



# Board of Directors Meeting

January 29, 2026

# Presentation: State of Nuclear Industry

# Options for CEA to Engage in Nuclear

## If desiring to increase engagement with nuclear:

- Update CEA's 2026 Legislative and Regulatory Policy Platform to include reference to nuclear support, which may involve:
  - Advocate for allowance of nuclear as zero emissions resource for California's 2045 net zero emissions goals
  - Updates to the State's nuclear moratorium approach
  - Support keeping Diablo Canyon operational
  - Support solutions to nuclear waste challenges
- Update CEA's JPA to allow for nuclear as an optional component of 24/7 emissions free target, and/or as a continued part of CEA's Clean Impact Plus offering
- Explore procurement options for nuclear (including next generation Small Modular Reactors, or SMRs), which would compete in solicitations with other zero emissions options currently under consideration based on price, portfolio fit, and other metrics

## If desiring to limit engagement with nuclear:

- "Business as usual" approach, which involves purchases from existing facilities but no procurement or policy engagement in facilitating new nuclear development
- Update CEA's 2026 Legislative and Regulatory Policy Platform to include reference to nuclear opposition, which may involve:
  - Support for legislation limiting the State's engagement with new technologies such as SMR and fusion development
  - Advocate for closure of Diablo Canyon, and/or reject any carbon-free allocation from the facility or carbon-free purchases from existing nuclear facilities
  - Oppose changes to the State's nuclear moratorium

***Based on Board feedback on desired direction (increase/decrease), Staff can provide recommendations among the options listed above and proposed implementation approaches. A tailored combination of components from each bucket is also possible.***

# State of the Nuclear Industry Across the US and in California

## Clean Energy Alliance

January 29, 2026

Mehdi Sarram, President  
Energy Security Consulting Group

# Agenda

- Introduction
- Brief history of nuclear power over the past decades
- Recent projects of note across the US, incorporating a summary of different technology pathways and trends
  - Large scale fission reactors
  - SMRs
  - Fusion power
  - CA and nuclear power, 2025, case of Diablo Canyon
- Costs and benefits versus other energy sources
- Current pain points in the industry for new projects, and for existing projects
- Walkaway message
- QA

# Brief history of nuclear power in the US

- On December 2, 1942, under the bleachers of the football stadium at the University of Chicago, Dr. Enrico Fermi initiated the first controlled nuclear chain reaction
- The experiment, conducted as part of the wartime atomic bomb program, also led to peaceful uses of the atom, including construction of the first US commercial nuclear power plant at Shippingport, PA in Dec. 1957
- Since 1957, the US has built more nuclear plants, with its peak at 112 nuclear plants in 1990
- In 2016, there were 99 nuclear reactors operating
- In 2026, we have 94 operating plants, producing 18.2% of our electricity needs
- The US nuclear industry is expanding with Federal funding, tax incentives and restart of retired reactors

# Brief history of nuclear power in the US

- Will discuss the new initiatives on nuclear power and the case of Diablo Canyon in CA
- Most US nuclear plants were built between 1970 and 1990
- Three Mile Island (TMI) accident in 1979 was a set back for the nuclear industry
- High cost, public perception were among the reasons that many plant orders were canceled
- The life service of a nuclear reactor is 40 years, with a 20-year extension if NRC requirements are met
- As now, 89 operating reactors have received License Renewal from NRC (20-year life extension past 40-year service life)
- Nuclear submarines, USS Nautilus, the world's first nuclear power submarine was commissioned at Groton, Connecticut, on September 30, 1954, under the leadership of Captain Hyman Rickover

# Recent Projects Across the US

- Recently, there has been a surge in nuclear energy projects in the US
- This surge is driven by investments by private sector and assumptions for load growth due to **Data Centers for AI** have also been a key factor driving this new surge
- **In 2025, US Data Centers use ~ 4.4% of total US electricity, by 2028, it is projected this will increase to ~13%**
- **Recent notable nuclear projects:**
- Westinghouse AP1000 Reactors: **Westinghouse plans to build 10 large nuclear reactors in the US**, with construction expected to begin by 2030
- Holtec International and Hyundai Engineering announced an expanded cooperation agreement to build a 10-GW fleet of Holtec-designed SMR-300s in North America

# More Restart of Nuclear Plants

- **Note:** CEA's load tends to fluctuate between 200-300MW, i.e., a single **SMR-300** would cover all of CEA's load for many months of the year
- Duane Arnold nuclear plant in Iowa, 615 Mwe, plant shutdown in 2020
- **Google** has a 25-year power purchase agreement with NextEra Energy, collaborating to revive this plant by 2029, **Google** needs power for its AI operation in Iowa
- **Meta** Announced nuclear energy projects, up to **6.6 GW** to power its AI Innovation, agreements with Vistra
- The owners of Beaver Valley nuclear power plant have signed a 20-year agreement with Meta to provide energy for its operations
- Meta is the owner of Facebook and Instagram, in the region

# More Recent projects, Holtec SMR - 300

- The Holtec SMR-300 is an advanced, pressurized light water nuclear reactor with 300 MWe, design life 80 years (current reactors have 40 + 20-year service life), NRC approval by 2027
- DOE recently announced a \$400 million investment in Holtec to deploy two next generation SMRs at the Palisades nuclear plant site in Michigan
- Palisades nuclear plant, 777 MWe PWR in Michigan, becomes the first US nuclear power plant in history to return from decommissioning to operational status
- NRC has approved Holtec's application for 20-year license renewal to 2051

# More Restart of Nuclear Plants

- DOE has committed \$2.8B to strengthen domestic uranium enrichment services in the next 10 years
- TMI -1 closed in 2019 due to economic reasons
- Crane Clean Energy Center to restart TMI -1 with \$1B Government loan
- Microsoft has a 20-year power purchase agreement with Crane, needs power for its AI systems
- Expected operation date for TMI -1 is 2028
- NuScale joins TVA and ENTRAI Energy in advancing a groundbreaking 6-GW SMR program, ensuring reliable, carbon-free power for the future of TVA's seven-state region

# Optimism is rising on nuclear front

- On Dec 30, 2025, Duke Energy submitted an ESP (Early Site Permit) application to NRC for a 600 MWe nuclear plant at Belews Creek Station in NC
- In Dec 2025, New York State takes two more steps toward nuclear, when NYPA (NY Power Authority) signed an agreement with Ontario Power Generation to cooperate on nuclear energy
- More good news for nuclear energy with companies like Kairos Energy developing SMRs
- Texas Legislators passed a Bill creating advanced nuclear energy office with a \$350 million nuclear development fund
- Kansas State University recently relaunched nuclear engineering major has already attracted more than 50 students
- Need for engineers/technicians to operate future nuclear plants

# HALEU – High Assay Low Enriched Uranium

- HALEU is fuel enriched to between 5 and 10 weight percent U-235, can be used in operating light water reactors
- New technologies have the potential to enhance safety
- The advanced reactor designs will have increased fuel efficiency, smaller reactor cores, longer service lives, and decreased fuel waste relative to the currently operating reactors
- Two companies currently have NRC licenses to produce HALEU
- Under its license, Centrus Energy may produce up to 600 kg of HALEU with uranium (U-235) enriched up to 19.75%
- Under its license, Louisiana Energy Services may produce HALEU with U-235

# Large scale advanced fission reactors

- The Generation IV International Forum (GIF)
- GIF was created in 2001 as a co-operative international project to develop the research necessary to test the feasibility and performance of **fourth** generation nuclear systems, and to make them available for industrial **deployment by 2030**
- The GIF has selected **six reactor technologies** for research:
  1. The gas-cooled fast reactor (GFR)
  2. The lead-cooled fast reactor (LFR)
  3. The molten salt reactor (MSR)
  4. The sodium-cooled fast reactor (SFR)
  5. The supercritical-water-cooled reactor (SCWR)
  6. The very high-temperature reactor (VHTR)
- More information on each design is provided in the Appendix

# Fusion

- Fusion has entered a decisive new phase
- **ITER** (International Thermonuclear Experimental Reactor), the world's largest fusion experiment, is the central international endeavor driving scientific and technical progress
- A total of 33 nations and thousands of engineers and scientists are collaborating to build and operate a magnetic fusion device called a **Tokamak**
- Private Investment surpasses **US \$10 Billion**
- **Operation date for ITER, initial first plasma is set for 2035, followed by full magnetic energy and plasma current operation**
- The IAEA in 2024 established World Fusion Energy Group
- More than 160 fusion facilities are now operational, under construction or planned
- **Fusion energy is projected to reach 10% of global electricity generation by 2100**

# Fusion cont -- LLNL

- American Nuclear Society: Coordinated federal and private industry investments could yield an operational fusion pilot plant in the 2035–2040, time frame
- It is difficult to predict when a 50 MWe fusion facility will be operational, various sources provide timeframe of 2040-to 2050
- On Dec 5, 2022, LLNL's National Ignition Facility (NIF) conducted the first controlled fusion experiment to reach Scientific Energy Breakeven, producing more energy from fusion than Laser energy used to drive it
- $D + T = He + 17.6 \text{ MeV}$ , Deuterium Tritium reaction
- CA has already attracted \$2.2 in investment and over 30% of all US based fusion companies (16 companies)
- San Diego is home to General Atomics (GA) and UCSD, both involved in fusion research, GA exported large magnets to ITER, including the Central Solenoid (largest magnet for ITER)

# CA, Diablo Canyon nuclear plants

- Diablo Canyon nuclear plant, 2 reactors 1100 MWe each, Westinghouse design, near San Luis Obispo
- Commercial operation in 1985. the ONLY operational nuclear plant in CA
- Significant problems with Diablo Canyon operation were seismic design issues, public opposition, civil disobedience and environmental concerns
- In 2023, Diablo Canyon submitted a license renewal application to NRC for review
- NRC approved license renewal for Diablo Canyon allowing it to operate to 2045, 20 years plant life extension

# Diablo Canyon cont.

- Gov. Gavin Newsom signed S.B. 846, which directed **Diablo Canyon to run through 2030**
- **Note: shutdown of Diablo Canyon could potentially caused grid instabilities in CA, if that happens**
- The State of CA has a Moratorium on New nuclear power plants Until the Federal Government identifies and approves technology for nuclear fuel **Reprocessing**
  
- **Note 1: The US does NOT have a reprocessing plant or a Deep Geological Repository (DGR) to reprocess spent fuel or store deep under ground**
- **Note 2: France, Russia and India operate commercial scale reprocessing facilities**
- **The US canceled its Clinch River reprocessing facility in April 1977**

# Levelized Energy Cost of Energy, Our world in Data

<b>Source</b>	<b>LCOE, Cent/KWh</b>
• Wind offshore	~ 7.2 – 14.0
• Wind onshore	~ 4.2 – 8.4
• Natural gas	~ 6.1 – 10.2
• Solar PV	~ 11.7 – 28.2
• Coal	~ 11.6
• Biomass	~ 10.1
• Advanced nuclear	~ 14.1 – 18.9 (New nuclear plants)
• Hydro	~ 8.4
• Geothermal	~ 6.1 – 10.2

The reasons for increase for nuclear LCOE were discussed earlier

Note: Other sources may provide different LCOE for these energy sources such DOE, Statista, Our World in Data, OECD-NEA/IEA,..

## Energy source

## CO2 Footprint gCO2/KWh

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• Coal	~760-1690
• Oil	~519-1170
• Natural gas	~290-930
• Biomass	~230
• Solar Photovoltaics, roof	~38-48
• Solar concentrated	~27
• Hydroelectric	~4
• Geothermal	~38
• Wind onshore	~11
• Wind offshore	~12
• Nuclear	~12

Source Intergovernmental Panel on Climate Change (IPCC),  
Different references may have slightly different data

**Statista 2024 - Capacity Factors, all energy sources,  
other references may have slightly different data**

**Energy Source** **CF %**

Biomass	59
Wind	34
Solar PV	24
Solar CSP	21
Geothermal	65
Hydro	35
Coal	42
Gas	60
Nuclear, 60-year life	93

, (Utility can extend to 80-year life)

Our World in Data (UK based) - **Mortality Rate** from accidents and air pollution by energy source (Approximate values)

Source	# Deaths Per TWh
<b>Brown Coal</b>	<b>33.7</b>
<b>Coal</b>	<b>25</b>
<b>Oil</b>	<b>18</b>
<b>Natural Gas</b>	<b>2.8</b>
<b>Bioenergy</b>	<b>4.6</b>
<b>Hydro</b>	<b>1.3</b>
<b>Wind</b>	<b>0.04</b>
<b>Nuclear</b>	<b>0.02</b>
<b>Solar</b>	<b>0.02</b>

**Note: When we choose any energy source, we NEED to consider all its parameters: Carbon footprint, LOCE, CF and mortality rate**

# Current pain points in the industry for new and existing projects

- **First the good news:** support for the use of nuclear energy as a source of electricity in the US has **risen 6% to 61%, since 2023**
- More people understand now that we need nuclear power and **all 6 renewable energy sources to fight climate change**
- **The US nuclear industry is facing several pain points including:**
- **Challenges for nuclear energy:** high capital cost, lengthy construction time (Case of Vogtle 3-4 nuclear plants, 15 years, final cost ~\$30B)
- Competition with renewable energy sources and cheap gas
- **Regulatory complexities**, complex regulatory environment (NRC) has caused major delays in licensing (7-8 years vs 15)
- **Public perception and fear**, after 69 years, people are still concerned about potential nuclear accidents, nuclear waste storage and the potential for nuclear weapons

# Current pain points in the industry cont

- **Public opposition** to nuclear power and construction of a National DGR for all US nuclear plant spent fuel
- **Transfer of nuclear waste across State Lines has always been a major problem**
- **All spent fuel (90,000 MT) from all US reactors since 1957 must stay on SITE until a CISF (Consolidate Interim Storage Facility), or a Deep Geological Repository (DGR) such as Yucca Mountain is available, Or we can reprocess spent fuel**
- **12 US nuclear power reactors have permanently closed since 2012, with the most recent being Indian Point 3 in April 2021**
- **The closed reactors had electric generating capacity of 9,436 MWe, enough power to serve some 10M people**

# Walkaway Message

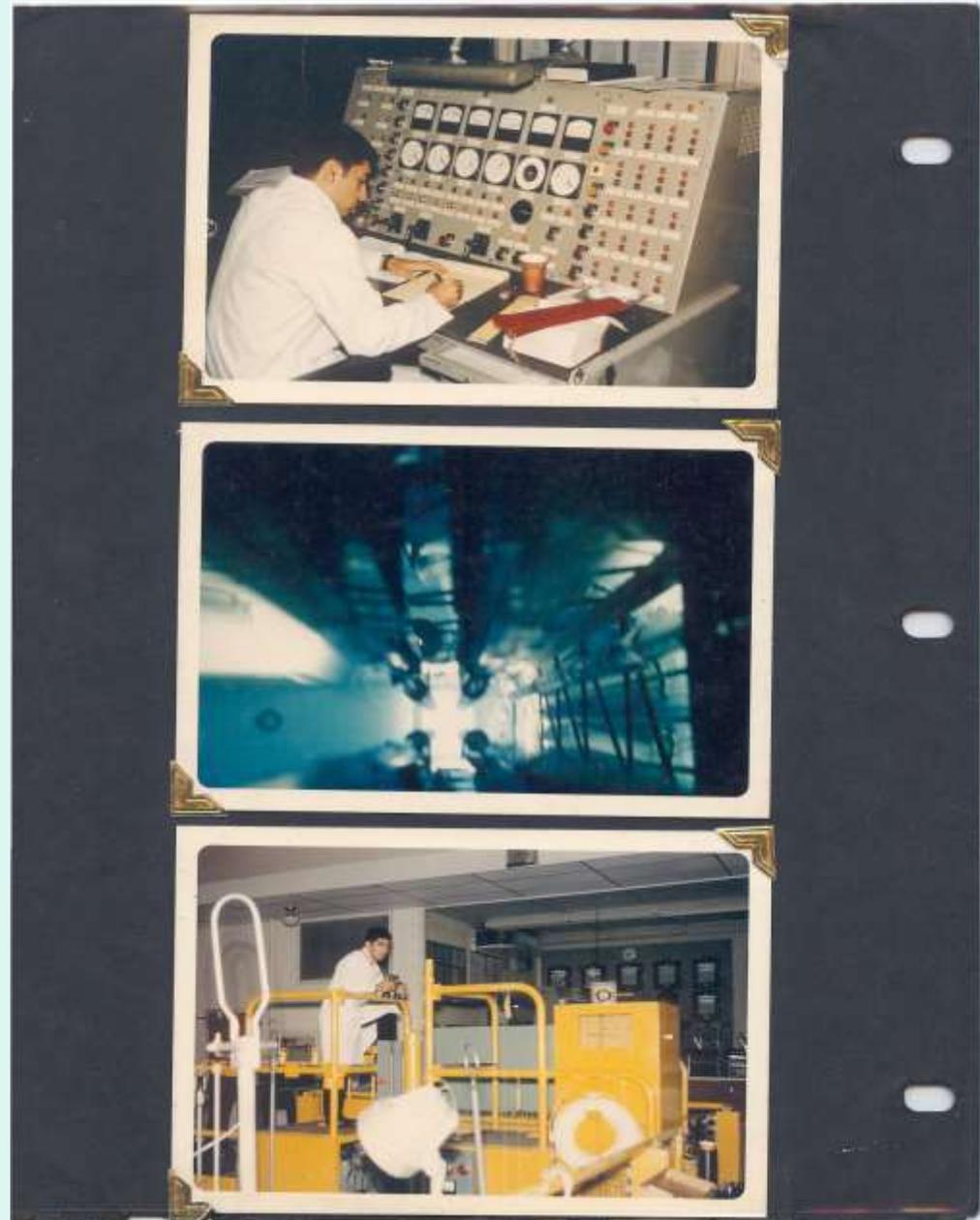
- Based on this brief presentation, I would say that in 2026, the overall state of nuclear power in the US is very good
- There is hope for the young generation to get involved with nuclear science and engineering, the case of Kansas State University starting a nuclear engineering program with 50 students
- We are going to build new nuclear plants and restarting shutdown nuclear plants
- The need for power for the AIs is giving hope for more nuclear power as they are used as Base Load, with a 92-94% Capacity Factors demonstrates their reliability
- Note: Fossil plants have low-capacity factors....

# Walkaway Message cont.

- Design of advanced reactors and SMRs are moving forward
- The US government and the nuclear industry need to figure out what to do with the 90,000 MT of spent fuel currently stored at nuclear sites and maybe build reprocessing plants like France
- Nuclear power is safe and carbon free, 94 nuclear plants in US and 439 in the world
- If in the future, we construct a reprocessing plant, or a CISF or a DGR, then the nuclear waste issues will be solved, and public acceptance will be much higher
- If this happens, CA may lift the current moratorium on nuclear power
- The latest news, ANS, Jan 14, 2026: DOE is working with NASA to create a nuclear reactor that would power missions on the lunar surface by 2030

# University of Michigan 2 MW Ford Nuclear Reactor 1963

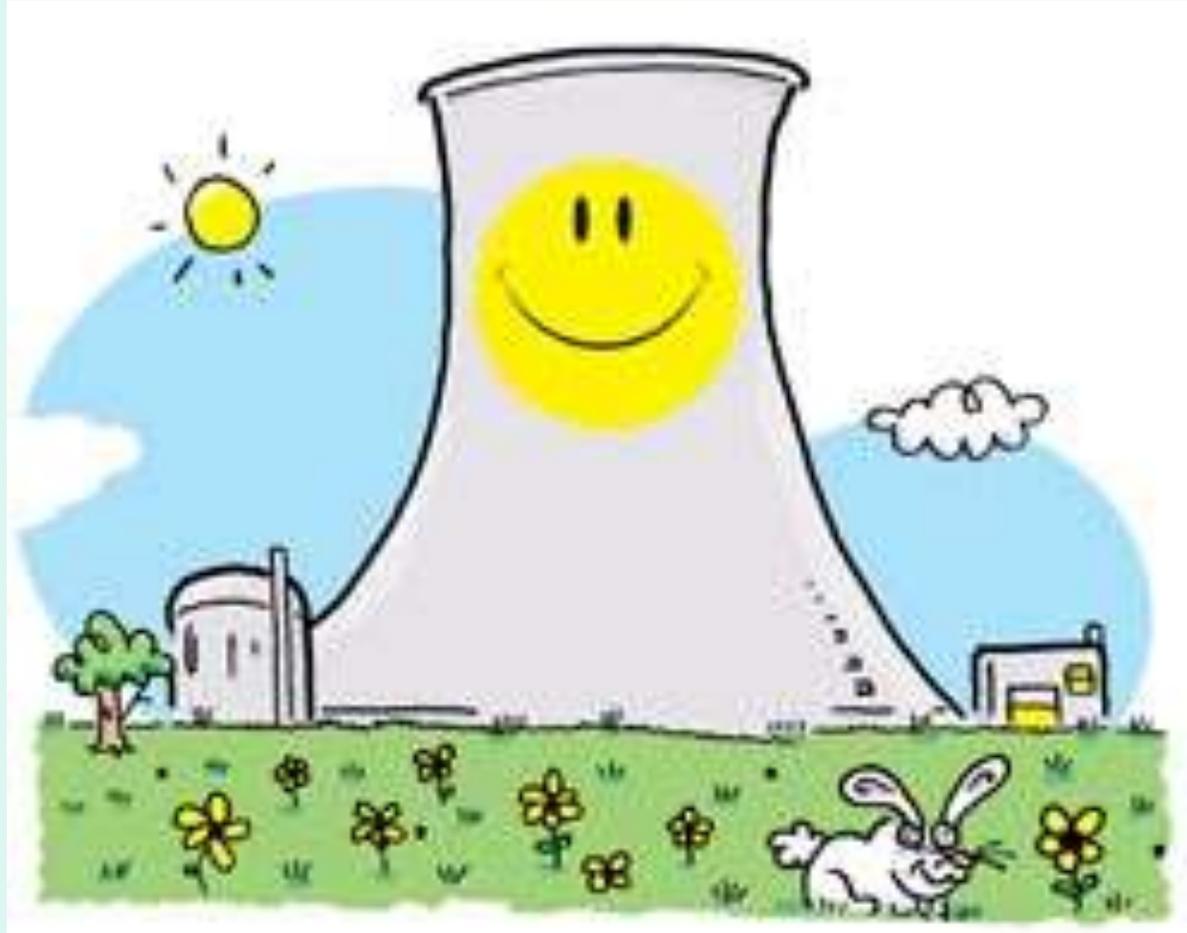
## Your speaker, SRO at the reactor console



# American Nuclear Society, May 2023, recognition for 60-year contribution to nuclear industry and ANS membership



# QA-Nuclear Happy Face



# Appendix

## Large scale advanced fission reactors

- The Generation IV International Forum (GIF)
- The GIF has selected [six reactor technologies](#) for research
- [These six advanced reactor designs are discussed here](#)

# Gas-Cooled Fast Reactor (GFR)

- The GFR system features a **high-temperature helium-cooled** fast-neutron spectrum reactor
- High operating temperature enables enhanced thermal **efficiency (>45%)** and the generation of high-temperature heat for industrial applications
- Power 600-3000 MWth
- Another feature is the use of helium as the coolant, known for its chemical inertness, transparency, and non-corrosive properties

# Lead-cooled Fast Reactor (LFR)

- The LFR system features a fast-neutron spectrum and a lead or lead-bismuth coolant
- The main advantages lie in the burning of long-term nuclear waste
- DOE is fast-tracking the development of LFRs, among other advanced reactor designs
- Westinghouse is developing LFR concepts to enhance affordability and safety
- Westinghouse LFR is a medium-sized, passively safe modular reactor being developed to reduce front-end capital cost and generate flexible and cost-competitive electricity
- Benefits of Westinghouse LFR: enhanced economic competitiveness, reduced nuclear waste generation

# Molten Salt Reactor (MSR)

- MSR is a reactor with molten salt which has a prominent role in the reactor core (i.e., fuel, coolant and/or moderator)
- Molten salt can also become highly corrosive if **exposed to oxidative impurities**
- Overall, MSRs have substantial technology differences from both existing light water reactors (LWRs) and other advanced reactor concepts, necessitating different approaches to safety assessment, safeguards and operations

# Sodium-Cooled Fast Reactor (SFR)

- The SFR system employs liquid sodium as its reactor coolant
- SFRs have been operated in multiple countries since the 1970s
- Fast Flux Test Facility (FFTF), a DOE-owned, formerly operating, 400-MWth liquid-sodium-cooled nuclear research and test reactor
- It operated from 1982 to 1992
- It did not generate electricity

# Sodium Cooled Fast Reactor (SFR)

- The largest SFR ever operated was the French Superphenix reactor, with a capacity of over 1200 MWe
- Despite initial cost overruns and delays, it ultimately achieved an impressive 95% availability
- However, the reactor was forced to close due to public protests and political considerations
- Currently, two commercial SFRs, BN-600 and BN-800, are in operation in Russia, while test reactors are running in China, India, and Japan

# Very High-Temperature Reactor (VHTR)

- High-temperature gas-cooled reactors (VHTRs) are helium-cooled graphite-moderated reactors
- High-temperature operation suitable for generation of industrial process heat, in particular for hydrogen production
- Typical coolant outlet temperatures range between 700°C and 950°C, thus enabling power conversion efficiencies of up to 48%
- The first commercial demonstration of a VHTR was conducted by China
- This 200 MWth reactor was integrated into the power grid, commencing power production in 2021 and achieving its initial full power capacity a year later

# Super Critical Water Reactor (SCWR)

- The main advantage of the SCWR is improved economics due to high thermodynamic efficiency (45% or more compared to about 35% for current LWRs)
- Improvements in the areas of safety, and the potential for plant simplification, sustainability and proliferation resistance are also possible, and are being pursued by considering several design options

# Item 13: Regulatory Update

# Clean Energy Alliance: Regulatory Update

Tim Lindl – Keyes & Fox LLP

January 29, 2026

# Overview

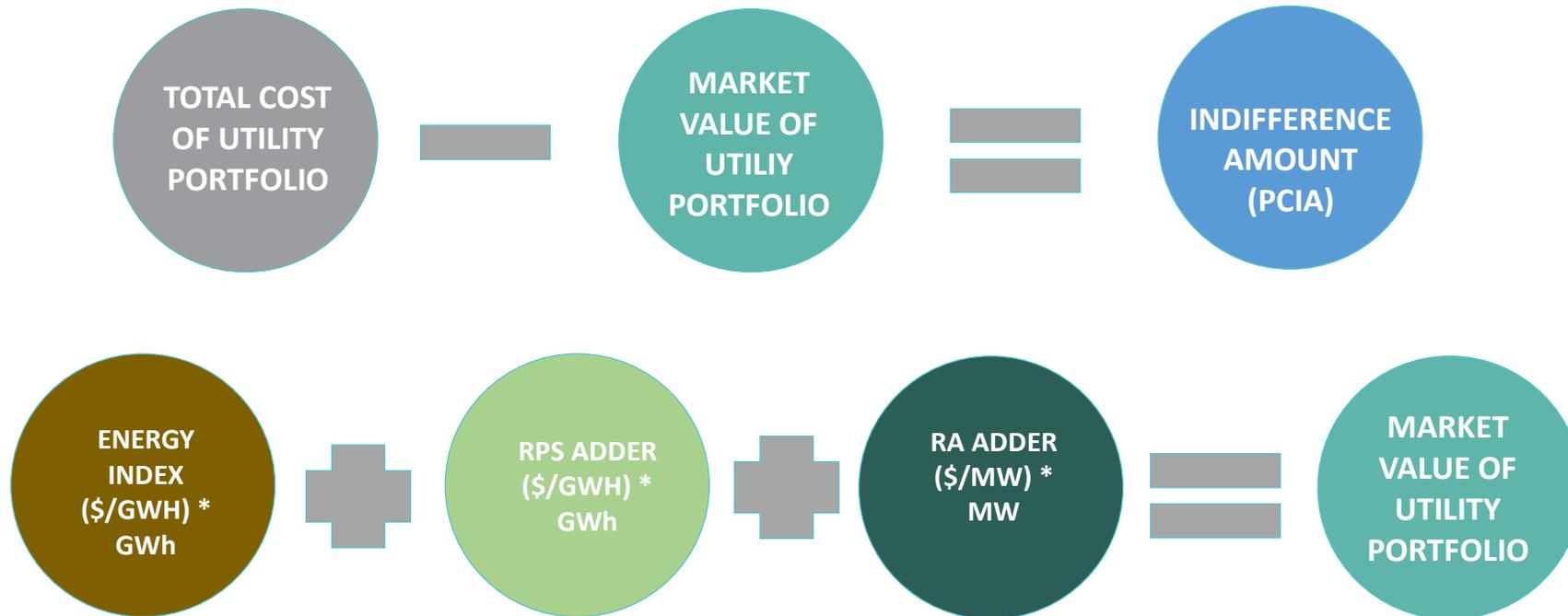
SDG&E's 2026 Energy Resource Recovery Account (ERRA)  
Forecast Case (A.25-05-012):

- Final Decision
- Final PCIA Rates
- Application for Rehearing

# Setting PCIA Rates



# Setting PCIA Rates



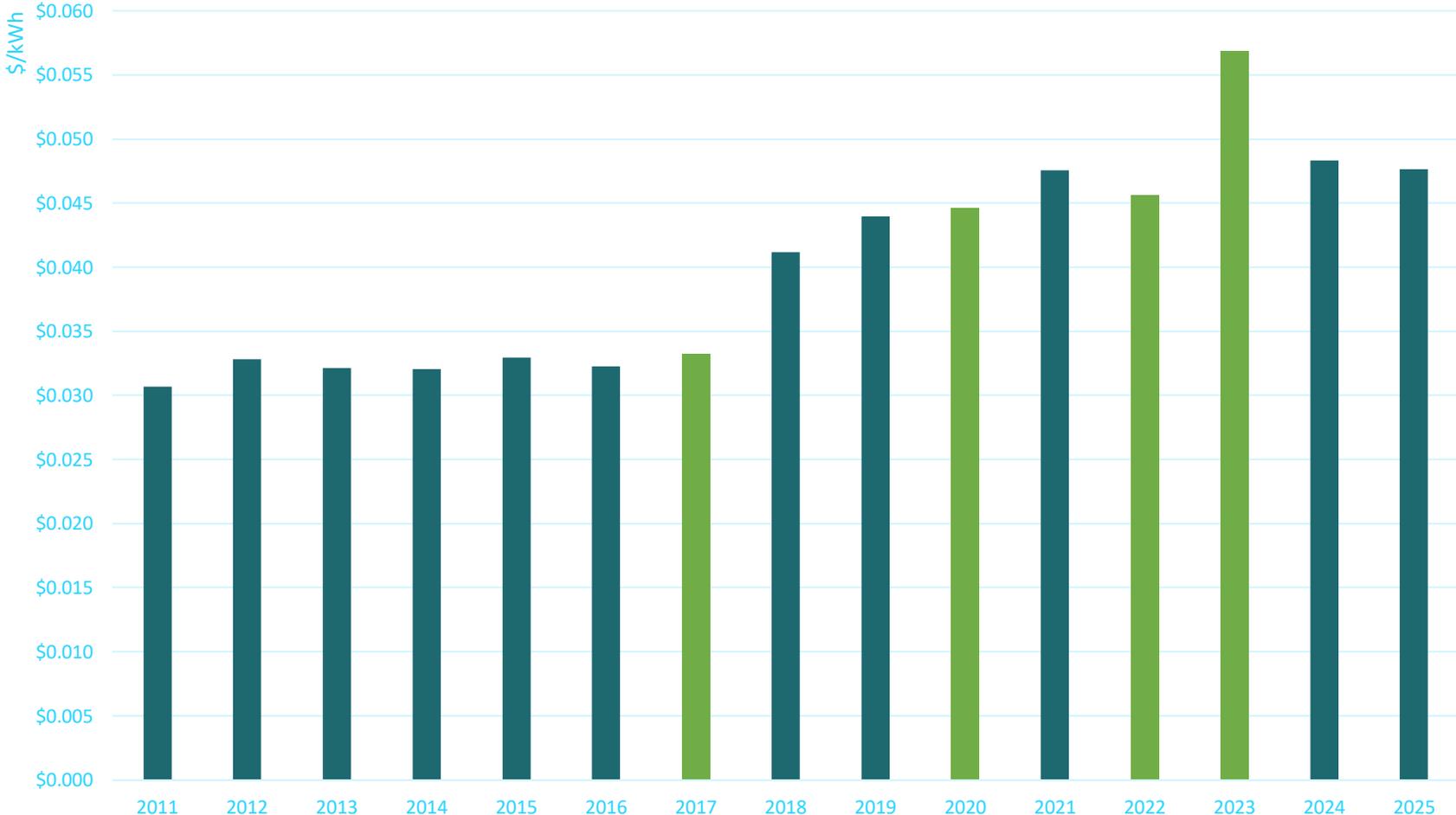
# Final Decision

- CPUC issued Decision 25-12-008 on December 4, 2025
- Ordered the utility to use RECs generated after 2018 before it uses “pre-2019 Banked RECs” to meet RPS compliance obligations and to value those at the RPS MPB

# Final 2026 PCIA Rates

Vintage	2025 Rates	November 17 Advice Letter (2026)	December 30 Advice Letter (2026)	2026 Increase Over 2025 Rates
<b>Bundled Customer (Generation + PCIA)</b>	\$0.15515/kWh	\$0.17394/kWh	\$0.17676/kWh	\$0.02161/kWh
Solana Beach PCIA (Vintage 2017)	\$0.00004/kWh	\$0.03423/kWh	\$0.03325/kWh	\$ 0.03321/kWh
Carlsbad & Del Mar PCIA (Vintage 2020)	(\$0.01109)/kWh	\$0.03375/kWh	\$0.03352/kWh	\$0.04461/kWh
Escondido & San Marcos (Vintage 2022)	(\$0.01910)/kWh	\$0.02714/kWh	\$0.02655/kWh	\$0.04565/kWh
Oceanside & Vista PCIA (Vintage 2023)	(\$0.03216)/kWh	\$0.02412/kWh	\$0.02475/kWh	\$0.05690/kWh

SDG&E PCIA Rate Increase by Vintage  
Effective January 1, 2026 - From AL 4757-E



**(Less) Large  
Increases  
Across the  
Board**

 **CEA Vintages**

# Application for Rehearing

- CalCCA Commission's D.25-06-049 to retroactively apply a new methodology to calculate RA Adder (retroactive ratemaking is prohibited by statute)
- The ERRA Forecast decision implemented D.25-06-049, significantly reduced the value of SDG&E's RA portfolio on a retroactive basis (i.e., in 2025) which increases your 2026 PCIA rates
- CEA filed an Application for Rehearing the ERRA Forecast decision to protest such retroactive implementation

# QUESTIONS?

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# Questions/Discussion – Item 13

# Item 14: PUBLIC HEARING

## Consider Adoption of a Resolutions Approving a Rate Relief Credit for Residential and Non-Residential Customers and Reducing Agriculture Rates

# Background: December ERRA Update

- SDG&E published revised electricity generation and PCIA rates
  - Released on December 31:
    - SDG&E's Bundled Generation Rates increased by 14% on average (up by 1.6 to 3.1 cents per kWh depending on rate class)
    - PCIA rates increased significantly more – an average increase of 4.8 cents per kWh across all CEA rate classes and Vintage Years
    - As usual, different vintages are affected differently
      - All CEA vintages went from negative PCIAs to positive ones
      - Vintage Year 2023 (Oceanside and Vista) increased the most
      - Vintage Year 2020 (Carlsbad and Del Mar) is now the highest (by a very slight amount)
- Based on CEA's current rates
  - All of CEA's customers will be paying more than comparable SDG&E rates on an average monthly basis

# Comparison of Residential (TOU-DR1) Rates

Average Usage of 361 KWh per Month	Vintage	SDG&E	CEA Products		
		Bundled Residential Customers	<u>Clean Impact (Base)</u>	<u>Clean Impact Plus (Default)</u>	<u>Green Impact (Premium)</u>
		41.4% Renewable	50% Renewable	50% Renewable + 75% Carbon Free	100% Renewable
<b>Average Monthly Bill</b>					
SDG&E		\$ 174.25			
Solana Beach	2017		\$ 188.12	\$ 188.48	\$ 190.83
Carlsbad/Del Mar	2020		\$ 188.23	\$ 188.59	\$ 190.93
Escondidos/San Marcos	2022		\$ 186.06	\$ 186.42	\$ 188.77
Oceanside/Vista	2023		\$ 185.43	\$ 185.79	\$ 188.14
<b>Average Monthly Premium as Compared to SDG&amp;E</b>					
SDG&E		\$ -			
Solana Beach	2017		\$ 13.87	\$ 14.23	\$ 16.58
Carlsbad/Del Mar	2020		\$ 13.97	\$ 14.34	\$ 16.68
Escondidos/San Marcos	2022		\$ 11.81	\$ 12.17	\$ 14.52
Oceanside/Vista	2023		\$ 11.18	\$ 11.54	\$ 13.88

- VY 2020 (Carlsbad/Del Mar) has the highest expected PCIA, so its customers would pay the most
- Average premium for Clean Impact Plus is \$13.07/month; Clean Impact is \$12.71/month
- Most of CEA's residential customers are enrolled in the TOU-DR1 rate class

# Option Recommended for Rate Relief

- Adjust the rate for CEA's Base Product (Clean Impact) to Parity with SDG&E for the Vintage Year (VY) with highest PCIA (VY 2020)
- Rates Selected
  - TOU-DR1 rate – the majority of **Residential** customers are on this rate
  - TOU-AS rate – more than 80% of **Non-Residential** customers
- For those customers that elect Clean Impact Product (Base – 50% renewable)
  - Residential customers
    - **Rate Relief Credit of \$0.03871 per Kilowatt-Hour (kWh)**
    - VY 2020 customers – average monthly bill would be equal to SDG&E
    - All other customers and all other VYs would have a monthly savings as compared to SDG&E
  - Non-Residential (Commercial) customers
    - **Rate Relief Credit of \$0.02657 per kWh**
    - VY 2020 Small Commercial customers – average monthly bill would be equal to SDG&E
    - All other customers in all rate classes (except Agricultural) and all other vintages would have a monthly savings as compared to SDG&E

# Adjust Clean Impact Rate to SDG&E Parity

- CEA has 3 product offerings for Customer Enrollment
- New CEA Customers are automatically enrolled in Clean Impact Plus

<u>Product</u>	<u>Product Content</u>	<u>Customers</u>
Clean Impact (Base)	50% Renewable	737
Clean Impact Plus (Default)	50% Renewable 75% Carbon Free	253,417
Green Impact (Premium)	100% Renewable	1,473
	Total	255,627

- **Proposal:**
  - Adjust the rate for Clean Impact for 11 months
  - Any customer could elect to “Opt Down” to Clean Impact
  - Receive an overall electricity rate that is equal to or lower than SDG&E
  - Will be implemented with service starting on February 1, 2026

# Residential – Rate Relief Impact

Residential		SDG&E	CEA Products		
Average Usage of 361 KWh per Month		Bundled Residential Customers	Clean Impact (Base)	Clean Impact Plus (Default)	Green Impact (Premium)
		41.4% Renewable	50% Renewable	50% Renewable + 75% Carbon Free	100% Renewable
<b>Average Monthly Bill</b>	<b>Vintage</b>				
SDG&E		\$ 174.25			
Solana Beach	2017		\$ 174.15	\$ 188.48	\$ 190.83
Carlsbad/Del Mar	2020		\$ 174.25	\$ 188.59	\$ 190.93
Escondidos/San Marcos	2022		\$ 172.09	\$ 186.42	\$ 188.77
Oceanside/Vista	2023		\$ 171.45	\$ 185.79	\$ 188.14
<b>Avg Monthly Premium/(Savings) Relative to SDG&amp;E</b>					
SDG&E		\$ -			
Solana Beach	2017		\$ (0.10)	\$ 14.23	\$ 16.58
Carlsbad/Del Mar	2020		\$ -	\$ 14.34	\$ 16.68
Escondidos/San Marcos	2022		\$ (2.16)	\$ 12.17	\$ 14.52
Oceanside/Vista	2023		\$ (2.80)	\$ 11.54	\$ 13.88

- Customer Savings of \$13.07 per month relative to current Clean Impact Base rate
- Customer Savings of up to \$2.80 per month compared to SDG&E

# Small Commercial – Rate Relief Impact

		SDG&E Bundled Customers	Clean Impact (Base) Product		
			Before Rate Adjustment	After Rate Adjustment	
<b>SMALL COMMERCIAL</b>					
<b>Average Monthly Bill</b>	<b>Vintage</b>	1056 kWh			
SDG&E		\$ 445.67			
Solana Beach	2017		\$ 473.49	\$ 445.43	
Carlsbad/Del Mar	2020		\$ 473.73	\$ 445.67	
Escondidos/San Marcos	2022		\$ 467.35	\$ 439.30	
Oceanside/Vista	2023		\$ 465.72	\$ 437.66	
<b>Average Monthly Premium as Compared to SDG&amp;E</b>					
SDG&E					
Solana Beach	2017		\$ 27.82	\$ (0.24)	Savings
Carlsbad/Del Mar	2020		\$ 28.06	\$ -	
Escondidos/San Marcos	2022		\$ 21.68	\$ (6.38)	Savings
Oceanside/Vista	2023		\$ 20.04	\$ (8.02)	Savings

- Customer Savings of up to \$8.02 per month compared to SDG&E

# Agriculture – Rate Relief Impact

		SDG&E	Clean Impact (Base) Product		
		Bundled Customers			
			<u>Before Rate Adjustment</u>	<u>After Rate Adjustment</u>	
<b>Agriculture</b>					
<b>Average Monthly Bill</b>	<b>Vintage</b>	1,222 kWh			
<b>SDG&amp;E</b>		\$ 353.82			
Solana Beach	2017		\$ 397.75	\$ 365.28	
Carlsbad/Del Mar	2020		\$ 398.08	\$ 365.61	
Escondidos/San Marcos	2022		\$ 391.80	\$ 359.33	
Oceanside/Vista	2023		\$ 389.98	\$ 357.51	
<b>Average Monthly Premium as Compared to SDG&amp;E</b>					
<b>SDG&amp;E</b>					
Solana Beach	2017		\$ 43.93	\$ 11.46	Above SDG&E
Carlsbad/Del Mar	2020		\$ 44.26	\$ 11.79	Above SDG&E
Escondidos/San Marcos	2022		\$ 37.98	\$ 5.51	Above SDG&E
Oceanside/Vista	2023		\$ 36.16	\$ 3.69	Above SDG&E

- Even after applying the Non-Residential Rate Relief amount, Agricultural customers would still be above SDG&E (CEA has approximately 291 Agriculture customers)
- Close look at Agriculture rates indicated that Ag rates have gotten out of sync with SDG&E's rates
- Propose 6.9% rate reduction to all Agriculture rates to recalibrate

# Agriculture – 6.9% Rate Reduction and Rate Relief

		SDG&E Bundled Customers	Clean Impact (Base) Product		
			<u>Before Rate Adjustment</u>	<u>After Rate Adjustment</u>	
<b>Agriculture</b>					
<b>Average Monthly Bill</b>	<b>Vintage</b>	1,222 kWh			
<b>SDG&amp;E</b>		\$ 353.82			
Solana Beach	2017		\$ 385.84	\$ 353.37	
Carlsbad/Del Mar	2020		\$ 386.17	\$ 353.70	
Escondidos/San Marcos	2022		\$ 379.89	\$ 347.42	
Oceanside/Vista	2023		\$ 378.06	\$ 345.60	
<b>Average Monthly Premium as Compared to SDG&amp;E</b>					
<b>SDG&amp;E</b>					
Solana Beach	2017		\$ 32.02	\$ (0.45)	Savings
Carlsbad/Del Mar	2020		\$ 32.35	\$ (0.12)	Savings
Escondidos/San Marcos	2022		\$ 26.07	\$ (6.40)	Savings
Oceanside/Vista	2023		\$ 24.25	\$ (8.22)	Savings

- After applying the Non-Residential Rate Relief amount and the 6.9% rate decrease, Agricultural customers would be less expensive than SDG&E
- Customer savings of up to \$8.22 per month compared to SDG&E

# Financial Impact

- Rate Relief

<b><u>Residential</u></b>			\$	<b>5,156,185</b>	if 30,000 customers Opt Down (13%)	
<b><u>Small Commercial</u></b>			\$	<b>1,778,423</b>	if 20% of customers Opt Down	
<b><u>Medium/Large Commercial</u></b>			\$	<b>3,589,109</b>	if 20% of customers Opt Down	
<b><u>Agriculture</u></b>			\$	<b>22,676</b>	if 20% of customers Opt Down	
<b><u>Lighting</u></b>			\$	<b>45,574</b>	if 20% of customers Opt Down	
	<b>Total</b>		\$	<b>10,591,967</b>		

- Agriculture Rate Decrease

<b><u>Agriculture</u></b>			\$	<b>38,728</b>
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# Financial Projection

	Through June 30, 2026			Through December 31, 2026	
	<u>Budget</u>	<u>Financial Projection</u>		<u>Financial Projection</u>	
		<u>Before Proposal</u>	<u>After Proposal</u>	<u>Before Proposal</u>	<u>After Proposal</u>
<b>Change in Net Position</b>	\$ 35,862,650	\$ 43,415,990	\$ 39,981,217		
<b>Ending Net Position</b>	\$ 50,649,916	\$ 64,795,102	\$ 60,360,330	\$ 102,568,306	\$ 92,842,129
<b>Days Liquidity on Hand</b>	81	88	84	135	126

- CEA's current financial forecast is to end the current Fiscal Year better than Budget
- It is expected that financial performance will still be better than Budget even if the assumed number of customers elect to Opt Down
- Impact to credit worthiness would not be materially affected even if all assumed Opt Downs occur

# Communications Strategy

- Provide communications toolkits to all member cities, Board Members/elected officials and stakeholder groups
- Social media outreach targeted to communities of concern
- Bill Calculator Tool launch and press release to emphasize cost comparison/transparency
- CEA website article/press release and FAQs (include link to PCIA FAQ to learn more)
- Customer rate-related webinar(s)

# Staff Recommendation

- That the Board Adopt Resolution No. 2026-009 approving a Rate Relief Credit to CEA's Base Product (Clean Impact) to Parity with SDG&E
  - Residential Credit of \$0.03871 per kWh; Non-Residential Credit of \$0.02657
  - Offers an opportunity to any customer to reduce average monthly costs to at or below SDG&E's average monthly bill
  - Limit time period to 11 months – could be extended
  - Minimal impact on financial projections and credit rating timeline
  - Staff would report to Board at the end of CY 2026 on SDG&E's 2027 ERRA Forecast and number of Opt-Downs
- That the Board Adopt Resolution No. 2026-010 approving a decrease to CEA's Agriculture class rates of 6.9%
  - Brings CEA's Ag rates more in line with SDG&E's rates
  - Minimal impact on financial projections and credit rating timeline

# Questions/Discussion – Item 14

# Closed Session