



Board of Directors Meeting

June 26, 2025

Item 5: CEO Report

CEA Staffing

New CEA Employees:

| | |
|------------------|--|
| Ana Alarcon | Clerk to the Board/Executive Assistant |
| Karen Villaseñor | Programs Analyst |
| Tiffany Reynolds | Key Accounts Analyst |
| Sofia Alcaraz | Energy Contracts & Compliance Analyst |
| Wu Yakubu | Energy Analytics & Risk Manager |

CEA Enrollment Stats

| Member City | Eligible Accounts | Clean Impact – 50% Renewable | Clean Impact Plus – 75% Carbon Free | Green Impact – 100% Renewable | Participation Rate |
|--------------|-------------------|------------------------------|-------------------------------------|-------------------------------|--------------------|
| Carlsbad | 54,624 | 173 | 49,295 | 229 | 91% |
| Del Mar | 3,015 | 7 | 2,751 | 73 | 94% |
| Escondido | 57,041 | 149 | 53,281 | 69 | 94% |
| Oceanside | 74,038 | 200 | 68,773 | 96 | 93% |
| San Marcos | 37,025 | 112 | 34,404 | 75 | 93% |
| Solana Beach | 7,743 | 14 | 6,887 | 160 | 91% |
| Vista | 39,424 | 83 | 36,927 | 323 | 95% |
| TOTAL | 272,910 | 738 | 252,318 | 1,025 | 93% |

* On Juned 17, 2025, the Carlsbad City Council voted to opt up its Municipal Accounts to Green Impact

Completed Community Events

| DATE | DESCRIPTION |
|---------------|---|
| May 30, 2025 | San Diego Equality Awards |
| June 4, 2025 | Escondido City Council Presentation |
| June 18, 2025 | Coastal Business Expo – Oceanside Chamber |
| June 21, 2025 | North County NAACP Juneteenth Festival |

Upcoming Community Events

| DATE | DESCRIPTION |
|-----------------|---|
| August 14, 2025 | North County Health & Wellness Fair - Oceanside |

Solar Plus & Battery Bonus Update

| Member City | Solar Plus | | Solar Plus Connect | | Battery Bonus | | Battery Bonus Connect | |
|--------------|------------|----------|--------------------|----------|---------------|----------|-----------------------|----------|
| Status | Active | Complete | Active | Complete | Active | Complete | Active | Complete |
| Carlsbad | 1 | 1 | 1 | 0 | 0 | 0 | 5 | 0 |
| Del Mar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Escondido | 7 | 0 | 8 | 0 | 0 | 0 | 5 | 0 |
| Oceanside | 1 | 1 | 3 | 0 | 0 | 0 | 4 | 0 |
| San Marcos | 0 | 1 | 1 | 0 | 0 | 0 | 5 | 0 |
| Solana Beach | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Vista | 1 | 1 | 2 | 0 | 0 | 0 | 5 | 0 |
| TOTAL | 11 | 4 | 15 | 0 | 0 | 0 | 25 | 0 |

Data as of 6/18/25

PeakSmart Savers Update

| Member City | PeakSmart Savers Signups |
|--------------|--------------------------|
| Carlsbad | 0 |
| Del Mar | 1 |
| Escondido | 2 |
| Oceanside | 6 |
| San Marcos | 0 |
| Solana Beach | 0 |
| Vista | 5 |
| TOTAL | 14 |

Data as of 6/20/2025

Questions/Discussion – Item 5

Item 6: AB 2561 - Status of Vacancies, Recruitment and Retention Efforts

AB 2561 Public Hearing

- Assembly Bill (AB) 2561 (McKinnor) amended the Myers-Milias-Brown Act (MMBA) to add Government Code Section 3502.3, which created a new obligation for public agencies to present the status of vacancies and recruitment and retention efforts
- The public hearing must be held at least once per fiscal year prior to adopting an annual budget
- During the hearing, the public agency is required to identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process.

AB 2561 Public Hearing

Status of Job Vacancies for FY 2024/2025:

| Position | Department | Posted | Hired | Reason for Vacancy |
|--|-------------------------|----------|-------|--------------------|
| Programs Analyst | Key Accounts & Programs | 3/3/2025 | Yes | New Position |
| Key Accounts Analyst | Key Accounts & Programs | 3/3/2025 | Yes | New Position |
| Energy Contracts & Compliance Analyst | Power Supply | 3/3/2025 | Yes | New Position |
| Energy Analytics & Risk Manager | Power Supply | 3/3/2025 | Yes | New Position |
| Clerk to the Board/Executive Assistant | Operations | 3/5/2025 | Yes | Refill Position |

AB 2561 Public Hearing

Recruitment & Retention Efforts

- CEA's recruitment process consisted of a comprehensive interview process with candidates shortlisted for interviews and final candidates then interviewed prior to selecting the preferred candidate
- There has been very little employee turnover at CEA this past fiscal year
- CEA began the fiscal year with six (6) full-time employees and one employee chose to leave last month to pursue a different career path
- Four of the five vacancies for which recruitments were conducted were new positions
- CEA's retention efforts include offering competitive wages, generous retirement benefits, a technology allowance, flexible spending account, generous vacation and sick time, and 11 paid holidays including a winter break.
- Because CEA has been successful in filling vacant positions this past fiscal year and retaining its employees, no changes are being recommended to its recruitment process and retention efforts

AB 2561 Public Hearing

Recommendation:

That the Board:

1. Conduct the Public Hearing: Open the Public Hearing, Receive Public Testimony, and Close the Public Hearing.
2. Accept report on the status of CEA employee vacancy rates and recruitment and retention efforts.

Questions/Discussion – Item 6

Item 7: Regulatory & Legislative Update

Clean Energy Alliance: Regulatory Update

Tim Lindl – Keyes & Fox LLP

June 26, 2025

Overview

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

Phase I Decision in R.25-02-005

The final decision (adopted today) approved modifications to the RA Market Price Benchmark (MPB) that:

- Expanded the transactional data used to calculate the MPB from 1-2 years (current approach for System RA and Flex RA) to 3-4 years (current approach only for Local RA).
- Applied those changes retroactively to the 2025 rates already in place.

PCIA rates will increase compared to the *status quo* on account of the decision.

Final Decisions in 2022 ERRA Compliance and RA Rulemaking

- ERRA Compliance (A.23-06-001): The final decision (adopted 6/12) could be read to suggest CCAs cannot review SDG&E's efforts to sell its substantial amount of excess RA capacity.
- RA Rulemaking (R.23-10-011): The final decision (adopted today) officially denies CalCCA's proposal for hourly "transactability," i.e., the ability of CCAs to transact capacity on an hourly basis instead of a monthly basis, despite overwhelming support for it.

QUESTIONS?

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

Budget Reconciliation Legislation House of Representative's H.R. 1

Clean Energy Incentive Impacts:

- Ends residential clean energy and EV tax credits by December 2025; disqualifies solar leasing from tax incentives.
- Phases out ITC/PTC for utility-scale projects by December 2028; construction start within 60 days of enactment or in service by end of 2028
- Restricts projects with materials from foreign entities of concern (FEOC) – notably Chinese components – starting December 31, 2025
- Tax credit transferability narrowed, limiting small developers' access to capital
- Some tax incentives preserved (e.g., nuclear, clean fuels, geothermal) through 2031
- Fossil fuel permitting fast-tracked via payment of higher fees
- Rescinds unspent federal energy funds from select

Tax Credits: Senate Finance Committee Proposal

Revised Clean Energy Tax Credit Phase-Out

- Ends major consumer tax credits within 180 days of enactment (EVs, residential solar/storage, energy efficiency)
- Phases down solar/wind tax credits to 60% in 2026, 20% in 2027 and zero beginning in 2028. Other technologies (e.g., geothermal, storage) retain credits through 2033 with phase out by 2036
- Imposes strict FEOC limits on all clean energy tech starting in 2026, with declining thresholds for component sourcing (e.g., solar parts from China capped at 50% in 2026 tapering to 15%)
- Preserves and modifies tax credits for nuclear, hydrogen, clean fuels, and carbon capture under new “America First Energy Policy”
- Senate and House aim to reconcile proposals by July 4; further changes expected

House Alternative Energy Tax Credit Proposals

H.R. 3291 “Certainty for Our Energy Future Act”

- Phases out ITC/PTC for solar and wind by 2031, retains credits for other technologies (e.g., storage, geothermal) into 2030s
- Maintains start-of-construction standard and includes safe harbor protections for existing projects
- Proposes less restrictive foreign sourcing rules; referred to House Ways & Means Committee.

H.R. 2838 "Ending Intermittent Subsidies Act"

- Also targets wind/solar phase-out but uses placed-in-service eligibility standard.

Item 8: Fiscal Year (FY) 2025/2026 Budget



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

Financial Performance Projected June 30, 2025 (Updated)

| | YTD Actuals through 3/31/2025 | Forecast through 6/30/2025 | Budget FY2024-2025 | Variance Fav/(Unf) |
|-------------------------------------|----------------------------------|-------------------------------|-----------------------|-----------------------|
| Total Operating Revenues | \$273,668,520 | \$350,984,553 | \$360,839,549 | (\$9,854,996) |
| Total Cost of Energy | 232,762,908 | 308,736,305 | 317,090,165 | 8,353,860 |
| Other Expenses (excluding Energy) | 6,829,963 | 9,418,179 | 9,381,926 | (36,253) |
| Total Operating Expenses | 239,592,871 | 318,154,485 | 326,472,091 | 8,317,607 |
| Operating Income (Loss) | 34,075,650 | 32,830,068 | 34,367,457 | (1,537,389) |
| Total Nonoperating Income/(Expense) | <u>(903,314)</u> | <u>(1,077,968)</u> | <u>(1,063,383)</u> | <u>(14,585)</u> |
| CHANGE IN NET POSITION | <u>\$33,172,335</u> | <u>\$31,752,100</u> | <u>\$33,304,074</u> | <u>(\$1,551,974)</u> |
| Net Position at the end of period | \$16,207,501 | \$14,787,266 | | |

Current forecast for end of year results are slightly better than presented at the last Board meeting

Key Observations for Full Year (FY2025)

- Current forecast is to end the year with positive Change in Net Assets of \$31.8 million
 - \$1.6 million below Budget
 - Several likely positive upsides could improve the outcome to better than Budgeted level
 - Current forecast is to end with positive \$14.8 million of Net Position (after 3 successive negative years)
- Energy expenses
 - \$6.9 million below Budget
- Sum of all other expenses very close to Budget
- Total Administrative Expenses – close to budget; less than 3.0% of total expenses



FY2025-2026 Budget Detail

Key Assumptions

- Change in Net Position - \$35.9 million
 - \$4.1 million more than FY2025 forecast
- 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 – 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 lower than recent historical highs
- Contingency
 - Staff proposes a 10% contingency of Total Energy Costs for FY2025-2026 Budget and 5-year outlook
 - Built into the Budget, but will revert to general funds if not needed
 - Concerns:
 - Recent significant declines in forward price expectations leave significant room for upward surprises
 - Recent tariff and supply chain issues have created potential volatility
 - Prior year's budget included 5% contingency

FY25-26 Budget and 5-Year Outlook

No change from prior Board meeting

| | Proposed 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> |
| CHANGE IN NET POSITION | <u>\$35,862,650</u> | \$36,594,289 | \$50,641,797 | \$60,705,211 | \$56,836,163 |
| Net Position at the end of period | \$50,649,916 | \$87,244,205 | \$137,886,001 | \$198,591,212 | \$255,427,375 |
| Days Liquidity on Hand | 81 | 116 | 177 | 214 | 276 |

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

Questions/Discussion – Item 8

Item 9: Fiscal Year (FY) 2025/26 – 2026/27 Work Plan, and Amendments to the Clean Energy Alliance Position Control Listing and Salary Schedule

Final FY 2026-27 Work Plan

- Final Work Plan for FY2026-27 includes:
 - Goals and objectives of the Strategic Plan
 - Includes implementation measures and key performance indicators to track progress for the goals and objectives
 - Identifies funding sources
 - Identifies Staff/Consultant responsibility
- Establishes Priorities for FY 2026-FY2027 Budget Years

Position Control Listing & Salary Schedule Amendments

- Two additional positions are recommended to be added to the CEA Position Control Listing and at the identified salary ranges:
 - Executive Assistant/Office Manager position: \$98,000 - \$164,000
 - Senior Power Procurement Manager: \$145,000 - \$280,000
- The Executive Assistant/Office Manager position will replace the Administrative Clerk position already authorized and contemplated in the FY 2025/26 Budget.
- The Senior Power Procurement Manager position will be filled by existing staff, which is also accounted for in the FY 2025/26 Budget.

FY 2025/2027 Work Plan, Position Control Plan & Salary Schedule

Recommendation:

That the Board:

1. Adopt Resolution No. 2025-027 approving the FY 2025/26 – 2026/27 CEA Work Plan
2. Adopt Resolution No. 2025-028 amending the CEA Position Control Listing for FY 2025/26
3. Adopt Resolution No. 2025-029 amending the CEA Salary Schedule

Questions/Discussion – Item 9

Appendix Slides



FY2025-2026 Proposed Budget

Appendices

Energy Expense Detail

| | Forecast through 6/30/2025 | Proposed Budget FY2025-2026 | | Outlook FY2026-2027 | Outlook FY2027-2028 | Outlook FY2028-2029 | Outlook FY2029-2030 |
|-----------------------------|-------------------------------|--------------------------------|--|------------------------|------------------------|------------------------|------------------------|
| Resource Adequacy | 49,509,059 | 69,054,700 | | 76,753,866 | 65,956,090 | 60,814,582 | 61,775,114 |
| Energy Purchases | 160,845,050 | 157,078,636 | | 152,957,019 | 141,133,811 | 131,086,965 | 127,389,984 |
| Energy Carbon Free | 6,203,429 | 7,860,061 | | 7,555,535 | 3,568,117 | - | - |
| Congestion Revenue Rights | (2,350,356) | - | | - | - | - | - |
| RECS Purchases PCC1 | 71,549,627 | 65,056,940 | | 62,654,062 | 68,217,676 | 73,859,392 | 74,551,557 |
| RECS Purchases PCC2 | 4,000 | - | | - | - | - | - |
| CAISO | 17,400,006 | 3,164,522 | | 3,286,944 | 3,258,369 | 3,309,388 | 3,361,309 |
| CAISO Chg/Credit Other | 327,655 | - | | - | - | - | - |
| Broker Fees | 419,197 | - | | - | - | - | - |
| VAMO Adjustment | - | - | | - | - | - | - |
| Contingency | 2,280,755 | 28,716,809 | | 28,506,775 | 26,739,017 | 25,325,644 | 25,177,665 |
| Total Cost of Energy | 306,188,422 | 330,931,667 | | 331,714,201 | 308,873,081 | 294,395,972 | 292,255,630 |
| NEM Expense | 2,547,883 | 2,608,654 | | 3,130,385 | 3,756,462 | 4,507,754 | 5,409,305 |
| Total Cost of Energy | 308,736,305 | 333,540,321 | | 334,844,585 | 312,629,543 | 298,903,726 | 297,664,935 |

FY2024-2025 Other Expense Detail

| | Forecast through 6/30/2025 | Proposed Budget FY2025-2026 | | Outlook FY2026-2027 | Outlook FY2027-2028 | Outlook FY2028-2029 | Outlook FY2029-2030 |
|--|-------------------------------|--------------------------------|--|------------------------|------------------------|------------------------|------------------------|
| Communications and Outreach | 361,518 | 409,791 | | 450,770 | 495,847 | 545,432 | 599,975 |
| General and Administrative | 941,954 | 1,080,635 | | 1,155,496 | 1,233,545 | 1,204,816 | 1,038,840 |
| Consultants & Professional Services | 6,423,201 | 7,142,001 | | 7,536,285 | 8,270,113 | 9,077,324 | 9,767,257 |
| Staff compensation | 1,691,506 | 2,730,818 | | 3,504,207 | 4,674,606 | 6,551,951 | 8,309,458 |
| Programs | - | 2,000,000 | | 4,000,000 | 6,000,000 | 8,000,000 | 12,000,000 |
| Total Other Expenses (excluding Energy) | 9,418,179 | 13,363,246 | | 16,646,758 | 20,674,112 | 25,379,524 | 31,715,530 |

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)



Aging Summary Analysis and Report

June 26, 2025

As reported to Board on May 26, 2025

| Days Past Due | Active Accounts | Closed Accounts | Total |
|-----------------|-----------------------|----------------------|-----------------------|
| 31-60 | \$1.7 million | \$0.1 million | \$1.8 million |
| 61-90 | 1.5 million | 0.1 million | 1.6 million |
| Greater than 90 | 8.0 million | 3.4 million | 11.4 million |
| Total | \$11.2 million | \$3.6 million | \$14.8 million |

The totals above represent residential customers only (as of April 7, 2025). The complete picture of CEA's outstanding amounts (including commercial accounts) follows in this presentation

Closed Accounts

- CEA does not close any customer accounts.
- SDG&E is responsible for closing accounts when customers voluntarily close their account or when they are disconnected for nonpayment
- However, that does not mean that closed customers do not have current active service with CEA as they may have closed one account and opened another.

Total Amounts Outstanding

On average, we eventually collect 99% of all revenues

As of March 31, 2025

\$36.9 million (less than 6%) remains outstanding of the \$620 million revenues booked since inception

Of the \$36.9 million that remains outstanding, we still expect to collect \$30.4 million based on historical metrics

| Days Past Due | Amount Outstanding | % Uncollected | Expected to Still be Collected |
|---------------------|--------------------|---------------|--------------------------------|
| Current | \$20.0 million | 43.1% | \$19.6 million |
| 31-60 days | \$2.8 million | 10.1% | 2.5 million |
| 61-90 days | \$1.5 million | 6.4% | 1.3 million |
| 90 days to 1 year | \$9.3 million | 3.8% | 6.8 million |
| Greater than 1 year | \$3.3 million | 1.1% | 0.2 million |
| Total | \$36.9 million | | \$30.4 million |

Amounts Not Collected – Budget & Financials Already Reflects Estimates

- GAAP requires us to accrue for potential uncollectible amounts on an ongoing basis
- We accrue 1% of all revenues as uncollectible every month
- Total accrual as of March 31, 2025, was \$6.0 million (close to the estimated amount on April 7)
- Based on our estimated amounts of uncollectible accounts, our current accrual is sufficient to cover the estimated amounts of future uncollectible payments
- No additional budget impact

CEA Programs to Assist Customers Energy Costs

- CEA programs to assist customers with high bills
 - Solar Plus, Solar Plus Connect, Solar Plus SGIP
 - Optimized battery usage reduces bills
 - Solar Plus rate (which includes Delivery & Generation) is lower than the otherwise applicable rate
 - SGIP funds reduce monthly bills by estimated 70%
 - This is in addition to CARE discount
 - PeakSmart Savers Program
 - 30% lower rates for all non-event periods

Payment Assistance Programs – Available through SDG&E

- CARE/FERA
 - CARE – 30% Savings
 - FERA – 18% Savings
- Neighbor-to-Neighbor Fund
 - Up to \$300 on past due balances
- LIHEAP Federal Utility Assistance
- Arrearage Management Plan (AMP)
 - Debt Forgiveness
- Payment Arrangements
- Contact SDG&E about these programs – 800-411-7343



Core Guiding Principles and Goals

1. *Promote Use & Development of Clean Energy*

- reduce GHG emissions by providing 100% renewable energy as the default product for all CEA customers by 2035.

2. *Build & Maintain Financial Sustainability*

- achieve financial sustainability and build reserves.

3. *Provide Beneficial Customer Programs*

- offer a variety of programs that serve the needs of our customers, promote affordability, and further reduce GHG emissions.

4. *Actively Engage in Customer Advocacy*

- engage and advocate for CEA and its customers in regulatory and legislative matters.

5. *Provide Exceptional Customer Service & Community Engagement*

- provide highly responsive and helpful customer service and opportunities for our staff to engage with our customers.

6. *Promote Organizational Development*

- create an organization that fosters employee creativity and engagement in meeting CEA's goals, recognizes employee achievements and supports employee development and growth.