



# Board of Directors Meeting

May 29, 2025

# Item 5: CEO Report

# Oceanside & Vista Enrollment

- Enrollment of remaining Net Energy Metering (NEM) customers has concluded
- Enrolled approximately 1,800 NEM customers per month over the past 12 months
- Statistics as of May 13, 2025:

City	Eligible Customers	Opt-Downs to 50% Renewable	Opt-Ups to 100% Renewable	Opt-Outs	Participation Rate
Oceanside	73,933	209	102	4,619	93.3%
Vista	39,437	88	330	1,927	94.7%
<b>TOTAL</b>	<b>113,370</b>	<b>297</b>	<b>432</b>	<b>6546</b>	<b>94.2%</b>

# CEA Enrollment Stats

Member City	Clean Impact – 50% Renewable	Clean Impact Plus - 75% Carbon Free	Green Impact – 100% Renewable
Carlsbad	174	49,250	228
Del Mar	7	2,747	73
Escondido	148	53,190	69
Oceanside	198	68,694	96
San Marcos	113	34,364	75
Solana Beach	14	6,897	160
Vista	85	36,944	322
<b>TOTAL ACCOUNTS</b>	<b>739</b>	<b>252,086</b>	<b>1,023</b>

# Solar Plus Update

- 15 Active / 4 Complete Contracts (as of 05/14/25)\*
  - Carlsbad 3 Active, 1 Complete
  - Escondido 6 Active, 0 Complete
  - Oceanside 1 Active, 1 Complete
  - San Marcos 0 Active, 1 Complete
  - Solana Beach 1 Active, 0 Complete
  - Vista 4 Active, 1 Complete

\*Channel Partners have 5 active customers in process.

# Completed Community Events

DATE	DESCRIPTION
April 24, 2025	GRAZE at the Fields
April 25, 2025	Dr. Bronner's Staff Earth Day Extravaganza
April 26, 2025	Oceanside Earth Day Community Event

# Upcoming Community Events

DATE	DESCRIPTION
May 30, 2025	San Diego Equality Awards

# Item 6: Battery Bonus & Battery Bonus Connect

# Battery Bonus Program

- Numerous Customers have Solar and no Battery
- Batteries provide:
  - Backup Power
  - TOU Optimization
  - Increased Use of Renewable Energy from Solar System
  - Supports Grid Reliability

# Battery Bonus Program

- Participate.Energy (PE) selected to administer CEA's Battery Bonus Program
- The Battery Bonus Program provides battery retrofits for CEA customers with existing Solar Systems and no battery
- Program will be integrated with the current Solar Plus Program administered by PE
- Like Solar Plus, this Program has no upfront cost or credit check

# Battery Bonus Proposed Rates

- Customers fee ranges from: \$50 - \$115 per battery per month
  - Rates based on several factors:

Installation Complexity	Installer Costs	Customer Preference
<ul style="list-style-type: none"><li>• Main service panel upgrade</li><li>• Relocating critical loads</li><li>• Fire or local code compliance</li></ul>	<ul style="list-style-type: none"><li>• Union labor / prevailing wages</li><li>• Larger installation crews</li><li>• Sales and marketing costs</li></ul>	<ul style="list-style-type: none"><li>• Equipment selection</li><li>• Additional batteries to extend back-up capabilities</li><li>• Preferred installation location</li><li>• Trenching vs external conduit</li></ul>

# Battery Bonus Connect Program

- Haven Energy Services, Inc. selected to administer CEA's Battery Bonus Connect Program
  - Program benefits income qualified customers including CARE/FERA customers
  - Program funded by the Self Generation Incentive Program (SGIP)
  - Haven's Professional Services Agreement (PSA) provides battery retrofits at no cost to CEA Customers
  - PSA executed to initiate SGIP application process; no cost or rate impact to CEA

# Recommendation:

- Adopt Resolution No. 2025-022 which would:
  - Approve the Battery Bonus Program rates, and;
  - Approve the PSA with PE for Battery Bonus Program & Authorize CEO to execute all necessary documents
  - Ratify the PSA with Haven Energy Services, Inc. for the Battery Bonus Connect Program

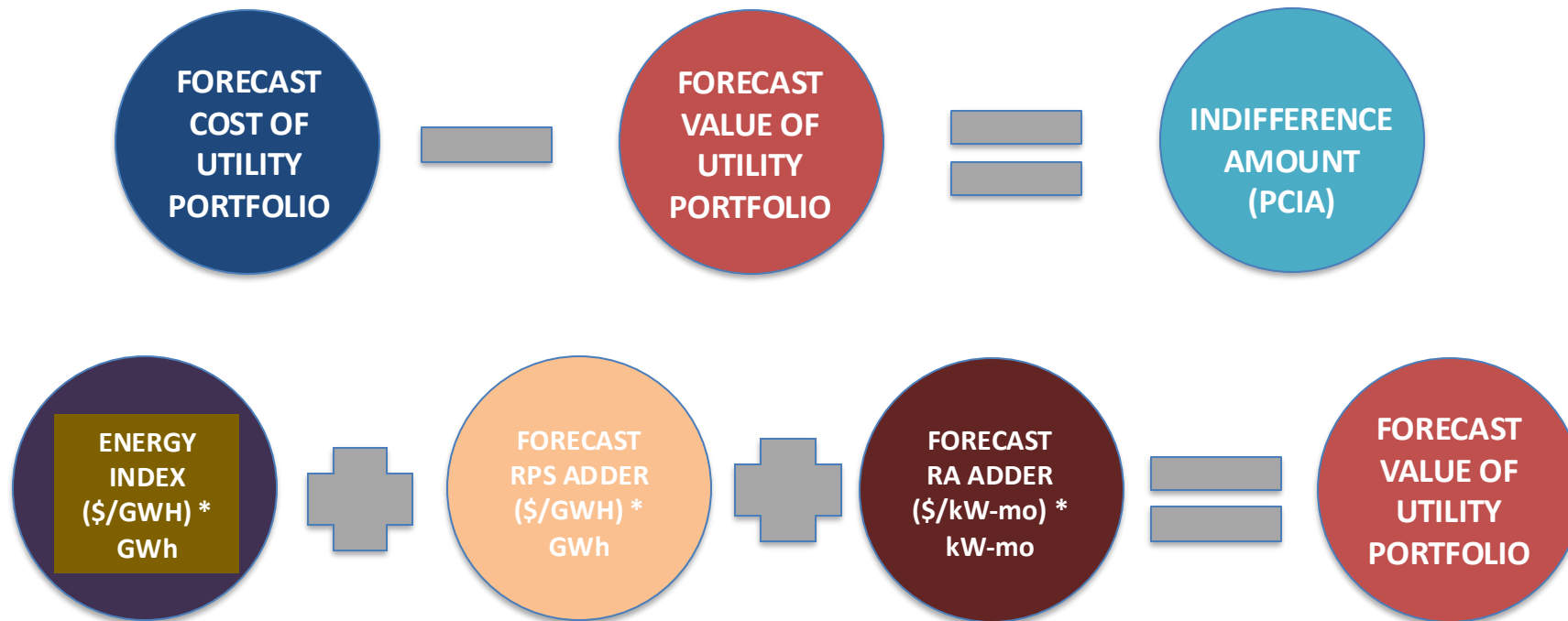
# Questions/Discussion

# Item 7: Regulatory Update

# Overview

- Rulemaking 25-05-005: Proposed Decision Changing the Power Charge Indifference Adjustment (PCIA) methodology
- Application 23-06-001: Proposed Decision in the 2022 Energy Resource Recovery Account (ERRA) Compliance Proceeding
- Rulemaking 23-10-011: Proposed Decision in the Resource Adequacy (RA) Rulemaking
- Application 25-05-012: 2026 ERRA Forecast Case

# Setting PCIA Rates



# Proposed Decision in R.25-02-005

The Proposed Decision seeks to:

- Solve a perceived lack of transaction volumes in the data used to determine the Resource Adequacy (RA) Market Price Benchmark.
- Remove non-market-relevant transactions:
  - Affiliate transactions
  - Swap transactions
  - Sleeve transactions

# Proposed Decision in R.25-02-005

It modifies the MPB itself and the data set used to calculate the RA MPB:

- It collapses what were three different RA MPBs (Local, System and Flex) into one MPB for all RA transactions
- **It uses three (for the forecasted MPB) and four (for the final MPB) years of data to calculate the RA MPB**
- It eliminates affiliate and swap transactions from the data set
- It reduces sleeve transactions to just one transaction within the data set

PCIA rates will increase compared to the *status quo* if the Proposed Decision is adopted.

# Proposed Decision in R.25-02-005

The changes will be applied to both the Final 2025 RA MPB (for the true-up) and the Forecast 2026 RA MPB (for forecasted rates).

Comments are due June 12; the Proposed Decision may be adopted as early as June 26.

# Proposed Decision in A.23-06-001

- Key question in this case is “portfolio optimization,” *i.e.*, SDG&E’s efforts to sell excess capacity:
  - Impacts both CEA’s ability to meet its RA requirements and CEA’s PCIA rates
  - Proposed Decision appears to suggest CCAs cannot review SDG&E’s efforts to sell its substantial amount of excess capacity
- Comments due today: The Proposed Decision commits significant legal and factual errors and must be revised.

# Proposed Decision in R.23-10-011

- Key question in this rulemaking for CCAs is hourly “transactability,” *i.e.*, the ability of CCAs to transact capacity on an hourly basis instead of a monthly basis.
- CalCCA’s proposal to allow hourly transactions would have saved Californians \$180 million each year.
- The Proposed Decision denies the proposal to study it further.
- Comments are due June 11.

# 2026 ERRRA Forecast Case Filed

- SDG&E filed its application to set PCIA rates for 2026 on May 15.
- The October Update in this case will utilize the new RA MPB.
- Next Steps:
  - June: Protest
  - August and September: Testimony and hearings
  - October Update (including changes from R.25-05-005)
  - November and December: Two Advice Letters
  - December 31: Final SDG&E rates, including PCIA

# QUESTIONS?

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# Item 8: FY 25/26 Budget and Adoption



**FY2025-2026 Draft Budget  
And  
5-Year Outlook through June 2030  
May 29, 2024**

# Financial Performance Projected through June 30, 2025

	YTD Actuals through 3/31/2025	Forecast through 6/30/2025	Budget FY2024-2025	Variance Fav/(Unf)
Total Operating Revenues	\$273,668,520	\$352,035,391	\$360,839,549	(\$8,804,157)
Total Cost of Energy	232,762,908	310,160,685	317,090,165	6,929,480
Other Expenses (excluding Energy)	6,850,183	9,293,860	9,381,926	88,066
Total Operating Expenses	239,613,091	319,454,546	326,472,091	7,017,546
Operating Income (Loss)	34,055,429	32,580,846	34,367,457	(1,786,612)
Total Nonoperating Income/(Expense)	<u>(882,164)</u>	<u>(1,081,752)</u>	<u>(1,063,383)</u>	<u>(18,369)</u>
<b>CHANGE IN NET POSITION</b>	<b>\$33,173,265</b>	<b>\$31,499,094</b>	<b>\$33,304,074</b>	<b>(\$1,804,981)</b>
Net Position at the beginning of period	(\$16,964,834)	(\$16,964,834)		
Net Position at the end of period	\$16,208,431	\$14,534,259		

# Key Observations for Full Year (FY2025)

- Current forecast is to end the year with positive Change in Net Assets of \$31.4 million
  - \$1.9 million below Budget
  - Several likely positive upsides could improve the outcome to better than Budgeted level
  - Current forecast is to end with positive \$14.5 million of Net Position (after 3 successive negative years)
- Revenues in second half of the year lower than expected
  - Full year \$8.8 million below Budget
  - Significantly lower customer usage than expected during mid-day hours due to high rooftop solar installations
- Energy expenses
  - \$6.9 million below Budget
  - But used approximately half of \$14.4 million contingency
- Sum of all other expenses very close to Budget
- Total Operational Expenses – close to budget and just 2.9% of total expenses



# FY2025-2026 Budget Detail

# Key Assumptions

- Rates
  - Assuming no change in rates from current levels through the 5-year projection
  - Note: CalCCA rate projections show potential for significant SDG&E generation rate decreases
- No load growth
  - Customers – number, mix and usage all flat
- Programs Budget
  - FY2026 - \$2.0 million
  - FY2027 - \$4.0 million
  - FY2028 - \$6.0 million
  - FY2029 - \$8.0 million
  - FY2030 - \$12.0 million
- Staffing and Administration
  - Today – 6 positions
  - At June 30, 2025 – 10 positions
  - At June 30, 2026 – 16 positions

# Key Assumptions – Energy Costs

- Energy and Energy Attribute Prices
  - Forward energy price forecasts appear to be continuing recent declines
  - REC prices have declined from recent historical highs, but remain above historical norms
  - Resource Adequacy prices expected to be significantly lower than recent historical highs
- Contingency
  - Prior year's budget included 5% contingency
  - Concerns:
    - Recent significant declines in forward price expectations leave significant room for upward surprises
    - Recent tariff and supply chain issues have created potential volatility
  - Staff proposes a 10% contingency of Total Energy Costs for FY2025-2026 Budget and 5-year outlook. Adds \$12-14 million annually over prior outlook and 5-year plan

# FY2025-2026 Energy Expense Detail

No change in rates through June 2030	Forecast through 6/30/2025	Preliminary Budget FY2025-2026	Outlook FY2026-2027	Outlook FY2027-2028	Outlook FY2028-2029	Outlook FY2029-2030
Resource Adequacy	49,085,981	69,054,700	76,753,866	65,956,090	60,814,582	61,775,114
Energy Purchases	160,810,860	157,078,636	152,957,019	141,133,811	131,086,965	127,389,984
Energy Carbon Free	6,257,778	7,860,061	7,555,535	3,568,117	-	-
Congestion Revenue Rights	(2,189,261)	-	-	-	-	-
RECS Purchases PCC1	72,187,960	65,056,940	62,654,062	68,217,676	73,859,392	74,551,557
RECS Purchases PCC2	4,000	-	-	-	-	-
CAISO	17,655,314	3,164,522	3,286,944	3,258,369	3,309,388	3,361,309
CAISO Chg/Credit Other	305,652	-	-	-	-	-
Broker Fees	419,197	-	-	-	-	-
VAMO Adjustment	-	-	-	-	-	-
Contingency	3,449,326	28,716,809	28,506,775	26,739,017	25,325,644	25,177,665
<b>Total Cost of Energy</b>	<b>307,986,807</b>	<b>330,931,667</b>	<b>331,714,201</b>	<b>308,873,081</b>	<b>294,395,972</b>	<b>292,255,630</b>
NEM Expense	2,173,878	2,608,654	3,130,385	3,756,462	4,507,754	5,409,305
<b>Total Cost of Energy</b>	<b>310,160,685</b>	<b>333,540,321</b>	<b>334,844,585</b>	<b>312,629,543</b>	<b>298,903,726</b>	<b>297,664,935</b>

# FY2025-2026 Other Expense Detail

No change in rates through June 2030	Forecast through 6/30/2025	Preliminary Budget FY2025-2026	Outlook FY2026-2027	Outlook FY2027-2028	Outlook FY2028-2029	Outlook FY2029-2030
Communications and Outreach	373,899	409,791	450,770	495,847	545,432	599,975
General and Administrative	966,058	1,080,635	1,155,496	1,233,545	1,204,816	1,038,840
Consultants & Professional Services	6,388,325	7,142,001	7,536,285	8,270,113	9,077,324	9,767,257
Staff compensation	1,565,578	2,817,342	3,868,026	5,421,443	6,875,701	8,720,051
Programs	-	2,000,000	4,000,000	6,000,000	8,000,000	12,000,000
<b>Other Expenses (excluding Energy)</b>	<b>9,293,860</b>	<b>13,449,769</b>	<b>17,010,576</b>	<b>21,420,949</b>	<b>25,703,274</b>	<b>32,126,123</b>

## Preliminary Budget – FY2025/2026

### Biggest Increases over prior year Forecast:

- Consultants and Professional Services – increase of \$0.8 million
  - Data Manager (Calpine) – increase of \$0.4 million related to full year of expanded territory
- Staffing – increase of \$1.2 million
  - Full year of increased staff
- Programs – increase of \$2.0 million

Total Operational Expenses –3.9% of total expenses (3.3% excluding Programs)

# 5-Year Outlook

## Rates Stable at Current Levels

	Preliminary Budget FY2025-2026	Outlook FY2026-2027	Outlook FY2027-2028	Outlook FY2028-2029	Outlook FY2029-2030
Total Operating Revenues	\$383,146,909	\$388,089,267	\$383,501,212	\$383,507,082	\$383,513,055
Total Cost of Energy	333,540,321	334,844,585	312,629,543	298,903,726	297,664,935
Other Expenses (excluding Energy)	13,363,246	16,646,758	20,674,112	25,379,524	31,715,530
Total Operating Expenses	346,903,567	351,491,343	333,303,655	324,283,250	329,380,465
Operating Income (Loss)	36,243,342	36,597,923	50,197,557	59,223,832	54,132,590
Total Nonoperating Income/(Expense)	<u>(380,692)</u>	<u>(3,635)</u>	<u>444,240</u>	<u>1,481,379</u>	<u>2,703,573</u>
<b>CHANGE IN NET POSITION</b>	<b>\$35,862,650</b>	<b>\$36,594,289</b>	<b>\$50,641,797</b>	<b>\$60,705,211</b>	<b>\$56,836,163</b>
Net Position at the beginning of period	\$14,468,108	\$50,330,758	\$86,925,047	\$137,566,844	\$198,272,055
Net Position at the end of period	\$50,330,758	\$86,925,047	\$137,566,844	\$198,272,055	\$255,108,218
Days Liquidity on Hand	75	110	170	207	269

### Days Liquidity on Hand

Reserve Policy – annual target met every year, but don't meet cumulative until end of FY2028

Investment Grade Credit Rating – Targeting mid-to-late 2027 based on expected DLOH levels

# FY2025-2026 Budget Timeline

- Board Meeting June 26, 2024 – Final Budget Approval
  - With updated financial results through April 2025

# FY2025-2026 Budget Staffing

- The Proposed Budget allows for 4 new positions in FY2025-2026 in addition to the 2 previously authorized by the Board
- Staff also recommends a separate Executive Assistant/Office Management position and Clerk to the Board position
- Staff recommends creating a Senior Procurement Manager position
- Amendments to CEA's Position Control Listing will be presented at the June 26<sup>th</sup> Board Meeting