

**Board of Directors Regular Meeting Agenda
October 31, 2024, 2:00 p.m.
City of Oceanside, Council Chamber
300 North Coast Hwy, Oceanside CA 92054**

Members of the public can observe the livestream of the meeting via Zoom by clicking:

<https://us06web.zoom.us/j/81376410530>

or telephonically by dialing:

(253) 215-8782

Meeting ID: 813 7641 0530

Members of the public can provide public comment in writing or orally in person as follows:

Written Comments: If you are unable to participate in person and you wish to make a comment, you may submit written comments prior to and during the meeting via email to: clerk@thecleanenergyalliance.org. All written comments will be posted online and become part of the meeting record. To ensure announcement of receipt of your written comments during the meeting, please submit all written comments by 12:00 p.m. prior to the commencement of the meeting. Public comments received in writing will not be read aloud at the meeting.

Oral Comments: Members of the public can address the Board on items on the agenda at the time the item is being addressed or during Public Comments for topics that are not listed on the agenda. Speakers are limited to three (3) minutes each. In conformance with the Brown Act, no Board action can occur on items presented during Public Comment.

If you desire to speak during Public Comment, please fill out a speaker card and submit it to the Board Secretary. When you are called to speak, please come forward to the podium and state your name. To address the Board regarding an item on the agenda, please fill out a speaker card and submit it to the Board Secretary before the Board Chair announces the item.

CALL TO ORDER

ROLL CALL

FLAG SALUTE

BOARD COMMENTS & ANNOUNCEMENTS

PUBLIC COMMENT

APPROVAL OF MINUTES

Minutes of the Regular Meeting held September 26, 2024



Presentations

Proclamation in Recognition of Board Member and Chair Dave Druker

Consent Calendar

Item 1: Clean Energy Alliance Treasurer's Report for August 2024

RECOMMENDATION:

Receive and file the Clean Energy Alliance Treasurer's Report for August 2024.

Reports

Item 2: Clean Energy Alliance Chief Executive Officer Operational Report

Public Hearing

Item 3: Amending Clean Energy Alliance Rate Schedule to Add Wholesale Market Access Tariff Rate

RECOMMENDATION:

- 1) Conduct the Public Hearing: Open the Public Hearing, Receive Public Testimony, and Close the Public Hearing.
- 2) Approve Resolution No. 2024-018 amending Clean Energy Alliance Rate Schedule to add Wholesale Market Access Tariff Rate Effective January 1, 2025

New Business

Item 4: Regulatory Update

RECOMMENDATION:

Receive the Regulatory update from Keyes and Fox.

Item 5: Amendments to the Community Advisory Committee Policy and the CEA Chair and Vice Chair Term Limits Policy

RECOMMENDATION:

Adopt Resolution No. 2024-019 approving amendments to the Community Advisory Committee Policy and the Chair and Vice Chair Term Limits Policy.

Item 6: Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC



RECOMMENDATION:

Adopt Resolution No. 2024-020 approving Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC.

Item 7: Receive Annual Audited Financial Report for the Fiscal Year Ended June 30, 2024

RECOMMENDATION

Receive and file Clean Energy Alliance Annual Audited Financial Report for the Fiscal Year Ended June 30, 2024.

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS

NEXT MEETING: Regular Board Meeting November 21, 2024, City of Oceanside, 300 North Coast Highway, Oceanside, CA 92054

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act (“ADA”), please contact clerk@thecleanenergyalliance.org prior to the meeting for assistance.

Clean Energy Alliance Board of Directors Regular Meeting Minutes
September 26, 2024, 2 p.m.
City of Oceanside, Council Chamber
300 North Coast Hwy, Oceanside CA 92054

CALL TO ORDER: Chair Druker called to order the Regular Meeting of the Clean Energy Alliance at 2:02 p.m.

ROLL CALL: Board Members: Becker, Bhat-Patel, Garcia, Musgrove, Chair Druker.
Alternate Board Member: Joyce.
Vice Chair Melendez, Board Member Garcia – Absent.

FLAG SALUTE: Board Member Becker led the flag salute.

BOARD COMMENTS & ANNOUNCEMENTS: None.

PUBLIC COMMENT: *Lane Sharman expressed concerns with SDG&E electricity rates.*

APPROVAL OF MINUTES:

Minutes of the Regular Meeting held August 29, 2024

Motion by Board Member Bhat-Patel seconded by Board Member Becker, to approve the minutes as presented. Motion carried, 4/0/3 (Melendez, Garcia – Absent) (Joyce – Abstain).

Presentations

Proclamation in Recognition of Alternate Board Member and CAC Chair Dwight Worden

Consent Calendar

Item 1: Clean Energy Alliance Treasurer’s Report for June 2024

RECOMMENDATION:

Receive and file the Clean Energy Alliance Treasurer’s Report for June 2024.

Item 2: Clean Energy Alliance Treasurer’s Report for July 2024

RECOMMENDATION:

Receive and file the Clean Energy Alliance Treasurer’s Report for July 2024.

Item 3: Consideration of Resolution No. 2024-017 Approving Amendments to the Clean Energy Alliance Conflict of Interest Code

RECOMMENDATION:

Adopt Resolution No. 2024-017 approving amendments to the Clean Energy Alliance Conflict of Interest Code.

Motion by Vice Chair Melendez, seconded by Board Member Musgrove, to approve the Consent Calendar. Motion carried, 5/0/2 (Melendez, Garcia – Absent).

Reports

Item 4: Clean Energy Alliance Chief Executive Officer Operational Report

CEO Greg Wade presented the report, providing an update on recent community outreach events, enrollment statistics, California's Self-Generation Incentive Program, and introduced CEA's CivicSpark Fellowship Intern, Olivia Regehr.

CEA Board received report.

New Business

Item 5: Regulatory Update

RECOMMENDATION:

Receive the Regulatory update from Keyes and Fox.

Regulatory Attorney Jacob Schlesinger provided the update.

CEA Board received report.

Item 6: Consideration of Resolution No. 2024-018 Approving Amendments to the Community Advisory Committee Policy

RECOMMENDATION:

Adopt Resolution No. 2024-018 approving amendments to the Community Advisory Committee Policy.

CEO Greg Wade presented the report.

Discussion ensued amongst the Board regarding whether the CAC Chair should be a Board Alternate appointed by the Board, a primary Board Member appointed by the Board, or a member of the CAC appointed by the committee.

Motion by Alternate Board Member Joyce, seconded by Board Member Bhat-Patel, to approve the amendments to the CAC Policy with the exception of the CAC Chair appointment. The motion was removed, and the Board directed to have the item brought back at a later date with other options for the appointment of a CAC Chair.

Alternate Board Member Joyce left the meeting at 2:56 p.m.

Item 7: Fiscal Year 24/25 Program Funds Distribution

RECOMMENDATION:

Provide direction regarding distribution and use of fiscal year 2024/25 budgeted program funds.

CEO Greg Wade presented the report.

Discussion ensued amongst the Board Members.

The board directed staff to return at a later date with more information regarding these funds being allocated to assist CARE customers.

NEXT MEETING: Regular Board Meeting September 26, 2024, City of Oceanside, 300 North Coast Highway, Oceanside, CA 92054

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS:

ADJOURN: Chair Druker adjourned the meeting at 3:11 p.m.

Kaylin McCauley
Board Secretary/Administrative Assistant

Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Andy Stern, Interim Chief Financial Officer/Treasurer

ITEM 1: Clean Energy Alliance Treasurer's Report

RECOMMENDATION:

Receive and File Clean Energy Alliance (CEA) Interim Treasurer's Report for August 2024.

BACKGROUND AND DISCUSSION:

This report provides the Board with the following financial information through August 31, 2024:

- Statement of Financial Position (Unaudited and preliminary) – Reports assets, liabilities, and financial position of the CEA as of August 31, 2024.
- Statement of Revenues, Expenses and Changes in Net Position (Unaudited and preliminary) for the twelve months ended August 31, 2024.
- Budget to Actuals Comparison Schedule (Unaudited and preliminary) – Reports actual revenues and expenditures compared to the annual amended budget as of August 31, 2024.
- List of Payments Issued – Reports payments issued for August 2024.

As of August 31, 2024, liabilities represent invoices and estimated accruals for energy and services received but not yet paid. The noncurrent liabilities relate to debt with JPMorgan as well as amounts due to the member cities of Carlsbad, Del Mar and Solana Beach. CEA is currently making interest only payments on the debt from JPMorgan. The amounts due to the member agency were for start-up costs and services provided to CEA for the period December 2019 to June 2020.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

None.

CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
As of August 31, 2024

ASSETS

Current assets

Cash and cash equivalents	\$ 23,696,545
Accounts receivable, net of allowance	39,270,855
Accrued revenue	26,545,675
Other receivables	6,027,525
Prepaid expenses	5,405,532
Deposits	<u>770,000</u>
Total current assets	101,716,132

Noncurrent assets

Restricted cash	187,000
Deposits	<u>55,376</u>
Total noncurrent assets	<u>242,376</u>
Total assets	<u>101,958,508</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	48,820,351
Accounts payable	1,639,682
Other accrued liabilities	337,574
Interest and financing cost payable	<u>274,556</u>
Total current liabilities	51,072,163

Noncurrent liabilities

Security deposits - energy suppliers	496,150
Revolving line of credit	<u>31,250,000</u>
Total noncurrent liabilities	<u>31,746,150</u>
Total liabilities	<u>82,818,313</u>

NET POSITION

Unrestricted (deficit)	<u><u>\$ 19,140,195</u></u>
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These financial statements do not contain note disclosures, have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

**CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Two Months Ended August 31, 2024**

OPERATING REVENUES	
Electricity sales, net	\$ 88,135,934
OPERATING EXPENSES	
Cost of electricity	50,117,102
Contract services	1,042,935
Staff compensation	259,623
Other operating expenses	92,192
Total operating expenses	<u>51,511,852</u>
Operating income (loss)	<u>36,624,082</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	21,071
Interest and financing expense	<u>(540,124)</u>
Nonoperating revenues (expenses), net	<u>(519,053)</u>
CHANGE IN NET POSITION	36,105,029
Net position at beginning of year	<u>(16,964,834)</u>
Net position at end of period	<u><u>\$ 19,140,195</u></u>

These financial statements do not contain note disclosures, have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

BUDGET TO ACTUALS COMPARISON SCHEDULE

At its June 2024, board meeting, the CEA Board approved the Fiscal Year (FY) 2024/25 budget approving \$326,469,000 in total operating expenses. For the year-to-date, \$52,052,000 of operating expenses have been expended. Revenues from electricity sales for the year-to-date reached \$88,136,000. Nonoperating activity was a net expense of \$519,000. The overall change in net position for the year-to-date was an increase of \$36,105,000.

The Budget to Actuals Comparison Schedules as of August 31, 2024, is shown below.

**CLEAN ENERGY ALLIANCE
BUDGETARY COMPARISON SCHEDULE
Two Months Ended August 31, 2024**

	<u>Year-To-Date</u>				<u>Annual</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance fav. (unfav.)</u>		<u>Annual Budget</u>	<u>Budget Less Actual YTD</u>	<u>Budget Remaining / Budget %</u>
			<u>Amount</u>	<u>%</u>			
Operating Revenues	\$ 88,135,934	\$ 78,715,148	\$ 9,420,786	12%	360,839,549	272,703,615	76%
Operating Expenses							
Cost of Energy	50,117,102	54,682,139	4,565,037	-8%	317,090,165	266,973,063	84%
Other Operating Expenses	1,394,750	1,410,187	15,437	-1%	9,378,650	7,983,900	85%
Total Operating Expenses	51,511,852	56,092,326	4,580,474	8%	326,468,815	274,956,963	84%
Operating Income (Loss)	36,624,082	22,622,822	14,001,260	62%	34,370,733	(2,253,349)	
Nonoperating Income/(Expense)							
Interest Income	21,071	21,992	(921)	-4%	148,585	127,514	
Interest Expense	(540,124)	(472,219)	(67,905)	-14%	(1,211,969)	(671,845)	
Total Nonoperating Income/(Expense)	(519,053)	(450,227)	(68,826)	-15%	(1,063,383)	(544,330)	51%
Change in Net Position	\$ 36,105,029	\$ 22,172,596	\$ 13,932,433		\$ 33,307,350	\$ (2,797,679)	

These financial statements do not contain note disclosures, have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

LIST OF PAYMENTS ISSUED

The report on the following page provides the details of payments issued by CEA for the month. All payments were within approved budget.

<u>Date</u>	<u>Type</u>	<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
08/30/2024	ACH/CHECK	BRAUNBLAISINGSMITHWYNNE	June 2024 - Professional Services	1,156.42
08/22/2024	ACH/CHECK	BRENTECH INCORPORATED	Annual Support Agreement Retainer	3,500.00
08/21/2024	ACH/CHECK	BURKE, WILLIAMS & SORENSEN, LLP	June 2024 - Legal services	8,723.20
08/05/2024	ACH/CHECK	CalCCA	FY24-25 Q1 Operational Membership Dues	113,825.00
08/20/2024	Wire	CALIFORNIA CHOICE ENERGY AUTHORITY	July 2024 RA	175,000.00
08/23/2024	ACH/CHECK	CHAPMAN AND CUTLER, LLP	Professional Services - Revolving Line of Credit	5,027.00
08/28/2024	ACH/CHECK	CLIMATE ACTION CAMPAIGN	Nexus Partner Sponsorship	5,000.00
08/26/2024	Wire	DYNASTYPOWER	Period of July 2024 - Environmental Attribute	20,909.00
08/20/2024	Wire	EDF TRADING NORTH AMERICA	July 2024 - Capacity Purchase	706,500.00
08/07/2024	ACH/CHECK	EMPOWER(401a)	Employee Retirement - 08/05/2024	6,386.92
08/22/2024	ACH/CHECK	EMPOWER(401a)	Employee Retirement - 08/20/2024	6,386.92
08/07/2024	ACH/CHECK	EMPOWER(457b)	Employee Retirement - 08/05/2024	4,117.32
08/23/2024	ACH/CHECK	EMPOWER(457b)	Employee Retirement - 08/20/2024	4,117.32
08/20/2024	Wire	ES1A Group 2 Opco, LLC	Resource Adequacy July 2024	108,360.00
08/23/2024	ACH/CHECK	Evolution Affairs, LLC	June - July 2024 - Professional Service	1,470.00
08/02/2024	Wire	JPMorgan	17-Jul-2024 31-Jul-2024 - Used	105,577.71
08/05/2024	Wire	JPMorgan	03-Jul-2024 04-Aug-2024 - Unused	40,312.06
08/21/2024	Wire	JPMorgan	Principal Repayment	5,000,000.00
08/26/2024	Wire	JPMorgan	Issuance Fee - Pattern Energy Letter of Credit	1,000.00
08/23/2024	ACH/CHECK	KARBONE INC.	Executed in July 2024 - Brokerage	115,200.00
08/23/2024	ACH/CHECK	KARBONE INC.	Executed in July 2024 - Brokerage	2,407.00
08/05/2024	ACH/CHECK	Keyes & Fox LLP	June 2024 - Professional Services	29,028.50
08/20/2024	Wire	LEAPFROG POWER, INC.	CEA - August 2024 RA (Quantity in kW)	12,517.20
08/16/2024	ACH/CHECK	MCCAULEY, KAYLIN	Expense Reimbursement - Jul 3, 2024 to Aug 7, 2024	43.95
08/21/2024	ACH/CHECK	MCCAULEY, KAYLIN	Expense Reimbursement - Jul 3, 2024 to Aug 7, 2024	31.39
08/20/2024	Wire	MCE (MARIN CLEAN ENERGY)	July 2024 North System RA	350,000.00
08/07/2024	ACH/CHECK	MC GEE, KAITLIN	Expense Reimbursement - July 2024	803.37
08/21/2024	ACH/CHECK	NewGen Strategies & Solutions	July 2024 - CEA SDG&E ERRRA REGULATORY SUPPORT	13,451.25
08/07/2024	ACH/CHECK	Neyenesch Printers	Mailing Services	1,421.45
08/21/2024	ACH/CHECK	Neyenesch Printers	Mailing Services	2,829.51
08/28/2024	ACH/CHECK	Neyenesch Printers	Mailing Services	2,446.35
08/21/2024	ACH/CHECK	Nixon Peabody LLP (vendor)	SERVICES RENDERED through July 31, 2024	312.50
08/29/2024	ACH/CHECK	Pacific Energy Advisors, Inc	June 2024 - Technical Consulting Advisors	39,000.00
08/23/2024	ACH/CHECK	PEAK ENERGY SOLUTIONS	Tracking Period: July 2023 - March 2024	38,803.15
08/26/2024	Wire	Powerex	Transactions for the Period of August 2024	98,562.50
08/26/2024	Wire	Resi Station LLC	Proxy Demand Response CEA Jul 2024	19,404.00
08/05/2024	ACH/CHECK	River City Bank CC	June 2024 Expenses	9,333.92
08/05/2024	Wire	SAAMI ENERGY SOLUTIONS, LLC.	November 2024 - Firm Resource Adequacy	105,000.00
08/20/2024	Wire	SDG&E (Procurement)	Jul-24 Resource Adequacy Sales (MCAM)	117,135.10
08/20/2024	Wire	SDG&E (Procurement)	Jul-24 VA Unbundled LT Contracts	1,970,655.11
08/23/2024	ACH/CHECK	SDG&E (Service Fees)	June 2024 fees for services rendered	55,091.79
08/20/2024	Wire	SEMPRA	Jul 2024 - Capacity Purchases	1,139,000.00
08/20/2024	ACH/CHECK	SDRMA	Coverage Month: September 2024	10,734.50
08/15/2024	ACH/CHECK	State Compensation Insurance Fund	Monthly - Worker's Comp AUTOPAY	452.75

08/05/2024 Wire	THE ENERGY AUTHORITY	July 2024 - CAISO Weekly Settlement	564,122.08
08/12/2024 Wire	THE ENERGY AUTHORITY	July 2024 - CAISO Weekly Settlement	1,646,283.28
08/20/2024 Wire	THE ENERGY AUTHORITY	July 2024 - CAISO Weekly Settlement	516,979.72
08/20/2024 wire	THE ENERGY AUTHORITY	July 2024 - CRR Settlement	9,247.43
08/26/2024 Wire	THE ENERGY AUTHORITY	August 2024 - CAISO Weekly Statement of Activity	852,914.29
08/01/2024 ACH/CHECK	THE ENERGY AUTHORITY	June 2024 - Resource Management Monthly Fees	13,653.58
08/29/2024 ACH/CHECK	THE ENERGY AUTHORITY	July 2024 - Resource Management Monthly Fees	13,653.58
08/21/2024 ACH/CHECK	Tripepi, Smith & Associates, Inc.	July 2024 - Communications and Marketing Service	14,271.41
08/21/2024 ACH/CHECK	Tullett Prebon Americas Corp	July 2024 - Communications and Marketing Service	63,750.00
08/01/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	1,094.03
08/06/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	636.10
08/07/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	700.27
08/16/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	962.57
08/20/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	1,542.90
08/30/2024 ACH/CHECK	USPS	First-Class Mail and First-Class Package Service	1,112.63
08/02/2024 ACH/CHECK	WREGIS	Retired	2,029.27
08/27/2024 ACH/CHECK	WREGIS	Retired	61.32
08/21/2024 ACH/CHECK	ZI NEMS	NEM Cash Out	441,776.77
Total for Operating Account			14,595,825.39
08/20/2024 Lockbox	Constellation Generation Company, LLC	June 2024 - Power Purchase	217,029.60
08/20/2024 Lockbox	NRG	Power transactions for JUN-2024	2,247,910.00
08/20/2024 Lockbox	Shell Oil North America	JUN 2024 - Energy Purchases	3,992,212.20
08/20/2024 Lockbox	Tecolote Wind LLC	July 2024 - Resource Adequacy Benefits	39,397.50
08/20/2024 Lockbox	MORGAN STANLEY CAPITAL GROUP, INC.	July 2024 - RA - Carbon Free- Hedge	7,100,464.74
Total for Lockbox Account			13,597,014.04



Staff Report

DATE: October 31, 2024
TO: Clean Energy Alliance Board of Directors
FROM: Gregory Wade, Chief Executive Officer
ITEM 2: Clean Energy Alliance Chief Executive Officer Operational and Administrative Report

RECOMMENDATION:

Receive and File the Chief Executive Officer Operational and Administrative Report.

BACKGROUND AND DISCUSSION:

This report provides an update to the Clean Energy Alliance (CEA) Board regarding operational and administrative activity

OPERATIONAL UPDATE

Oceanside & Vista May 2024 Enrollment

CEA continues to enroll remaining Net Energy Metering (NEM) customers in Oceanside and Vista on a monthly basis as each of these customers approach their annual true-ups. On average, CEA is enrolling approximately 1,800 NEM customers each month.

Following each monthly enrollment, CEA continues to receive calls, opt-out, and opt-up requests from Oceanside and Vista residents and businesses.

The statistics as of October 8, 2024, are as follows:

City	Eligible Customers	Opt-Downs to 50% Renewable	Opt-Ups to 100% Renewable	Opt-Outs	Participation Rate
Oceanside	69,422	186	68	3,689	94.7%
Vista	37,230	78	266	1,509	96.0%
TOTAL	106,652	264	344	5,198	95.1%

Self-Generation Incentive Program, Solar Plus

CEA is continuing its work to expand the Solar Plus program to incorporate the updated SGIP incentives for low-income customers and design a solution that supports customers who cannot pay the remaining 25% of installing energy storage systems upfront. Recently, the Energy Division of the California Public Utilities Commission (CPUC) suspended the Advice Letter related to these SGIP funds which will delay their availability until January 1, 2025. As such, staff is continuing to work on CEA's expanded Solar Plus program

and expects to present it to the Board for consideration and approval at the November 21st Board Meeting.

CEA in the Community

To provide opportunities for the communities we serve to meet with CEA staff and have their questions answered, staff continue to attend several in-person community events and give presentations.

CEA has been busy with many of these scheduled outreach efforts. Recent events and presentations that CEA participated in:

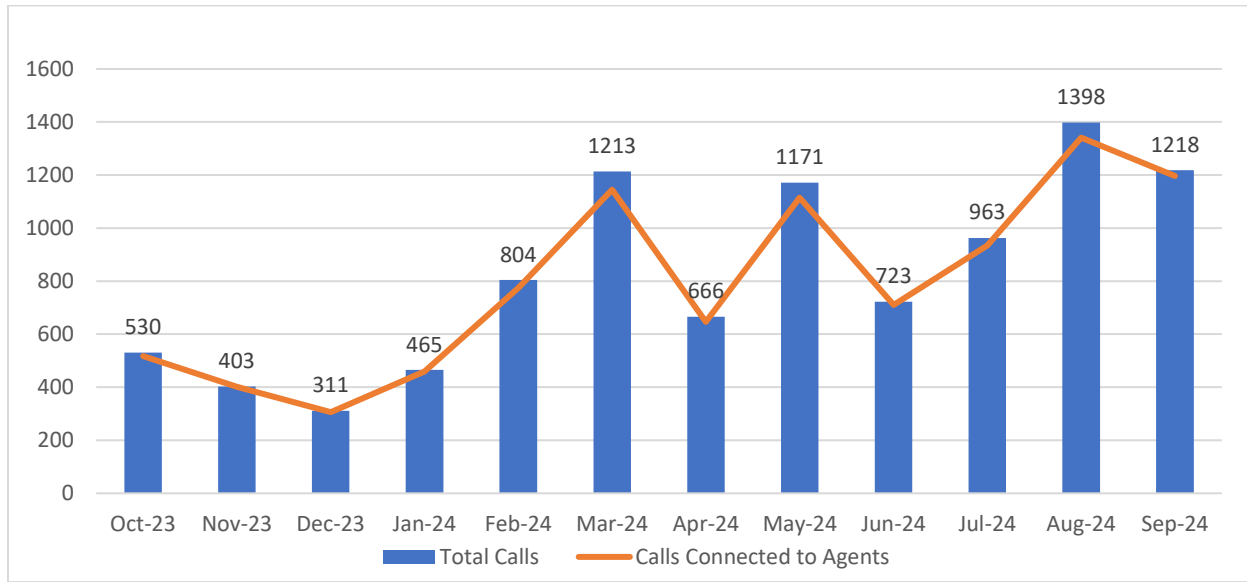
DATE	DESCRIPTION
September 29, 2024	City of Vista Cyclovia
October 9, 2024	CPUC Small and Diverse Business Expo
October 9, 2024	Del Mar Climate Coalition
October 8, 2024	Carlsbad City Council Presentation
October 10, 2024	CPUC Supplier Diversity En Banc
October 18, 2024	NEXUS: San Diego Climate Summit
October 26, 2024	Kiwanis' Oceanside Pacific Spaghetti Dinner
October 24, 2024	AWWEE Conference
October 30, 2024	CAISO Stakeholder Symposium

It appears that the holiday season is upon us as the number of events are decreasing. Upcoming events in which CEA will be participating include:

DATE	DESCRIPTION
November 13, 2024	Dr. Bronner's Green Team Presentation
November 20, 2024	Power Association of California (PANC) "Fireside Chat" – <i>Evolving Landscape of Energy Storage in the San Diego Region</i>
December 2024	Various Tree Lighting Ceremonies for Member Agencies

Call Center Activity and Participation Statistics

The following chart reflects customer activity through October 8, 2024.



Call volumes to CEA’s Call Center decreased 13% from August to September 2024. The most common call topics for all customers (commercial and residential) were related to Billing inquiries, Net Energy Metering, and Opt Out Submitted.

The total number of calls received, response times and call duration through September 30, 2024, were as follows:

Monthly Summary – September 30, 2024					
Stats by Month	Sept	Aug	July	June	Total
Total Calls	1218	1398	963	723	23,949
Total Calls Connected to Agents	1197	1341	935	710	23,390
Average Seconds to Answer	0:00:27	0:00:56	0:00:42	0:00:26	
Average Call Duration	0:08:35	0:09:46	0:11:31	0:11:26	

The following chart reflects enrollments in CEA’s power supply products by City as of October 23, 2024:

Member City	Clean Impact – 50% Renewable	Clean Impact Plus - 75% Carbon Free	Green Impact – 100% Renewable
Carlsbad	161	49,288	215
Del Mar	4	2,766	67
Escondido	139	53,013	63
Oceanside	175	63,116	64
San Marcos	118	34,560	63
Solana Beach	15	6,897	157
Vista	73	34,016	262
TOTAL ACCOUNTS	685	243,656	891

Risk Oversight Committee

The next regular meeting of the Committee is scheduled for December 5, 2024.


Contracts \$50,000 - \$100,000 entered into by Chief Executive Officer

VENDOR	DESCRIPTION	AMOUNT
cQuant	Energy/Market Data Analytics	\$90,000

FISCAL IMPACT:

There is no fiscal impact with this action.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

None.

Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Gregory Wade, Chief Executive Officer

ITEM 3: Consideration of Resolution 2024-018 Amending Clean Energy Alliance Rate Schedule to Add Wholesale Market Access Tariff Rate Effective January 1, 2025

RECOMMENDATION:

- 1) Conduct the Public Hearing: Open the Public Hearing, Receive Public Testimony, close the Public Hearing.
- 2) Approve Resolution No. 2024-018 Amending Clean Energy Alliance Rate Schedule to add Wholesale Market Access Tariff Rate Effective January 1, 2025.

BACKGROUND AND DISCUSSION:

At its October 26, 2023 regular Board meeting, the Clean Energy Alliance (CEA) Board approved the Wholesale Market Access Tariff (WMAT) Program and Terms and Conditions. The WMAT Terms and Conditions established the methodology for calculating the WMAT rate, and specified the rate would be adopted at a scheduled public hearing.

Staff has been working the past year procuring energy and power supply products in preparation for serving the Carlsbad Desalination Plant (Channelside) effective January 1, 2025, which is enrolled in the WMAT program.

The proposed rate has been developed pursuant to the WMAT Terms and Conditions, which provides revenues sufficient to cover costs for the 2025 calendar year. These costs include all power supply costs, including CAISO energy, Long-Term and Short-Term Renewable Energy and Resource Adequacy. The rate also includes an allocation of CEA administrative costs equivalent to the administrative costs in CEA's other rates.

The proposed WMAT rate effective January 1, 2025 is:

\$0.10150 per kWh

Per CEA's policy, a notice of the public hearing was published in the San Diego Union Tribune on Friday, October 18 and October 25, 2024.

FISCAL IMPACT:

The WMAT Rate as proposed provides sufficient revenue to cover costs as currently estimated and to fund the proportionate share of CEA administration and reserves.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

- A. Resolution No. 2024-018 Amending Clean Energy Alliance Rate Schedule to Add Wholesale Market Access Tariff Rate Effective January 1, 2025
- B. Published Public Hearing Notice

**CLEAN ENERGY ALLIANCE
RESOLUTION NO. 2024-018**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CLEAN ENERGY
ALLIANCE AMENDING RATE SCHEDULE ADDING THE WHOLESALE
MARKET ACCESS TARIFF RATE EFFECTIVE JANUARY 1, 2025**

WHEREAS, the Clean Energy Alliance (CEA) is a joint powers agency formed on November 4, 2019, under the Joint Exercise of Power Act, California Government Code section 6500 *et seq.*,

WHEREAS, Section 4.6 of the Joint Powers Authority (JPA) Agreement establishes the specific responsibility of the CEA Board of Directors to adopt retail rates for power; and

WHEREAS, the CEA Board adopted the Wholesale Market Access Tariff (WMAT) at its October 26, 2023 Board meeting; and

WHEREAS, the WMAT Terms and Conditions establishes the methodology for calculating the WMAT rate; and

WHEREAS, the proposed WMAT Rate was calculated using the approved methodology to generate sufficient revenue to cover the costs of serving WMAT customers;

WHEREAS, the Public Hearing Notice was published in the San Diego Union Tribune on October 18 and October 25, 2024 and posted on October 28, 2024.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board of Directors of the Clean Energy Alliance hereby approves CEA WMAT Rate at \$0.10150 per kWh.

Section 2. Rate to be effective January 1, 2025.

The foregoing Resolution was passed and adopted this 31st day of October 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dave Druker, Chair

ATTEST:

Kaylin McCauley
Board Secretary



PUBLIC HEARING NOTICE
CLEAN ENERGY ALLIANCE

The Board of Directors of Clean Energy Alliance (CEA) will conduct a public hearing to consider adopting a resolution adding a Wholesale Market Access Tariff (WMAT) rate to CEA's rate schedule for its Community Choice Aggregation Program, effective January 1, 2025.

The proposed WMAT rate is: \$.10150 per kWh

DATE OF HEARING: Thursday, October 31, 2024
TIME OF HEARING: 2:00 p.m. or as soon thereafter as the matter may be heard
PLACE OF HEARING: Oceanside City Hall
300 North Coast Highway
Oceanside, CA

All interested persons are invited to attend the meeting and comment on adopting a Resolution Adding Rates for Clean Energy Alliance. Members of the public unable to attend the public hearing may submit their comments and recommendations in writing to Clean Energy Alliance, via email to clerk@thecleanenergyalliance.org, which must be received no later than 12:00pm on Thursday, October 31, 2024 to ensure consideration by the Board.

Kaylin McCauley

Kaylin McCauley
Board Secretary
Clean Energy Alliance

DATED: October 11, 2024

Published: Friday, October 18, 2024
Friday, October 25, 2024

Published: San Diego Union Tribune

Posted: Monday, October 18, 2024

City of Oceanside, City Hall

Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Gregory Wade, Chief Executive Officer

ITEM 4: Receive Regulatory Update from Keyes & Fox

RECOMMENDATION:

Receive the Regulatory Update from Keyes & Fox.

BACKGROUND AND DISCUSSION:

Clean Energy Alliance contracts with Keyes and Fox for Regulatory Advocacy related activities. Each month Keyes and Fox provides an update to the CEA Board on key items of interest.

FISCAL IMPACT:

There is no fiscal impact from this action.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

- A. Keyes & Fox Regulatory Report

Clean Energy Alliance

Regulatory Monitoring Report

To: Clean Energy Alliance (CEA) Board of Directors

From: Tim Lindl, Partner, Keyes & Fox LLP
Jacob Schlesinger, Partner, Keyes & Fox LLP
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Memo

Date: October 18, 2024

Keyes & Fox LLP and EQ Research LLC are pleased to provide CEA's Board of Directors with this informational memo describing recent developments in key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC). Additional information is available in CEA's [Digest of Regulatory Updates](#).

Provider of Last Resort ([R.21-03-011](#))

- Phase 2 of the Provider of Last Resort (POLR) proceeding expands on the Phase 1 efforts to establish a comprehensive framework for existing IOU POLRs by setting rules that allow a non-IOU load-serving entity (LSE) to be designated as POLR. A Phase 2 prehearing conference was held on August 23, and a list of issues was filed in early October by the [Joint IOUs](#) (i.e., PG&E, SCE, and SDG&E), jointly by the [Alliance for Retail Energy Markets \(AReM\)](#) and [Direct Access Customer Coalition \(DACC\)](#), and by [CalCCA](#).
- The Joint IOUs recommended that Phase 2 immediately address three “carry-over” issues from Phase 1 and then separately focus on establishing the regulatory framework for on-IOU POLR service. Of the three issues, CalCCA agreed that incorporating seasonal resource adequacy pricing into the financial security requirement adopted in Phase 1 is properly within the scope of Phase 2, but CalCCA disagreed with including the issues of process and timing of notifications when a CCA triggers the financial monitoring conditions established in Phase 1 and procedures and mechanisms to address liquidity needs of the IOU POLR in the Phase 2 scope because these issues were already addressed in Phase 1.
- Phase 2 non-IOU POLR issues raised by parties mostly related to so-called “threshold” issues such as the Commission’s authority over non-IOU POLR service providers, application of existing public utility requirements to non-IOU POLRs, approaches to ensuring consistent application of POLR rules and requirements for POLR service among IOU and non-IOU POLRs, cost recovery, and other procurement and financial requirements for non-IOU POLRs. A Scoping Memo and Ruling from the Assigned Commissioner is expected soon which will determine the final Phase 2 issues and establish a procedural schedule.

Grid Modernization for High DER Future ([R.21-06-017](#))

- D.24-10-030 (not yet issued) ([Revised PD](#)) was adopted at the October 17 Commission meeting. The Decision adopts 13 directives for the IOUs to improve the Distribution Planning and Execution Process and an additional 8 requirements for improving Integration Capacity Analysis results in the data portals and the data portals themselves.
- Improvements to the Distribution Planning and Execution Process (DPEP), starting with the 2025-2026 DPEP, include the use of more accurate load forecasts based on customer energization requests and pending load evaluations as well as greater focus on differences between system- and circuit-level needs, use of an extended 13-year forecast horizon and a 10-year planning horizon, implement scenario-based planning with stakeholder involvement, increase the flexibility of distribution project prioritization, and provide more information regarding equity in distribution planning. The data portals and the Integration Capacity Analysis (ICA) must be expanded to include more detail of limiting criteria, have registration requirements for access removed with 90 days, implement Limited Generation Profiles, only redact aggregated data that doesn’t meet the 15/15 aggregation standard, create a bi-annual ICA report and hold quarterly ICA public workshops, and increase transparency of ICA issues.

- Track 2 of this proceeding is focused on Distribution System Operational Needs and System Operator Roles and Responsibilities, and an October 17 ALJ [Ruling](#) requested party comments on the final [Future Grid Study Report](#) (FGS Report). The FGS Report was compiled from three workshops held during the first half of 2024, and it offers a comprehensive account of the three workshop topics: (1) distribution system operational needs to enable a “High DER Future”; (2) the gaps between current distribution system operational capabilities and identified operational needs; and (3) a set of recommendations to address the identified gaps. Comments are due December 6 and reply comments are due January 10.

Building Decarbonization ([R.19-01-011](#))

- An October 8 ALJ [Ruling](#) directed parties to submit comments on AB 157’s (signed into law on September 30) directive to allocate \$42 million to the Technology and Equipment for Clean Heating (TECH) Initiative, of which \$40 million is earmarked for exclusive use in the SoCalGas service territory with funding to be prioritized for communities in the Aliso Canyon Disaster Area.

Update to Safety, Reliability, and Resiliency Rules ([R.24-05-023](#))

- The Assigned Commissioner’s [Scoping Memo and Ruling](#), issued on October 16, defined the near-term focus of this proceeding as developing processes for how IOUs will collect and aggregate data to establish a foundation for measuring utility outages to increase outage transparency for customers, and it defined the long-term priorities as addressing emerging threats and evolving priorities (e.g., aging equipment, extreme weather and wildfire events, prioritizing equity, and increased focus on electrification), including:
 - Increasing transparency for customers with standardized outage communications;
 - Addressing reporting shortfalls related to repetitive outages to improve short-term reliability, safety, and system resiliency; and
 - Prioritizing reliability investments to focus on areas most frequently impacted by service disruptions.
- Track 1 of the proceeding includes stakeholder proposals for data definitions in December, a workshop on data definitions and data reporting and one on a staff proposal in early 2025, and a proposed decision in late Summer of 2025.

Microgrids ([R.19-09-009](#))

- On September 17, the CPUC issued a [Proposed Decision](#) (PD) adopting implementation rules for multi-property microgrid tariffs and closing the proceeding that may be heard as early as the **November 7** Commission meeting. The PD would adopt a multi-property microgrid tariff for PG&E, SDG&E, and SCE, in compliance with SB 1339 (Stern, Stats. 2018, Chapter 566), that does not shift costs to ratepayers. The multi-property microgrid tariff adopted by the decision must be used by non-utility microgrids deployed through the Microgrid Incentive Program, which supports disadvantaged and vulnerable communities that are impacted by grid outages and may otherwise be unable to deploy a multi-property microgrid project without facing substantial capital costs.



Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Gregory Wade, Chief Executive Officer

ITEM 5: Amendments to the Community Advisory Committee Policy and Chair and Vice Chair Term Policy

RECOMMENDATION:

Adopt Resolution No. 2024-019 approving amendments to the Community Advisory Committee (CAC) Policy and the Chair and Vice Chair Term Limit Policy.

BACKGROUND AND DISCUSSION:

Clean Energy Alliance adopts policies to guide its operational practices and procedures and to ensure compliance with applicable laws and regulatory compliance. CEA posts adopted policies to its website for public access and they can be found at www.TheCleanEnergyAlliance.org/key-documents/.

As laws and best practices change, staff reviews current policies and brings recommendations for updated policies to the CEA Board for approval as needed. On March 30, 2023, at its regular meeting, the CEA Board of Directors (Board) approved revisions to CEA Policy No. 20, Chair and Vice Chair Term Limit Policy. Currently, the Chair-Vice Chair Term Limit Policy states that the CAC Chair is an Alternate Board Member, appointed by the Board. The CAC Policy currently states that the Chair is appointed by the CAC. The recommended change to the CAC Policy will bring the CAC Policy into alignment with the Board's Chair and Vice Chair Term Limit Policy.

The proposed amendments also include revising the terms of the CAC members from three-year terms, with a two-year term limit, to two-year terms without term limits. CAC members who wish to continue serving on the committee after completion of their term may reapply for consideration of reappointment by the Board. These amendments would allow existing CAC members the opportunity to continue serving if they chose to seek reappointment, while also providing opportunities for engagement and participation from other members of the public.

On September 26, 2024, the Board considered these proposed amendments to the CAC Policy. While the Board supported most of the amendments, discussion centered around the appointment of the CAC Chair. Specifically, some Board members felt that it was important to have a Board representative on the CAC, however, opinions were mixed around whether the Chair should be a Board member alternate or a Board

member. The Board directed staff to return to the Board at the October 31st meeting to provide options for the Board to consider.

On October 8, 2024, the CAC held its regular bi-monthly meeting. Staff presented the proposed CAC Policy amendments to seek their input. Like the Board, the CAC generally supported the amendments but also focused on the appointment of the Chair. Again, opinions were varied and no consensus was reached.

Given the discussion of the Board at its last meeting and that of the CAC, staff recommends the following language for selection of the CAC Chair in the CAC Policy be amended to read:

The CAC Chair shall be appointed by the CEA Board and shall be an Alternate Board Member of the CEA Board. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC.

To implement this CAC Chair selection process, Section 2.2 of CEA Policy 20 must similarly be amended as follows:

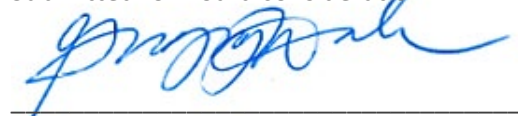
At the beginning of each calendar year, the Board appoints a Chair for CAC which shall be an Alternate Board Member. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC.

This recommendation is offered as a proposal for the Board to consider. Should the Board provide alternate direction, the Resolution and Policies will be amended accordingly.

FISCAL IMPACT:

There is no fiscal impact with this action.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

- A. Resolution No. 2024-019, approving amendments to the Community Advisory Committee Policy and CEA Chair-Vice Chair Term Limits Policy
 - a. Exhibit 1 - Redline Version of Community Advisory Committee Policy with proposed changes
 - b. Exhibit 2 – Redline Version of CEA Chair and Vice Chair Term Limits Policy with proposed changes

**CLEAN ENERGY ALLIANCE
RESOLUTION NO. 2024-018**

**A RESOLUTION OF THE CLEAN ENERGY ALLIANCE BOARD OF DIRECTORS
AMENDING THE COMMUNITY ADVISORY COMMITTEE POLICY AND THE CHAIR AND VICE
CHAIR TERM LIMITS POLICY**

WHEREAS, Clean Energy Alliance (“CEA”) is a joint powers authority established on November 4, 2019, and organized under the Joint Exercise of Powers Act (Government Code Sections 6500 *et seq.*); and

WHEREAS, CEA now currently includes the following members: the City of Carlsbad, the City of Del Mar, the City of Escondido, the City of Oceanside, the City of Solana Beach, the City of San Marcos and the City of Vista; and

WHEREAS, on July 16, 2020, the Board of Directors of the CEA (“Board”) approved the Community Advisory Committee Policy; and

WHEREAS, on October 20, 2022, the Board of Directors approved the Chair and Vice Chair Term Limits Policy and additional amendments on March 30, 2023; and

WHEREAS, the Board desires to amend such Policies.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board hereby amends the Community Advisory Committee Policy and the Chair-Vice Chair Term Limits Policy to read as indicated on Exhibit 1 and Exhibit 2 hereto respectively (~~strikeouts~~ indicate deletions and underlines indicate additions), which are fully incorporated herein by this reference. The updated Policies shall be kept on file with the Board Secretary of CEA and available to the public for inspection on CEA’s website.

The foregoing Resolution was passed and adopted this 31st day of October 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

David Druker, Board Chair

ATTEST:

Kaylin McCauley, Board Secretary

Clean Energy Alliance

JOINT POWERS AUTHORITY

COMMUNITY ADVISORY COMMITTEE POLICY PURPOSE AND SCOPE

Community Advisory Committee (CAC) Authorization

Section 5.9 of the Clean Energy Alliance (CEA) Joint Powers Authority (JPA) Agreement provides the authority for the CEA Board to establish an advisory committee to assist the Board in implementing and operating its CCA program. Pursuant to the JPA Agreement, the committee should have equal representation from the member agencies. The Board may establish criteria to qualify for appointment to the committee, and establish rules, regulations, policies or procedures to govern the committee.

CAC Membership Criteria

- The CAC membership shall consist of two (2) appointees from each CEA member agency and 1 Board Alternate. CAC committee members shall serve staggered ~~two (2) three (3)~~ year terms ~~with a two term limit~~. In the inaugural year of an agency joining CEA, one appointee seat from ~~each the~~ member agency shall serve ~~two (2) one (1)~~ years.
- CAC Members may reapply at the end of each term for consideration of reappointment by the Board.
- Committee members serve at the pleasure of the Board.
- CAC members will be subject to all applicable conflict of interest laws and may be required to disclose potential conflicts by filing a Form 700 Statement of Economic Interest. (Information about conflicts of interest and Form 700 can be found here: <http://www.fppc.ca.gov/Form700.html>.)
- Members shall be residents (property owners or renters) or business owners within the service territory of CEA.
- CAC membership will be considered for those that have a relevant background in or expertise related to one or more of the following fields: electricity, community outreach or engagement, or policy advocacy.

- Applicants must be committed to serving on the CAC and attending regular committee meetings, and occasional CEA Board meetings. Committee meetings will be held ~~quarterly~~ bi-monthly unless additional meetings are directed by the Board. Members are expected to maintain a good attendance record. A committee member ~~will~~ may be removed from the CAC if the member has two consecutive unexcused absences from CAC meetings or has unexcused absences from more than 25% of the CAC meetings in a calendar year.
- The CAC is subject to the Brown Act and all meetings will be publicly noticed and held in public settings pursuant to requirements of the Brown Act.
- CAC meetings, times and location will be determined annually by the CEA Board.
- ~~The CAC will elect a Chair who will facilitate meetings and provide reports to the Board as needed.~~
- The CAC Chair shall be appointed by the CEA Board and shall be an Alternate Board Member of the CEA Board. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC.

CAC Purpose & Objectives

The purpose of the CAC is to advise the CEA Board of Directors on those matters concerning the operation of its Community Choice Aggregation (CCA) program as directed by the Board of Directors in an annual workplan for the CAC that is adopted by the Board. The objectives of the CAC are to provide feedback to the Board, act as a liaison between the Board and the community and serve as a forum for community input on those matters assigned to the CAC in the annual workplan. The CAC shall not have any decision-making authority but will serve as an advisory body to the Board of Directors.

CAC Member Selection Process

Applicants must complete and submit the Clean Energy Alliance Community Advisory Committee Application (Attachment A). Board Members will nominate two applicants from their respective communities to the full Board for approval. In addition, the full Board will ~~select one Board Alternate to participate on the CAC.~~ appoint a Chair to the CAC, as stated above under Membership Criteria.

Attachment A
Clean Energy Alliance
Community Advisory Committee Application

CAC Purpose & Objectives

The purpose of the CAC is to advise the CEA Board of Directors on those matters concerning the operation of its Community Choice Aggregation (CCA) program as directed by the Board of Directors in an annual workplan for the CAC that is adopted by the Board. The objectives of the CAC are to provide feedback to the Board, act as a liaison between the Board and the community and serve as a forum for community input on those matters assigned to the CAC in the annual workplan. The CAC shall not have any decision-making authority but will serve as an advisory body to the Board of Directors.

NAME: _____

ADDRESS: _____

PHONE: _____ EMAIL: _____

Are you a resident/business owner of one of the CEA member cities?

If yes, which city: _____

Please attach a current resume and respond to the following questions. Please attach a separate sheet if additional space is needed.

What experience/perspective will you bring to the committee?

Describe any relevant background in or expertise related to one or more of the following fields: electricity, community outreach or engagement, or policy advocacy.

Do you have any interests or associations that might present a conflict of interest? If yes, please explain:

What do you hope to accomplish as a member of the Clean Energy Alliance Community Advisory Committee?

Please provide three references

NAME	Phone Number	Relationship

By signing below, I acknowledge that I have sufficient time to actively participate in the Clean Energy Alliance Community Advisory Committee for the benefit of the program and the communities it serves. I understand that committee members are subject to conflict of interest laws and required to disclose potential conflicts by filing Form 700 [Statement of Economic Interest](#).

Signature: _____

Date: _____

Completed applications should be emailed to: ClerkSecretary@TheCleanEnergyAlliance.org

Chair and Vice Chair Term Limits Policy

1.0 PURPOSE

The purpose of this Chair and Vice Chair Term Limits (Policy) is to clarify the terms of the Chair and Vice Chair of the Board of Directors of Clean Energy Alliance (CEA) and the terms of the Chair and Vice Chair of the Board of Directors of CEA's Community Advisory Committee (CAC).

2.0 POLICY

2.1 Policy for Chair and Vice Chair of the Board of Directors

Pursuant to Section 5.2 of the Clean Energy Alliance Joint Powers Agreement, at the beginning of each calendar year, the Board elects a Chair and Vice Chair from among the Directors, and those terms of office for the Chair and Vice Chair continue for one year. The offices of Chair and Vice Chair belongs to the Director and not to the Member city.

It shall be the Policy of the Board that no Director shall be elected to serve as the Chair for more than two full consecutive one-year terms and no Director shall be elected to serve as the Vice Chair for more than two full consecutive one-year terms. There is no limit on the total number of years that a Director can be elected to serve as either the Chair or the Vice Chair as long as the consecutive limit is observed. A Director may be elected to serve as Chair directly following service as the Vice Chair and may serve as the Vice Chair directly following service as the Chair in succession.

2.2 Policy for Chair and Vice Chair of CAC

At the beginning of each calendar year, the Board appoints a Chair for CAC, which shall be an Alternate Board member. Should an Alternate Board Member be unavailable to serve as Chair, the CEA Board shall appoint a Board Member to serve as CEA Chair. Should a Board Member not be available to serve, the CEA Board shall direct the CAC to appoint a Chair from a member of the CAC. After that appointment, CAC elects a Vice Chair from among the members of the CAC. The terms of office for the Chair and Vice Chair of CAC continue for one year. The offices of Chair and Vice Chair of CAC belongs to the CAC member and not to the Member city.

It shall be the Policy of CEA that no person shall be appointed to serve as the CAC Chair for more than two full consecutive one-year terms and no CAC member shall be elected to serve as the Vice Chair for more than two full consecutive one-year terms. There is no limit on the total number of years that a person can be appointed the Chair of the CAC or elected as the Vice Chair of the CAC as long as the consecutive limit is observed. A person may be appointed to serve as Chair directly following service as the Vice Chair and may serve as the Vice Chair directly following service as the Chair in succession.



Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Gregory Wade, Chief Executive Officer

ITEM 6: Consider Adoption of Resolution No. 2024-020, Approving Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC

RECOMMENDATION:

Adopt Resolution No. 2024-020, approving Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC and authorize the Chief Executive Officer to sign all documents, subject to Transaction Counsel approval.

BACKGROUND AND DISCUSSION:

On September 23, 2022, Clean Energy Alliance (CEA) entered into a 15-year Power Purchase Agreement (PPA) with Cape Generating Stations 1 LLC for 3.97MW of capacity from this 20MW geothermal project being developed by Fervo Energy (Fervo) in Beaver County, Utah. CEA is a joint offtaker for this project, along with other CCAs (Desert Community Energy and the eight CalChoice CCAs – collectively, the CCAs). This project meets CEA’s incremental “clean firm” procurement obligation for Mid-Term Reliability (MTR) under California Public Utilities Commission (CPUC) Decisions 21-06-035 and 23-02-040 (Decisions) and the original PPA required project completion by June 1, 2026. In February 2024, the CPUC extended the deadline for these projects to be operational to June 1, 2031.

In June 2024, Fervo advised CEA, CalChoice and Desert Community Energy that it is seeing financing and procurement challenges that are causing delays in the project delivery and difficulty obtaining financing for its new enhanced geothermal system technology. Fervo has proposed extending the operational date from June 1, 2026, to January 1, 2031. This delay will provide Fervo with time to finance and procure equipment needed to build and deliver the project, and will still maintain compliance with the outside date from CPUC for MTR compliance.

Fervo also requested an increase in the price that the CCAs would pay for energy deliveries. Fervo cited higher-than-expected costs of electrical equipment due to inflation and a higher cost of capital since the PPA was signed. Fervo has agreed to sell Southern California Edison (SCE) 320 MW of energy from the Cape Station project with CODs in 2026 and 2028, which Fervo advised will help it secure the financing for the project phase reserved for the CCAs.

As part of the PPA amendment, Fervo has agreed to increase the CCAs’ average net capacity from 20MW to 26MW, with CEA’s project share increasing from 3.97 MW to 5 MW. The additional net capacity will help CEA satisfy its obligations under the CPUC’s Renewables Portfolio Standard and Resource Adequacy Regulations.

The amended PPA was negotiated by staff from the CCAs with support from the joint transaction counsel. Much like the original PPA, the amendments contain proprietary information that has been redacted by the CCAs. The amended PPA is attached with confidential pricing and other terms redacted.

With this item, CEA staff is seeking authorization for the CEO to finalize and execute Amendment No. 1 to the PPA, extending the operational date and other contractual milestones, and revising the expected energy to be sold to and the price to be paid by CEA.

FISCAL IMPACT:

On a notional basis, this Amendment is anticipated to increase the total cost of this contract by approximately \$13,235,000, or approximately \$900,000 per year. These costs will be incurred much further into the future than under the original contract, with the energy deliveries starting in 2031 instead of 2026.

CEA has included in the amendment a right to terminate the contract at no additional cost to CEA any time before June 1, 2028, and CEA will seek alternative, more economical options to meet its clean firm MTR requirement under CEA's upcoming solicitations for projects.

Submitted for Board consideration:



Gregory Wade
Chief Executive Office

ATTACHMENTS:

- A. Resolution No. 2024-020, Approving Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC
- B. Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC

**CLEAN ENERGY ALLIANCE
RESOLUTION NO. 2024-020**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF CLEAN ENERGY ALLIANCE
APPROVING AMENDMENT NO. 1 TO THE RENEWABLE POWER PURCHASE
AGREEMENT WITH CAPE GENERATING STATION 1 LLC**

WHEREAS, Clean Energy Alliance (CEA) is a joint powers authority established on November 4, 2019, and organized under the Joint Exercise of Powers Act (Government Code Section 6500 *et seq.*); and

WHEREAS, at its September 22, 2022 special meeting, the CEA Board approved a 15-year Renewable Power Purchase Agreement (PPA) with Cape Generating Station 1 LLC; and

WHEREAS, Fervo Energy, as developer of Cape Generating Station 1, has requested changes to the PPA under an Amendment No. 1 and were then negotiated by CEA and CEA's Transaction Counsel.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Clean Energy Alliance, as follows:

Section 1. The Board of Directors of Clean Energy Alliance hereby approves Amendment No. 1 to the Renewable Power Purchase Agreement with Cape Generating Station 1 LLC

Section 2. This Resolution shall take effect immediately upon approval.

The foregoing Resolution was passed and adopted this 31st day of October, 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

David Druker, Chair

ATTEST:

Kaylin McCauley, Board Secretary

AMENDMENT NO. 1
to the
RENEWABLE POWER PURCHASE AGREEMENT
between
CLEAN ENERGY ALLIANCE
and
CAPE GENERATING STATION 1 LLC

This Amendment No. 1 (“Amendment”) to the Agreement (as that term is defined below), dated as of the last executed signature (the “Amendment Effective Date”), is entered between **CLEAN ENERGY ALLIANCE**, a California joint powers authority (“CEA”), and **CAPE GENERATING STATION 1 LLC** a Delaware limited liability company (“Seller”). CEA and Seller are sometimes referred to herein individually as a “Party” and jointly as the “Parties”. Capitalized terms used and not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Agreement.

RECITALS

The Parties enter into this Amendment with reference to the following facts:

- A. CEA and Seller entered into that certain Renewable Power Purchase Agreement, entered into as of September 23, 2022 (as amended from time to time, the “Agreement”), under which, among other things, Seller agreed to sell to CEA, and CEA agreed to purchase from Seller, Product under the terms and conditions set forth in the Agreement.
- B. The Parties desire to amend the Agreement on the terms and subject to the provisions set forth herein.

AGREEMENT

In consideration of the promises, mutual covenants and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows.

1. AMENDMENTS TO THE AGREEMENT.

(a) Cover Sheet

Section	Amendment
Milestones	The entire Milestones table is replaced with the following table:

Section	Amendment
---------	-----------

	<table border="1" style="width: 100%; border-collapse: collapse; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 50%;">Milestone</th> <th style="width: 50%;">Date for Completion</th> </tr> </thead> <tbody> <tr> <td>Evidence of Site Control</td> <td>Complete</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>[REDACTED]</td> <td>[REDACTED]</td> </tr> <tr> <td>Expected Commercial Operation Date</td> <td>January 1, 2031</td> </tr> </tbody> </table>	Milestone	Date for Completion	Evidence of Site Control	Complete	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	Expected Commercial Operation Date	January 1, 2031
Milestone	Date for Completion																														
Evidence of Site Control	Complete																														
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Expected Commercial Operation Date	January 1, 2031																														

Expected Energy	<p>The entire Expected Energy table is replaced with the following table:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 50%;">Contract Year</th> <th style="width: 50%;">Expected Energy (MWh)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>[REDACTED]</td> </tr> <tr> <td>2</td> <td>[REDACTED]</td> </tr> <tr> <td>3</td> <td>[REDACTED]</td> </tr> <tr> <td>4</td> <td>[REDACTED]</td> </tr> <tr> <td>5</td> <td>[REDACTED]</td> </tr> <tr> <td>6</td> <td>[REDACTED]</td> </tr> </tbody> </table>	Contract Year	Expected Energy (MWh)	1	[REDACTED]	2	[REDACTED]	3	[REDACTED]	4	[REDACTED]	5	[REDACTED]	6	[REDACTED]
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Section	Amendment																											
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Buyer's Contract Capacity	The figure, "3.97 MW" is deleted and replaced with "5 MW."																											
Guaranteed Capacity	The figure, "20 MW", is deleted and replaced with "26 MW".																											
Contract Price	<p>The entire Contract Price table is replaced with the following table:</p> <table border="1"> <thead> <tr> <th>Contract Year</th> <th>Contract Price</th> </tr> </thead> <tbody> <tr> <td>1-15</td> <td>█/MWh</td> </tr> <tr> <td></td> <td>█</td> </tr> </tbody> </table>	Contract Year	Contract Price	1-15	█/MWh		█																					
Contract Year	Contract Price																											
1-15	█/MWh																											
	█																											
Development Security	\$█ per MW of Buyer's Contract Capacity																											

(b) Base Document.

Section	Provision	Amendment
1.1	█	█
2.6	█	█

Section	Provision	Amendment
		[REDACTED]
3.8(b)	Resource Adequacy Failure	The following sentence is added at the end of Section 3.8(b): “The inability of Seller to deliver RA Capacity because of Buyer’s failure to secure adequate Available Import Capacity shall not constitute or contribute to the calculation of an RA Shortfall Amount; Seller shall not be liable to Buyer for an RA Deficiency Amount to the extent caused by the inadequacy of the Available Import Capacity to establish a Net Qualifying Capacity for the capacity otherwise available at the Delivery Point.”
17.1(a)	Insurance	The following sentence is added at the end of Section 17.1(a): “Umbrella or excess liability coverage may be used to supplement primary coverages to meet the required limit.”

(c) Exhibits.

Exhibit	Provision	Amendment				
N	Notices	<p>The entire Notices table is replaced with the following table:</p> <table border="1"> <tr> <td>Cape Generating Station 1 LLC</td> <td>Clean Energy Alliance</td> </tr> <tr> <td></td> <td>All Notices:</td> </tr> </table>	Cape Generating Station 1 LLC	Clean Energy Alliance		All Notices:
Cape Generating Station 1 LLC	Clean Energy Alliance					
	All Notices:					


Exhibit	Provision	Amendment
	<p>All Notices: 910 Louisiana St, Suite 4400 Houston, TX 77002 Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com; notices@fervoenergy.com</p>	<p>5857 Owens Ave, 3rd Floor Carlsbad, CA 92008 Attn: Gregory Wade, CEO Phone: (760) 209-6177 Email: gwade@thecleanenergyalliance.org</p>
	<p>Reference Numbers: Duns: Federal Tax ID Number: 87-3579880</p>	<p>Reference Numbers: Duns: 117585162 Federal Tax ID Number: 84-3839142</p>
	<p>Invoices: Attn: Javonna Simon, Accounts Payable Phone: 832-758-5500 Email: accountspayable@fervoenergy.com</p>	<p>Invoices: Attn: Andy Stern, Interim Treasurer Phone: (760) 209-6177 Email: Treasurer@thecleanenergyalliance.org</p>
	<p>Scheduling: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Scheduling: Attn: Jaclyn Harr, The Energy Authority Phone: (408) 306-0432 Email: jharr@teainc.org</p>
	<p>Confirmations: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Confirmations: Attn: Gregory Wade, CEO Phone: (760) 209-6177 Email: gwade@thecleanenergyalliance.org</p>
	<p>Payments: Attn: Ashley Robinette, Accounting Manager Email: billing@fervoenergy.com</p>	<p>Payments: Attn: Andy Stern, Interim Treasurer Phone: (760) 209-6177 Email: Treasurer@thecleanenergyalliance.org</p>
	<p>Wire Transfer: Financial Institution: Bank of America Branch: Bank of America Tower, Houston 800 Capitol Street, 16th Floor Houston, TX 77002 Routing Number: 111000025 Account Number: *****0961</p>	<p>Wire Transfer: </p>

Exhibit	Provision	Amendment
	<p>With additional Notices of an Event of Default to: Attn: Legal Notices 910 Louisiana St, Suite 4400 Houston, TX 77002 Email: legal@fervoenergy.com; notices@fervoenergy.com</p>	<p>With additional Notices of an Event of Default to: Hall Energy Law PC Attn: Stephen Hall Phone: (503) 313-0755 Email: steve@hallenergylaw.com</p>
	<p>Emergency Contact: Attn: Kyle Gabb, Asset Manager Phone: 832-646-4601 Email: kyle.gabb@fervoenergy.com</p>	<p>Emergency Contact: Attn: Dan Peckham, Power Procurement Phone: (760) 209-6177, ext. 706 Email: dpeckham@thecleanenergyalliance.org</p>

2. MISCELLANEOUS.

- (a) Reservation of Rights. Each of the Parties expressly reserves all of its respective rights and remedies under the Agreement.
- (b) Legal Effect. Except as expressly modified as set forth herein, the Agreement remains unchanged and, as so modified, the Agreement shall remain in full force and effect. Seller hereby represents and warrants that the representations contained in Section 13.1 of the Agreement are true on and as of the Amendment Effective Date as if made by Seller on and as of the Amendment Effective Date with respect to this Amendment. CEA hereby represents and warrants that the representations contained in Section 13.2 of the Agreement are true on and as of the Amendment Effective Date as if made by Seller on and as of the Amendment Effective Date with respect to this Amendment.
- (c) Governing Law. This amendment and the rights and duties of the parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this amendment.
- (d) Successors and Assigns. This Amendment shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- (e) Authorized Signatures; Notices. Each Party represents and warrants that the person who signs below on behalf of that Party has authority to execute this Amendment on behalf of such Party and to bind such Party to this Amendment. Any written

notice required to be given under the terms of this Amendment shall be given in accordance with the terms of the Agreement.

- (f) Effective Date. This Amendment shall be deemed effective as of the Amendment Effective Date.
- (g) Further Agreements. This Amendment may only be amended, modified or supplemented by an instrument in writing executed by duly authorized representatives of Seller and CEA; provided, this Amendment may not be amended by electronic mail communications.
- (h) Counterparts. This Amendment may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original.
- (i) Electronic Delivery. This Amendment may be duly executed and delivered by a Party by electronic format (including portable document format (.pdf)) delivery of the signature page of a counterpart to the other Party.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have read this Agreement, understand it, and agree to be bound by its terms as of the Effective Date.

CAPE GENERATING STATION 1 LLC,

a Delaware limited liability company.

CLEAN ENERGY ALLIANCE,

a California joint powers authority.

By: _____

Name: Tim Latimer

Title: President

Date: _____

By: _____

Name: Gregory Wade

Title: CEO

Date: _____



Staff Report

DATE: October 31, 2024

TO: Clean Energy Alliance Board of Directors

FROM: Andy Stern, Chief Financial Officer

ITEM 7: Receive Annual Audited Financial Report for the Fiscal Year Ended June 30, 2024

RECOMMENDATION:

Receive and File Clean Energy Alliance's (CEA) Annual Audited Financial Report (Attachment A) for the Fiscal Year Ended June 30, 2024.

BACKGROUND AND DISCUSSION:

Clean Energy Alliance's (CEA) annual audit, and preparation of the Annual Audited Financial Report, for the period July 1, 2023, through June 30, 2024, has been completed.

CEA engaged Pisenti & Brinker, LLP, to complete the audit following their first engagement for the fiscal year ending June 2023. The goal of the independent audit is to provide reasonable assurance that the financial statements of CEA for the Fiscal Year (FY) 2023/2024 are free of material misstatement. As part of CEA's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that CEA has complied with applicable laws and regulations.

The independent auditor concluded there was a basis for rendering an unmodified opinion and CEA's financial statements are fairly presented in conformity with Generally Accepted Accounting Standards (GAAS).

Statement of Auditing Standards (SAS) No. 114

The auditor's standard communication to the Board is to comply with Statement of Auditing Standards (SAS) No. 114 - Communication to Those Charged with Governance. That document (Attachment B) includes the Internal Control Memorandum which details any internal control deficiencies. In this year's report, the auditors have described what they have determined to be a material weakness in internal control related to CEA's prior period restatement of the Voluntary Allocation and Market Offer (VAMO). The restatement and amounts are described in the next section below.

CEA's management believes this issue to be an isolated, one-time event as a result of a new pricing structure developed for the VAMO established by the California Public Utilities Commission (CPUC). However, the CPUC experienced issues in implementing the structure in its first year. CEA identified the error and proactively proposed the adjustment to its auditors. CEA management has already implemented a process for tracking and monitoring future changes in the VAMO pricing structure. CEA is still dependent on information from the CPUC but has procedures in place to assist with identifying the necessary

information in as timely a manner as possible. Again, CEA identified the error and proactively proposed the adjustment to its auditors.

The internal control memo, included as a part of the SAS 114 attachment confirmed that, other than the VAMO restatement, there were no material instances of noncompliance, no material weaknesses in internal controls, and no reportable conditions. The Report to the Board of Directors also indicates there were no other items of concern to report.

The full independent auditor's report is presented as the first attachment to this Report (Attachment A).

Restatement of Prior Period (Fiscal Year ending June 30, 2023)

In December 2022, the CPUC approved the Voluntary Allocation Market Obligation (VAMO) structure that would allow SDG&E to allocate costs of certain renewable products to CEA for periods beginning January 1, 2023. Due to issues in implementing and calculating what the amount was that should be charged to CEA, SDG&E did not invoice CEA until the fall of 2023 for the periods starting in January 2023. As a result of the late notice, the relevant costs were not recorded in CEA's original financial results for the period ending June 30, 2023. Accordingly, CEA has restated its fiscal year 2023 net position and results to include VAMO costs of \$4,084,812 that related to periods through June 30, 2023.

Net Position as of June 30, 2024

	June 30, 2024	June 30, 2023 (as restated)
Total Assets	\$ 56,003,726	\$ 33,905,138
Total Liabilities	72,968,560	44,442,234
Net Position	\$ (16,964,834)	\$ (10,537,096)

CEA's assets increased by more than 65% primarily due to increases in cash, accounts receivable and accrued revenues. The most recent expansion into Oceanside and Vista increased CEA's customer base by approximately 57%, which accounted for most of these increases.

Liabilities increased by approximately 64% due to increases in the accrued cost of electricity and borrowings from JPMorgan Chase Bank. With the service expansion, purchases of electricity through the year also increased, resulting in a higher accrued cost of electricity at year end.

CEA incurred costs related to the service expansion into Oceanside and Vista beginning in January 2024. However, revenue associated with the expansion did not begin until April 2024. This resulted in a need to draw down on the revolving line of credit with JPMorgan Chase. An additional \$11,000,000 was borrowed during the fiscal year, bringing the total amount due on the line of credit to \$33,950,000 as of June 30, 2024. CEA has repaid much of that amount by the date of this report; the balance as of today's date is \$9,250,000. The line of credit is due to be fully repaid and closed in February 2026 unless it is extended by mutual agreement.

Results of Operations June 30, 2024

	June 30, 2024	June 30, 2023 (as restated)
Total Revenues	\$198,067,134	\$86,873,952
Total Expenses	204,494,872	93,637,054
Net Results	\$(6,427,738)	\$(6,763,101)

CEA's revenues increased 127% compared to the fiscal year ending June 30, 2023. The increase is due to two expansions: to Escondido and San Marcos in April 2023 and to Oceanside and Vista in April 2024. Expenses increased nearly 118% compared to 2023, due to significantly higher power supply costs in FY 2023/2024 compared to the prior year and costs related to the expansion. CEA's net result was a net loss of \$6,427,738. The adopted FY 2024/2025 approved budget projects a net positive result of operations of \$33,307,350, which would eliminate the deficit net position that existed as of June 30, 2024.

Year-to-Date Results of Operations through September 30, 2024 (Preliminary Results)

	September 30, 2024 (preliminary)
Total Revenues	\$128,449,242
Total Expenses	84,205,691
Net Results	\$44,243,551

Through the first three months of FY 2024/2025 ending September 30, 2024, CEA's revenues are 7% above the budgeted level and 165% above the prior year mostly as a result of the two expansions described above. Expenses are 4% below the budgeted level. The net result for the 3 months is a positive change in net position of \$44,243,551 which is approximately \$11.6 million above the budgeted level. Due to seasonality effects, the current forecast for the rest of the year is nearly flat. If that forecast is realized, the full year results will end approximately \$11.4 million better than the budgeted level enabling CEA to end the year in a much better financial position and starting to build reserves that are in line with other CCAs.

FISCAL IMPACT:

There is no fiscal impact associated with these items.

Submitted for Board consideration:



Gregory Wade
Chief Executive Officer

ATTACHMENTS:

- A. Clean Energy Alliance Annual Audited Financial Report for the Fiscal Year ended June 30, 2024
- B. Statement of Auditing Standards No. 114, Communication to Those Charged with Governance

CLEAN ENERGY ALLIANCE
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 & 2023
WITH REPORT OF
INDEPENDENT AUDITORS

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Basic Financial Statements	13



Independent Auditor's Report

To the Board of Directors
Clean Energy Alliance

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Clean Energy Alliance (CEA), which comprise the statements of net position as of June 30, 2024 and 2023, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CEA as of June 30, 2024 and 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CEA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 7 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CEA's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CEA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CEA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Presente & Brinku LLP

Santa Rosa, California
October 24, 2024

**CLEAN ENERGY ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Clean Energy Alliance's (CEA) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff's knowledge of CEA's finances.

If you have questions about this report or require further information, please contact CEA at askcea@thecleanenergyalliance.org.

Overview of the Financial Statements

CEA's financial report contains basic financial statements, which include:

- The *Statements of Net Position* include all of CEA's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of CEA's revenue and expenses for the years shown.
- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.
- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**CLEAN ENERGY ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Financial Summary

CEA's Net Position

	2024	2023 (As Restated)	2022
Current assets	\$ 55,761,350	\$ 32,926,762	\$ 15,557,862
Noncurrent assets	242,376	978,376	1,144,000
Total assets	56,003,726	33,905,138	16,701,862
Current liabilities	38,522,410	25,996,084	6,451,840
Noncurrent liabilities	34,446,150	18,446,150	14,024,017
Total liabilities	72,968,560	44,442,234	20,475,857
Net position			
Unrestricted (deficit)	(16,964,834)	(10,537,096)	(3,773,995)
Total net position	\$ (16,964,834)	\$ (10,537,096)	\$ (3,773,995)

As of June 30, 2024, CEA's total net position was a deficit of approximately \$16,965,000, a decrease in net position of \$6,428,000 or 61% as compared to June 30, 2023. The decrease in net position was the result of CEA's operating deficit as discussed below. In order to provide for operating cash flows during the year, CEA increased its borrowings.

CEA's Changes in Net Position

	2024	2023 (As Restated)	2022
Operating revenues	\$ 198,067,134	\$ 86,873,952	\$ 61,068,464
Nonoperating revenues	218,449	323,223	15,040
Total income	198,285,583	87,197,175	61,083,504
Operating expenses	203,233,184	92,752,374	61,786,792
Nonoperating expenses	1,480,137	1,207,902	363,293
Total expenses	204,713,321	93,960,276	62,150,085
Change in net position	\$ (6,427,738)	\$ (6,763,101)	\$ (1,066,581)

Increases in the volume of electricity sold accounted for most of the increase in total income. Operating expenses increased each year due primarily to the growing cost of energy purchased.

**CLEAN ENERGY ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Detailed Analysis

Current assets increased from \$32,927,000 at the end of fiscal year 2023 to \$55,761,000 at the end of fiscal year 2024. This change was due to increases in accounts receivable and accrued revenue as a result of CEAs expanding customer base during this period. Current assets at the end of fiscal year 2024 were primarily comprised of cash of \$5,267,000, accounts receivable of \$21,682,000, accrued revenue of \$20,914,000 and prepaid expenses of \$7,095,000.

Noncurrent assets include cash of \$187,000 and deposits of \$55,000 at the end of fiscal year 2024 and cash of \$207,000 and deposits of \$771,000 at the end of fiscal year 2023. The decrease in noncurrent deposits is due to reclassification from noncurrent to current as the terms of the deposits changed.

The largest component of current liabilities is the cost of electricity delivered to customers that was not yet paid by CEA as of year-end. Current liabilities for the cost of electricity increased during fiscal year 2024 due to an increase in the volume of electricity delivered to customers, changes in payment terms of certain energy products, and increases in the prices of those products.

Noncurrent liabilities consist of supplier security deposits and the long-term portion of CEA's revolving line of credit.

CEA restated its fiscal year 2023 net position and results to include certain costs that were not included in the original financial statements for that year. Please refer to Note 7 for more information.

Operating revenues increased each year from fiscal years 2022 to 2024, primarily from territory expansions and increases in customer rates. In April 2023, CEA began onboarding the cities of Escondido and San Marcos. This expansion more than doubled the existing customer load and was a key driver of the increased revenue during fiscal year 2024 as they were customers for the entirety of that year. In April 2024, CEA began onboarding the cities of Oceanside and Vista which resulted in an increase in customer load of approximately 70% for the last few months of fiscal year 2024. In addition to the increases in the customer base, CEA implemented rate increases on February 1, 2023 that increased revenues from electricity sales.

**CLEAN ENERGY ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Detailed Analysis (continued)

Grant income from the California Arrearage Payment Plan (CAPP) was included in nonoperating revenues for fiscal year 2023. This grant did not recur in fiscal year 2024. Investment income increased each year due to changes in market interest rates as well as increases in invested assets.

Operating expenses increased each year, primarily due to substantially increased electricity volumes relating to the increased load and to increased prices for certain products in the energy markets. For all the years presented, the largest expense was the cost of electricity. CEA procures energy from a variety of sources to minimize this risk and maintain a balanced renewable power portfolio.

Significant Capital Asset and Long-Term Financing Activity

During fiscal year 2024, borrowing from the revolving line of credit was \$30,000,000 and repayments were \$19,000,000, for a net increase of \$11,000,000. During fiscal year 2024, CEA repaid loans from member agencies of \$504,017. See Note 4 to the financial statements for further discussion regarding debt.

**CLEAN ENERGY ALLIANCE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Currently Known Facts, Decisions, or Conditions

CEA serves approximately 95% of all eligible customers in the cities of Carlsbad, Del Mar, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, or approximately 242,000 customer accounts. CEA's core mission is to provide electricity from a minimum 50% renewable sources, increasing to 100% renewable by 2035, at stable and competitive rates. The fiscal year ended June 30, 2024, saw CEA reporting a net deficit due to costs related to expansion and the increases in the cost of electricity that were higher than anticipated. It is expected that in future fiscal years this deficit will be eliminated as revenues increase and CEA's cost of electricity is reduced through contracted energy positions.

The Board has approved an operating budget for fiscal year 2025 with revenues projected at \$360,840,000 and a net result of operations projected at \$33,307,000. The budget provides for expenses for power supply, on-going regulatory compliance requirements, and professional and legal services required to support the expanded operations. Assumptions used to develop the proposed budget were:

- Power supply costs based on actual executed contracts and April forward price curves
- Consulting services based on approved contracts
- Reserves to achieve minimum 5% of FY 2025 revenues

Sufficient revenues are projected to cover costs based on the current assumptions. The cost of Resource Adequacy and Long-Term Renewable Energy have been, and budgeted to continue, significantly higher than in prior years.

One of the goals of CEA is to expand and offer its community choice energy service to eligible communities within San Diego Gas & Electric territory. The cities of Oceanside and Vista began service in April 2024, however no further expansions are planned anytime soon.

Requests for Information

This financial report is designed to provide CEA's board members, stakeholders, customers, and creditors with a general overview of CEA's finances and to demonstrate CEA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to the finance department at 5857 Owens Ave, Suite 2023, Carlsbad, CA 92008.

BASIC FINANCIAL STATEMENTS

CLEAN ENERGY ALLIANCE
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS	2024	2023 (As Restated)
Current assets		
Cash and cash equivalents	\$ 5,266,758	\$ 4,455,398
Accounts receivable, net of allowance	21,681,984	9,664,989
Accrued revenue	20,914,382	13,291,561
Other receivables	33,000	979,621
Prepaid expenses	7,095,226	4,136,193
Deposits	770,000	399,000
Total current assets	55,761,350	32,926,762
Noncurrent assets		
Restricted cash	187,000	207,000
Deposits	55,376	771,376
Total noncurrent assets	242,376	978,376
Total assets	56,003,726	33,905,138
LIABILITIES		
Current liabilities		
Accrued cost of electricity	37,065,092	19,553,397
Accounts payable	886,739	593,647
Other accrued liabilities	363,791	174,503
Interest and financing cost payable	206,788	170,520
Due to member agencies	-	504,017
Revolving line of credit	-	5,000,000
Total current liabilities	38,522,410	25,996,084
Noncurrent liabilities		
Security deposits - energy suppliers	496,150	496,150
Revolving line of credit	33,950,000	17,950,000
Total noncurrent liabilities	34,446,150	18,446,150
Total liabilities	72,968,560	44,442,234
NET POSITION		
Unrestricted (deficit)	\$ (16,964,834)	\$ (10,537,096)

CLEAN ENERGY ALLIANCE
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023 (As Restated)
OPERATING REVENUES		
Electricity sales, net	\$ 198,067,134	\$ 86,873,952
OPERATING EXPENSES		
Cost of electricity	197,129,829	89,714,747
Contract services	4,914,137	2,863,353
Staff compensation	780,082	-
Other operating expenses	409,136	174,274
Total operating expenses	203,233,184	92,752,374
Operating loss	(5,166,050)	(5,878,422)
NONOPERATING REVENUES (EXPENSES)		
Grant revenue	-	279,489
Investment income	218,449	43,734
Interest and financing expense	(1,480,137)	(1,207,902)
Nonoperating expenses, net	(1,261,688)	(884,679)
CHANGE IN NET POSITION	(6,427,738)	(6,763,101)
Net position at beginning of year (as restated - Note 7)	(10,537,096)	(3,773,995)
Net position at end of year	\$ (16,964,834)	\$ (10,537,096)

**CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 178,837,630	\$ 77,030,133
Receipts of supplier security deposits	345,000	1,133,150
Payments to suppliers for electricity	(181,619,626)	(81,121,037)
Payments for goods and services	(5,000,777)	(2,577,168)
Payments for staff compensation	(679,423)	-
Payments for state surcharges	(362,008)	(198,166)
Payments for deposits and collateral	-	(55,376)
Net cash used by operating activities	(8,479,204)	(5,788,464)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from grant revenue	-	279,489
Proceeds - revolving line of credit	30,000,000	9,430,000
Principal payments - revolving line of credit	(19,000,000)	-
Principal payments - loan	(504,017)	-
Interest and related expense payments	(1,443,868)	(1,037,382)
Net cash provided by non-capital financing activities	9,052,115	8,672,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	218,449	43,734
Net cash provided by investing activities	218,449	43,734
Net change in cash and cash equivalents	791,360	2,927,377
Cash and cash equivalents at beginning of year	4,662,398	1,735,021
Cash and cash equivalents at end of year	\$ 5,453,758	\$ 4,662,398
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	\$ 5,266,758	\$ 4,455,398
Restricted cash	187,000	207,000
Cash and cash equivalents	\$ 5,453,758	\$ 4,662,398

CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

	2024	2023 (As Restated)
Operating loss	\$ (5,166,050)	\$ (5,878,422)
Adjustments to reconcile operating loss to net cash used by operating activities		
(Increase) decrease in:		
Accounts receivable, net	(12,016,995)	(580,086)
Accrued revenue	(7,622,821)	(9,485,138)
Other receivables	946,621	(794,263)
Prepaid expenses	(2,959,033)	(4,008,036)
Deposits	345,000	591,624
Increase (decrease) in:		
Accrued cost of electricity	17,511,695	13,781,215
Accounts payable	293,091	444,748
Other accrued liabilities	189,288	(346,256)
Supplier security deposits	-	486,150
Net cash used by operating activities	\$ (8,479,204)	\$ (5,788,464)

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Clean Energy Alliance (CEA) is a California Joint Powers Authority created on November 4, 2019. As of June 30, 2024, parties to its Joint Powers Agreement consist of the following local governments:

Cities and Towns	
Carlsbad	San Marcos
Del Mar	Solana Beach
Escondido	Vista
Oceanside	

CEA is separate from and derives no financial support from its members. CEA is governed by a Board of Directors whose membership is composed of elected officials of the member governments.

A core function of CEA is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

CEA began its energy delivery operations in May 2021. Electricity is acquired from electricity suppliers and delivered through existing physical infrastructure and equipment managed by San Diego Gas and Electric (SDG&E).

BASIS OF ACCOUNTING

CEA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

CEA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories, if applicable – investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is CEA's policy to use restricted resources first, and then unrestricted resources as they are needed.

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

For the purpose of the Statements of Cash Flows, CEA defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. For the purpose of the Statements of Net Position, restricted cash balances are presented separately. Restricted cash reported on the Statements of Net Position includes collateral on a bank loan, as well as a required minimum balance to be maintained in one of its bank accounts.

ACCOUNTS RECEIVABLE AND ACCRUED REVENUE

CEA invoices customers for energy delivered each month on staggered billing cycles. Each reporting period, management records revenue for energy delivered but not yet invoiced based on energy volume and applicable rate.

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require CEA to provide a supplier with advanced payments or security deposits. Security deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

NET POSITION

Net position is presented in the following components:

Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation. CEA did not have any capital assets as of June 30, 2024 and 2023.

Restricted: This component of net position consists of constraints placed on the use of net assets through external constraints, such as those imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of net position that does not meet the definition of “investment in capital assets” or “restricted.”

**CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING REVENUES

Operating revenues include energy sales to customers.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenue.”

REVENUE RECOGNITION

CEA recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet invoiced. Management estimates that a portion of the invoiced amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the cost of sales and services, and administrative expenses. Expenses not meeting this definition are reported as nonoperating expenses.

ELECTRICAL POWER PURCHASED

During the normal course of business, CEA purchases electrical power from numerous suppliers. Cost of electricity includes the cost to purchase electricity and capacity arising from bilateral contracts with energy suppliers and the cost of generation credits, and load and other charges arising from CEA’s participation in the California Independent System Operator’s (CAISO) centralized market. The cost of electricity and capacity is recognized as “Cost of Electricity” in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California’s Renewable Portfolio Standards (RPS) and self-imposed benchmarks, CEA acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. CEA obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive.

CEA purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission’s Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to the CAISO to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the construction of new resources needed for reliability in the future.

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STAFFING COSTS

CEA pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. CEA is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. CEA provides compensated time off, and the related liability is recorded in these financial statements.

INCOME TAXES

CEA is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

CEA maintains its cash in accounts at River City Bank of Sacramento, California. CEA's deposits are subject to California Government Code Section 16521, which requires that banks provide collateral at 110% of the amount of public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000. CEA does not have an investment policy that addresses a specific type of risk that would impose restrictions beyond this code. Accordingly, the amount of risk is not disclosed. CEA monitors its risk exposure on an ongoing basis. As of June 30, 2024, all of CEA's cash and cash equivalents were held in depository accounts.

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Accounts receivable from customers	\$24,977,984	\$11,246,524
Allowance for uncollectible accounts	(3,296,000)	(1,581,535)
Net accounts receivable	<u>\$21,681,984</u>	<u>\$ 9,664,989</u>

The majority of account collections occur within the first few months after a customer is invoiced. CEA estimates that a portion of the invoiced accounts will not be collected but continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. The allowance for uncollectible accounts at the end of a year includes amounts invoiced during the current and prior fiscal years. Amounts estimated to be uncollectible are reported as a reduction in electricity sales on the Statement of Revenues, Expenses, and Changes in Net Position.

4. DEBT

BANK NOTE PAYABLE

In February 2021, CEA arranged to borrow up to \$6,000,000 through a revolving credit agreement from JPMorgan Chase to provide cash for working capital until sufficient revenue was to be collected from customers. An amendment in March 2023 increased the available amount to \$25,000,000. In March 2024 the agreement was amended to increase the available amount to \$40,000,000. At June 30, 2024 and 2023, CEA outstanding balances were \$33,950,000 and \$22,950,000, respectively. CEA granted a security interest in all customer revenues to the lender.

Funds may be drawn as needed and interest is accrued on the outstanding balance. The stated maturity date is February 2, 2026, with interest payable each month. The interest rate is computed at the three-month Chicago Mercantile Exchange (CME) Term SOFR plus 2.25% per annum, subject to a floor of 2.25% per annum. As of June 30, 2024 and 2023, the interest rate was approximately 8.8% and 8.7%, respectively. CEA's projected operating surpluses, driven by rate increases and customer expansion, are anticipated to provide sufficient funds for future required loan payments. At June 30, 2024 and 2023, CEA had not satisfied certain liquidity requirements of its credit agreement. Subsequent to the year end, the lender provided a waiver of these requirements and CEA remains in good standing with its lender.

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

4. DEBT (continued)

DUE TO MEMBER AGENCIES

During its initial year ended June 30, 2020, CEA borrowed \$504,017 from the cities of Carlsbad, Del Mar and Solana Beach to be used as working capital associated with CEA’s launch. The non-interest-bearing loans were repaid during fiscal year 2024.

Changes in debt are summarized in the table below:

	Beginning	Additions	Payments	Ending
Year ended June 30, 2024				
Due to member agencies	\$ 504,017	\$ -	\$ (504,017)	\$ -
Revolving line of credit	22,950,000	30,000,000	(19,000,000)	33,950,000
Total	<u>\$ 23,454,017</u>	<u>\$ 30,000,000</u>	<u>\$ (19,504,017)</u>	33,950,000
Amounts due within one year				-
Amounts due after one year				<u>\$ 33,950,000</u>
Year ended June 30, 2023				
Due to member agencies	\$ 504,017	\$ -	\$ -	\$ 504,017
Revolving line of credit	13,520,000	9,430,000	-	22,950,000
Total	<u>\$ 14,024,017</u>	<u>\$ 9,430,000</u>	<u>\$ -</u>	23,454,017
Amounts due within one year				5,504,017
Amounts due after one year				<u>\$ 17,950,000</u>

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

5. RISK MANAGEMENT

CEA is exposed to various risks of loss related to torts and errors and omissions. During each year, CEA purchased insurance policies from investment-grade commercial carriers to mitigate risks associated with general liability, and errors and omissions. There were no significant reductions in coverage compared to the prior year. There is no self-insured retention amount in CEA's insurance policies.

CEA maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, CEA enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

6. PURCHASE COMMITMENTS

In the ordinary course of business, CEA enters into various power purchase agreements to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydroelectric facilities.

The following table details the obligations to purchase existing energy, renewable, and resource adequacy (RA) contracts as of June 30, 2024:

Year ending June 30,	
2025	\$ 217,272,000
2026	159,609,000
2027	114,579,000
2028	85,768,000
2029	53,887,000
2030-2043	144,305,000
Total	<u>\$ 775,420,000</u>

CLEAN ENERGY ALLIANCE
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

7. PRIOR PERIOD ADJUSTMENT

In December 2022, the California Public Utilities Commission approved the Voluntary Allocation Market Obligation (VAMO) structure that would allow SDG&E to allocate costs of certain renewable products to CEA for periods beginning January 1, 2023. Due to issues in implementing and calculating how to charge CEA, SDG&E did not invoice CEA until the fall of 2023 for the periods starting in January 2023 and the relevant costs were not recorded in CEA's original financial results for the period ended June 30, 2023. Accordingly, CEA has restated its fiscal year 2023 net position and results to include the VAMO costs that related to periods through June 30, 2023. These financial statements include a restatement for an increase in the cost of electricity expense and a related decrease in net position for 2023 of \$4,084,812.

8. FUTURE GASB PRONOUNCEMENTS

The requirements of the following GASB Statements are effective for years ending after June 30, 2024:

GASB has approved GASB Statement No. 102, *Certain Risk Disclosures*, and GASB No. 103, *Financial Reporting Model Improvements*.

Management is evaluating the effect of implementation of these statements.

Clean Energy Alliance

Report to the Board of Directors

Year Ended June 30, 2024




PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

To the Board of Directors
Clean Energy Alliance
5857 Owens Ave, 3rd Floor
Carlsbad, CA

We are pleased to present this report related to our audit of the financial statements of Clean Energy Alliance ("CEA") as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for CEA's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management of CEA and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Clean Energy Alliance.

A handwritten signature in cursive script that reads "Piseri & Brink LLP".

Santa Rosa, California
October 24, 2024

cc: Andy Stern, CFO

TABLE OF CONTENTS

Required Communications	1
Significant Accounting Estimates	4
Exhibits	
Exhibit A – Internal Control Matters	5
Exhibit B—Significant Written Communications Between Management and Our Firm	
• Representation Letter	7
Exhibit C—Recent Accounting Pronouncements	10

REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated July 25, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated August 16, 2024 regarding the planned scope and timing of our audit and identified significant risks, if any.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by CEA. CEA did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

Reporting – Expected Other-Matter Paragraph

Accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board require that the management's discussion and analysis be presented to supplement the financial statements. We do not express an opinion or provide any assurance on the information. In light of this matter, we will include an other-matter paragraph in the auditor's report. This matter will not modify the opinion. Below is the paragraph included in the auditor's report:

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing CEA's audited financial statements is to read the information and consider whether its content or manner of its presentation is materially inconsistent with the financial information covered by our auditor's report or whether it contains a material misstatement of fact. We read CEA's Board of Directors meeting packet materials. We did not identify material inconsistencies with the audited financial statements.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Observations About the Audit Process (continued)

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities: AICPA Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For Pisenti & Brinker, LLP (the Firm) to fulfill its professional responsibility to maintain and monitor independence, management, Board of Directors, and the Firm each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. The Firm is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

CEA's Responsibilities

- Timely inform the Firm, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
- Understand and conclude on the permissibility, prior to CEA's, officers, directors, or persons in a decision-making capacity, engaging in business relationships with the Firm.
- Not entering into relationships resulting in close family members of the Firm covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Company.

Internal Control Matters

We have separately communicated significant deficiencies, material weaknesses, and internal control deficiencies in internal control over financial reporting identified during our audit of the financial statements. This communication is attached as Exhibit A.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of CEA, are attached as Exhibit B.

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in CEA's June 30, 2024 financial statements.

Significant Accounting Estimates

Accrued Revenue

Accounting policy/ Management's estimation process	Management's estimate of accrued revenue includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate analytically and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Cost of Electricity

Accounting policy/ Management's estimation process	Management's estimate of accrued cost of electricity includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate through subsequent disbursements and analytical procedures and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Allowance for Uncollectible Accounts

Accounting policy/ Management's estimation process	Management's estimate of the allowance for uncollectible accounts includes historical collection trends and anticipated future collections.
Basis for our conclusion on the reasonableness of the estimate	We evaluated the key factors and assumptions used to develop the estimate in determining that the allowance is reasonable in relation to the financial statements taken as a whole.

EXHIBIT A

Internal Control Matters



October 24, 2024

To the Board of Directors
Clean Energy Alliance
Carlsbad, California

In planning and performing our audit of the financial statements of Clean Energy Alliance (CEA) as of and for the year ended June 30, 2024 in accordance with auditing standards generally accepted in the United States of America, we considered CEA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CEA's internal control. Accordingly, we do not express an opinion on the effectiveness of CEA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, CEA management identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CEA's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in CEA's internal control to be a material weakness:

Prior Period Restatement of Voluntary Allocation and Market Offer (VAMO)

The pricing structure of the costs related to the Voluntary Allocation and Market Offer (VAMO) were not built into CEA's model and the costs related to fiscal year were not accrued for the year ended June 30, 2023.

Recommendation

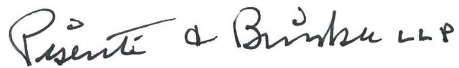
Our recommendation is to implement a control to accrue all significant costs related to each fiscal year.

Management's response

Management believes this issue to be an isolated event as a result of a new pricing structure developed by the CPUC. CEA management has already implemented a process for tracking and monitoring future changes in the related pricing structure. CEA is still dependent on information from the CPUC but has procedures in place to assist with identifying the necessary information in as timely a manner as possible. CEA identified the error and proactively proposed the adjustment to its auditors.

Management's response to the material weakness identified was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the Board of Directors, and others within CEA, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Presente & Brinkman LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California
October 24, 2024

EXHIBIT B

**Significant Written Communications Between Management
and Our Firm**



October 24, 2024

Pisenti & Brinker LLP
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Clean Energy Alliance (CEA) as of and for the years ended June 30, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, that as of October 24, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 25, 2023 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
9. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
10. Deposit risk has been properly and fully disclosed.
11. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events

with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

12. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
13. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
14. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

15. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within CEA from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
16. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
17. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
18. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud.
19. We have no knowledge of allegations of fraud or suspected fraud affecting CEA's basic financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
20. We have no knowledge of any allegations of fraud or suspected fraud affecting CEA's basic financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
21. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
22. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. We have not consulted legal counsel concerning litigation or claims.

23. We have disclosed to you the identity of all of CEA's related parties and all the related-party relationships and transactions of which we are aware.
24. We are aware of no significant deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect CEA's ability to record, process, summarize and report financial data.
25. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
26. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
27. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts.
28. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

Required Supplementary Information

30. With respect to the Management's Discussion and Analysis presented as required by GAAP and the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.



Andy Stern, Chief Financial Officer
Clean Energy Alliance

Michael Maher

Mike Maher, Accountant

EXHIBIT C

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting pronouncements have been issued as of October 24, 2024 but are not yet effective and may affect the future financial reporting by CEA.

Pronouncement	Summary
GASB Statement No. 102, <i>Certain Risk Disclosure</i>	GASB Statement No. 102, Certain Risk Disclosures, is effective for fiscal years beginning July 1, 2024. The objective of this Statement is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.
GASB Statement No. 103, <i>Financial Reporting Model Improvements</i>	GASB Statement No. 103, Financial Reporting Model Improvements, is effective for fiscal years beginning July 1, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.