot projects, member agency grants, community grants, a customer education platform, and other community-focused areas. The FY 2026-27 transfer from the operating fund includes \$3.5 million to support Solar Battery Savings, \$2.5 million to support Customer Pilot Programs, \$1.5 million to support Community Power's Flexible Load Strategy through the Distributed Energy Resources Management System Software Platform, \$0.3 million to support Regional EV Load Analysis, and \$0.02 million to support IT projects.

**CAPITAL INVESTMENT PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
One Month Ended July 31, 2026**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Budget Remaining</u>
REVENUES AND OTHER SOURCES			
Transfer in from Operating Fund	\$ 8,000,000	\$ 8,000,000	\$ -
Grant Revenue - SDREN	63,117,654	1,387,953	(61,729,701)
Grant Revenue - DAC	300,000	-	(300,000)
Grant Revenue - EBD	1,400,000		(1,400,000)
Grant Revenue - CEC	693,611		(693,611)
Total Revenue and Other Sources	<u>73,511,265</u>	<u>9,387,953</u>	<u>(64,123,312)</u>
EXPENDITURES AND OTHER USES			
Program Expenditures (Carryforward)	27,471,508		
Program Expenditures (FY27 Appropriation)	71,417,654		
Program Expenditures	<u>98,889,162</u>	<u>2,029,970</u>	<u>\$ (96,859,192)</u>
Net increase (decrease) in fund balance	(25,377,897)	7,357,983	
Fund balance at beginning of period	26,190,703	26,190,703	
Fund balance at end of period	<u>\$ 812,806</u>	<u>\$ 33,548,686</u>	

Customer Participation Rates

In an effort to minimize duplicative monthly reporting of information across multiple staff reports, beginning this month customer participation rates will no longer be included within the Treasurer's monthly staff report. Customer participation rates are presented in the recurring Board staff report titled "Update on Customer Operations." That report includes enrollment updates and tracks customer opt-outs, opt-ups, opt-downs, re-enrollments, and related customer engagement metrics.

Fiscal Impact

N/A

Strategic Plan

Consistent with the Strategic Plan objective of implementing prudent fiscal strategies to support long-term organizational sustainability.

Attachments

A: FY 2027 Year-to-Date Period Ended July 31, 2026, Financial Statements.

ITEM 4

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 July 31, 2026, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the one month 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
September 9, 2026

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of July 31, 2026

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 499,374,383
Cash and cash equivalents - restricted	36,033,336
Accounts receivable, net of allowance	117,657,265
Accrued revenue	71,572,589
Prepaid expenses	8,431,809
Other receivables	7,239,617
Deposits	1,871,322
Investments	82,493,273
Total current assets	<u>824,673,594</u>
Noncurrent assets	
Cash and cash equivalents - restricted	17,772,949
Investments	134,702,432
Capital assets, net of depreciation and amortization	1,745,661
Total noncurrent assets	<u>154,221,042</u>
Total assets	<u>978,894,636</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	100,280,478
Accounts payable	4,880,480
Other accrued liabilities	4,954,421
State surcharges payable	225,213
Deposits - energy suppliers	895,731
Lease liability	523,319
Advances from grantors	36,033,336
Total current liabilities	<u>147,792,978</u>
Noncurrent liabilities	
Deposits - energy suppliers	3,305,810
Advances from grantors	17,772,949
Total noncurrent liabilities	<u>21,078,759</u>
Total liabilities	<u>168,871,737</u>

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	115,000,000
-------------------------	-------------

NET POSITION

Net investment in capital assets	1,222,342
Restricted for security collateral	-
Unrestricted	693,800,557
Total net position	<u><u>\$ 695,022,899</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2026

OPERATING REVENUES

Electricity sales, net	\$ 125,569,029
Liquidated damages revenue	7,303
Other income	4,058
Total operating revenues	<u>125,580,390</u>

OPERATING EXPENSES

Cost of electricity	94,606,124
Contract services	2,823,425
Staff compensation	1,920,549
Other operating expenses	1,429,532
Depreciation and amortization	70,113
Total operating expenses	<u>100,849,743</u>
Operating income	<u>24,730,647</u>

NONCAPITAL SUBSIDIES

Grant revenue	<u>1,387,953</u>
Noncapital subsidies	<u>1,387,953</u>
Operating income and noncapital subsidies	<u>26,118,600</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	1,583,751
Interest expense	(3,108)
Nonoperating revenues (expenses), net	<u>1,580,643</u>

CHANGE IN NET POSITION

	27,699,243
Net position at beginning of year	667,323,656
Net position at end of year	<u><u>\$ 695,022,899</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
One Month Ended July 31, 2026

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 98,199,594
Receipts from wholesale sales and other operating activities	506,676
Payments to suppliers for electricity	(72,990,974)
Payments for other goods and services	(6,688,506)
Payments for staff compensation	(1,970,637)
Payments of state surcharges	(551,705)
Net cash provided by operating activities	<u>16,504,448</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts from grantors	<u>7,252,501</u>
Net cash provided (used) by noncapital financing activities	<u>7,252,501</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Lease payments	<u>(77,982)</u>
Net cash used by capital and related financing activities	<u>(77,982)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	2,589,757
Proceeds from investment sales and maturities of investments	345,055
Purchase of investments	(19,225,271)
Net cash provided (used) by investing activities	<u>(16,290,459)</u>

Net change in cash and cash equivalents	7,388,508
Cash and cash equivalents at beginning of year	<u>545,792,160</u>
Cash and cash equivalents at end of year	<u><u>\$ 553,180,668</u></u>

Reconciliation to the Statement of Net Position

Unrestricted cash and cash equivalents - current	\$ 499,374,383
Restricted cash and cash equivalents - current	36,033,336
Restricted cash and cash equivalents - noncurrent	17,772,949
Cash and cash equivalents	<u><u>\$ 553,180,668</u></u>

NONCASH INVESTING ACTIVITIES

Change in fair value of investments	\$ (548,164)
Change in interest income receivable	\$ (457,842)

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
One Month Ended July 31, 2026

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

Operating income	\$ 24,730,647
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense	70,113
(Increase) decrease in:	
Accounts receivable, net	(12,653,317)
Accrued revenue	(14,941,330)
Prepaid expenses	(1,824,922)
Other receivables	1,770
Deposits	(179,163)
Increase (decrease) in:	
Accrued cost of electricity	23,241,044
Accounts payable	(1,701,176)
Other accrued liabilities	87,275
State surcharges payable	(326,493)
Net cash provided by operating activities	<u><u>\$ 16,504,448</u></u>

SAN DIEGO COMMUNITY POWER

Staff Report – Item 5

To: Finance and Risk Management Committee

From: Jannies Burlingame Chief Financial Officer/Treasurer
Timothy Manglicmot, Senior Director of Finance and Risk
Jeb Spengler, Associate Director of Strategic Finance & Procurement
Will Weisman, Associate Director of Finance Capital Investment Plan
Chris Do, Finance Manager

Via: Jack Clark, Acting Chief Executive Officer

Subject: Fiscal Year 2025-2026 Financial Year End Review

Date: October 15, 2026

Recommendation

Review the Community Power Fiscal Year 2025-2026 Financial Year-End Review and reserve outlook and designation of \$115 Million Fiscal Year rate stabilization reserve deferral and take the following action:

1. Recommend Board Adoption of a Resolution Amending the Fiscal Year 2025-2026 Operating Budget by approving a \$1,000,000 budget-neutral transfer between Budget Level 2 categories from Professional Services to General & Administration and Debt Service

Background

On October 1, 2019, the initial members of San Diego Community Power (“Community Power”) adopted a Joint Powers Agreement which was amended and restated on December 16, 2021 (“JPA”). Section 4.6.2 of the JPA specifies that the Community Power Board of Directors (“Board”) shall adopt an annual budget prior to the commencement of the fiscal year. The Community Power fiscal year runs from July 1 to June 30.

Section 7.3.1 of the JPA specifies that the Board may revise the budget from time to time as may be necessary to address contingencies and unexpected expenses.

On June 26, 2025, the Board approved the FY 2025-26 (“FY26”) Operating Budget which included net revenue of \$1,199,619,579 and total expenses of \$1,016,711,339, resulting in a net position of \$182,908,241. Additionally, on June 26, 2025, the Board approved the FY26 capital budget which included revenue and expenses of \$54,545,636 to fund 12 projects in FY26, totaling 21 active projects during the fiscal year when including previously appropriated carry-forward funds. Finally, on June 26, 2025, the Board approved the FY 2026-30 Capital Investment Plan which outlined anticipated funding needs over the five-year outlook period, totaling \$344.3 million. The first year of the FY 2026-2030 CIP comprised the FY26 capital budget.

Subsequently, on February 26, 2026, the Board approved an amendment to the FY26 Operating Budget (FY26 Amended Budget) to decrease net revenue to \$1,175,418,914 and total expenses to \$1,025,004,360, resulting in a projected net position of \$150,414,553 for FY26. The Board additionally approved an amendment to the FY26 capital budget that includes total revenue and expenses of \$55,239,247. The amendment included \$11.2 million in unspent continuing funds as well as Grant revenue for the California Energy Commission CHARGE UP project.

Finally, on September 24, 2026, the Board received and filed the Treasurer’s Report for 12-Month Period Ending June 30, 2026. As part of the report, staff noted actual financial results for the period ending June 30, 2026: \$1.226 billion in net operating revenues were reported compared to \$1.175 billion budgeted for the period. Community Power’s change in net position of \$293.9 million was reported year-to-date for FY26. Table 1 reflects the summary of the actual results through June 30, 2026, compared to the FY26 Amended Budget:

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026**

	Year-to-Date			
	Amended Budget	Actual	Amended Budget Variance (Under) Over	Actual/ Amended Budget %
REVENUES AND OTHER SOURCES				
Gross Ratepayer Revenues	\$ 1,194,789,000	\$ 1,234,884,127	\$ 40,095,127	103%
Rate Stabilization Fund transfer	-	(115,000,000)	(115,000,000)	na
Less: Uncollectible Customer Accounts	(19,370,000)	(12,242,027)	7,127,973	63%
Other Income	-	3,115,059	3,115,059	na
Total Revenues and Other Sources	1,175,419,000	1,110,757,158	(64,661,842)	
OPERATING EXPENSES				
Cost of Energy	969,917,000	885,841,666	(84,075,334)	91%
Professional Services and Consultants	23,414,000	18,565,184	(4,848,816)	79%
Personnel Costs	19,612,000	18,836,768	(775,232)	96%
Marketing and Outreach	2,317,000	2,113,484	(203,516)	91%
General & Administrative	4,648,000	4,826,439	178,439	104%
Total Operating Expenses	1,019,908,000	930,183,540	(89,724,460)	
Operating Income (Loss)	155,511,000	180,573,619	25,062,619	
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	18,295,000	19,187,155	892,155	105%
Interest and Related Expenses	(1,515,000)	(1,858,591)	(343,591)	123%
Transfer to Capital Investment Program	(21,881,000)	(21,881,000)	-	100%
Total Non-Operating Revenues (Expenses)	(5,101,000)	(4,552,436)	548,564	
NET CHANGE	<u>\$ 150,410,000</u>	<u>\$ 176,021,182</u>	<u>\$ 25,611,182</u>	

Table 1. Budget Comparison by Budget Level 2, actual results through June 30, 2026 compared to the FY26 Amended Budget.

The report also noted that additional information regarding the FY26 year-end financial results, including the rate stabilization reserve determination and related reserve considerations, and potential recommendations for a supplemental budget appropriation, will be provided as part of the full-year FY26 financial review in October.

On July 28, 2022, the Board also approved Community Power's Budget Policy. Most notably, the Budget Policy states the Chief Executive Officer ("CEO") or Chief Financial Officer ("CFO") may authorize expense transfers between and within Budget Level 2 categories provided that net transfers total \$150,000 or less from the budget category. Budget movements exceeding this threshold require Board approval. Further, the FY26 Operating Budget Book defined the budget structure and budget level hierarchy where budget appropriations occur as shown in Figure 1.

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

Figure 1. Budget Structure – Budget Level Hierarchy

Relatedly, on December 11, 2025, as part of a fourth revision to the financial reserves policy, and on May 28, 2026, as part of a budget presentation, the Board received updates from staff noting that the most significant financial risk facing the agency is volatility in Market Price Benchmarks (“MPBs”) as they flow through the Power Charge Indifference Adjustment (“PCIA”) and SDG&E bundled rates. As of April 30, 2026, Community Power’s projected market prices for on-peak energy, off-peak energy, and renewable resources for calendar years 2026 and 2027 were materially lower than the CPUC’s published benchmark values on October 1, 2025.

As noted in the staff report, the FY27 Operating Budget reflects significant downside risk to calendar year 2027 net revenue resulting from Market Price Benchmark volatility - the single largest financial risk facing the agency. This risk is projected to be partially mitigated within the cost of energy through (1) open energy positions that can be closed at lower projected market prices and (2) lower projected renewable prices under the VAMO contract with SDG&E. Together, these factors drove the reduction in projected operating expenses in the FY27 Operating Budget.

The following includes an analysis and discussion of the FY26 year-end results, the resulting reserve position, and a preliminary outlook and reserve projection for FY27 and FY28.

Analysis and Discussion

FY26 concluded materially better than the FY26 Amended Budget. Favorable market conditions resulted in higher-than-budgeted revenues and lower-than-budgeted energy costs, increasing Community Power's reserves from 114 days cash on hand at the end of FY25 to 249 days cash on hand at the end of FY26. The strengthened financial position enabled full funding of the \$115 million Rate Stabilization Reserve framework previously approved by the Board and positioned the agency to manage anticipated PCIA-related financial pressures in FY27 and FY28. Staff is additionally requesting approval of budget-neutral transfers between Budget Level 2 categories; however, no increase to the Board-approved budget is required.

The actual financial results for FY26 through the period ending June 30, 2026, compared to the FY26 Amended Budget by budget level 2 are shown in Table 1 in the Background section. The financial results are a compilation and reflect unaudited financials for FY26. The final FY26 Financial Audit, which includes the final audited financials for the period, is expected to be reviewed by the Board on December 10, 2026. While staff expect the unaudited financials to remain largely unchanged, staff nonetheless expect further adjustments to the results shown in Table 1.

Revenues and Other Sources

Before designation of the \$115 million Rate Stabilization Reserve, FY26 net revenues exceeded budget by \$50.3 million, or 4.3%. Following designation of the \$115.0 Rate Stabilization Reserve, discussed further in the reserve section, reported net revenues were (\$64.6 million), or 5.5% under budgeted projections, because the designated amount was deferred rather than recognized as FY26 revenue. This deferral does not affect cash reserves and reflects implementation of the Board-approved Rate Stabilization Reserve framework discussed later in this report.

The primary drivers for the total net revenues exceeding the budget included:

1. **Super Off-Peak Expansion.** The Super Off-Peak expansion from 10am to 2pm for residential customers resulted in lower-than-expected credits to Net Energy Metering customers. The lower rates during solar hours meant that the value of solar generation during the new super-off peak was reduced.
2. **Uncollectibles.** The FY26 Amended Budget included a 1.75% uncollectible rate, but actual results estimate a 1.24% uncollectible rate for the remaining fiscal year. This result led to actual results finishing \$7.1 million higher than expected.

3. **PowerBase Enrollment.** During the fiscal year, fewer customers enrolled in Community Power's PowerBase product, which is 10% less expensive than SDG&E's generation rates. This led to additional revenue as these customers instead remained in Community Power's PowerOn base product, which was 4% less expensive than SDG&E's generation rates in calendar year 2027.
4. **Load Usage.** Customers had slightly higher than forecast load usage especially as weather was hotter than expected during the fiscal year.

Operating Expenses

Cost of Energy

Energy costs were \$84.1 million, or 8.6% below the year-to-date budget.

As background, when a Community Choice Aggregator ("CCA") is formed, it typically purchases energy in the volatile short-term energy market. CCAs also procure renewable energy, such as Portfolio Content Category 1 ("PCC1"), to meet renewable portfolio requirements, as well as resource adequacy to comply with mandatory planning and procurement obligations designed to ensure there is sufficient generation capacity available to reliably serve consumer demand in real time.

Community Power's long-term strategy since its formation has been to shift from the volatile, short-term markets into long-term renewable power purchase agreements ("PPAs"). Long-term PPAs lock in renewable energy supply around which Community Power can build its power supply portfolio while also hedging power supply costs and meeting resource adequacy obligations. Long-term PPAs also generally provide fixed pricing for energy, renewables and resource adequacy.

However, in FY26, a significant portion of Community Power's energy, renewable resources and resource adequacy was purchased in the volatile, short-term market as more long-term PPAs continue to come online and as staff continue to bring long-term PPAs for Board approval.

As a result, because energy, renewables and resource adequacy prices are at historically low levels, discussed further in the Projected Use of Reserves in FY27 and FY28 section, Community Power saw significant savings from short-term market purchases. These savings were driven primarily by:

1. **Renewable Energy Costs.** \$91.6 million in lower renewable energy costs, reflecting recent declines in PCC1 prices. This market trend resulted in more favorable Renewable Portfolio Standard (RPS) procurement pricing and reduced costs under Voluntary Allocation Market Offer (VAMO) contract with San Diego Gas and Electric (SDG&E). Additionally, the volume of renewables delivered under the VAMO contract was lower than expected during the fiscal year leading to additional savings.

2. **Energy Costs.** Load-serving costs were \$16.3 million below budget, driven by lower Day-Ahead market energy prices. These savings were partially offset by \$33.3 million in lower-than-budgeted CAISO credits, which increased net energy costs relative to forecast. After accounting for this offset, total energy costs were \$84.1 million under budget year-to-date.

Non-Energy Costs

Non-energy operating expenses ended FY26 generally in line with budget expectations and did not contribute materially to overall financial variances for the year. Actual expenditures across the major non-energy categories were largely consistent with the assumptions reflected in the FY26 Amended Budget, with only limited deviations requiring discussion.

The following section provides a brief overview of the primary non-energy expense categories and highlight notable variances where applicable. As discussed later in this report, staff is also recommending several budget-neutral transfers between Budget Level 2 categories to align appropriation authority with final year-end expenditures. These administrative adjustments do not increase the total Board-approved revenue or expense appropriations for FY26.

- **Professional Services & Consultants** were (\$4.8 million), or 8.6% below the annual budget. Savings within this category were primarily attributable to increased internal staffing in alignment with the budget, which reduced reliance on certain external professional and consulting services. This category also included lower-than-anticipated costs for contracted and operational services most notably from Community Power's largest non-energy contracts for Calpine Community Energy, LLC, and San Diego Gas & Electric for service fees.
- **Personnel Costs** were (\$0.8 million), or 4.0% below the year-to-date budget which was in-line with expectations.
- **Marketing and Outreach** was (\$0.2 million) or 8.8% below the year-to-date budget primarily due to reduced printing requirements during the fiscal year.
- **General & Administration** was \$0.2 million or 3.9% over the year-to-date budget due to higher-than-anticipated costs across several operating areas, including insurance, software and technology services, and utilities. These variances primarily reflected evolving organizational needs and higher-than budgeted costs.

Non-Operating Expenses

Investment income finished \$0.9 million or 4.9% better than the year-to-date budget as Community Power generated more cash reserves than anticipated generally leading to higher-than-expected investment income. Debt Service or Interest and Related Expenses, by comparison, finished \$0.3 million or 22.7% above the budget due to higher-than-anticipated costs associated with the organization's credit facilities and related financing fees.

Recommended Budget Movement

As part of the fiscal year-end close, staff is recommending Board approval of certain budget movements between Budget Level 2 categories to ensure appropriation authority is appropriately aligned with final expenditures. Staff consider these adjustments administrative and non-substantive in nature. The proposed movements are budget-neutral and do not increase the Board-approved revenue or expense appropriations for FY26.

Proposed budget movements between Budget Level 2 categories:

- **Professional Services & Consultants:** Transfer \$1,000,000 of available budget authority from the Professional Services & Consultants Budget Level 2 category.
- **General & Administration:** Transfer \$500,000 of budget authority to the General & Administration Budget Level 2 category.
- **Debt Service:** Transfer \$500,000 of budget authority to the Debt Service Budget Level 2 category.

No additional budget authority is requested. The proposed transfers reallocate existing appropriations within the FY26 Operating Budget and are budget-neutral, with no change to the total Board-approved budget.

These adjustments reflect staff's year-end review of actual expenditures and are intended to ensure that budget appropriations are appropriately aligned with expenditures within the applicable Budget Level 2 categories. Completing these adjustments following receipt of final June actuals provides a more accurate representation of fiscal year activity and addresses year-end budget variances without requiring an increase to the overall approved budget. Table 3 reflects the budget movement request in further detail.

Funding From (Budget Level 2)	Funding to	Transfer
Professional Services & Consultants	Debt Service	\$ 500,000.00
Professional Services & Consultants	General & Administrative	\$ 500,000.00
Total Budget Movement		\$ 1,000,000.00

**Table 2. Proposed budget movements between Budget Level 2 categories
Board Policy Direction and Reserve Strategy**

The FY26 results allowed Community Power to further strengthen reserves and implement the reserve management framework approved by the Board to address anticipated future market volatility and PCIA-related risks.

The FY26 year-end reserve position is the culmination of a series of Board policy actions taken during FY26. In December 2025, the Board increased reserve targets to address growing market risks. In March 2026, the Board established the Rate Stabilization Reserve framework to preserve affordability during adverse market conditions. In May 2026, staff identified MPB volatility and a potential PCIA snapback as the most significant financial risk facing the agency. The better than projected FY26 results provided the financial capacity necessary to implement each of these policy objectives.

Financial Reserves:

As a result of the year-end financials, Community Power's cash and investment reserves grew from approximately \$364.0 million at the close of FY25 (114 days cash on hand) to approximately \$696.1 million at the close of FY26 (249 Days Cash on Hand "DCOH", or 274 DCOH based on FY27 budgeted expenses). This growth was driven by better than anticipated market conditions (higher revenue and lower wholesale energy costs than budgeted) and was reinforced by two Board actions during the year: the December 11, 2025 revision to the Financial Reserves Policy (Resolution 2025-23), which raised the reserve target from 180 to 225 days cash on hand, and the March 26, 2026 adoption of a formal Rate Stabilization Reserve Policy (Resolution 2026-07).

This section of the staff report will provide (1) an overview of the month-by-month accounting of the growth in Community Power's financial reserves during FY26, (2) an explanation of the \$115 million deferral of FY26 revenue that has been designated as Rate Stabilization Reserves ("RSR"), including the policy authority and accounting mechanics for how the deferral will ultimately be recognized, and (3) staff's current projections of how reserves (including RSR) are expected to be used in Fiscal Years 2027 and 2028 as Community Power anticipates a reversal ("snapback") in Power Charge Indifference Adjustment ("PCIA") market conditions.

Growth of Financial Reserves in FY26

Community Power's reserve policy is measured in Days Cash on Hand, defined under the current policy as unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes, divided by average daily operating expenses. The tables below show the DCOH as presented in the monthly Treasurer's Reports to the FRMC throughout FY26.

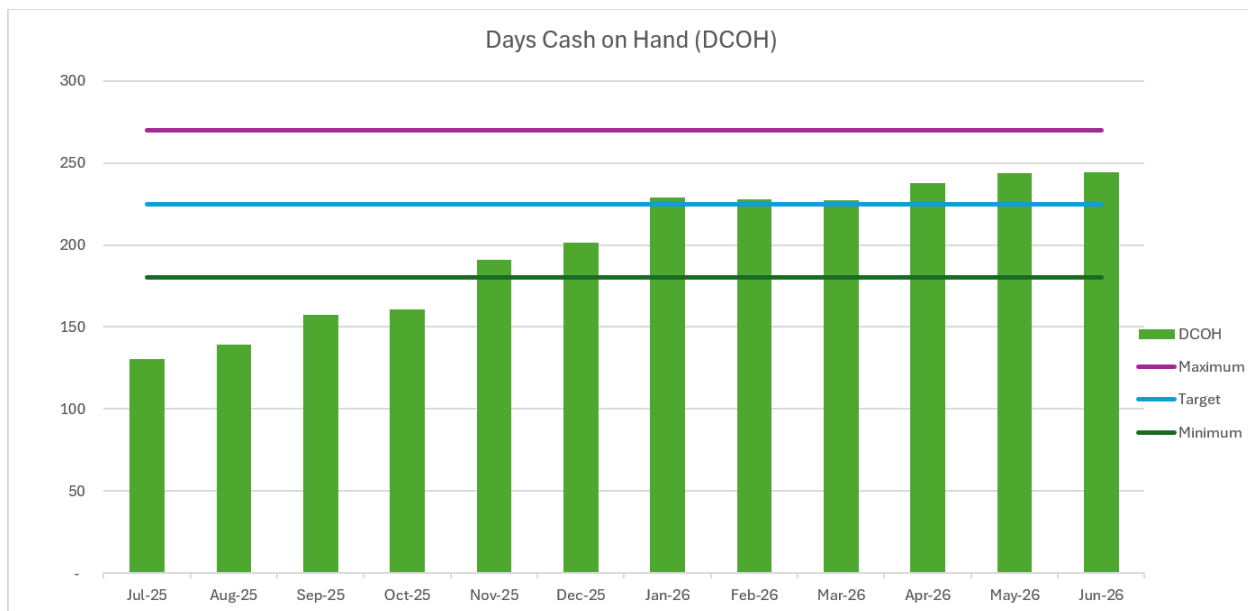


Figure 2. San Diego Community Power's Days Cash on Hand

Month-End	Days Cash on Hand	vs. Minimum (180)	vs. Target (225)	vs. Maximum (270)
Jul-25	139	-41	-86	
Aug-25	157	-23	-68	
Sep-25	161	-19	-64	
Oct-25	191	+11	-34	
Nov-25	201	+21	-24	
Dec-25	229	+49	+4	
Jan-26	228	+48	+3	
Feb-26	227	+47	+2	
Mar-26	238	+58	+13	
Apr-26	244	+64	+19	
May-26	244	+64	+19	
Jun-26	249 (FY26 expenses) 274 (FY27 expenses)	+69 +94	+24 +49	- +4

Table 3. San Diego Community Power's Days Cash on Hand by Month

At fiscal year-end, total reserves (cash and investments) stood at \$696.1 million, composed as follows:

Reserve Component (as of 6/30/2026)	Balance	% of Total
Unrestricted Cash	\$497,203,424	71%
Current Investments	\$80,988,906	12%
Non-Current Investments	\$117,874,747	17%
Total Reserves (Cash & Investments)	\$696,067,077	100%

Table 4. San Diego Community Power's Reserves by Component

\$115 Million Rate Stabilization Deferral

One of the most significant outcomes of FY26 was the successful implementation of the Board's reserve strategy. Through adoption of the revised Financial Reserves Policy in December 2025 and the Rate Stabilization Reserve Policy in March 2026, the Board established a framework intended to accumulate reserves during favorable market conditions and use those reserves to moderate future rate volatility. FY26 results provided sufficient financial performance to fully fund the maximum eligible Rate Stabilization Reserve designation of \$115 million.

As footnoted in the FY26 year-end Treasurer's Report, \$115 million of what would otherwise have been FY26 operating revenue was deferred and designated as a Rate Stabilization Reserves rather than recognized in FY26. This deferral impacts the "Net Operating Revenues" and "Change in Net Position" figures reported to the Board for FY26 (\$1,110.8 million and \$176.0 million, respectively). These numbers are \$115 million less than what Community Power actually collected in FY26.

The deferral was made possible by favorable FY26 market conditions – energy costs came in \$84.1 million under the amended budget – which produced revenue and positive operating margins above what was needed to meet FY26 financial obligations and reserve targets. Rather than allowing that full positive margin to be recognized in FY26, staff exercised the authority granted by the newly adopted Rate Stabilization Reserve Policy to set aside \$115 million specifically to cushion anticipated cost increases in FY27 and FY28 as discussed further in the "Projected Use of Reserves in FY27 and FY28" section below.

RSR Accounting Mechanics:

It's important to remember that the RSR deferral does not move cash and all funds designated as RSR are still included in the total reserves calculation. The RSR is a revenue-recognition mechanism as defined by the Governmental Accounting Standards Board ("GASB"). The GASB framework was applied by staff in designing the RSR policy. This policy allows staff to

treat a defined portion of favorable current-year revenues as a deferred revenue inflow rather than current-period revenue, provided there is a documented intent and mechanism to flow that amount through to benefit customer rates in a specific future period. For Community Power's financial statements and Treasurer's Reports, the deferral results in the following:

- The \$115 million is excluded from the "Net Operating Revenues" and "Change in Net Position" lines in the Statement of Revenues, Expenses, and Changes in Net Position for FY26.
- The cash and investments remain on the balance sheet and continue to count as unrestricted cash and investments for DCOH and total-liquidity reporting purposes. The \$115 million is included within the \$696.1 million of total reserves reported at June 30, 2026, and within the 249 days cash on hand figure, even though it is not part of recognized FY26 revenue.

The amount is carried as a designated (Board-restricted, not legally restricted) component of reserves until a future recognition event converts it into recognized revenue in the period the Board selects.

Process for Future RSR Recognition:

The RSR policy established two decision points with different approval authorities that govern the full lifecycle of a RSR determination:

- 1) Designation – At fiscal year-end, the Chief Executive Officer (or Acting CEO) may authorize the designation of eligible reserves into the RSR, subject to the policy's cap (approximately 45 days cash on hand). The determination will then be reported to the Board at the next regularly scheduled Board meeting. This is the step that occurred at the FY26 year-end that produced the \$115 million designation reflected in the June 30, 2026 Treasurer's Report.
- 2) Recognition (release into Revenue) – Board approval is required to recognize some or all of the \$115 million designated as RSR. Staff will bring a recommended recognition amount and timing to the Board as part of the annual financial review cycle. During the January rate-setting process, staff will present financial scenarios that may include the use of reserves, including amounts designated as RSR; the Board may also authorize the use of reserves not designated as RSR. Any RSR amount approved for recognition would be recorded as revenue later in the fiscal year if needed to satisfy financial covenants.

Projected Use of Reserves in FY27 and FY28:

FY27 – Managing an anticipated PCIA “snapback”

The preliminary FY27 operating and capital budget, presented to the FRMC on May 21, 2026, and to the full Board on May 28, 2026, projects a reversal of the favorable conditions that created FY26's reserve growth.

On June 10, 2026, as part of a stress test analysis for its Board, Silicon Valley Clean Energy (SVCE), a peer CCA with similar underlying metrics, noted for its Board that it believed market prices are collapsing (see Figure 2).

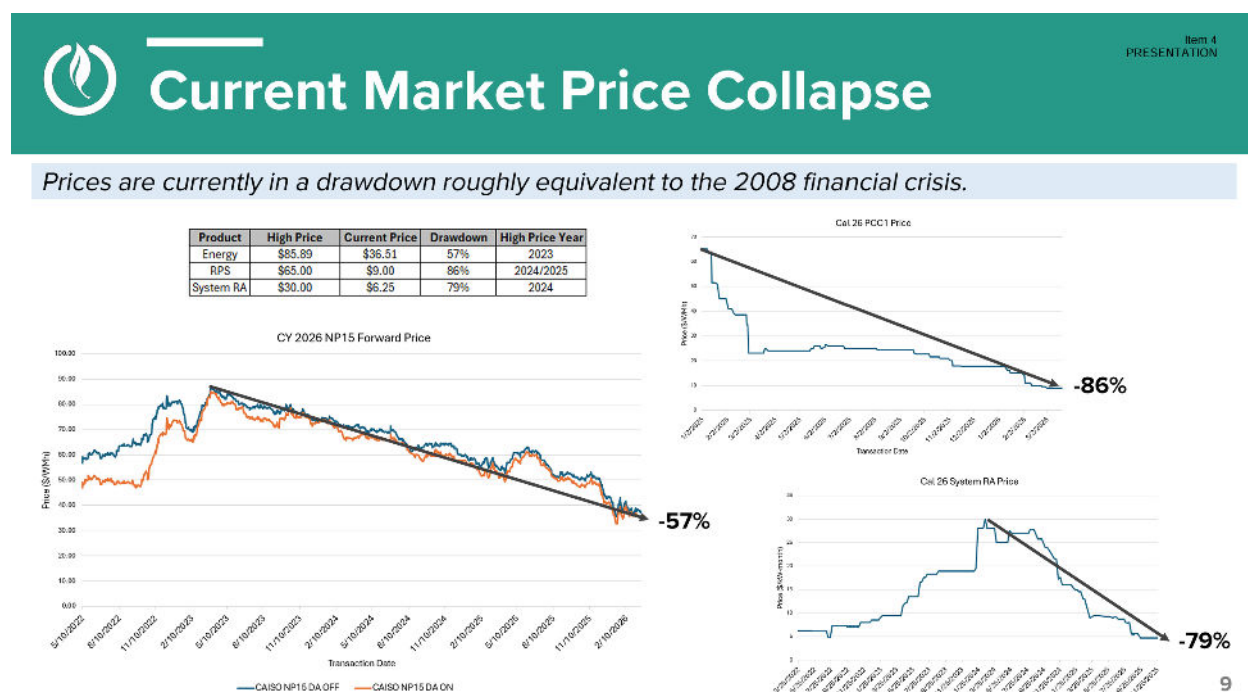


Figure 3. SVCE Board of Directors Meeting, Stress Test Analyses, June 10, 2026.

As noted in May 2026 to the FRMC and Board, declining market price benchmarks have a compounded financial impact on Community Power due to the timing mechanics of the PCIA and the Portfolio Allocation Balancing Account (PABA). Lower MPB values increase calculated above-market costs and are reflected through the PABA true-up in 2026, which results in a higher PCIA applied to Community Power customers in 2027. At the same time, those same market conditions contribute to lower SDG&E bundled generation rates in 2027. Together, these effects place downward pressure on Community Power's relative rate position by increasing PCIA charges while reducing the competing utility rate benchmark, although as noted in this report, Community Power realized significant cost of energy savings in FY26 from the same declining market price benchmarks.

Based on current market conditions, staff continue to project materially lower revenues and reduced operating margins in FY 27 and FY28 relative to FY26, driven by an expected PCIA

"snapback": CPUC market-price benchmarks that had been suppressed through 2025 and into 2026 are expected to normalize, which functionally shrinks the PCIA credit Community Power customers have been receiving. Updated forecasts reflecting the latest market information will be presented to the Board as part of future budget and rate-setting discussions.

As a result of the operating margin compression, the FY27 budget anticipates a positive net margin of \$3.9 million. This is in comparison to the FY26 amended budget net margin of \$150.4 million that was intentionally designed to grow reserves to reach the target DCOH by fiscal-year end.

Staff expect to bring forward a specific recommendation to the Board during the FY27 rate-setting process to show a use of reserves (either RSR-designated reserves or regular reserves, or some combination of the two) that are above the 225-day target. This use of reserves will offset the projected margin compression, protect necessary financial metric covenants, and moderate rate impacts to customers.

FY28 and beyond – Preliminary Outlook

The FY28 operating and capital budget will follow Community Power's normal cycle with preliminary versions brought to the FRMC and Board in spring 2027. Based on current planning materials and directional trends, staff anticipates a further draw down on reserves as PCIA is a multi-year true-up mechanism. Staff will continue to report reserve balances, RSR activity, and updated multi-year projections to the FRMC and Board and will highlight any material change in the FY27 or FY28 outlooks as soon as they are identified.

Capital Investment Program Fund

The FY 2026-30 Capital Investment Plan (CIP) contains all the individual capital projects, major equipment purchases, and major programs for the agency that are intended to span multiple years. Contributions to the CIP are considered one-time in nature and do not reflect future funding commitments.

The first year of the FY 2026-30 CIP is Community Power's capital budget for the FY26 as shown in Table 3 below. Contributions are made strategically from operations based on available resources to support future anticipated needs. Unspent funds are kept within the CIP and carried forward to the subsequent fiscal year. Fund balance presented in the Budgetary Comparison Schedule represents this carry-forward budget. The CIP includes funding for local development feasibility studies, customer program pilot projects, community grants, a customer education platform, and other community-focused areas.

The FY26 budget most notably included contributions from the Operating Fund to support the Solar Battery Savings Program, with \$18.8 million to support ongoing program needs projected in the Capital Investment Plan. The total program need over the five-year outlook period is expected to be \$55 million. \$3.9 million in program expenses reported below were

from the Solar Battery Savings program, \$3.6 or which were incentive payments to program participants. As of September 4, 2026, 706 applications have been completed representing an enrolled energy capacity of 18 MWh, with another 536 applications approved pending installation.

FY26 also saw a ramp up in expenses related to SDREN, with \$9.5 million in related program costs. Through focused efforts, SDREN has launched the Tribal Energy Upgrade program, Refresh Refrigeration program, Multifamily Energy Upgrade program, and the Home Energy Savings program. SDREN also continues prelaunch efforts for the Small Business Energy Coach and Business Energy Upgrade Program, while supporting early implementation efforts for the Energy Coach program, Spark Your Education, Spark your Career and the Public Sector Energy Upgrade program. SDREN is supported externally through Public Purpose Program funding.

**CAPITAL INVESTMENT PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026**

	Annual Amended Budget	YTD Actual	Amended Budget Remaining
REVENUES AND OTHER SOURCES			
Transfer in from Operating Fund	\$ 21,881,000	\$ 21,881,000	\$ -
Grant Revenue - SDREN	31,868,547	9,221,586	(22,646,961)
Grant Revenue - CDFA Efficient Refrigeration Pilot	-	642,592	642,592
Grant Revenue - DAC	589,822	-	(589,822)
Total Revenue and Other Sources	<u>54,339,369</u>	<u>31,745,177</u>	<u>(22,594,192)</u>
EXPENDITURES AND OTHER USES			
Program Expenditures	<u>54,628,369</u>	<u>15,895,042</u>	<u>\$ (38,733,327)</u>
Net increase (decrease) in fund balance	<u>\$ (289,000)</u>	15,850,136	
Fund balance at beginning of period		<u>10,340,567</u>	
Fund balance at end of period		<u>\$ 26,190,703</u>	

Table 5. Capital Investment Program Fund - Budgetary Comparison Schedule

Summary

FY26 concluded with operating results that exceeded budget expectations, allowing Community Power to materially strengthen its financial position while maintaining competitive rates. The resulting reserve growth enabled full funding of the Rate Stabilization Reserve framework approved by the Board and positions the agency to manage the projected PCIA and market-price volatility discussed throughout FY26. While staff anticipates reserves may be utilized in FY27 and FY28 to moderate customer impacts and preserve key financial

metrics, Community Power enters that period from its strongest financial position since formation and is poised to continue delivering competitive and stable rates for its customers.

Fiscal Impact

The recommended action reallocates \$1.0 million of existing appropriation authority between Budget Level 2 categories to align appropriations with actual FY26 expenditures. No additional budget authority is requested, and there is no impact to the total Board-approved FY26 Operating Budget, revenue appropriations, expense appropriations, reserves, or projected financial position. Staff consider the proposed adjustments administrative and non-substantive from a financial perspective.

Strategic Plan

This item advances Community Power's Financial Stability strategic goals approved by the Board on March 27, 2025, including building reserves, developing a Rate Stabilization Reserve to mitigate power cost fluctuations and economic downturns, and continuing to enhance financial controls and policies that meet or exceed financial management best practices.

FY26 results exceeded budget expectations, allowing Community Power to materially strengthen reserves, fully implement the Board's Rate Stabilization Reserve framework, and improve readiness for anticipated market-price benchmark and PCIA volatility. These outcomes reinforce the agency's commitment to long-term fiscal sustainability, affordability, and prudent financial management.

Attachments

A: 2026-06 Community Power Budgetary Comparison

B. A Resolution of the Board of Directors of San Diego Community Power Amending the Fiscal Year 2025-2026 Operating Budget

ITEM 5

ATTACHMENT A



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 year ended June 30, 2026 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
August 12, 2026

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026**

	Year-to-Date			
	Amended Budget	Actual	Amended Budget Variance (Under) Over	Actual/ Amended Budget %
REVENUES AND OTHER SOURCES				
Gross Ratepayer Revenues	\$ 1,194,789,000	\$ 1,234,884,127	\$ 40,095,127	103%
Rate Stabilization Fund transfer	-	(115,000,000)	(115,000,000)	na
Less: Uncollectible Customer Accounts	(19,370,000)	(12,242,027)	7,127,973	63%
Other Income	-	3,115,059	3,115,059	na
Total Revenues and Other Sources	<u>1,175,419,000</u>	<u>1,110,757,158</u>	<u>(64,661,842)</u>	
OPERATING EXPENSES				
Cost of Energy	969,917,000	885,841,666	(84,075,334)	91%
Professional Services and Consultants	23,414,000	18,565,184	(4,848,816)	79%
Personnel Costs	19,612,000	18,836,768	(775,232)	96%
Marketing and Outreach	2,317,000	2,113,484	(203,516)	91%
General & Administrative	4,648,000	4,826,439	178,439	104%
Total Operating Expenses	<u>1,019,908,000</u>	<u>930,183,540</u>	<u>(89,724,460)</u>	
Operating Income (Loss)	<u>155,511,000</u>	<u>180,573,619</u>	<u>25,062,619</u>	
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	18,295,000	19,187,155	892,155	105%
Interest and Related Expenses	(1,515,000)	(1,858,591)	(343,591)	123%
Transfer to Capital Investment Program	(21,881,000)	(21,881,000)	-	100%
Total Non-Operating Revenues (Expenses)	<u>(5,101,000)</u>	<u>(4,552,436)</u>	<u>548,564</u>	
NET CHANGE	<u>\$ 150,410,000</u>	<u>\$ 176,021,182</u>	<u>\$ 25,611,182</u>	

See accountants' ⁴³ compilation report.

CAPITAL INVESTMENT PROGRAM FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2026

	<u>Annual Amended Budget</u>	<u>YTD Actual</u>	<u>Amended Budget Remaining</u>
REVENUES AND OTHER SOURCES			
Transfer in from Operating Fund	\$ 21,881,000	\$ 21,881,000	\$ -
Grant Revenue - SDREN	31,868,547	9,221,586	(22,646,961)
Grant Revenue - CDFA Efficient Refrigeration Pilot	-	642,592	642,592
Grant Revenue - DAC	<u>589,822</u>	<u>-</u>	<u>(589,822)</u>
Total Revenue and Other Sources	54,339,369	31,745,177	(22,594,192)
EXPENDITURES AND OTHER USES			
Program Expenditures	<u>54,628,369</u>	<u>15,895,042</u>	<u>\$ (38,733,327)</u>
Net increase (decrease) in fund balance	<u>\$ (289,000)</u>	15,850,136	
Fund balance at beginning of period		<u>10,340,567</u>	
Fund balance at end of period		<u><u>\$ 26,190,703</u></u>	

ITEM 5

ATTACHMENT B

RESOLUTION NO. 2026-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER AMENDING THE FISCAL YEAR 2025- 2026 OPERATING BUDGET AND DESIGNATING \$115,000,000 AS RATE STABILIZATION RESERVES.

THE BOARD OF DIRECTORS OF SAN DIEGO COMMUNITY POWER DOES HEREBY FIND, RESOLVE,
AND ORDER AS FOLLOWS:

- A. San Diego Community Power (“Community Power”) is a joint powers authority formed pursuant to the Joint Exercise of Powers Act, Cal. Gov. Code § 6500 *et seq.*, California Public Utilities Code § 366.2, and a Joint Powers Agreement effective on October 1, 2019, and amended and restated on December 16, 2021 (“JPA Agreement”).
- B. The JPA Agreement provides that Community Power’s fiscal year (“FY”) shall be 12 months commencing each year on July 1 and ending on June 30 the following year.
- C. The JPA Agreement further provides that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- D. Community Power Board adopted the FY 2025-2026 Operating Budget on June 25, 2026.
- E. Community Power Board approved an amendment to the FY 2025-2026 Operating Budget on February 26, 2026.
- F. Community Power Board on July 28, 2022, approved Community Power’s Budget Policy that states the Chief Executive Officer or Chief Financial Officer may authorize expense transfers between and within Budget Level 2 categories provided that net transfers total \$150,000 or less from the budget category. Budget movements exceeding this threshold require Community Power Board approval.
- G. Community Power Board received and filed the Treasurer’s Report for 12-Month Period Ending June 30, 2026 that included preliminary year-end unaudited financial results for the 2025-2026 fiscal year ending June 30, 2026.
- H. Staff has completed its review of the unaudited financial results for Fiscal Year 2025-2026 and conducted a comprehensive assessment of year-end budget performance.
- I. As part of that review, staff identified \$1 million of Budget Level 2 categories where actual expenditures exceeded available appropriation authority and determined that transfers of existing appropriations are necessary to align budget authority with final fiscal year

expenditures and that the amount exceeds the approval threshold of the Chief Executive Officer and Chief Financial Officer under the Budget Policy.

- J. The recommended budget transfers reallocate existing appropriations between Budget Level 2 categories, do not increase total revenue appropriations, expense appropriations, or overall budget authority, and are administrative in nature.

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

1. The Board of Directors hereby receives and files the FY26 Financial Year-End Review, including the unaudited financial results for the fiscal year ended June 30, 2026.
2. The Board of Directors finds that staff has completed a review of FY26 year-end financial results and budgetary performance and has identified the need for limited transfers of existing appropriation authority between Budget Level 2 categories. The Board hereby approves the following budget neutral-transfers to ensure appropriations are appropriately aligned with actual fiscal year expenditures.

Budget Level 2 Category	Budget Adjustment
Professional Services & Consultants	(\$1,000,000)
General & Administration	\$500,000
Debt Service	\$500,000
Net Change to Operating Budget	\$ -

3. The Board of Directors further finds that the approved transfers reallocate existing budget authority only, do not increase total appropriations, and have no material impact on the overall FY26 Operating Budget.
4. This resolution shall take effect immediately upon its adoption and shall remain in effect except as amended or until repealed by the Board of Directors.

PASSED, APPROVED AND ADOPTED at a meeting of the Board of Directors of San Diego Community Power held on October 22, 2026.

AYES:

NOES:

ABSTAINED:

ABSENT:

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

ATTEST:

APPROVED AS TO FORM:

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

Veera Tyagi, General Counsel
San Diego Community Power

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.