CLEAN ENERGY ALLIANCE

Board of Directors Meeting

February 27, 2025

Item 3: CEO Report

Oceanside & Vista Enrollment Stats

City	Eligible Customers	Opt-Downs to 50% Renewable	Opt-Ups to 100% Renewable	Opt-Outs	Participation Rate
Oceanside	73,939	216	94	4,217	94.3%
Vista	39,517	88	316	1,722	95.6%
TOTAL	113,456	**304**	**410**	**5,939**	**94.8%**

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CEA Enrollment Stats

Member City	Clean Impact – 50% Renewable	Clean Impact Plus - 75% Carbon Free	Green Impact – 100% Renewable
Carlsbad	158	49,443	225
Del Mar	4	2,774	72
Escondido	143	53,085	62
Oceanside	189	69,121	89
San Marcos	114	34,518	63
Solana Beach	15	7,091	158
Vista	82	37,241	311
TOTAL ACCOUNTS	705	248,734	**980**

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Equitable Building Decarbonization Direct Install Program

- Purpose: Accelerate large scale residential building decarbonization.
- Funding:
  - $329M for the 6 Southern California Counties (2024-2029)
  - L.A. County (Internal Services Department) is the fiscal agent
  - $1.3M Is budgeted for San Diego County Partners including CEA
  - Partners budget does not include implementors/project budgets
- CEA will assist with:
  - Program Marketing
  - Program Design & Support
  - Community Education & Training
  - Participant Recruitment

Clean Energy Alliance

Commercial & Industrial (C&I) Solar Generation Plus Storage Behind-the-Meter (BTM) Request for Proposals (RFP)

- Program will be designed for commercial & municipal customers
- Deploys Solar Plus Batteries
- Deploys Battery Only Systems where applicable
- Enhances peak load management
- Increases local resiliency and reliability
- Supports overall grid health

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Commercial & Industrial (C&I) Solar Generation Plus Storage Behind-the-Meter (BTM) Request for Proposals (RFP)

Task:	Date:
Issue RFP	March 10, 2025
Deadline for written questions to be submitted	March 21, 2025, 5:00 PM PDT
Responses to written questions	March 21, 2025
Submittal due date	April 7, 2025, 5:00 PM PDT
Evaluate Proposals (oral interviews if needed)	April 7 – May 9, 2025
Results to Board for Selection	May 29, 2025

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Completed Community Events

DATE	DESCRIPTION
February 5, 2025	California Efficiency + Demand Management Council (EM&V Forum)
February 12, 2025	SANDAG Regional Climate Workshop
February 15, 2025	NSDC NAACP Youth Council Black History Brunch
February 19, 2025	San Marcos CAP Citizens Advisory Committee
February 22, 2025	The Learn Program – Home Electrification Fair
February 24, 2025	City of Oceanside Senior Listening Session
February 24, 2025	Battery Storage Safety and Technological Advancements Discussion
February 25-27, 2025	Intersolar & Energy Storage Conference

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Upcoming Community Events

DATE	DESCRIPTION
March 15, 2025	NCAAWA 30th Anniversary Women's Conference
March 27, 2025	Oceanside Chamber of Commerce: Meet the City Event
April 16, 2025	Carlsbad Chamber of Commerce: Green Business Expo
April 23, 2025	Vista Environmental Commission: Presentation on Microgrids
April 24, 2025	San Diego County Farm Bureau Graze 2025

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Solar Plus Update

- 12 Active / 4 Complete Contracts (as of 01/22/25)*
  - Solana Beach 4 Active, 0 Complete
  - Carlsbad 1 Active, 1 Complete
  - Escondido 2 Active, 0 Complete
  - San Marcos 4 Active, 1 Complete
  - Oceanside 5 Active, 1 Complete
  - Vista 4 Active, 1 Complete

*Current focus is onboarding channel partners for program expansion

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Questions/Discussion

Item 4: Regulatory Update

Clean Energy Alliance: Regulatory Update

Tim Lindl – Keyes & Fox LLP

February 27, 2025

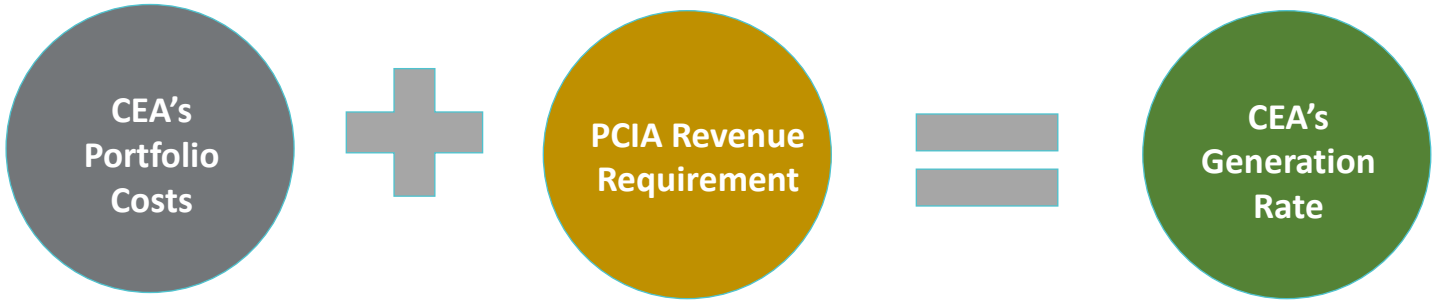
KEYES&FOX LLP

Overview

- Power Charge Indifference Adjustment (PCIA) Primer (cont'd)
- New Rulemaking 25-02-005: Revising the PCIA Ratemaking Methodology and Process

PCIA Overview

- The PCIA is the “exit fee” that is intended to ensure such indifference remaining SDG&E customers to be left economically “indifferent” to CEA’s customers leaving SDG&E’s service.



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Setting PCIA Rates

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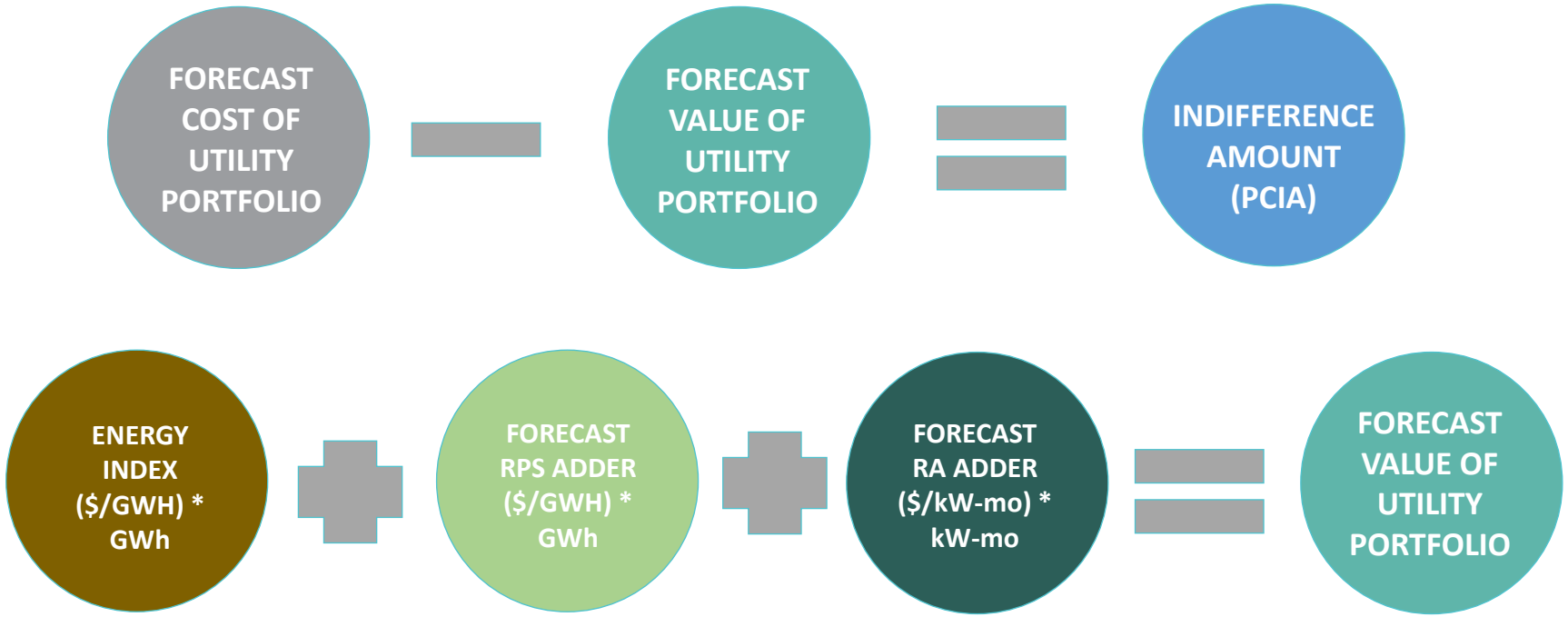
Setting PCIA Rates – Forecast Component



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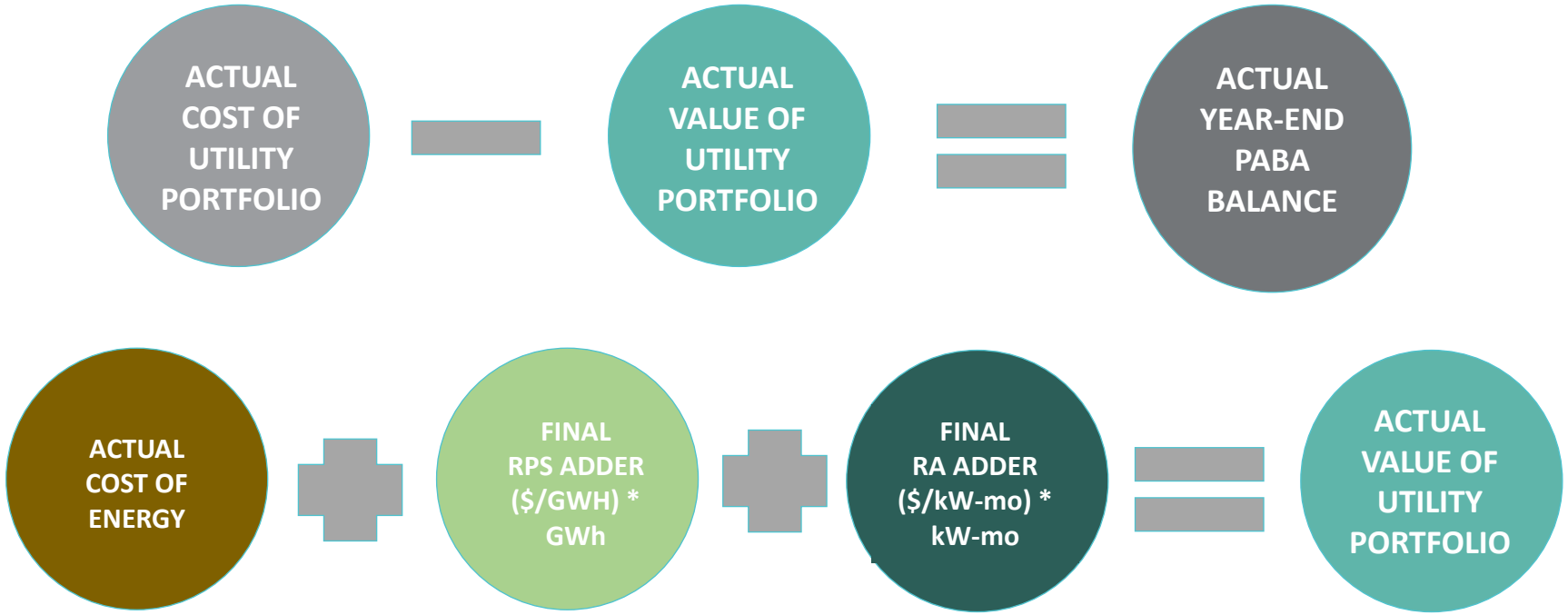
Setting PCIA Rates – True-Up Component



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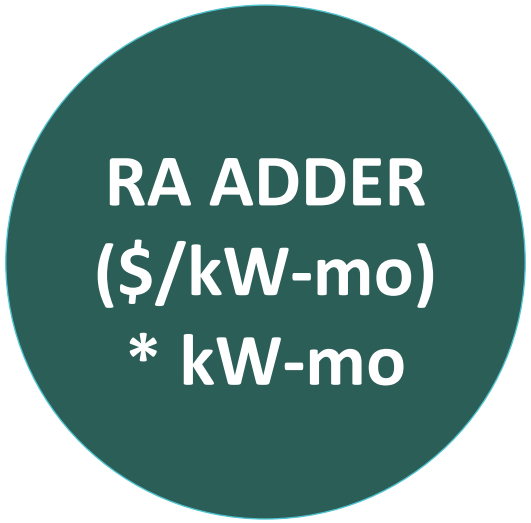
Setting PCIA Rates – RA Adder



Three Different Kinds of Capacity

- * System *
- Local
- Flexible Capacity

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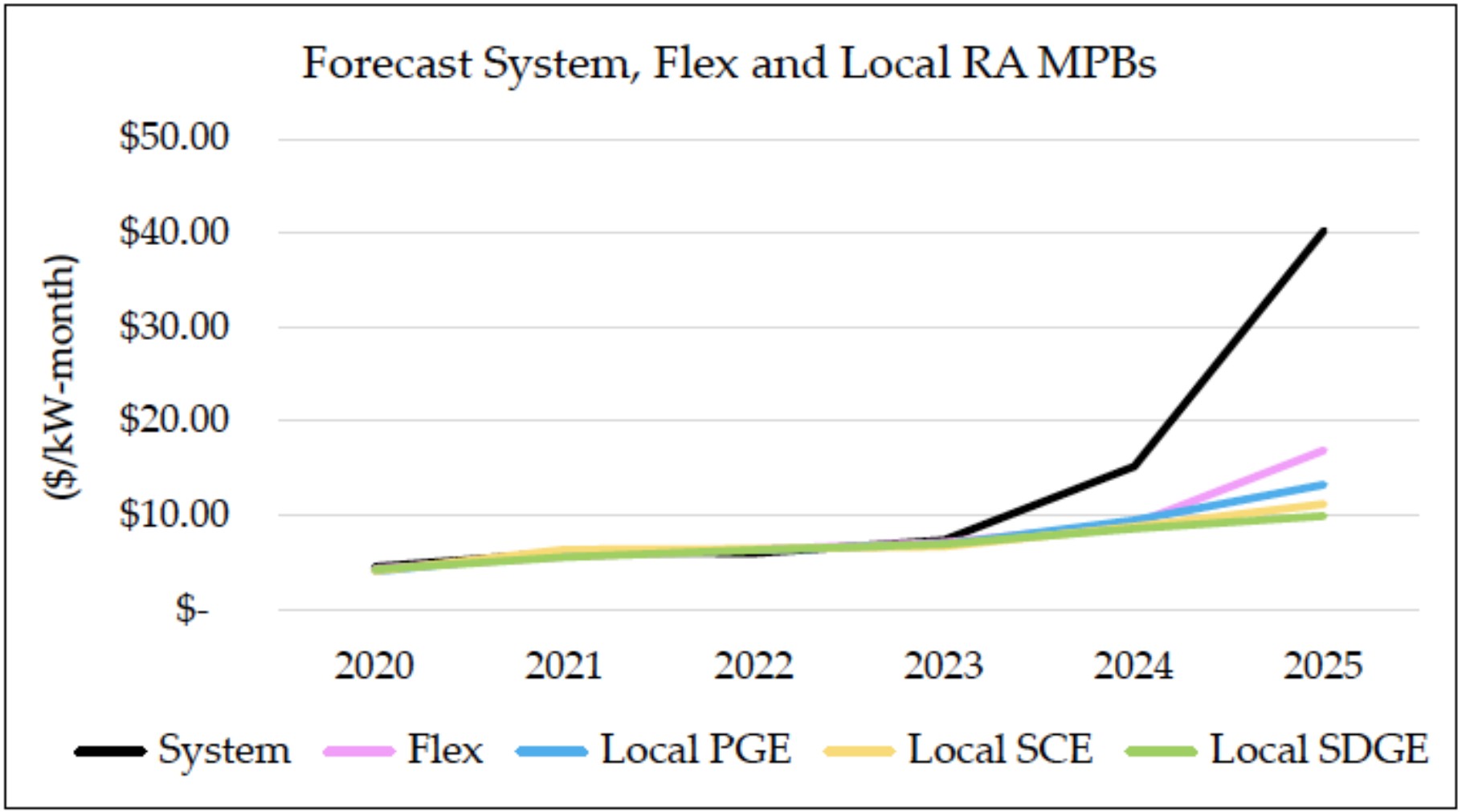
Setting PCIA Rates – RA Adder



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Developments in Last Year's ERRA

- Publication of MPBs delayed and then revised twice
- October 8 ALJ Rulings requesting "procedural mechanisms" in ERRA Forecast cases to reduce potential over or under-collections tied to the RA MPB
- Decision 24-12-040 adopted 2025 PCIA rates for SDG&E

New PCIA Rulemaking 25-02-005

Goals:

- To consider and identify reasonable improvements to existing ERRA and PCIA rules, mechanisms, and processes to ensure best practices in utility forecasting and other procurement plan activities;
- To identify ways to mitigate and respond to rate volatility, whether resulting from market conditions or ratemaking constructs;
- To best ensure indifference among bundled and departed customers; and
- To provide policy guidance to ensure that individual utility forecast ratemaking proceedings function as efficiently and consistently as possible.

New PCIA Rulemaking 25-02-005

Two Tracks

- Track 1: Focused on near-term revisions to the RA MPB
- Track 2: Lingering issues that have arisen during prior ERRA Forecast and Compliance cases

QUESTIONS?

Tim Lindl
tlindl@keyesfox.com
(510) 314-8385

KEYES&FOX LLP

Item 5: Battery Storage Informational Discussion

Battery Energy Storage Systems

- First in a series of presentations on BESS to orient and inform the CEA Board
- Energy Storage is and will play a pivotal role in providing and supporting renewable energy goals and maintaining grid reliability during peak demand
- To reach its 2045 100% clean energy target, California is projected to need 52,000 Megawatts (52 Gigawatts) of energy storage capacity

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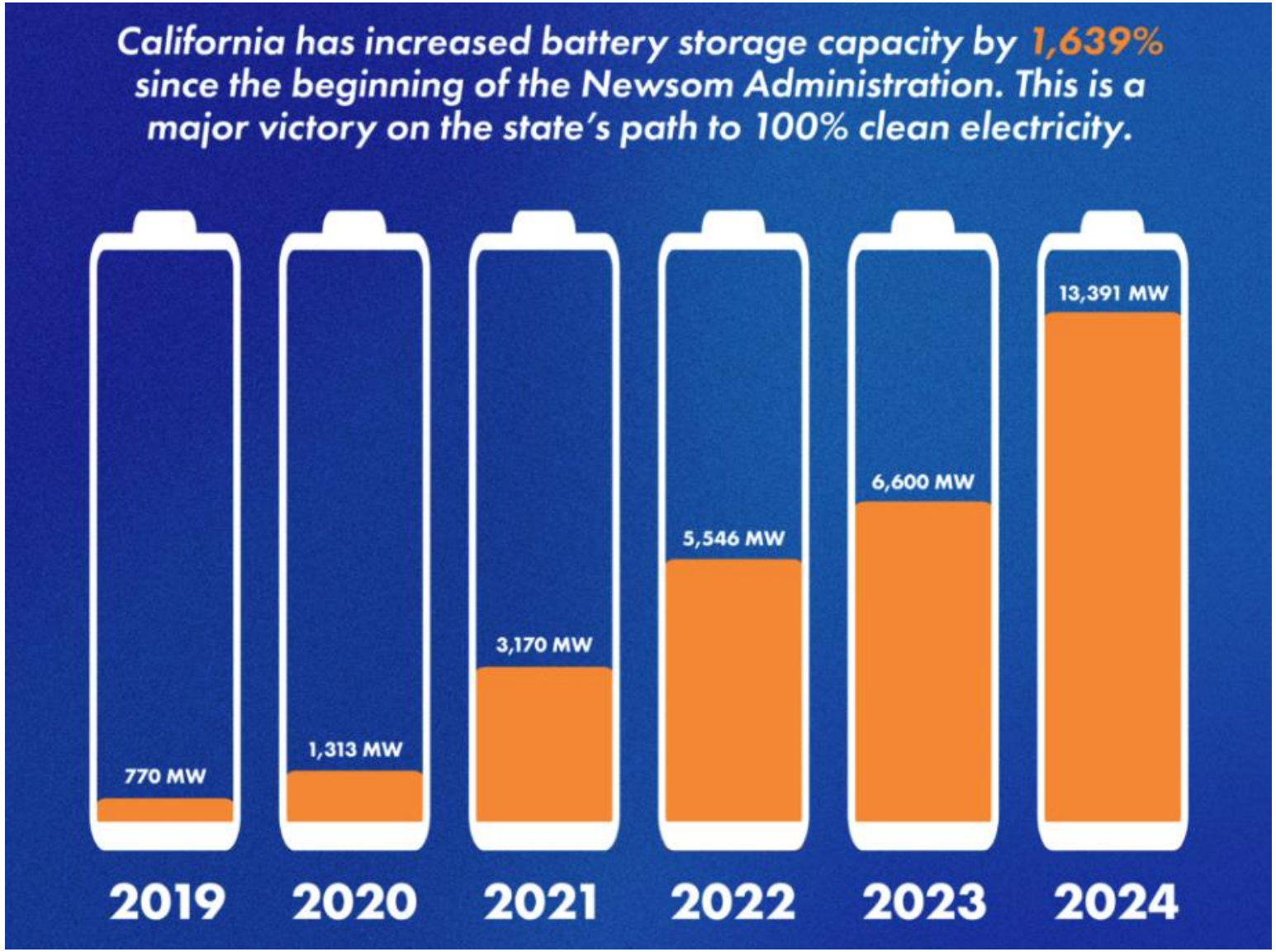
Battery Energy Storage Systems



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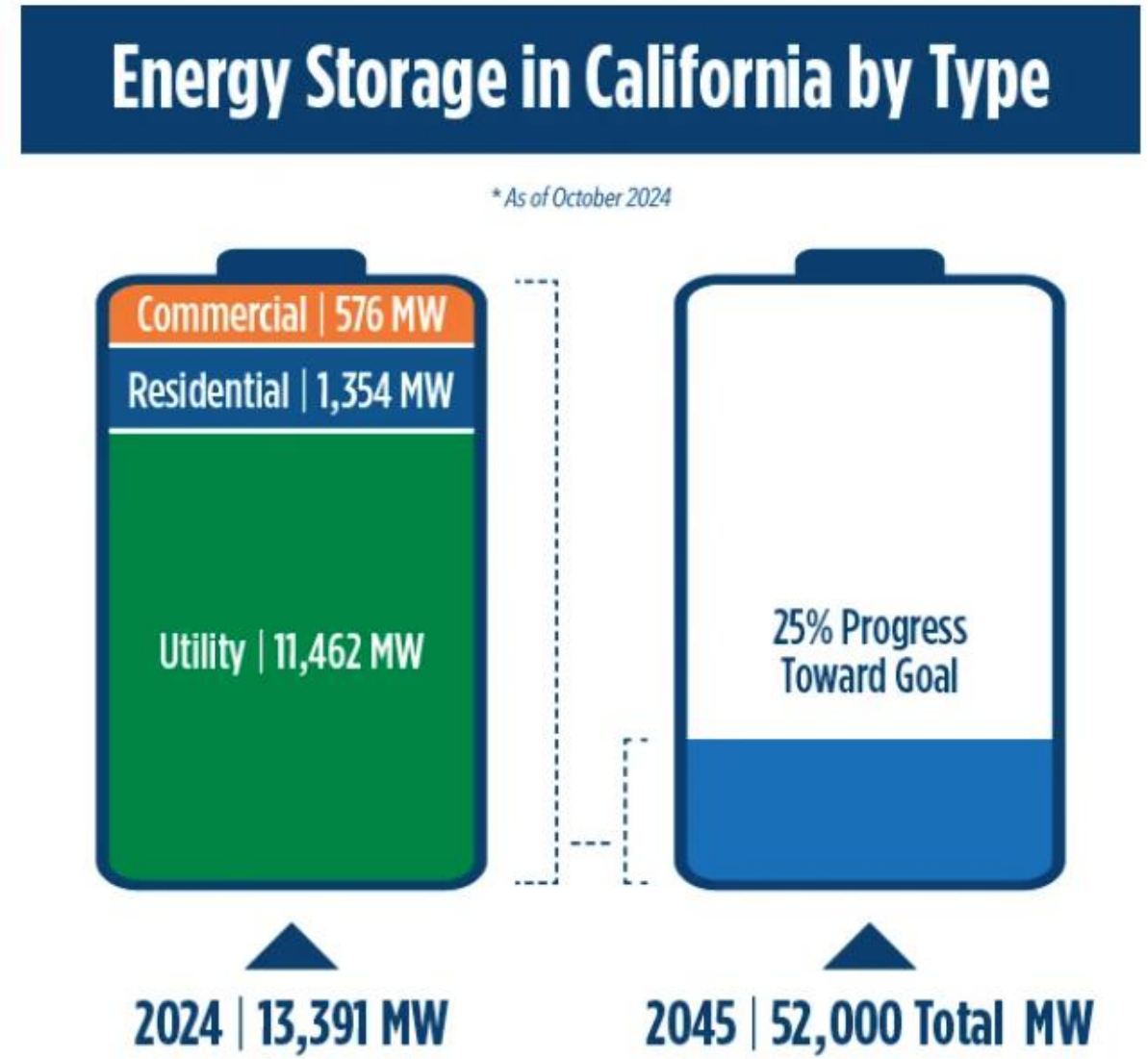
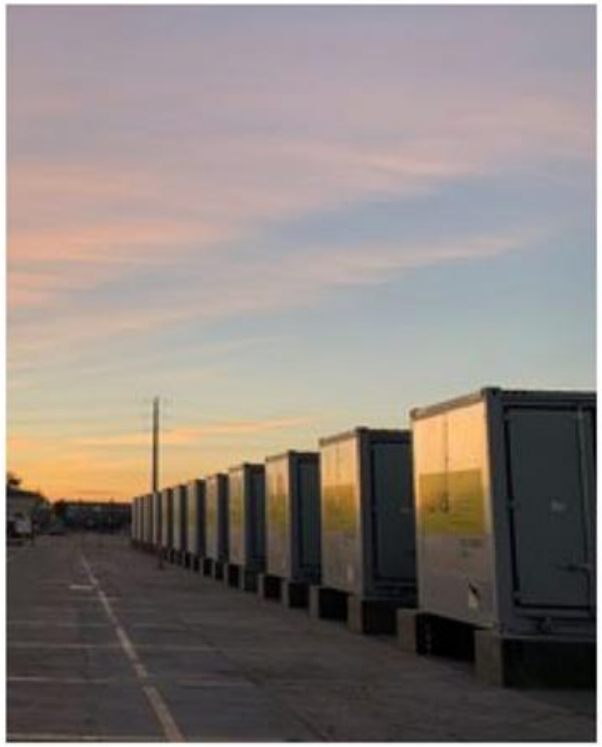
Battery Energy Storage Systems



CLEAN ENERGY ALLIANCE

Overview of Battery Energy Storage Systems



February 27, 2025
Clean Energy Alliance Board of Directors Meeting
Jason Anderson, President and CEO, Cleantech San Diego

We are a **business association** founded 18 years ago by visionary leaders from the private, public, and academic sectors who recognized a growing cleantech industry as the next great **economic opportunity** for the San Diego region.

cleantech SAN DIEGO

Our support of the cleantech sector spans **solar**, **wind**, **energy efficiency**, **storage**, **electric vehicles**, and **biorenewables**.

We were founded on the premise that setting **a high bar for sustainability** would result in an economically-viable **response from industry** to help meet those goals.

cleantech SAN DIEGO

What do we do?

Position the greater San Diego region as a global leader in the cleantech economy.

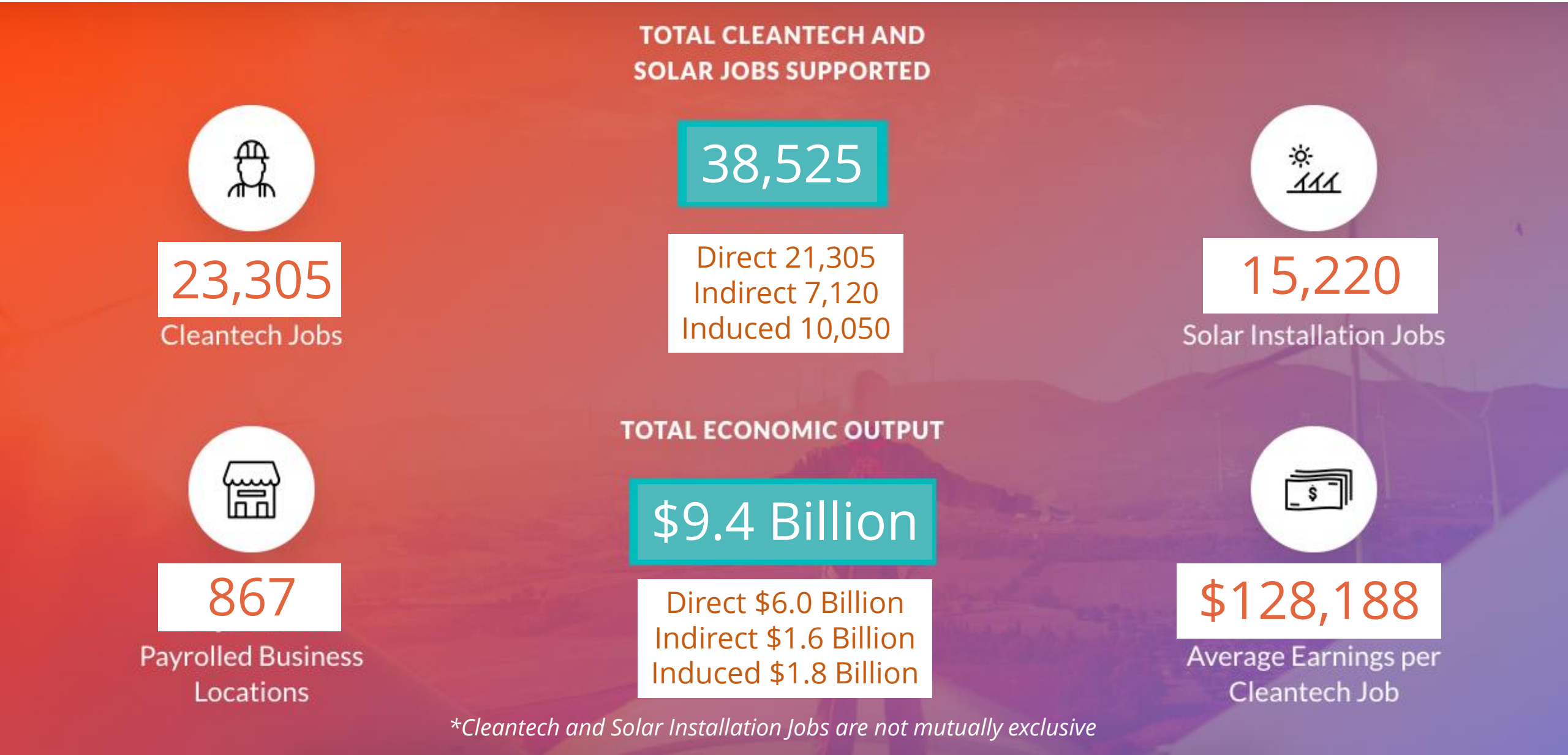
How do we do it?

Foster collaborations across the private-public-academic landscape, lead advocacy efforts to promote cleantech priorities, support energy entrepreneurs, and encourage equitable investment across the San Diego region.

Who's with us?

More than 135 businesses, universities, governments, and nonprofits committed to advancing sustainable solutions for the benefit of the economy, the environment, and all members of the community.

THE CLEANTECH INDUSTRY IN SAN DIEGO
2023 ECONOMIC IMPACT STUDY



**Cleantech and Solar Installation Jobs are not mutually exclusive*

Agenda

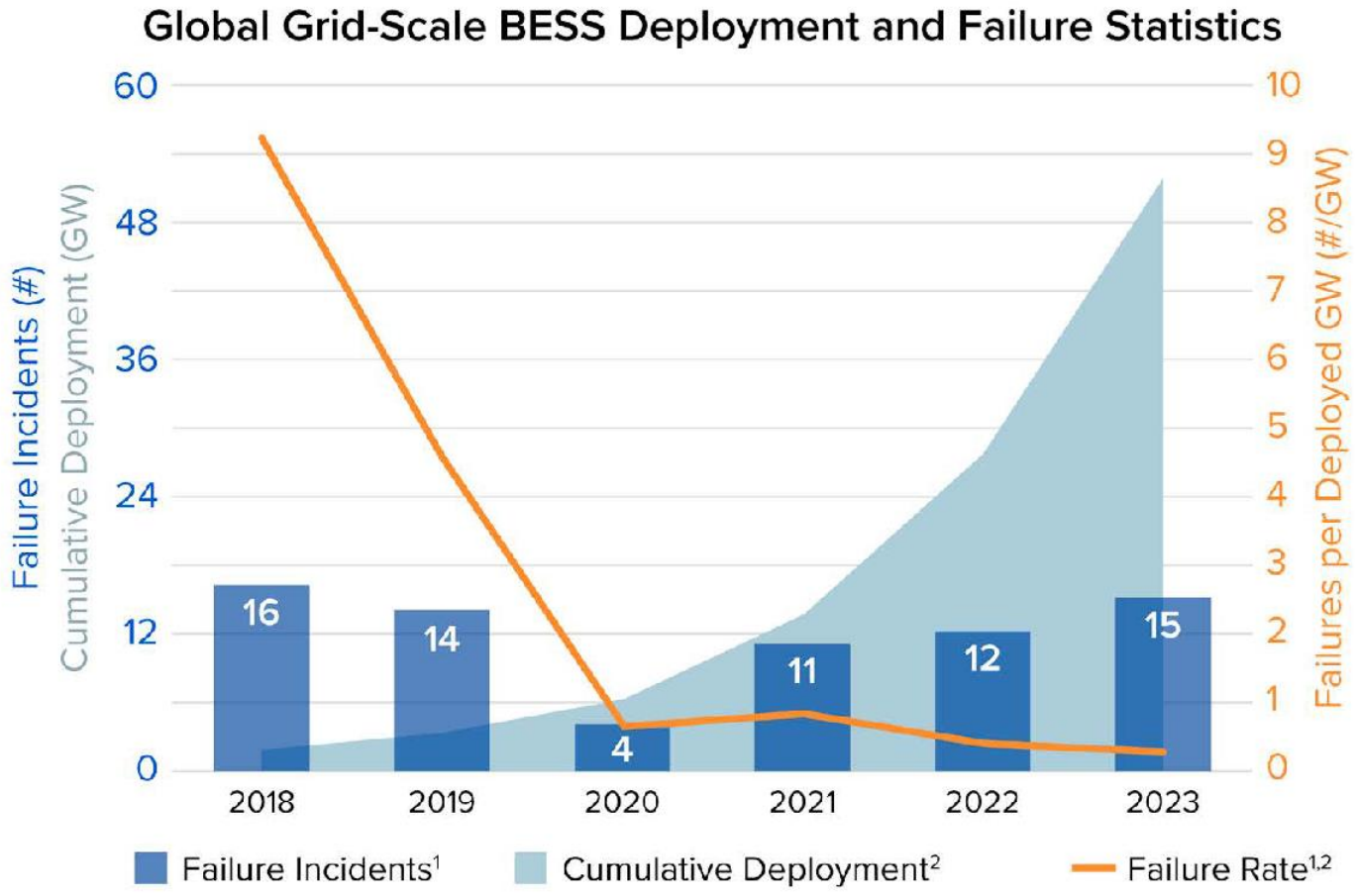
- About BESS
- BESS Benefits
- Why BESS
- Technology Advancements
- Safety Codes and Standards
- Best Practices
- BESS in San Diego
- Public Sentiment

Context for BESS Conversation

Sept. 2023:	Fire in Industrial Park in Valley Center
May 2024:	Fire in Industrial Park Near Otay Mesa
Sept. 2024:	Fire in Industrial Park in Escondido
Sept. 2024:	City of San Marcos Considers BESS Opposition
Oct. 2024:	City of Escondido Considers Ordinance Prohibiting BESS
Dec. 2024:	San Diego County Considers Additional Requirements for BESS
Jan. 2025:	Fire at Moss Landing
Feb. 2025:	SD County Considers Support for AB 303

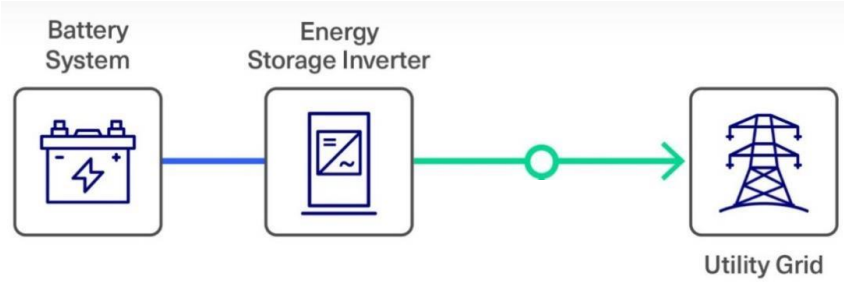
Incidents Have Significantly Decreased

- According to EPRI statistics, BESS fire incidents are decreasing while deployments are increasing substantially
- The rate of BESS failure incidents fell 97% between 2018 and 2023
- During this time, codes and standards regulating BESS have rapidly evolved to better address safety concerns



Sources: (1) EPRI Failure Incident Database, (2) Wood Mackenzie. Data as of 12/31/23.

Introduction to Battery Energy Storage Systems (BESS)



BESS = Battery Energy Storage System

BESS is one of the fastest growing and rapidly evolving technologies in the energy transition

What is a Battery?

- A device that stores energy that can be used later
- Typically, electro-chemical energy storage

What Can BESS Do?

- Charge/discharge energy at the time of need
- Help stabilize the grid
- Regulate frequency and voltage
- Prevent blackouts
- Reduce the need for transmission upgrades

Types of Battery Projects

Batteries range from small-scale use for single family residences or businesses up to utility-scale systems

- Residential or Commercial: smaller and typically behind the meter
- Utility Scale: 10MW+ 4 hours of energy
- Long Duration Energy Storage: 8+ hours of energy

BESS Benefits

- More renewable energy can be placed on the grid
- Provides emergency back-up power
- Lowers costs by storing energy when the price of electricity is low
- Balances power supply and demand instantaneously
- Makes the grid more reliable, resilient, and efficient

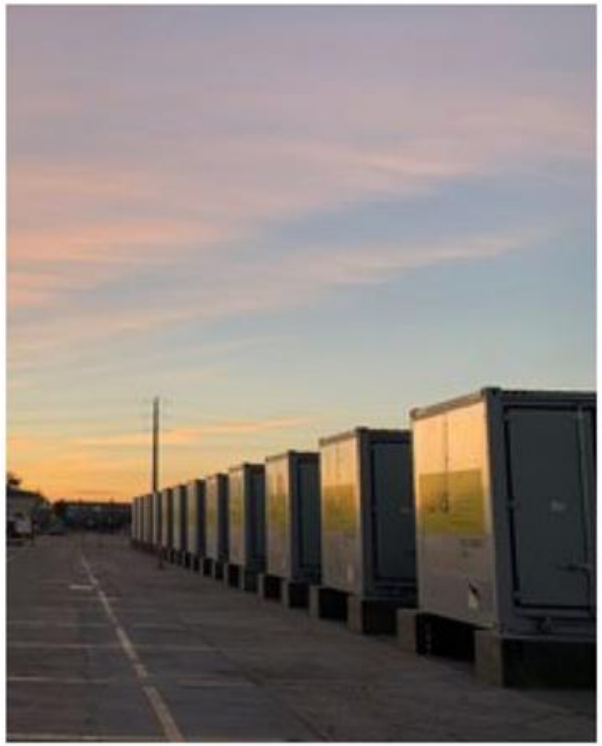
Why BESS

A 2024 CAISO study estimated that California is projected to need 50 gigawatts of energy storage by 2045 to meet its greenhouse gas reduction goals.

CCA Obligations Supported by BESS

- Midterm Reliability
- Resource Adequacy (RA) Requirements
- Integrated Resource Planning
- Renewable Portfolio Standards

Technology Advancements Are Rapidly Evolving



- Moving toward full engineering and secured outdoor containerized solutions as opposed to indoor installations
- Advancements in monitoring, detection, and thermal imaging
- Advancements in chemistry options

Safety Codes and Standards

National codes and safety standards guide the planning, developing, and operating of each energy storage project

- **NFPA 855 –** mandatory requirements for design, installation, commissioning, operation, maintenance, and decommissioning of energy storage facilities
- **UL9540A –** comprehensive large-scale fire testing that tests the equipment's reaction to a possible thermal event at the enclosure level, not just the battery cells and modules.
- **California Fire Code –** based on national standards with updates anticipated in July 2025

Best Practices

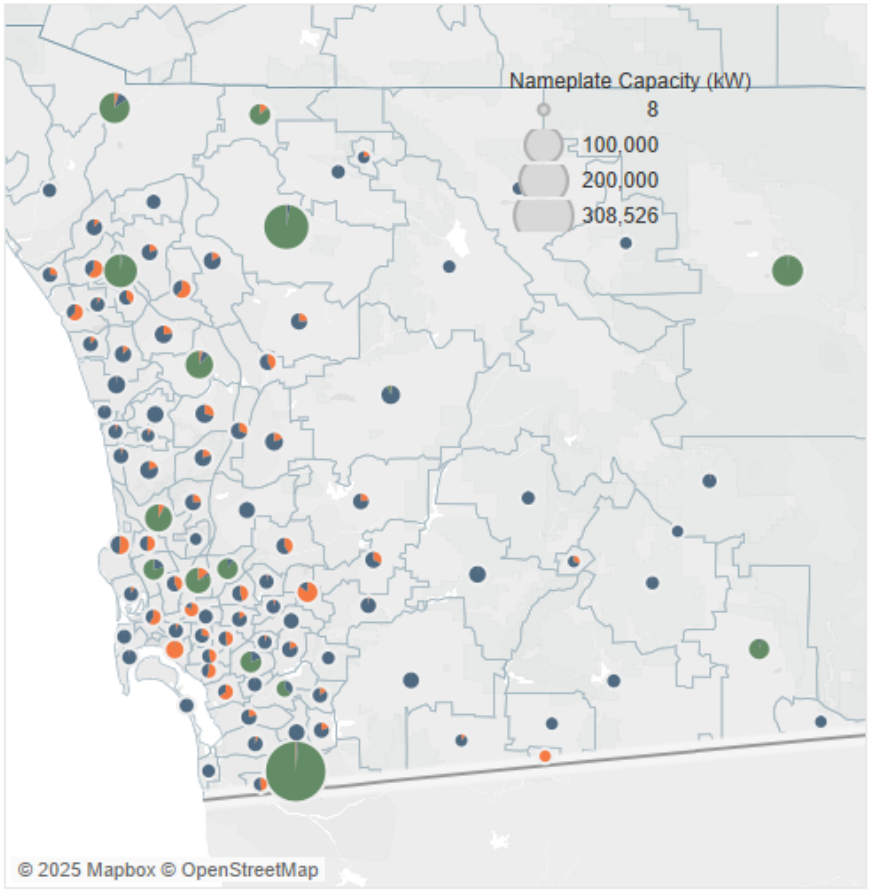
Today's BESS safety features and best practices provide:

- Hazard Mitigation Analysis
- Battery Management Systems
- Emergency Shutdown
- Flammable Gas Detection
- Fire Detection and Alarm
- Direct Injection Fire Suppressant
- Exhaust Ventilation
- Deflagration Venting
- First Responder Training
- Emergency Response Plans

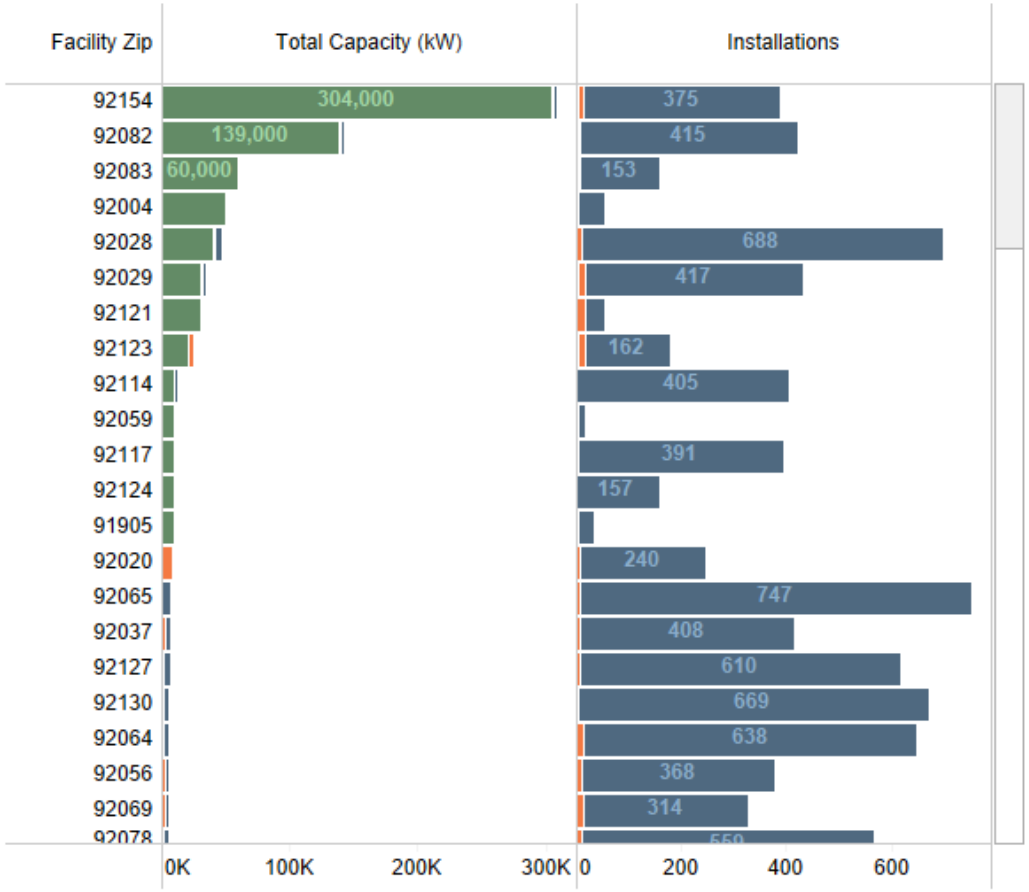
BESS in San Diego County

Customer Sector	Total Capacity (MW)	Installations	Average Capacity (kW)
Residential	157	23,017	7
Commercial	67	381	175
Utility	725	23	31,542
Total	949	23,421	41

Installed Storage Capacity by ZIP Code



Capacity and Installations



County
San Diego

Zip Code
All

Utility
All

Sector
All

Online Year
All

CAISO Flag
Multiple values

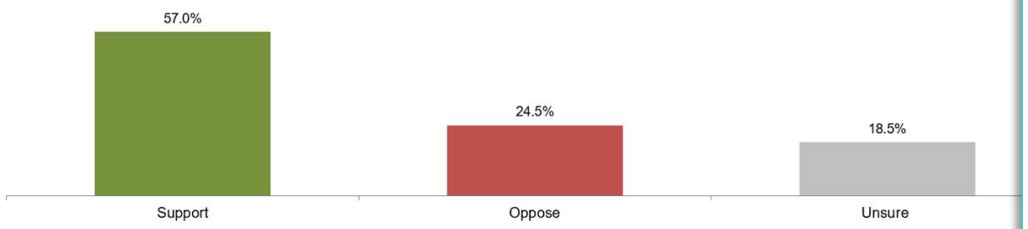
Customer Sector
- Residential
- Commercial
- Utility

STATE OF CALIFORNIA
ENERGY COMMISSION

San Diego County Residents Support BESS

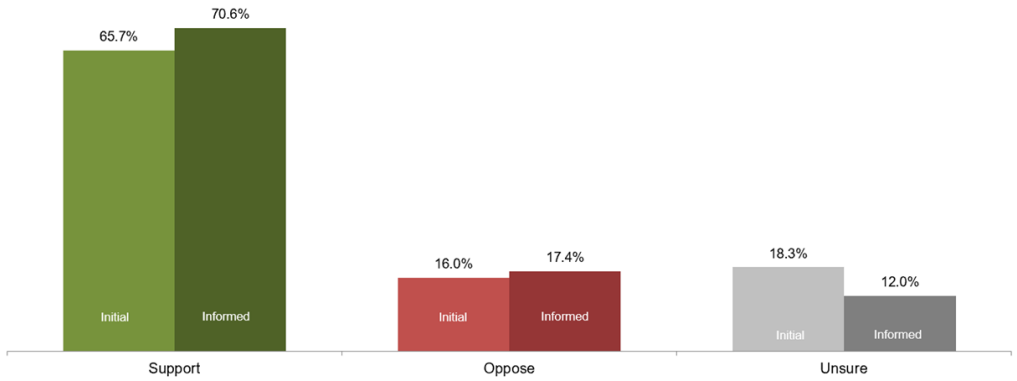
57% of residents support battery storage projects in their neighborhood

Question 14: Do you support or oppose battery storage projects in your neighborhood?

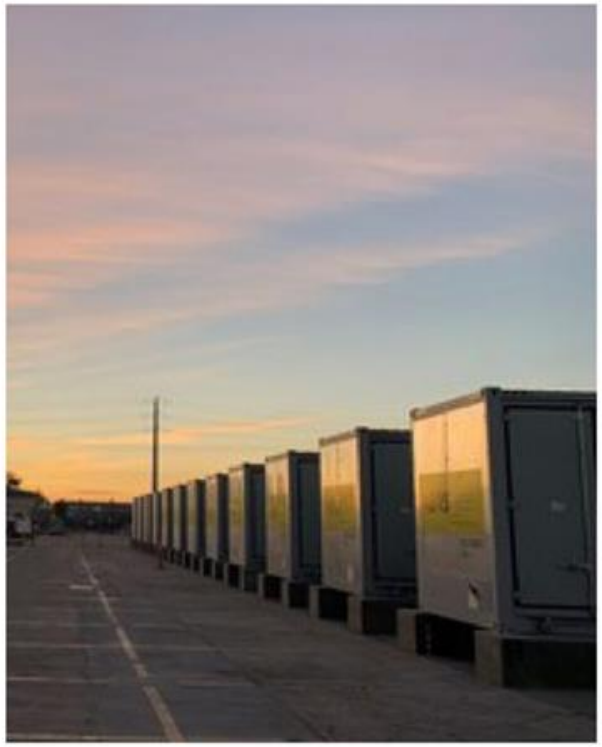


Informed: 71% of residents support battery storage in San Diego County

Question 22: Knowing what you know now, do you support or oppose battery storage as an alternative energy source in San Diego County?



Overview of Battery Energy Storage Systems



February 27, 2025
Clean Energy Alliance Board of Directors Meeting
Jason Anderson, President and CEO, Cleantech San Diego

Questions/Discussion

Item 6: Mid-Year Budget Review

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FY24/25 Mid-Year Budget Review and Full-year Forecast

February 27, 2024

Topics for Financial Review

- Actual financial performance through December 2024
- Forecast through June 2025
- JP Morgan credit line compliance

Financial Performance through December 31, 2024

	Year-to-date			
	Actual	Budget	Variance: Favorable / (Unfavorable)	YTD Actual as % of YTD Budget
OPERATING REVENUES				
Total Operating Revenues	$207,804,870	$199,667,399	$8,137,471	104%
OPERATING EXPENSES				
Total Cost of Goods Sold (Energy Expense)	157,212,702	163,753,367	6,540,665	96%
Other Operating Expenses (excluding COGS)	4,455,307	4,289,264	(166,043)	104%
Total Operating Expenses	$161,668,010	$168,042,631	$6,374,621	96%
OPERATING INCOME/(LOSS)	$46,136,860	$31,624,768	$14,512,092	146%
NON-OPERATING REVENUES (EXP.)			-	
Total Nonoperating Income/(Expense)	(887,024)	(671,312)	(215,712)	132%
			-	
CHANGE IN NET POSITION	$45,249,836	$30,953,456	$14,296,380	146%
Beginning Net Position	(16,964,834)			
Ending Net Position	28,285,002			

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YTD December 2024 (6 months) Financial Highlights

- Revenues (billing to Customers)
  - $8.1 million (4%) higher than budget
  - Although usage was 2% lower than budget, it was 4% higher than budget during peak months of July-September when customer rates are higher
- Expenses
  - 4% below budget
  - Energy costs were lower than budgeted
  - Non-energy costs were 4% above budget - mostly related to timing
- Change in Net Position
  - $45.3 million, or $14.3 million better than the budget of $31.0 million

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Financial Performance Projected through June 30, 2024

	Full Year FY2024-2025		
	Full Year Forecast FY2024-2025	Full Year Budget FY2024-2025	Variance: Favorable / (Unfavorable)
OPERATING REVENUES			
Total Operating Revenues	$363,088,496	$360,839,549	$2,248,947
OPERATING EXPENSES			
Total Cost of Goods Sold (Energy Expense)	311,953,629	317,090,165	5,136,536
Other Operating Expenses (excluding COGS)	9,649,949	9,378,650	(271,299)
Total Operating Expenses	$321,603,579	$326,468,815	$4,865,237
OPERATING INCOME/(LOSS)	$41,484,918	$34,370,733	$7,114,184
NON-OPERATING REVENUES (EXP.)			-
Total Nonoperating Income/(Expense)	(1,136,089)	(1,063,383)	(72,705)
CHANGE IN NET POSITION	$40,348,829	$33,307,350	$7,041,479
Ending Net Position	$23,383,949		

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Full-year FY2025 (12 months) Forecast

- Revenues (billing to Customers) expected to be $4.8 million, or 4%, higher than the full-year budget
- Expenses expected to be very close to budget
- Change in Net Position expected to be
  - $40.3 million, or $7.0 million better than the budget of $33.3 million
  - Less favorable in the 2nd half of the year, although could be better since some conservatism is built into the forecast

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JP Morgan Credit Line

- Met both Credit Line Covenants at 9/30 and 12/31
- On track to comfortably meet covenants going forward
- Current credit line expires January 2026

		Dec 31	**Mar 31**	**Jun 30**	**Sept 30**	**Dec 31**
		2024	**2025**	**2025**	**2025**	**2025**
	Metric					
DSCR	**1.0**	12.2	**16.1**	**27.7**	**48.0**	**60.3**
DLOH	**45**	57	**52**	**35**	**80**	**101**

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FY2025-2026 Budget Timeline

- Board Meeting May 29, 2025 – Draft Budget Review
- Board Meeting June 26, 2025 – Final Budget Approval

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